

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 18 March 2015

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE JASPER TSANG YOK-SING, G.B.S., J.P.

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHAN KAM-LAM, S.B.S., J.P.

THE HONOURABLE LEUNG YIU-CHUNG

DR THE HONOURABLE LAU WONG-FAT, G.B.M., G.B.S., J.P.

THE HONOURABLE EMILY LAU WAI-HING, J.P.

THE HONOURABLE TAM YIU-CHUNG, G.B.S., J.P.

THE HONOURABLE ABRAHAM SHEK LAI-HIM, G.B.S., J.P.

THE HONOURABLE TOMMY CHEUNG YU-YAN, S.B.S., J.P.

THE HONOURABLE FREDERICK FUNG KIN-KEE, S.B.S., J.P.

THE HONOURABLE VINCENT FANG KANG, S.B.S., J.P.

THE HONOURABLE WONG KWOK-HING, B.B.S., M.H.

PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P., Ph.D.,
R.N.

THE HONOURABLE JEFFREY LAM KIN-FUNG, G.B.S., J.P.

THE HONOURABLE ANDREW LEUNG KWAN-YUEN, G.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, S.B.S., J.P.

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CYD HO SAU-LAN, J.P.

THE HONOURABLE STARRY LEE WAI-KING, J.P.

DR THE HONOURABLE LAM TAI-FAI, S.B.S., J.P.

THE HONOURABLE CHAN HAK-KAN, J.P.

THE HONOURABLE CHAN KIN-POR, B.B.S., J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, S.B.S., J.P.

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG KWOK-KIN, S.B.S.

THE HONOURABLE IP KWOK-HIM, G.B.S., J.P.

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

THE HONOURABLE ALAN LEONG KAH-KIT, S.C.

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

THE HONOURABLE CLAUDIA MO

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

THE HONOURABLE NG LEUNG-SING, S.B.S., J.P.

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

DR THE HONOURABLE KENNETH CHAN KA-LOK

THE HONOURABLE CHAN YUEN-HAN, S.B.S., J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, B.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, S.B.S., J.P.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE SIN CHUNG-KAI, S.B.S., J.P.

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, S.B.S., J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

THE HONOURABLE TANG KA-PIU, J.P.

DR THE HONOURABLE CHIANG LAI-WAN, J.P.

IR DR THE HONOURABLE LO WAI-KWOK, B.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE CHRISTOPHER CHUNG SHU-KUN, B.B.S., M.H., J.P.

THE HONOURABLE TONY TSE WAI-CHUEN, B.B.S.

MEMBER ABSENT:

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MRS CARRIE LAM CHENG YUET-NGOR, G.B.S., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE JOHN TSANG CHUN-WAH, G.B.M., J.P.
THE FINANCIAL SECRETARY

THE HONOURABLE TSANG TAK-SING, G.B.S., J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

PROF THE HONOURABLE K C CHAN, G.B.S., J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

MR GODFREY LEUNG KING-KWOK, J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE LAI TUNG-KWOK, S.B.S., I.D.S.M., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE EDDIE NG HAK-KIM, S.B.S., J.P.
SECRETARY FOR EDUCATION

DR THE HONOURABLE KO WING-MAN, B.B.S., J.P.
SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE WONG KAM-SING, J.P.
SECRETARY FOR THE ENVIRONMENT

CLERKS IN ATTENDANCE:

MR KENNETH CHEN WEI-ON, S.B.S., SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, DEPUTY SECRETARY GENERAL

MISS FLORA TAI YIN-PING, ASSISTANT SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): Will the Clerk please ring the bell to summon Members to the Chamber.

(After the summoning bell had been rung, a number of Members entered the Chamber)

TABLING OF PAPERS

The following papers were laid on the table under Rule 21(2) of the Rules of Procedure:

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Rating (Exemption) Order 2015.....	42/2015
District Councils Ordinance (Amendment of Schedule 7) Order 2015	49/2015
Maximum Amount of Election Expenses (District Council Election) (Amendment) Regulation 2015.....	50/2015
Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation	51/2015
Public Health and Municipal Services Ordinance (Public Pleasure Grounds) (Amendment of Fourth Schedule) Order 2015	52/2015

Other Papers

- No. 78 — Estimates
for the year ending 31 March 2016
General Revenue Account
- Consolidated Summary of Estimates
- Revenue Analysis by Head

- No. 79 — The Hong Kong Academy for Performing Arts
Annual Report 2013-2014 and Financial Statements for the
year ended 30th June 2014
- No. 80 — The Lord Wilson Heritage Trust
Annual Report 2013-2014
- No. 81 — Hong Kong Rotary Club Students' Loan Fund
Financial Statements for the year ended 31 August 2014
- No. 82 — Sing Tao Charitable Foundation Students' Loan Fund
Financial Statements for the year ended 31 August 2014

Report No. 14/14-15 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

Report of the Bills Committee on Securities and Futures and Companies
Legislation (Uncertificated Securities Market Amendment) Bill 2014

Report of the Bills Committee on Veterinary Surgeons Registration
(Amendment) Bill 2014

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Regulation of Crowdfunding

1. **MS STARRY LEE** (in Cantonese): *President, as pointed out by a study report, crowdfunding has become very popular in recent years. The number of crowdfunding projects worldwide exceeded 1 million in 2012, raising as much as 2.7 billion US dollars and recording an increase of 81% on the previous year. The study report also points out that under the Jumpstart Our Business Startups Act promulgated by the US Congress in April 2012, as long as crowdfunding portals have registered with the US Securities and Exchange Commission, small enterprises may make use of such portals to carry out equity crowdfunding, i.e.*

raising funds from the public by selling company equities. There are views that the laws of Hong Kong may be unable to appropriately cater for the increasingly common activities of crowdfunding. In this connection, will the Government inform this Council:

- (1) whether it has compared the existing legal framework and supporting policies of Hong Kong on crowdfunding activities with those of other cities (including Shanghai, Beijing, New York, London and Singapore); if it has, of the details; if not, whether it will consider conducting such a comparison;*
- (2) whether it knows the number of crowdfunding projects in Hong Kong and the total amount of funds they raised in each of the past three years; whether the authorities will consider formulating a policy on promoting the development of crowdfunding in Hong Kong; if they will, of the details; if not, the reasons for that; and*
- (3) whether it will consider reviewing the restrictions on crowdfunding activities under the Securities and Futures Ordinance and drawing up a code of practice and guidelines on crowdfunding activities, so as to regulate the sharing of risks and returns by investors; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President,

- (1) Crowdfunding activities may come in different forms. The more common forms include equity crowdfunding. At present, parties engaging in equity crowdfunding activities in Hong Kong (for example, where the activity involves an offer to the public to purchase securities, including shares, debentures or interests in collective investment schemes) may be subject to the provisions of the Securities and Futures Ordinance (SFO) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (C(WUMP)O). Specifically, depending on the specific structure and features of the relevant arrangement, it is an offence for a person to issue any advertisement, invitation or document which contains an invitation to the public to acquire securities, unless the issue has

been authorized by the Securities and Futures Commission (SFC) under the SFO or an exemption applies. It is also an offence to issue a document offering shares in or debentures of a company to the public which does not comply with the prospectus disclosure or authorization for registration requirements under the C(WUMP)O, unless an exemption applies.

We note that the approach by which different places handle equity crowdfunding activities varies. According to our understanding, equity crowdfunding in Singapore may be deemed as a securities offering under the Securities and Futures Act and unless an exemption applies, entities making an offer of securities to investors in Singapore are required to lodge and register a prospectus with the Monetary Authority of Singapore.

In recent years, the United Kingdom and the United States have made amendments to their laws to provide for crowdfunding activities. For instance, the United States Congress promulgated in April 2012 the "Jumpstart Our Business Startups Act" to exempt equity crowdfunding from the relevant securities laws, including allowing small enterprises to raise funds from general investors through crowdfunding platforms registered with the United States Securities and Exchange Commission, provided that certain requirements relating to investor protection have been met. We however understand that the relevant work to implement these new measures is still in progress. As for the United Kingdom, the amendment rules relating to equity crowdfunding came into force in April 2014. Enterprises are allowed to raise funds from retail investors fulfilling certain financial conditions through equity crowdfunding platforms, provided that the relevant requirements have been met.

In the Mainland, under the existing Securities Law, any public offer of securities requires the approval by the China Securities Regulatory Commission or relevant ministries of the State Council. Normally, small and medium enterprises which choose to finance through equity crowdfunding do not fulfil the existing requirements for public issuance. Therefore, equity crowdfunding may only opt for non-public issuance under the current legal framework. In this

regard, the Securities Association of China has proposed a set of Administrative Measures on Private Equity Crowdfunding Financing and is conducting a consultation, with a view to providing clearly that equity crowdfunding should adopt non-public issuance and that such activities should be subject to self-regulation.

(2) and (3)

We do not have information relating to the crowdfunding projects and the total amount of funds they raised in the past three years.

We have been monitoring the development of crowdfunding activities in Hong Kong. However, we are also aware of the potential risks involved in crowdfunding activities. For example, as the International Organization of Securities Commissions pointed out in its relevant staff working paper released in February 2014, for equity crowdfunding investing mainly in start-up projects or businesses, there is a 50% chance of the default of a start-up project or business in the first five years of its existence.

In his 2015-2016 Budget, the Financial Secretary announced the establishment of a steering group to study how to develop Hong Kong into a financial technology hub together with industries, research and development institutions as well as regulatory authorities. We will set up the steering group as soon as practicable to conduct the relevant studies, including studying issues relating to crowdfunding.

MS STARRY LEE (in Cantonese): *President, society and the legislature are concerned about the creation of an environment conducive to the upward mobility of young people or society as a whole. As such, the Government should formulate policies and supporting measures to encourage young people to start their own business, which should definitely include actively gaining an understanding of whether our existing rules and regulations are conducive to crowdfunding activities. We do see that there has been a vigorous trend of crowdfunding in other places, which not only can encourage young people to start their own business but also provide them with the required capital.*

I would like to know more about this. As the Secretary has indicated that a steering group will be set up, may I know whether the authorities will consider the issue in conjunction with youth policies, which is now a cause of concern to us, and regard this as a key policy to create upward social mobility?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I would like to point out that we have been implementing various policies to promote and support start-up enterprises, including enterprises started by young people. Among them is the Microfinance Scheme, which is small loan scheme, set up by The Hong Kong Mortgage Corporation Limited (HKMC). In the past two years, the scheme has been effective in granting a number of loans to many business starters, which has enabled many young people to start their own business through the scheme. In fact, we have all along given attention to this work and also allocated resources for promotional efforts.

Of course, what the Member refers to is the steering group to be set up to study financial technology as mentioned by us earlier. The scope of its study includes views on crowdfunding and ways to formulate relevant policies. During the process, we need to examine the relevant activities under the existing legal framework. I believe public consultation is necessary as we have to gain an understanding of whether the public will accept the conduct of this kind of crowdfunding activities in Hong Kong. In the end, if it is agreed that these crowdfunding activities should be allowed, business startups, which I believe will certainly include young entrepreneurs, will eventually benefit by gaining financial support in this respect.

MR ANDREW LEUNG (in Cantonese): *President, the Secretary mentions in his main reply that the United States seeks to facilitate business startups by implementing the Jumpstart Our Business Startups Act, and the United Kingdom has made efforts in this regard. Our country is also examining this issue.*

Of course, I am very pleased that the Government will set up a steering group to study the arrangements in this respect. Yet, it is not uncommon for a steering group to take a few years to study an issue before it can come up with a conclusion — the motion I will propose later is also about upward mobility and the middle class. May I ask the Secretary how the implementation of this kind of fund-raising activities can be expedited? Although the HKMC has put in place

measures to help mini enterprises, they do not cover technology projects. Currently, many fund-raising activities involve technology projects and they are certainly associated with high risks while reaping high returns. How can the authorities balance the interests of investors and those of jumpstart companies, so as to enable the expeditious launch of this type of fund-raising activities in the market?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): We have also taken note of the so-called crowdfunding platforms which cover an extensive scope, including equity funding and non-equity funding. We have conducted a lot of internal researches in this respect. In fact, a variety of projects are provided on the relevant platforms. Apart from high-tech projects which are available for sure, there are many low-tech projects as well as many low-tech but creative projects. There are also projects which cater for individual funding needs. Various parties will use these crowdfunding platforms to raise funds.

Therefore, we will definitely make reference to the prevailing overseas practices when promoting crowdfunding activities. As I mentioned in the main reply, for certain fund-raising activities involving relatively high risks, such as equity crowdfunding, many places will now adopt a cautious approach by imposing certain restrictions which may be such that only professional investors or high asset investors are allowed to participate in such activities which are conducted in a non-public manner. I think the reason is that many regulators will consider the risks associated with equity funding activities to be too high if such activities are carried out in a manner which is too open and which allows all retail investors to participate. The parliaments and legislatures of many places may not accept this completely open approach. So we will bring forth these issues for public discussion. As for the time frame, the steering group wishes to make a submission as soon as possible to map out the direction and put forward feasible recommendations on the development of financial technology. Crowdfunding will be among the issues to be explored in our study. I think a report will be available in the near future.

As regards public discussion, it is necessary to gain public consensus on issues relating to the definition of crowdfunding, measures to protect consumers, and so on. We have to discuss whether we should follow overseas practices to restrict crowdfunding investments to major investors or adopt a more open

approach. I believe these issues should not be decided solely by the Government. The authorities need to allow time for the public and the society to discuss the matter before taking the next step.

MR CHRISTOPHER CHEUNG (in Cantonese): *According to overseas experience, many start-up companies may end in failure. Cases like Facebook and Alibaba in which startups have become listed companies are distinctly rare. As a professional investor, I understand that investment in shares of innovation and technology enterprises involves certain risks. This is the reason why the SFC imposes restrictions on some crowdfunding activities at present.*

May I ask the Government whether it will draw reference from Kickstarter, the currently most popular website in the United States, in promoting non-equity crowdfunding activities so as to reduce the risks for investors? As far as I understand it, the website allows start-up ventures to showcase their product concepts to the public, so that they may raise funds through pre-sale of the products. Many young people of Hong Kong have successfully raised funds through this platform. May I ask the Government whether it will encourage and subsidize these young people by setting up crowdfunding schemes with lower investment risks to enable them to successfully raise funds through the platform?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I would like to thank Mr CHEUNG for his supplementary question. We have noticed that many crowdfunding activities do not necessarily have to be conducted by means of equity funding, and the platform mentioned by Mr CHEUNG is a case in point. Such platform allows the public to participate by placing pre-orders, by which means funds are raised. We need to study and examine whether any elements of such platforms are not permitted under the existing legal framework. The reason is that activities which do not involve equity funding may not be regulated by the legislation on the SFC. But we have to examine whether there are other arrangements which are permitted or prohibited under the legal framework. In any case, I wish to adopt a more open attitude — I mean an open yet prudent approach — in examining this kind of crowdfunding activities. We will certainly conduct public consultation on these issues in due course.

MR CHARLES PETER MOK (in Cantonese): *President, thank Ms Starry LEE for posing such a good main question. The Government often says that it will develop financial technology, yet it does not have much information relating to the subject, including the information on crowdfunding activities. I hope the Government will make proper effort to study the issue.*

Certainly, crowdfunding does not refer merely to financing or subscription of shares. As Mr Christopher CHEUNG mentioned earlier, in some cases, the pre-sale approach is adopted, and Kickstarter is an example of success. I very much agree with the Secretary that the issue should be examined from a positive perspective. We should not focus first on the lawfulness of things and the need to make arrests ...

PRESIDENT (in Cantonese): Mr MOK, please state your supplementary question.

MR CHARLES PETER MOK (in Cantonese): *In fact, there is another issue, that is crowdlending activities, which is not mentioned in the reply. In fact, many countries, including the United States and some Southeast Asian countries, are launching these activities now. According to the experience we have heard, the risks involved are manageable. They also provide an additional investment channel for investors. Small and medium enterprises or companies other than start-up companies which fail to secure loans from banks may raise funds through this channel. Thus, these activities will provide much help for local enterprises.*

My supplementary question is that since certainty is very much needed by the market, and it needs to know the policy direction and the time for implementation, if the authorities only say that things will be done as soon as possible each time, we will continue to be lagged behind. We know that many private equity funds are around the corner, looking for chances to conduct these activities in this financial centre of Hong Kong ...

PRESIDENT (in Cantonese): Mr MOK, please state your supplementary question immediately.

MR CHARLES PETER MOK (in Cantonese): *I am going to ask the Secretary whether he can tell us the consultation timetable as soon as possible, so that the market will know clearly when the Government will implement the initiatives; and whether the Secretary will undertake to consult various stakeholders, including the financial and technology sectors?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, the scope of financial technology is rather extensive, and I think Mr MOK is well aware of this. Apart from crowdfunding, more often than not, financial technology is referring to the application of technology to facilitate financial services organizations to serve the Internet market. Crowdfunding is only part but not all of it. As for the financing method mentioned by the Member, we also wish to do more study about it. While the financing method mentioned by the Member has proven to be a success in certain markets, it may be attributable to the competition in the banking sectors of those countries.

I also notice that some financing options which appear to be sort of crowdfunding initially are taken over by fund companies eventually. The fund companies may invest in the Internet platforms concerned to turn the crowdfunding platforms into fund platforms, as well as financing platforms other than those run by banks. As such, we have to pay attention to the changes in the finance market, for there are many possibilities of change. In fact, we have to be open-minded but prudent in conducting the study. I do not think that Hong Kong is lagging behind in this aspect. At present, the finance market of Hong Kong is enjoying considerable advantages. We can observe the experience of overseas countries, make co-ordinate efforts and conduct consultation in this respect. I think this is the best way to do it.

We will not have to wait too long. I believe the steering group will come up with a directional advice after completing its work. As for the future consultation, I think it will take some time. In view of the overseas experience, many governments now take a cautious attitude towards the issue. As the first step, they conduct consultation instead of taking swift and hasty actions. Since the risks borne by investors in crowdfunding are rather high, there must be corresponding measures to deal with the associated risks in order to make things work.

MR SIN CHUNG-KAI (in Cantonese): *Before the Government conducts consultation and amends the legislation, in what ways can the existing measures, policies and legislation protect the public in cross-boundary crowdfunding activities?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): If financing platforms are to conduct fund raising activities in Hong Kong, they may be subject to the existing legislation of Hong Kong. In this connection, I think if there are such activities targeting Hong Kong, the parties concerned should gain an understanding of the laws of Hong Kong.

MR SIN CHUNG-KAI (in Cantonese): *What is meant by activities targeting Hong Kong? How will the Secretary investigate into cases in which international platforms are involved? What does he mean by targeting Hong Kong?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Regarding the situation mentioned by the Member, I will rely on our law-enforcement agencies to carry out the relevant work and make clarification. I now turn to another point mentioned in the supplementary question, that is, how Hong Kong people should understand the risks or responsibilities they bear in participating in cross-boundary financing activities. In this connection, I think for emerging industries or industries which are not subject to regulation in Hong Kong, the public should be cautious in engaging in relevant investments and should understand the risks and responsibilities involved.

PRESIDENT (in Cantonese): Second question.

Combating Parallel Trading Activities

2. **MR CHAN CHI-CHUEN** (in Cantonese): *President, it has been reported that parallel trading activities are rather rampant in districts such as Sheung Shui, Tuen Mun and Yuen Long, seriously affecting the daily lives of residents. Apart from causing a gradual deterioration of the environmental hygiene in such districts, parallel trading activities have also pushed up the prices of daily*

necessities. Furthermore, the use of public transport by parallel traders for conveying goods causes inconvenience to other passengers, and confrontations between them occur frequently. In recent months, the nuisance caused to residents by parallel trading activities has triggered a number of anti-parallel trader protests in the aforesaid districts. In this connection, will the Government inform this Council:

- (1) whether the authorities have compiled statistics on the current number of people engaged in parallel trading activities and the proportions of Hong Kong people and mainland people among them; of the number of people prosecuted last year for engaging in parallel trading activities (including carrying powdered formula for infants and young children in excess of the quota upon departure), the detail of such cases, the age profile of and penalty imposed on the convicted persons, as well as the type and total value of the confiscated goods; of the districts where some industrial buildings or residential buildings have been used for conducting parallel trading-related activities;*
- (2) whether it knows the manpower deployed by the MTR Corporation Limited (MTRCL) to enforce the regulation on the size of passenger luggage (the regulation); of the number of cases in which passengers in violation of the regulation were disallowed to pass through the ticket gates or refused boarding by MTRCL staff members in the past three months; of the respective numbers of cases in which MTRCL staff members were injured by assaults and requested police assistance when enforcing the regulation in the past three years; of the authorities' specific measures in place at present to support MTRCL staff members in enforcing the regulation; and*
- (3) whether it will implement new measures to combat parallel trading activities, including requesting the mainland authorities to review or even abolish the issuing of one-year multiple-entry Individual Visit Endorsements to Shenzhen permanent residents for visiting Hong Kong (commonly known as "multiple entry permits"), refusing the entry of the mainland people proven to have previously engaged in parallel trading activities and considering the introduction of a land arrival tax for visitors; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): Mr CHAN's question involves the policy purview of multiple bureaux. The Government's consolidated reply is as follows:

- (1) The Hong Kong Special Administrative Region (HKSAR) Government is very concerned about the nuisance caused by parallel trading activities to the daily lives of residents. The law-enforcement agencies have been implementing a series of countermeasures in accordance with law.

Since September 2012, the law-enforcement agencies have been mounting large scale joint operations to suppress parallel trading activities and to improve order at railway stations and boundary control points. They have also refined their enforcement strategies in response to the mode of operation of parallel traders. Furthermore, the Customs and Excise Department (C&ED) has been actively exchanging intelligence and mounting joint operations at boundary control points where parallel trading activities are frequent with the Shenzhen authorities, and has also stepped up enforcement of the restriction on the export of powdered formula implemented since March 2013.

From March 2014 to February 2015, the C&ED detected a total of 4 986 cases of illegal export of powdered formula, involving the arrest of 5 000 persons, including 1 748 Hong Kong residents, 3 235 Mainland residents and 17 persons of foreign nationality, and the seizure of 61 200 kg of powdered formula. Among the 5 072 cases that the Court imposed a sentence during the aforesaid period, 5 094 persons were fined between \$250 and \$100,000, 157 persons were sentenced to immediate imprisonment for one day to 140 days, 668 persons were sentenced to imprisonment with the sentence suspended. During the same period, the Immigration Department (ImmD) and the Police conducted a total of 93 joint operations, involving the arrest of 831 Mainland visitors for breaching their conditions of stay by being involved in suspected parallel goods trading and one Hong Kong resident. Among them, 41 Mainland visitors were prosecuted for breach of conditions of stay, 39 of whom were sentenced to imprisonment for eight weeks to three

months and two were acquitted. The remaining 790 Mainland visitors were repatriated to the Mainland. The charge on the Hong Kong resident was withdrawn due to insufficient evidence. The largest quantity of goods confiscated in these operations are powdered formula, diapers, health food products, cosmetics, medicine, red wine, and so on.

In addition, the ImmD has established a "watch list of suspected parallel traders" to strengthen the interception of persons when entering Hong Kong, and if their purposes of visits are in doubt, the ImmD will consider refusing their entry and repatriating them immediately. As at the end of February 2015, the ImmD has included information of more than 13 500 suspected Mainland parallel traders in the watch list and refused over 28 500 entries.

The Fire Services Department (FSD) has stepped up inspection of buildings which are involved in parallel trading activities in Sheung Shui, Fanling and Tuen Mun. In February this year alone, the FSD carried out inspections at more than 240 buildings in the aforementioned districts, issued 19 fire hazard abatement notices and initiated prosecution against three cases.

The Police frequently patrol black spots of parallel trading activities, and have stepped up enforcement actions against issues including obstruction, nuisance in public places, and road obstructions caused by illegal parking and loading or unloading of goods. From January to February this year, over 40 summonses and 3 300 fixed penalty notices were issued under the Summary Offences Ordinance (Cap. 228), the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237) and the Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240). Actions have also been taken against a taxi driver for carrying goods in a taxi and against four taxi drivers for soliciting.

The District Lands Offices in Tuen Mun, Yuen Long and North District under the Lands Department (LandsD) have set up special operation teams to enhance enforcement actions, targeting lease breach cases involving industrial units being converted for suspected parallel trading activities. From early February 2015 till now, the

relevant District Lands Offices conducted inspections of over 2 000 units in the three districts. Warning letters have been issued to 40 units suspected of using the premises for retail purposes in breach of lease conditions. Two units were subsequently re-entered for breach of lease in accordance with the lease conditions and the Government Rights (Re-entry and Vesting Remedies) Ordinance. The LandsD will continue to follow up on the remaining cases.

- (2) The MTR Corporation Limited (MTRCL) has further tightened the maximum weight limit for passenger luggage to 23 kg since February 2013, and together with the limit for luggage size, that is, the total sum of length, width and height of passenger luggage should not exceed 170 cm and the length of any one side should not exceed 130 cm, these measures ensure that passengers do not carry oversized or overweight luggage. Passengers who do not comply with the above restrictions in carrying their luggage will be disallowed to enter the paid area of the stations or board the trains. In the past three months (that is, December 2014 to February 2015), there were 8 450, 15 149 and 8 155 cases respectively at the East Rail Line in which passengers were disallowed to travel on the MTR because of violation of the abovementioned weight or size limit for luggage. The MTRCL believes that the relatively high figure of January 2015 is due to the increase in number of cross-boundary travellers who did shopping in preparation for the Chinese New Year. Hence, there were more passengers carrying bulky luggage.

Within the railway premises, the MTRCL is responsible for the enforcement of the Mass Transit Railway By-laws and the Conditions of Carriage of Luggage. The By-laws Inspection Unit of the MTRCL currently has 59 members with experience of working in disciplinary forces, leading over 90 security guards in performing their duties along the East Rail Line. Besides, station staff will also offer assistance. The MTRCL has arranged additional manpower to maintain station order, and will give warnings to or prosecute passengers in case of violation. Should passengers violate relevant rules and do not take the advice of the MTRCL staff, disturb station order, or affect the safety of other passengers or the MTRCL staff, the MTRCL will seek the assistance

of the Police. From 2012 to 2014, there were 22, 26 and seven cases respectively in which the MTRCL staff members were injured when enforcing the luggage-related provisions in the Mass Transit Railway By-laws, and 182, 191 and 99 cases respectively in which the MTRCL sought assistance of the Police.

- (3) As regards the measures to fine-tune and improve the arrangements under the Individual Visit Scheme, as it is an outbound travel policy of Mainland residents which falls within the remit of the Central Government, the HKSAR Government has maintained discussions with the Central Government. The HKSAR Government will continue to relay different views of the Hong Kong community and the latest situation, including the number of Mainland passengers to Hong Kong, the capacity of Hong Kong overall and different districts to receive tourists, and so on, to the Central Government comprehensively so as to meet the long-term and overall interests of Hong Kong.

As regards imposing a land arrival tax, the HKSAR Government considers the proposal not feasible. About 180 000 Hong Kong residents go to the Mainland every day. If the tax were to be imposed on Mainland visitors, we could not just hope that the Mainland would not impose the same tax on Hong Kong people in return. Besides, the travel trade also largely opposes the proposal and considers that it will adversely affect the tourism, retail and food and beverage sectors, and so on.

MR CHAN CHI-CHUEN (in Cantonese): *President, despite our repeated calls for the Government to impose restrictions on the Individual Visit Scheme and introduce a land arrival tax, one of the replies given by the Government is that parallel traders consist of Mainland people as well as Hong Kong people. Hence, I asked right at the beginning of part (1) of the main question whether the authorities had compiled statistics on the current number of people engaged in parallel trading activities and the proportions of Hong Kong people and Mainland people among them.*

However, the Secretary has only provided in his reply the number of arrests made in connection with the enforcement of the powdered formula restriction order, and judging from the figure, the number of Hong Kong people represents a mere 30% or so. In other words, the parallel traders were mainly Mainlanders. However, I have heard Hong Kong government officials and even Executive Council Members say a number of times that the number of Hong Kong parallel traders is larger than that of Mainland parallel traders. According to an official from the ImmD and an Executive Council Member, the percentage of Hong Kong parallel traders is more than 50% and 70% respectively.

May I ask the Secretary, given that he has not responded to the question raised by me in part (1) of the main question, whether this means that the Government has actually not compiled statistics on the proportions of Hong Kong people and Mainland people engaged in parallel trading activities? If it has compiled such statistics, will the Secretary provide them later on; and if it has not, will the Secretary please urge the SAR government officials to stop saying that the number of Hong Kong parallel traders is larger than that of Mainland parallel traders?

SECRETARY FOR SECURITY (in Cantonese): President, as we all know, Hong Kong is a free port. Regarding the issue of parallel goods, our regulation is currently targeted at illegal acts, and most importantly, those relating to powdered formula. As we have laws to regulate the carrying of excessive powdered formula upon departure, the C&ED has compiled statistics on this front. If a person carries commodities without violating Hong Kong laws, the Hong Kong Government cannot implement measures like those adopted on the Mainland in this respect. On the contrary, according to the relevant laws of the Shenzhen customs, individual visitors can only bring self-used commodities of a certain value into the Mainland. Therefore, the targets of law enforcement in Hong Kong and the Mainland are different.

The statistics provided by me in the main reply are related to the actions taken in connection with powdered formula. Certainly, we do have some statistics as interceptions were also conducted by other disciplinary forces in mounting the "Windsand" operations. Meanwhile, we have enquired with the relevant Mainland departments whether there are more Hong Kong people or Mainland people being intercepted during their law-enforcement actions. In short, their scope of interception is wider while that of Hong Kong is narrower.

According to the Mainland laws, the total value of self-used commodities carried by each visitor must not exceed a certain amount. These commodities can be the cheapest daily commodities or expensive jewellery or electronic products. This explains why the scope of interception on the Mainland is wider. To our understanding, the proportion of Hong Kong people in the people found violating the law during interceptions is larger. However, according to our data, the proportion of Mainland people is larger if our calculation is based solely on powdered formula. If the two sets of data are combined, we estimate that the proportion of Hong Kong people and Mainland people are more or less the same. As regards the difference in statistics, I have already given a very clear explanation earlier.

PRESIDENT (in Cantonese): As many Members are still waiting for their turn to raise questions, will Members and the Secretary be concise by all means in raising their questions and giving his replies respectively.

DR LAU WONG-FAT (in Cantonese): *President, the New Territories residents have all along been affected by parallel goods traders, with residents living in Sheung Shui, Yuen Long and Tuen Mun feeling most disturbed. Recently, not only have anti-parallel trader protests broken out in many districts, there were also scenes of protesters hurling abuses at passers-by randomly on the streets or charging into shops to cause disruption, thereby causing even more serious nuisance to residents living in those districts. Will the Government suitably beef up police force in various districts in the New Territories and enhance communication with district organizations to prevent the recurrence of incidents of chaos and harassment, so as to ensure that the residents can live and work peacefully and small shop tenants can operate their business with peace of mind?*

SECRETARY FOR SECURITY (in Cantonese): The actions recently taken by anti-parallel traders and the behaviour of protesters are evident to all. The Police will absolutely not tolerate any acts of violence and disrupting public order. The Police will take appropriate actions, maintain close liaison with shop operators in the districts and step up patrols, with a view to ensuring that the operators can conduct commercial activities in a normal manner.

MR VINCENT FANG (in Cantonese): *President, as the Secretary mentioned earlier, the activities conducted by parallel traders, which are regarded as parallel trading, are lawful in Hong Kong. I would like to point out that parallel trading is so rampant because it is considered profitable. In part (3) of the main reply, the Secretary said that it was unfair to impose a land arrival tax on inbound visitors. So, has the Secretary considered levying the tax upon arrival as well as departure? Will doing so not make both sides parallel? Moreover, both visitors on either side will not feel being discriminated against. For instance, no tax is levied on visitors on their first arrival. However, should they enter Hong Kong for a second and third time on the same day, their cost will be raised accordingly with the levying of, for instance, \$100 and \$300 respectively. As a result, the chance of parallel traders making a profit will be reduced. With the diminishing attractiveness of the cash reward, will parallel traders not be dealt a blow, thus resulting in a decrease in their number?*

If it is considered that the introduction of an arrival tax will affect the tourism, retail and food and beverage sectors, I believe the impact will be even stronger should the Government look on with folded arms.

PRESIDENT (in Cantonese): Mr FANG, you have raised your supplementary question and please let the Secretary reply.

SECRETARY FOR SECURITY (in Cantonese): The relevant Policy Bureaux of the Government are very concerned about this issue and are studying various feasible solutions.

The scope of the supplementary question raised by Mr Vincent FANG just now is even wider than that raised by Mr CHAN Chi-chuen, for Mr FANG proposes levying tax on both arriving and departing passengers. I think that the impact thus created is even greater than that of levying tax on departing passengers only because the annual number of passengers arriving in Hong Kong is enormous. In particular, quite a number of visitors are only transit passengers who travel to and from abroad and the Mainland through the Hong Kong airport. This is why I consider the impact thus created will be even more far-reaching.

Insofar as the views expressed by Mr Vincent FANG are concerned, I believe my government colleagues responsible for matters on this front are listening to the live broadcast of this meeting and should have heard Mr FANG's comments.

MR CHAN HAK-KAN (in Cantonese): *President, just now, the Secretary said that he would absolutely not tolerate such anti-parallel trading behaviours as hurling abuses at women and children on the streets, blocking their way, inspecting the luggage of members of the public or visitors and storming shops. I believe that most members of the public consider these acts unlawful. However, we can still not see any offenders concerned sentenced to imprisonment. Hence, members of the public may suspect whether the existing legislation is outdated, whether the attitude of the Court is so lenient that offenders can circumvent legal sanction easily, or whether the Secretary and the Police are powerless despite their good intentions?*

SECRETARY FOR SECURITY (in Cantonese): The responsibilities of the Police are to maintain law and order and enforce the law. When a person breaches the law, the Police will conduct investigation and collect evidence by all means for prosecution purposes. Regarding the supplementary question raised by Mr CHAN, let me sum up briefly.

The four major anti-parallel trader protests took place on 8 and 15 February, and 1 and 8 March respectively, in which quite a number of unlawful acts were committed. To start with, during the protests, 63 persons in total were arrested at the scene by the Police, and another six persons were arrested afterwards. Although the cases have to be investigated and we might not be able to complete the investigation of each and every person arrested, 51 persons have been formally charged and prosecuted. I believe all Members understand that legal proceedings are time-consuming, and steps are necessary for the cases to be set down for trial in court. Although charges have been laid, these cases are still being processed by the Court. As regards when the trial will be completed, whether anyone will be convicted, and if convicted, what penalty will be meted out by the Court, it takes time for them to be dealt with. The media have expressed grave concern about these issues, too. I believe these

cases will be reported when they are brought to trial in future. There will also be extensive media coverage when a verdict is handed down by the Court for the imposition of sentence.

MR WONG YUK-MAN (in Cantonese): *President, the Government is ineffective in enforcing the law against anti-parallel trading activities and is absolutely unresponsive to the public's calls for the Government to tighten or even abolish the policy of issuing "multiple entry permits". The SAR Government should be held mainly responsible for the emergence of divisions in society nowadays, right? Mr CHAN Hak-kan is not pleased with the Government for failing to arrest the relevant people and execute them by shooting, right? May I ask him if he wishes to have all the people arrested and executed by shooting? The authorities have arrested quite a number of people ...*

PRESIDENT (in Cantonese): Mr WONG, please raise your supplementary question.

MR WONG YUK-MAN (in Cantonese): *Should these people be executed by shooting or sentenced to imprisonment for 10 years? Although Hong Kong is governed by law, some people in the New Territories are now "hurling invectives" and threatening to "wage a war". Are they not subject to regulation?*

PRESIDENT (in Cantonese): Mr WONG, please raise your supplementary question.

MR WONG YUK-MAN (in Cantonese): *... this has led to the phenomenon today as well as these so-called oral questions that seek to draw Members' attention to these issues. I think that the anti-parallel trading activities are right. I have finished speaking. The authorities concerned are ineffective in not only enforcing the law but also clamping down on parallel trading activities, including the LandD's seizure of the so-called parallel traders' warehouses in industrial buildings ...*

PRESIDENT (in Cantonese): Mr WONG, what you raised was not a question. Please stop speaking if you have no intention to raise a supplementary question.

MR WONG YUK-MAN (in Cantonese): *The Government should be held entirely responsible for being ineffective in enforcing the law. But still, the authorities have continued to make arrests recklessly ...*

PRESIDENT (in Cantonese): Mr WONG, stop speaking immediately.

MR CHRISTOPHER CHUNG (in Cantonese): *President, in reply to one of the supplementary questions just now, the Secretary said that not all of the parallel traders were Mainland residents, and many of them were Hong Kong people. These anti-parallel trading organizations often confuse the public by deliberately mixing up genuine Mainland visitors who come to Hong Kong for sightseeing and shopping with parallel traders in order to serve their purpose of opposing China and the Central Authorities, as was the case just now, thereby resulting in a 14% decline in sales and a drop in the number of visitors and tour groups ...*

PRESIDENT (in Cantonese): Mr CHUNG, please raise your supplementary question.

MR CHRISTOPHER CHUNG (in Cantonese): *... so I would like to ask: Will the authorities expeditiously introduce measures or educate the public to show them how to differentiate between parallel traders and genuine visitors with shopping or sightseeing purpose to prevent politicians with an ulterior motive of opposing China or the Government, or advocating "Hong Kong independence" from causing confusion in society by taking advantage of the issue of parallel trading?*

SECRETARY FOR SECURITY (in Cantonese): I agree with Mr CHUNG that although some of the Mainland visitors to Hong Kong have indeed brought some goods with them upon their return to the Mainland, the vast majority of them are

visitors with sightseeing or shopping purpose, who can simply not be mixed up with parallel traders. Moreover, many so-called anti-parallel trading protesters are not local residents. Certainly, we do understand that the increasing passenger flow causes inconvenience to the local residents. As such, we have adopted a series of measures to maintain order in those districts. Hong Kong has always been a tourist-friendly city. We should uphold our hospitality in dealing with visitors who are not in breach of Hong Kong law rather than treating them in a biased manner. It has been pointed out by some newspapers that some Southeast Asian visitors have seen their interest in visiting Hong Kong diminished due to the similarity between their language and the language spoken by Mainland residents. This will not do any good to Hong Kong as a whole.

PRESIDENT (in Cantonese): We have spent more than 24 minutes and 30 seconds on this question. Members may follow up on this matter through other channels. Third question.

Measures to Improve Physical Fitness and Health of Youths

3. **MR MA FUNG-KWOK** (in Cantonese): *President, an analysis of the fitness data of about 100 000 students conducted in the 2013-2014 school year under the School Physical Fitness Award Scheme, jointly organized by the Education Bureau, the Hong Kong Childhealth Foundation and the Physical Fitness Association of Hong Kong, China, has found that the students' overall performance in physical fitness in various aspects, such as the handgrip strength and cardiopulmonary functions of boys and flexibility of girls, was inferior to that of the students in the Mainland, Singapore and Europe, and that 27% of the students were overweight or even obese. In addition, it has been reported that there is a trend of people suffering from heart diseases and diabetes at a younger age in recent years, and obesity and lack of exercise may increase the risk of developing such illnesses. In this connection, will the Government inform this Council:*

- (1) *whether it will review the contents of the physical education curricula for primary and secondary schools and increase the lesson time for physical education, with a view to enhancing students' physical fitness; if it will, of the details; if not, the reasons for that;*

- (2) *of the measures to encourage and support schools and sports organizations to organize extracurricular sports activities, as well as strengthen the three-party cooperation between them and parents in promoting a sports culture and cultivating students' interest in participating in sports; and*
- (3) *of the other measures to address the problems of students being less physically fit, a considerable percentage of students being overweight, and people suffering from heart diseases and diabetes at a younger age?*

SECRETARY FOR EDUCATION (in Cantonese): President, I now reply to the three parts of Mr MA's question one by one:

- (1) "Healthy Lifestyle" is one of the important goals in the curriculum reform. Apart from the Physical Education (PE) curriculum, the knowledge, skills and attitudes related to the learning goal, healthy lifestyle and habits are covered in other subjects and in life-wide learning activities, including physical activities. At present, the Education Bureau is reviewing and updating curriculum guides of different Key Learning Areas (KLAs). The PE curriculum continues to encourage students to do more exercises for developing an active and healthy lifestyle and to adopt measures to help schools build up a sports culture.

Regarding the curriculum time, schools are required to allocate about 5% to 8% of the total lesson time for PE in primary and junior secondary levels (that is, around 80 to 120 minutes weekly); and at least 5% of the total curriculum time for PE in senior secondary levels (that is, at least 80 minutes weekly). Such a balanced allocation is based on the learning needs of all KLAs, and as a result of comprehensive consideration with the support of the school sector.

The implementation of the PE curriculum is not only confined to PE lessons. Schools could organize various kinds of activities and open up sports facilities to students. So, it helps students develop a habit of active participation in physical activities and enhance their lifelong interest in sports.

- (2) In addition to the existing PE curriculum, the Education Bureau has implemented various measures to strengthen the collaboration among schools, sports organizations and parents for cultivating students' interest in physical activities and boosting sports culture. I now cite a few examples as follows:
- (i) Providing subsidy to schools for purchase of sports equipment and employment of sports coaches;
 - (ii) Collaborating with different governmental and non-governmental bodies to organize different sports activities including Inter-school Sports, Dance Competitions, School Sports Programme, School Physical Fitness Award Scheme, and offer advance booking of public sports facilities for schools free of charge or at concessionary rate;
 - (iii) Conducting professional development programmes for teachers;
 - (iv) Organizing parent-child physical activities through schools, such as relay competitions in swimming gala and in athletics meet; and
 - (v) Co-organizing with the Leisure and Cultural Services Department (LCSD) for the programme of "School Sports Tour-iSmart Fitness Scheme" to encourage parents and students doing more exercises.
- (3) The Education Bureau has been working with other bureaux and departments to implement a number of measures to tackle the problems of students being unfit and overweight. I now cite some examples as follows:
- (i) In terms of physical fitness, students' cardio-respiratory function and body fitness are improved through PE lessons and different physical activities organized by the Education Bureau, such as "Jump Rope for Heart" and "School Physical Fitness Award Scheme";

- (ii) In terms of health promotion, the Education Bureau and the Department of Health (DH) co-organize the "StartSmart@school.hk" and "EatSmart@school.hk" Campaigns in schools. The DH also launched the "EatSmart@restaurant.hk" and "I'm So Smart" Community Programmes to promote healthy eating and physical activity to children and parents in the community, so as to prevent and tackle childhood obesity, and to reduce the risk of non-communicable diseases among children; and
- (iii) In terms of health services, the DH launches the "Parenting Programme" in Maternal and Child Health Centres and the "Student Health Service" to promote health and referral service for primary and secondary students, with an aim to help the needy children develop exercise habits. It also invites students of schools with a high overweight ratio to join the tailor-made "Regular Exercise Class Programme" or "Exercise and Keep Fit Course".

The Education Bureau also works with the Hong Kong College of Cardiology to conduct the "Heart-safe School Project" to provide "Heart-safe" education seminars, in order to enhance the knowledge of heart health among teachers and students. In addition, the DH published a policy document titled "Promoting Health in Hong Kong: A Strategic Framework for Prevention and Control of Non-communicable Diseases (NCD)" in 2008. The Steering Committee on Prevention and Control of NCD (the committee), which was chaired by the Secretary for Food and Health, was formed in the same year. Under the committee, the "Working Group on Diet and Physical Activity" was also set up with a mission to tackle health problem caused by unhealthy eating habits, physical inactivity, overweight and obesity, through partnership with different bureaux or departments.

MR MA FUNG-KWOK (in Cantonese): *President, the Secretary said in part (1) of the main reply that the lesson time for PE has the support of the education sector, which means that there is no plan for a further increase, and he went on to*

set out a series of measures in parts (2) and (3). But I think the most important point is whether the Government has considered the problem that I raised in my main question and that is, why does the physical fitness of students in Hong Kong compare less favourably with students in other places? Does the Government consider the existing efforts adequate? The Secretary did not answer this question.

The World Health Organization has recommended the target of one hour of physical activity a day for students but more often than not, their only opportunity for exercising is just the two PE lessons. May I ask the Government whether it has considered if the level of physical activity for students is adequate and satisfactory? Does it plan to make adjustments and conduct a review?

SECRETARY FOR EDUCATION (in Cantonese): I thank the Member for his supplementary question. As I particularly stressed in my main reply earlier on, physical activity is not confined to those 80 to 120 minutes of activity carried out during PE lesson as students may also take part in such activities during recesses, or after lunch or after school according to their daily learning arrangements, and students should be encouraged to participate in these activities by all means.

As regards individual studies, we often need to pay attention to the background factors at different levels and in different places. For example, with regard to the study conducted some time ago which specifically focused on this issue, it was mainly based on the data of students in the participating schools. The Education Bureau conducts a large-scale territory-wide survey on physical fitness every five years. Two such surveys have been conducted so far, and the third comprehensive survey will be carried out in the coming two school years. The merits of this survey are that we can provide schools with the information which will enable them to have a clearer picture of the overall development and distribution and then address the problem accordingly. So, the time that students spend on physical activity is not limited to the lesson time.

MR CHAN KIN-POR (in Cantonese): *President, quite a number of students are indulged in the Internet now. It is imaginable that they will certainly get fat sitting in front of the computer for hours and not having the time for exercising.*

I would like to ask the Government what policies and measures are in place to make students understand the impropriety and consequences of their indulgence in the Internet and what it will do to make parents understand that it is their duty to urge their children to cut down on computer usage and do more exercises.

SECRETARY FOR EDUCATION (in Cantonese): I thank the Member for his supplementary question. This is an important issue. Last Saturday I had the opportunity to meet with the Chairman and members of the Committee on Home-School Co-operation for the 18 districts, and great concerns were expressed over the time spent by students on electronic games or the computer and also the related activities in which the students participated. Therefore, with regard to the stages of e-learning and students' habits and patterns in using electronic game equipment, efforts have been made to address the problem at various levels.

Just now I mentioned e-learning, and I wish to particularly stress here that students should not just spend all the time using the computer instead of getting along with their schoolmates. This is one example. Second, during parent-teacher activities, we have stressed this point alike, and not only in primary and secondary schools, we have started working to this end in kindergartens too. Besides, in respect of the design of the entire curriculum, we have highlighted, for example, the need to avoid allocating one computer to one student during group activities in class, with a view to enhancing exchanges among the students. This aside, we also appreciate the need to arrange for other extra-curricular activities in order to compete with electronic games for students' time. In this connection, more diversified extra-curricular activities have been organized in line with the interests and developments of students. This is also one of the strategies adopted to prevent students from immersing themselves in a certain activity.

MR YIU SI-WING (in Cantonese): *In the main reply the Secretary said that there is a general requirement in the lesson time for PE at the primary and junior secondary levels in that schools are required to allocate around 5% to 8% of the total lesson time for PE. As we all know, under the "3-3-4" academic structure, senior secondary students are very serious and concerned about their public examination and it follows that they think of doing exercises even less. Such*

being the case, we are more concerned that the physical quality of senior secondary students may even pale in comparison with that of primary and junior secondary students. My question is: Will the Government, in the light of the current situation, consider including in the senior secondary curriculum a requirement on the total lesson time for PE, so that the students can have time for exercising more regularly?

SECRETARY FOR EDUCATION (in Cantonese): President, I thank the Member for his question. We have considered this arrangement before. With regard to the benchmark that I mentioned earlier, schools are required to allocate at least 5% or 80 minutes of the total lesson time for PE lessons at the senior secondary level. But with the implementation of individual curriculum reforms, such as the reduction of the contents of individual curricula, or deferred implementation of school-based assessment or reduction of its proportion, we hope to leave more room for other activities as far as possible and allow schools to make these arrangements with flexibility. In this connection, I wish to emphasize once again that 80 minutes are only the minimum requirement. Very often, we can see that in schools and especially as we can see more often recently, senior secondary students have taken part in cycling or other activities a lot more often. I believe Members have seen this during weekends. They have also attended training courses after school, which is actually another way to encourage their participation in this regard.

MR TONY TSE (in Cantonese): *President, in the main reply and also in his reply earlier on, the Secretary mentioned that there are many programmes and measures aiming to encourage students to do more exercises and pay attention to exercises and diet, and so on. But currently, there is a trend of students becoming overweight. In this connection, apart from encouraging students to do more exercises and pay attention to their diet, does the Education Bureau have put in place other measures targeting students' psychology? It is because very often, obese students may be under great pressure psychologically. Does the Bureau have any measure to help these students in this regard?*

SECRETARY FOR EDUCATION (in Cantonese): President, the Education Bureau launched such activities as the "EatSmart@school.hk" Campaign jointly with the DH in 2006. Apart from this, we not only target our efforts at students

but also collaborate with parents because the daily food consumed by students are usually arranged by their parents. Therefore, we have organized several types of activities focusing on their eating habits. We have also seen that individual schools, in which students are served lunches, have made special requests, such as preparing food with as little salt, oil and sugar as possible, to their lunch suppliers. All these are some of the ways to deal with the problem.

Meanwhile, we also understand that some students may take meals at fast food shops after school. So, the main attitude of students is important too. As a matter of fact, in the entire physical fitness curriculum for students — I wish to take this opportunity to introduce this to Members — we have identified six strands of learning, which are all very important and have started to produce positive effects. First, in the course of education, apart from enabling students to acquire sports skills, we all the more hope that students will develop an interest in these activities; second, to impart to students knowledge of how their health and physical fitness can complement each other, in order to prevent fatigue, obesity and physical inactivity; third, to develop sports-related values and attitudes in the students, so that very often when they do exercise with their classmates, they will understand the importance of exercising and will hence adjust their eating habits; fourth, to impart to students safety knowledge and practices, for example, students who are obese or have rapid heartbeat should refrain from taking part in certain activities, and the knowledge acquired from the sports activities can enhance their ability to meet higher requirements for their eating and living habits; and lastly, we hope to particularly cultivate students' aesthetic sensitivity, making them understand that a healthy diet and physical exercise are fundamental indicators of aesthetics.

DR KWOK KA-KI (in Cantonese): *President, the Secretary said that he had done all the work but if he had done everything, why would our students perform so poorly in terms of physical fitness? In the medical profession we are fully aware that overweight or obese children will develop diabetes prematurely and that it is a norm that they do not exercise.*

I wish to ask the Secretary a question. Now, due to the shortage of sports venues, there is nowhere for students to go for playing ball games. A decade ago we already asked the Government whether it could open up the playgrounds and sports facilities in all schools for use by the community and students, but how many schools have adopted this practice so far?

Second, senior secondary students have only one PE lesson a week, whereas the junior secondary and primary students have one and a half. If this situation continues, the physical fitness index of the people in Hong Kong is unlikely to have any improvement a decade or two down the line. Does the Secretary have some practical and concrete measures, such as requiring students to attend one PE lesson a day? Can he do it?

SECRETARY FOR EDUCATION (in Cantonese): As I said earlier on, with regard to the daily or weekly arrangements for PE lessons, we have set basic requirements, which are 5% to 8% at the junior secondary level and at least 5% at the senior secondary level. This is the basic principle, and many other activities are also carried out in tandem. I wish to particularly point out that from 2009 onwards, based on the information about student participation in health service, the Student Health Service of the DH has notified the schools of the overall data of overweight and obese students for the year as well as the overall situation of students in Hong Kong for their reference. The objective is to encourage schools to provide a healthy school environment and help students practise a healthy lifestyle. The Student Health Service of the DH has also arranged outreach health talks for the first 100 primary schools and 50 secondary schools with a higher detection rate of overweight students, and made appropriate adjustments where necessary. Therefore, we have addressed the problem through a lot of outreaching activities.

Second, we have forged closer co-operation with the LCSD to encourage the use of community facilities by schools. Arrangements have been made by all means for opening up unreserved sessions for use by schools, and in certain circumstances, these venues are required to be opened up for use by schools after the school hours, while the schools have to take into consideration the safety factor or other issues in using these venues. Therefore, this area of work is underway. I do not have the actual figures up my sleeves and I can collect information in this regard if necessary.

PRESIDENT (in Cantonese): Dr KWOK, has your supplementary question not been answered?

DR KWOK KA-KI (in Cantonese): *The Secretary's reply was downright irrelevant.*

PRESIDENT (in Cantonese): Please repeat your supplementary question.

DR KWOK KA-KI (in Cantonese): *I asked him if it is possible for students to attend a PE lesson every day. Could he please answer yes or no? Second, President, I would like the Secretary to provide the figures because it would be unacceptable if he, as Secretary, cannot even give a reply in the Legislative Council on how many schools are now open for use as sports facilities.*

PRESIDENT (in Cantonese): Secretary, can you provide the figures on schools opening up their sports facilities for use by the community after this meeting? Please give a reply on whether you can arrange for a PE lesson daily.

SECRETARY FOR EDUCATION (in Cantonese): Insofar as daily activities are concerned, plenty of arrangements have been made in the curriculum. As I mentioned earlier, the schools made their own arrangements according to their respective features and with flexibility. The second part is that many of these activities are organized during recesses, after lunch and after school, and some training courses or preparatory courses are specially arranged to encourage student participation in an alternative way.

DR LEUNG KA-LAU (in Cantonese): *If it is the Government's policy to encourage students to do exercises, the students will exercise on their own initiative. Let me cite an example. When I was in secondary school, we could get marks from the PE subject as we could get 50 marks from it. How many marks could we get from Mathematics? Two hundred. Therefore, students naturally put their energy into Mathematics. If the Government wishes to encourage students to exercise more, can the Government do it in the simple way by making consideration from the policy perspective and requiring schools to increase the marks for the PE subject to be on a par with the marks for the general subjects, say, 100 marks? In that case, the students will naturally spend*

more time on PE. Furthermore, is it possible to include physical fitness in the minimum entry requirement for universities so that students have to at least meet a certain minimum requirement for physical fitness in order to be admitted to universities? If there is such an requirement, I believe this policy will naturally prompt all parents and students to work harder to meet the minimum requirement for physical fitness.

SECRETARY FOR EDUCATION (in Cantonese): I thank the Member for his opinion. I think we will consider strengthening the incentive measures in various aspects. I wish to mention a point here. If students have good performance in sports, will it be helpful to their learning or future career development? It is often the case that during school interviews, apart from considering students' academic achievements, schools will also provide opportunities for students to show their performance in other activities, and what is more, this is also a factor to be taken into account for university admission. I also hope that through these measures, all students will understand that a balanced development in personality, intellectuality, physicality, sociability and aesthetics is conducive to their competitiveness.

PRESIDENT (in Cantonese): We have spent over 22 minutes on this question. Fourth question.

Assistance Provided to Street Sleepers

4. **MR WONG YUK-MAN** (in Cantonese): *President, it has been reported that in September last year, the Government allocated \$1.2 million to a community organization for the implementation of a 13-month "watcher programme". The programme provides training support to street sleepers, organizes activities for them, and cleans the places where street sleepers usually gather, with the aim of assisting them to eventually quit street sleeping. In this connection, will the Government inform this Council:*

- (1) *whether it knows the number of street sleepers so far who have found, with the assistance offered by the "watcher programme", a fixed abode;*

- (2) *of the current number of street sleepers on the register of the Social Welfare Department, and among them, the number of those who street sleep in the Sham Shui Po district; and*
- (3) *whether it has grasped the situation of street sleepers reverting to street sleeping after being allocated public housing; as it is learnt that quite a number of people consider that street sleepers affect environmental hygiene as well as law and order, and they therefore have a negative perception of street sleepers, how the Government protects the rights and interests of street sleepers in daily lives?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, my reply to Mr WONG Yuk-man's question is as follows:

- (1) The public and the District Councils (DCs) have expressed concern over hygiene and law and order issues at locations where more street sleepers gather. For Sham Shui Po district, the Sham Shui Po District Office (DO) has frequently co-ordinated joint operations conducted at these locations. The departments concerned perform their duties in accordance with their respective purviews to enhance environmental hygiene condition, while showing respect for the street sleepers.

As announced by the Chief Executive in his 2014 Policy Address, the Government introduced a pilot scheme for the enhancement of district administration (the pilot scheme) in Sham Shui Po and Yuen Long to provide the relevant District Management Committees (DMCs), chaired by the District Officer, with decision-making power and funding to tackle the priority district issues identified by the DCs concerned. After in-depth discussion, the DMC and DC of Sham Shui Po decided to follow up on two issues under the pilot scheme, one of which was to strengthen support for street sleepers in the district.

With the support of the DC and the additional funding available under the pilot scheme, the DO has engaged the Society for Community Organization to strengthen support services for street sleepers in the district. The "Watchers' Project" has adopted a

caring approach by engaging dedicated social workers to reach out to the street sleepers to better understand and follow up on their actual needs and problems. Various training programmes (including enhancing motivation and work skills) have also been arranged by the Society for Community Organization to help the street sleepers give up street sleeping. In addition, community personalities have also provided further assistance such as job referrals.

As at 28 February 2015, 34 street sleepers in Sham Shui Po had left the streets to live in a fixed abode under the "Watchers' Project".

- (2) According to the information currently kept by the Social Welfare Department (SWD), there were 806 registered street sleepers in Hong Kong as at end-January 2015. Of these, 381 were in the Sham Shui Po district.

- (3) According to the social workers who are in touch with street sleepers, some street sleepers have, after being allocated public housing units, reverted to street sleeping owing to their difficulties in adapting to the new lifestyle and/or other personal factors. For instance, some street sleepers who wish to be self-reliant by engaging in a number of casual jobs to support their own living would prefer to stay in the streets near their workplaces and are reluctant to return to their public housing units, and so on. Other street sleepers choose to revert to street sleeping in the original locations probably because of their personal problems (including alcoholism, drug abuse or psychiatric problems), which would have made it relatively difficult for them to adapt to the new living environment and establish new social support network. Besides, there are cases of street sleepers who live with family members choosing to revert to street sleeping owing to problems in getting along with their family members.

The SWD subvents three non-governmental organizations (NGOs), namely the Salvation Army, St. James' Settlement and the Christian Concern for the Homeless Association, for each of them to operate an Integrated Services Team for Street Sleepers (IST). ISTs provide street sleepers with integrated services, including day and late-night outreaching visits, emergency shelter/short-term hostel

placement, counselling, employment guidance, personal care (for example, bathing, haircut and meal, and so on), emergency relief fund to cover various expenses (for example, short-term payment of rent and living costs, rental deposit, other removal expenses, and so on), service referrals, and so on. Besides, the SWD subvents the Society for Community Organization to run a Care and Support Networking Team which aims at helping street sleepers and other vulnerable groups, through the provision of outreaching support, casework and group work services, tackle their livelihood needs and reintegrate into the community.

Under the "Watchers' Project", social workers visit street sleepers in the district who have moved into fixed abodes on a regular basis to understand how they have been adapting to the new environment. By helping them bridge over to a new life, it is hoped that their chances of reverting to street sleeping can be reduced.

Helping street sleepers give up street sleeping for good and become self-reliant has long been the target of the Government. For those street sleepers who are unable to leave the streets within a short time, the DC and local residents treat those street sleepers as part of the community, and have expressed understanding of their situation. That said, the DC and residents also hold the view that street sleepers, being members of the district, should be more considerate towards other residents and appreciate the importance of environmental hygiene and law and order. To balance these concerns, the DO not only continues to conduct weekly joint operations but also arranges larger-scale cleansing operations under the "Watchers' Project". With the assistance of the social workers, street sleepers are persuaded to clear their odds and ends to maintain environmental hygiene.

We will capitalize on the experience gained, continue to listen to the views from the districts and adopt suitable measures to deal with the problem with a people-oriented approach, while showing respect for the street sleepers.

MR WONG YUK-MAN (in Cantonese): *President, the Secretary is sticking to the old rut and reading out from the script, so there is nothing whatsoever new in his reply to my question. I asked him about this "Watchers' Project". The first point that I wish to make is that from September last year to the present, that is, in half a year, this project with a provision of \$1.2 million has assisted a total of 34 street sleepers. So, what is the effectiveness of the project? It has been said that it has helped street sleepers "leave the streets to live in fixed abode" but I need more specific facts. If they could only have fixed abode to live in, what about other aspects?*

On the other hand, the Secretary did not actually answer part (3) of the question and only prevaricated, talking about environmental hygiene. It is because all along, you people have regarded these people as rubbish. A few years ago, it was revealed that the Food and Environmental Hygiene Department, the SWD and DO, together with the Police, took away the mobile phones and valuables of street sleepers when clearing street sleepers from the jade market in Sham Shui Po. Subsequently, we provided assistance to them and dealt with this matter. It was only after more than one year or some two years that we managed to obtain \$3,000 of compensation for each of them. Basically, this is the worst possible type of behaviour and in fact, you discriminate against street sleepers. The Government gave HO Hei-wah \$1.2 million because he supports LEUNG Chun-ying, am I right? Again, it has employed such petty and lowly tactics. Now that \$1.2 million has been spent to help these 34 ...

PRESIDENT (in Cantonese): Mr WONG, please ask your supplementary question.

MR WONG YUK-MAN (in Cantonese): *This is very simple. We have said before that even if they are allocated public housing units, they have no money to decorate the units, do they? Will the Government provide assistance in this regard? The Government only says that public housing units have been allocated to them but even so, they do not want to live there. Mate, they are really penniless; they have to sleep rough and receive Comprehensive Social Security Assistance (CSSA). Such simple things as plastering and laying electrical wires are surely necessary. However, not a bit of subsidy is offered ...*

PRESIDENT (in Cantonese): Mr WONG, please ask your supplementary question immediately.

MR WONG YUK-MAN (in Cantonese): *What I mean is: How is the Government going to help them? In what way has it helped them? What I mean is that it is the Government that has put a negative stigma on them and what the Government is doing cannot eliminate the negative perception that Hong Kong people have of street sleepers. This is the Government's responsibility. Is it necessary for the Government to admit responsibility?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, we fully understand Mr WONG's concern. In fact, through the "Watchers' Project", we can promote a change of culture within the district, particularly in terms of tolerance. It is pointed out clearly in the main reply that when dealing with street sleepers, we must show respect for them and this is the starting point. Moreover, even when carrying out cleansing operations, there must also be adequate communication beforehand and social workers will also get in touch with them more frequently. There is a very simple example. Apart from the 34 street sleepers who left the streets, we have to understand that in the past, the overall trend in the number of street sleepers in Sham Shui Po was one of continuous increase but recently, this trend has tapered off and the increase has been reined in. The relevant figures are quite specific. This is very simple. Take Sham Shui Po as an example, when the project was initially launched in August 2014, there were 387 street sleepers but now there are 381. So the number has not increased. However, in other districts, the figures are actually rising quite quickly. In the Yau Tsim Mong District, the figure rose from 251 street sleepers in August 2014 to 303 at present, that is, an increase of several dozen street sleepers. This proves that the project is effective. If the pilot scheme mode is feasible, in the future, not only will we fully implement it in Sham Shui Po, we will also do so in Yau Ma Tei. It is because at present, there are two seriously affected areas in Hong Kong, that is, Sham Shui Po ...

MR WONG YUK-MAN (in Cantonese): *... a question here. He does not have to reply in such great length. What I want him to answer is the question of negative stigma. President, can you ask him about this?*

PRESIDENT (in Cantonese): Mr WONG, this is not the time for you to speak. Please sit down.

MR WONG YUK-MAN (in Cantonese): *I am asking him about the negative stigma.*

PRESIDENT (in Cantonese): Secretary, when you reply to Members' questions, please be as concise as possible.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, the Government definitely do not negatively stigmatize street sleepers as they are also a vulnerable group. In fact, the whole "Watchers' Project" has adopted a caring approach and aimed to provide them with more support and care, as well as enhance communication with them. Therefore, I totally do not agree with Mr WONG's statement that we actively stigmatize them. In fact, we are actively assisting them. You can see that there are 34 cases in which fixed abodes are available to street sleepers and this is in fact not easy to achieve.

MR CHEUNG KWOK-CHE (in Cantonese): *President, are street sleepers actually the manifestation of a social phenomenon or a social problem? If people say that this is a social problem, I think there are many structural problems in society and street sleepers are just the victims. I think a street sleeper is a human being rather than an object, and each of them has his own story. I think the "Watchers' Project" this time around can be considered relatively successful because in just half a year, 34 street sleepers were willing to move into fixed places of abode. However, I believe the Secretary has not given a detailed account of how this "Watchers' Project" is being implemented. According to our observation, what they do is just to dispatch social workers to approach street sleepers, and provide assistance taking into account the personal problems of each individual ...*

PRESIDENT (in Cantonese): Mr CHEUNG, please ask your supplementary question and do not express any views.

MR CHEUNG KWOK-CHE (in Cantonese): *However, in fact, all policy bureaux are involved in the provision of assistance in the course of it. There is half a year to go before the end of the present pilot scheme and the Secretary said just now that this scheme may be extended to Yau Ma Tei. However, may I ask the Secretary if he will tell us that the scheme will be implemented in Yau Ma Tei tomorrow and in North Point the day after tomorrow?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, in fact, there are two so-called stricken areas at present, with Sham Shui Po accounting for more than 40% of the total number of street sleepers and Yau Ma Tei accounting for more than 30%, and the two districts account for more than 80% altogether. The figures of other districts are actually sporadic. For example, the figure of the Central and Western District is relatively high, but according to our record, there are only 19 street sleepers. As such, if the approach adopted for Sham Shui Po is successful, this is precisely the aim of the pilot schemes. It is because, for example, the pilot schemes of the SWD are very often regularized and their implementation are extended. In fact, it is targeting — what you said just now was right — in fact, it focuses on dealing with the problem in Yau Ma Tei or the Yau Tsim Mong District. For this reason, we will surely draw on the experience to see how our overall strategy should be adjusted.

As regards the Member's question on how the "Watchers' Project" is being implemented, in fact, two dedicated social workers are tasked with assisting more than 300 street sleepers in the Sham Shui Po district and one of the most effective measures is late-night outreaching visits — in fact, all street sleepers work as casual workers and many of them come back only at night — additional outreaching visits are made at night twice a week. Originally, they are made on average only once a week.

Second, specific cases are followed up directly by social workers. In the short span of half a year, the number of visits reached 3 912 times. You can imagine: The total number of people is some 300 and to make over 3 000 times of visit means frequent contact with them. This is a kind of intensive counselling aimed at enhancing their employment skills and providing counselling service to them, particularly because their spirit of self-reliance is very important. Of course, as members in the social work profession know, many cases cannot be

dealt with easily. Among street sleepers, about 40% have drug abuse, alcoholism or psychiatric problems, and some of them have very poor relations with their family members and decline to go back to live at home in any case.

Given the diverse reasons, the workload of social workers is actually quite heavy. Having said that, we have been doing our work effectively as we have adopted a targeted approach. At present, social worker teams have opened files for 40 cases and taken follow-up actions on them. In some 30 cases, the people concerned have been allocated flats and given up street sleeping. All these are positive indicators suggesting that it is worthwhile to continue with the project.

MR POON SIU-PING (in Cantonese): *President, the Secretary said in his reply just now that there were 806 registered street sleepers in Hong Kong and of these, 381 were in Sham Shui Po. Of course, he mentioned just now that the "Watchers' Project" had helped 34 street sleepers give up street sleeping and found fixed abodes. Certainly, this can be considered as somewhat effective but compared to the overall figure, there is still a long way to go.*

In fact, some of the reasons for street sleeping were also mentioned just now. May I ask the Secretary if the Government will conduct a survey on street sleepers to gain an understanding of all the reasons — such reasons as doing casual jobs and job locations were mentioned just now — so as to allocate additional resources to this area through the "Watchers' Project" to deal with these problems?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): In fact, after many years of effort and by working together with the NGOs concerned, we have a fairly accurate understanding of where the problem lies. Simply put, among these 800 or so street sleepers, 57% are CSSA recipients, 86% are unemployed, 27% have drug abuse problems and 8% have psychiatric problems.

As regards why there is a particularly large number of street sleepers in Sham Shui Po and the Yau Tsim Mong District, one obvious reason is that urban renewal and rising rents have made it difficult for them to find accommodation. This is the fact. However, there are also other reasons, that is, a lot of employment opportunities can be found in these two districts and transport is

convenient, so it is much easier to find a job as a casual worker. Third, we can also observe a trend, that is, the number of street sleepers who are Vietnamese or ethnic minorities is on the increase. In fact, under the "Watchers' Project", it can clearly be seen that there is a case involving a Vietnamese family with six members. Subsequently, we verified their identities and learnt that they were not Hong Kong residents. We therefore made arrangements for them to move into a fixed abode through the services for torture claimants provided by the International Social Service. It can thus be seen that situations like these are not as simple as they appear, rather, they are complex. However, we will surely provide support to them on all fronts, in the hope that they will leave the rank of street sleepers if possible.

MR FREDERICK FUNG (in Cantonese): *President, when this project was discussed at a meeting of the Sham Shui Po District Council, I also took part in the discussion. The Hong Kong Association for Democracy and People's Livelihood and I have reservation about this project. In fact, this problem did not arise in Sham Shui Po only today, rather, it is a problem that has persisted for three or four decades.*

In the mid-1980s, when dealing with the problem of street sleepers back then, the approach adopted by the Government was very different from the one adopted at present. In terms of the departments in charge and the time spent on dealing with the problem, there are also great differences. Back then, after learning about the problem, the City and New Territories Administration set up a committee on street sleepers comprising people from various government departments, namely, the DO, the SWD and the Urban Services Department, as well as some NGOs, to jointly explore the problem of street sleepers; second, three years were spent to study and deal with this problem. At present, some 30 people have moved into fixed abodes and this was also the case at that time. However, the people concerned would move out soon afterwards. Street sleepers will not be happy unless they are settled in the same district.

Therefore, my supplementary question is: This time, an NGO was chosen and given \$1.2 million to do the job for one year, yet, compared with the experience in the 1980s, that is, 30 years ago, we have not drawn on and made reference to the experience at that time in order to do a better job, rather, a regressive step has been taken. Why has this project gone backward?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Labour and Welfare, please reply.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, let me give a reply first and Secretary TSANG will supplement it later.

The pilot scheme is led by the Home Affairs Bureau and the aim is precisely to devolve power to the District Officers of the districts concerned to see if more actual power can be given to them and better decision making can be done, so that things can be done with greater facility. Therefore, some sort of flexibility is provided. Moreover, one of the schemes chosen by the District Officer (Sham Shui Po) is this particular project. I think the intention of this scheme is desirable.

Of course, Mr FUNG has put up suggestions on many issues, so can we make improvements? I absolutely agree that there is room for improvement in respect of co-ordination. However, I think the original intention and objectives of this scheme are appropriate and correct. Maybe in this regard, Secretary TSANG has something to add.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, the Chief Executive proposed this pilot scheme in the 2014 Policy Address and it is designed to give resources to two districts, one being Sham Shui Po and the other being Yuen Long, so that they can decide on matters of concern to local residents and take corresponding actions. In Sham Shui Po, the issue was discussed by the Sham Shui Po District Council, as pointed out by Mr FUNG. After the discussion by the District Council, they made this choice because everyone was concerned about the problems in the district. One of the problems was the "three nil" buildings and the other was the problem of street sleepers. For this reason, they chose to focus on tackling these two problems in the district.

As pointed out just now, since the implementation of the project, 34 people have moved into fixed abodes. Then, has anyone reverted to street sleeping after moving into a fixed abode? As far as we know, there is indeed one person who still sleeps in the street at some nights after being allocated a public housing unit. However, the success of the whole scheme lies in the fact that communication at the district level has been strengthened and understanding and harmony among shop tenants in the district have been fostered.

As we all know, earlier on, some members of the public in Sham Shui Po considered that street sleepers who sleep and place various items in the streets at the Tung Chau Street Temporary Market, for example, had given rise to environmental hygiene problems and caused obstruction on the street. After some members of the public had voiced their views, sympathizers of street sleepers queried if these members of the public or their comments were very heartless and some raised the issue of negative stigma, as mentioned by Mr WONG earlier on. Precisely because of the implementation of this pilot scheme, there is now communication in the community. There are dialogues between people including members of the District Council, members of the public and the people concerned about street sleepers. As a result, all parties have set a common goal and agreed on a policy for dealing with and solving the problem of street sleepers. It is believed that a two-pronged approach of care and law enforcement should be adopted and both sides agreed on this point. Therefore, this scheme is now being implemented quite smoothly.

MR FREDERICK FUNG (in Cantonese): *No, my supplementary question is: Why a longer period of three years was taken by an inter-departmental committee to do the job three decades ago, whereas the job is now being done by an NGO selected by a single department for a period of just one year? This is the question that the Secretary has not answered.*

PRESIDENT (in Cantonese): Which Secretary wants to say something more? Secretary for Home Affairs, please give your supplementary reply.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, under the present pilot scheme, various departments are actually making efforts in tandem and they include the SWD, the Food and Environmental Hygiene Department and of course, there are also officers from the DO concerned.

MISS ALICE MAK (in Cantonese): *President, what I wish to ask is related to the point mentioned by Secretary CHEUNG just now, that is, apart from the Yau Tsim Mong District, there are also some sporadic cases in many other districts.*

In particular, in the New Territories, the situation is very different from that in the urban area. In the New Territories, there are many cases in which elderly people are unwilling to go home because they want to keep guard over the cartons scavenged by them.

In view of this, may I ask the Secretary if the Labour and Welfare Bureau can implement this scheme or similar schemes for an extended period of time, and then extend it to other districts and offer assistance according to the merits of individual cases, so as to help those street sleepers solve their problems no matter what the causes are?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, we are absolutely happy to do so. In fact, we are monitoring the effectiveness of this pilot scheme. As I said just now, the Yau Tsim Mong District will be the second district in which such efforts will be put in because there are some 300 such people there and as we all know, the total number of street sleepers in these two districts accounts for 80% of all street sleepers. For example, in Miss MAK's constituency, that is, the Kwai Tsing District, there are only three. In this sense, the problem is relatively less serious. However, we do not look at numbers. Our direction is to help them as far as possible and do so in a caring way.

For example, among the 34 people in Sham Shui Po in question, four of them are elderly people. So, we arranged for them to move into residential care homes for the elderly. In other words, we do not always house them in singleton hostels because such hostels may not be suitable for elderly people. With regard to people who are advanced in age, we will advise them to stay in residential care homes for the elderly. Therefore, concerning the suggestion made by you just now, we will surely take it on board and try to put it into practice as far as possible. No matter what the number is, a caring approach should be adopted so as to support these people in an effective manner.

PRESIDENT (in Cantonese): We have spent more than 22 minutes 30 seconds on this question. Fifth question.

The Chief Executive's Duty Visits to Report on His Work to Central Authorities

5. **MS CYD HO** (in Cantonese): *President, it has been reported that the Director of the Hong Kong and Macao Affairs Office of the State Council told the media in December 2013 that the arrangements for the Chief Executive (CE) of the Hong Kong Special Administrative Region (SAR) to pay duty visits to the Central People's Government (CPG) to report on his work (reporting arrangements) would be standardized. Subsequently, CE paid another duty visit to Beijing to report on his work (reporting visit) on 25 December last year. In this connection, will the Government inform this Council:*

- (1) *by whom the documents relating to the report on his work (reporting documents) submitted by CE to CPG are written, edited and vetted; of the differences and similarities between the scopes of their contents and those of the policy addresses, progress reports and government budgets published annually, together with the table of contents, as well as the word count of each item in the various documents, of the latest set of reporting documents; the number of reporting documents which the incumbent and past CEs had to submit to CPG when they paid reporting visits to CPG prior to 25 December last year;*
- (2) *whether the SAR Government has archived the reporting documents in accordance with the records management procedures and guidelines; of the respective numbers of reporting documents submitted by the SAR Government to CPG and the documents on reporting arrangements and SAR governance received by the SAR Government from CPG since 1997; whether such documents are available for public inspection; if they are not, of the reasons for that, and whether they are, according to the records management procedures and guidelines, documents which will be available for public inspection after a certain number of years; and*
- (3) *of the differences and similarities between the procedures involved in CE's reporting visits to CPG after the standardization of the reporting arrangements (including but not limited to the manpower and procedures for writing, editing and vetting reporting documents)*

and those in the past; whether, besides CE, any official of the SAR Government is required to account for his work to CPG and/or other mainland authorities; whether the SAR Government will consider providing reporting documents to this Council prior to CE's reporting visits for the Council to hold debates on their contents?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the Government's consolidated reply to the questions raised by Ms Cyd HO is as follows:

Pursuant to Article 43 of the Basic Law, the Chief Executive shall be the head of the Hong Kong Special Administrative Region (HKSAR) and shall represent the HKSAR, and shall be accountable to the Central People's Government and the HKSAR in accordance with the provisions of the Basic Law. Besides, Article 48 stipulates that the Chief Executive shall lead the government of the HKSAR; be responsible for the implementation of the Basic Law and other laws which, in accordance with the Basic Law, apply in the HKSAR; implement the directives issued by the Central People's Government in respect of the relevant matters provided for in the Basic Law; and conduct, on behalf of the HKSAR Government, external affairs and other affairs as authorized by the Central Authorities. Under the principle of "one country, two systems" and the provisions of the Basic Law, the Chief Executive has a special and important constitutional role. Accordingly, the Chief Executive regularly reports to the Central People's Government on the work of the HKSAR Government and the situation of the HKSAR.

Since assumption of office, the incumbent Chief Executive has been making detailed, comprehensive, objective and truthful reports to state leaders on the situation of the HKSAR and the work of the HKSAR Government. State leaders have fully affirmed the work of the Chief Executive and the HKSAR Government.

During the annual duty visit, the Chief Executive meets with the state leaders and makes oral reports. This is normally preceded by a written report to the Central People's Government. The written report covers mainly the latest economic, social and political situation of the HKSAR, work of the HKSAR Government, and matters which the HKSAR Government wishes to seek the support of the Central People's Government.

The Chief Executive's Office co-ordinates the compilation of the written report, which will be submitted to the Central People's Government through the Hong Kong and Macao Affairs Office of the State Council and properly filed in accordance with the established records management requirements of the HKSAR Government.

Every time before the Chief Executive makes a duty visit to Beijing, the Chief Executive's Office announces the arrangements in a press release. While in Beijing, the Chief Executive also updates media on the developments of the visit. As regards the Legislative Council, the Chief Executive reports on the work progress of the HKSAR Government and introduces work priorities in the coming year in his annual Policy Address. The Chief Executive also attends Question and Answer Sessions of the Legislative Council regularly to respond to Members' questions.

MS CYD HO (in Cantonese): *President, in November 2012, when Mr ZHANG Xiaoming, the Director of the Liaison Office of the Central People's Government in the HKSAR, assumed office, he published a 6 000-word article on enriching the implementation of "one country, two systems". In the article, he talked about further enhancing the important arrangements for the Chief Executive to report his work to the Central Authorities. In 2013, Mr WANG Guangya, the Director of the Hong Kong and Macao Affairs Office of the State Council, also told the Hong Kong media that the reporting arrangements would be standardized.*

As a matter of fact, the Chief Executive's reporting work is part of Hong Kong's constitutional affairs. It is also a very important part because it has become an official bridge between the HKSAR and the Central Government. Despite our series of questions, I have expected that she may not answer them on grounds of confidentiality. So I only asked her about the length, word count, table of contents and outline of the reporting documents as well as the number of such documents, but she did not reply at all. Given such close-mindedness and black box operation with no transparency, how can we find out if LEUNG Chun-ying has stood in the way and provided a false account of the situation when reporting on his work, thus preventing Hong Kong from having truly democratic universal suffrage?

The Chief Secretary for Administration is the most senior official in the "constitutional reform trio". If she is so close-minded, how can she persuade our pro-democracy camp and Hong Kong people to accept her "pocket-it-first" package?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, as I have stated in the main reply, the purpose of the Chief Executive's annual duty visit is to fulfil the constitutional requirement which the Basic Law imposes on the Chief Executive. Article 43 of the Basic Law provides that the Chief Executive shall be accountable to the Central People's Government. Thus he will certainly dedicate his full efforts to fulfil this duty. The Chief Executive is also the overall person-in-charge of the implementation of the principles of "one country, two systems", "Hong Kong people administering Hong Kong" and "a high degree of autonomy" under the Basic Law. Hence, Ms HO can rest assured. The Chief Executive will certainly act in the interest of Hong Kong people.

As regards the information requested by Ms Cyd HO in the main question, I am afraid it is not the usual practice for the SAR Government to openly discuss information on our communication with the Central Government in detail. Hence, this is not about whether I have adopted a closed-minded attitude. The fact is, we must work in accordance with our usual practice.

MS CYD HO (in Cantonese): *President, actually my last question is, given that when I request information on the table of contents, outline, length and word count which does not involve any confidential elements in respect of the official channels of communications with the Central Authorities, the Government is so close-minded, how can she persuade us to accept her constitutional reform package for the fake election?*

PRESIDENT (in Cantonese): Ms HO, the question you have raised is not directly related to the main question.

DR LAM TAI-FAI (in Cantonese): *President, although our country has conferred on Hong Kong the right to exercise the principles of "Hong Kong people administering Hong Kong" and "a high degree of autonomy", the Central Government knows Hong Kong affairs very well. Thoroughly familiar with the economic development, livelihood issues, as well as the political trend and current situation in Hong Kong, the Central Government knows the score. Therefore, in my opinion, it is impossible for the Chief Executive to report only the good news with no mention of the bad news, cover up the truth and even deceive those above and keep the public in ignorance in his verbal and written reports. I hope Ms Cyd HO will understand this. Nevertheless, of course, many people still describe the Chief Executive's standardized annual duty visit as having an "X-ray check" by the officials of the Central Government who demand the Chief Executive to report what inadequacies he has.*

President, my supplementary question is that during the Occupy Central incident ... Having just returned from the meetings of the National People's Congress and Local People's Congresses of the People's Republic of China and the Chinese People's Political Consultative Conference, I am well aware that the Central Authorities have affirmed the Chief Executive's capability of handling the Occupy Central incident. Yet no one is perfect. Hence, I would like to know whether the Chief Executive has reported to the Central Authorities during his duty visit what inadequacies he himself or even the Government had in handling the Occupy Central incident; if he has, what the inadequacies were.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): *President, I thank Dr LAM for his supplementary question. I concur with Dr LAM Tai-fai's view that the Central Authorities are very familiar with what happens in the HKSAR. However, in response to Dr LAM's supplementary question, I can only repeat what I have said in the main reply, that is, the Chief Executive has made detailed, comprehensive, objective and truthful reports to state leaders on the situation of the SAR during the reporting process, whether it be the pre-visit written report or verbal report.*

MR ALAN LEONG (in Cantonese): *President, pursuant to the arrangements under the Basic Law, our Chief Executive shall be accountable to not only the Central People's Government but also members of the public in the HKSAR.*

I would like to ask the Chief Secretary, as she provides such a reply today, has she discussed with LEUNG Chun-ying, who wishes to continue to employ "hypocritical rhetoric" in his report to give a false account of the situation, concealing faults, boasting about accomplishments and blowing his own trumpet, whether it is considered inconvenient to let Hong Kong people know actually what he had written before submission of the report?

President, in the second paragraph of the main reply, the Chief Secretary stated that "since assumption of office, the [incumbent] Chief Executive has been making detailed, comprehensive, objective and truthful reports to state leaders on the situation of the HKSAR". I would like to ask the Chief Secretary, through what channels can we learn whether the Chief Executive's report on his work is detailed, comprehensive and objective? Is it that so long as LEUNG Chun-ying says it is comprehensive, objective and detailed, we will have to accept it?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): I thank Mr LEONG for his supplementary question. May I make the following three points in response.

Firstly, as mentioned by Mr Alan LEONG, pursuant to Article 43 of the Basic Law, the Chief Executive shall be the head of the HKSAR and shall represent the HKSAR. However, his accountability requires him to be accountable to both the HKSAR and the Central People's Government. Sometimes we simply refer to it as the "dual accountability" system. Thus I hope Members will respect that the Chief Executive needs to fulfil his constitutional duty and be accountable to the Central People's Government.

Secondly, Mr LEONG's question seems to be especially directed at the incumbent Chief Executive, but actually the same question was raised in this Council in 2003 and 2014 respectively, and the replies provided by the Government were broadly the same. Hence, as I have stressed earlier, under our established policy and usual practice, which were not started by the incumbent Chief Executive, we will not openly discuss information on our communication with the Central Government in detail.

Thirdly, Mr LEONG asked what channels could be used. Given that the Chief Executive is accountable to the HKSAR, and under the Basic Law, the executive authorities shall also be accountable to the Legislative Council, the

Council absolutely has the right to raise questions. There are at least several such occasions every year, and very soon, the Chief Executive will come to this Council to attend the Question and Answer Session on 26 March. I believe if Members have any questions about his recent duty visit to Beijing, the Chief Executive will be pleased to answer them.

MS EMILY LAU (in Cantonese): *President, the Chief Secretary had better not say such words that the Chief Executive will come to attend the Question and Answer Session and we may then raise our questions. Last time we raised a lot of questions, but he did not reply, and the President said that we could not force the officials or the Chief Executive to reply. However, the authorities have the responsibility and the need to give not only the Legislative Council but also the public an account of what the Chief Executive said during his duty visit to Beijing.*

The Chief Secretary said in the main reply that he has submitted a report in advance. First of all, that report should be submitted to the Legislative Council and made public. It may not be necessary to state in detail every word said in the closed-door meeting, but an account should be given to the public. Why not tell Hong Kong people about it? President, if the talk touches on the situation in Hong Kong, Hong Kong people and the Legislative Council should know and need to know what the Chief Executive has reported in his visit to Beijing. The Chief Secretary said that such was not the past practice, but the past practice should not continue now if it is wrong. Why not give an account to Hong Kong people and the Legislative Council in an open and transparent manner?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I have mentioned in the last part of the main reply that after reporting on his work, the Chief Executive will make arrangements to meet the media. I have looked up the incumbent Chief Executive's reporting arrangements on the past three occasions, including those in 2012 when his duty visit was conducted in two days. For this reason, he met the media twice. Similarly, the duty visit in 2013 was conducted in three parts, during which the Chief Executive visited some ministries and commissions as part of the itinerary. Hence, at that time he met the media three times. On the latest occasion on 26 December 2014, the Chief Executive also met the media after completing his duty visit. The verbatim records of the meetings with the media after these three duty visits are rather

detailed. Take the latest one on 26 December 2014 as an example. After reporting to the state leaders, the Chief Executive immediately met the media on the same day, and the then verbatim record was five pages long. In other words, the Chief Executive has given the public through the media an exhaustive account of the issues mentioned during his duty visit, and relayed as appropriate the comments offered to him by the state leaders during the visit, such as their affirmation of our administration.

MS EMILY LAU (in Cantonese): *My question is, he has submitted the report prior to the visit. Why was the report not submitted to the Legislative Council and not made known to the public?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, as I have mentioned earlier, I hope Members will respect the Chief Executive's accountability to the Central People's Government under the constitution, and submission of the written report on his work is part of his duties. This should be respected by us. According to our usual practice, it is not appropriate to openly discuss information on our communication with the Central Government.

MR ALBERT HO (in Cantonese): *President, the answer given by the Chief Secretary just now is rather confusing in terms of concept. I think she really has the duty to explain to the public. She said that the Chief Executive, being accountable to the Central Government, submits the report to fulfil his constitutional duty, but she added that he is also accountable to the SAR. He does not submit the report in his personal capacity. That is not Mr LEUNG Chun-ying's personal report. Rather, it is a report of the head of the SAR. From this perspective, it is perfectly right and justifiable to publish this report after his duty visit. What communications and dialogues they have behind closed door is another issue. However, it absolutely cannot be justified if there is a written report but it is not made public.*

President, my supplementary question is very simple. I request a comprehensive review. We request the Chief Executive to standardize this report and be truly accountable to the Legislative Council and Hong Kong people. Now I am not talking about other things. The written report should be made public. This is our minimum request. Will the Government do that? If

the Government says it cannot do so, it might as well tell us what conflict there is. For example, it turns out that accountability to the SAR Government is in conflict with that to the Central Government. At least let us know about this. The report is intended to be read only by the Central Government. It cannot be read by the Hong Kong people. If the Hong Kong people read it, there will be big trouble. Such documents can only be read by the senior officials in Beijing. Only if the Government says so. Otherwise, please tell me why it cannot conduct a review, and why it cannot standardize the procedure of reporting to Hong Kong people.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, as I have repeatedly stressed, the Chief Executive serves a "dual accountability" function. He is accountable to both the HKSAR and the Central People's Government. Hence, perhaps it can be said that there are two different accountability systems. Under the former, he is accountable to the HKSAR. Moreover, he discharges his duty to Legislative Council Members by being accountable to the legislature, receiving questions from Members or proactively submitting his ideas and reports on his administration, while his accountability to the Central People's Government is fulfilled through his annual duty visits among other work. They are two different mechanisms. I hope Members will respect that there are two different mechanisms serving different functions and this is in compliance with the requirements of the Basic Law.

MR ALBERT HO (in Cantonese): *President, the Chief Secretary did not answer my supplementary question. I consider that these two types of accountability are not in conflict, so I request her to review whether the procedure under which the Chief Executive reports to the Central Authorities can be standardized and whether the report can be submitted to the Legislative Council. Why is it not feasible? Has any review be conducted?*

PRESIDENT (in Cantonese): Chief Secretary, regarding Mr HO's question, do you have anything to add?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): I can only say that we consider the current approach appropriate.

DR KENNETH CHAN (in Cantonese): *President, I consider the current approach rather inappropriate and disrespectful to the significant constitutional function of the Legislative Council to represent Hong Kong people. That is the case unless the Chief Secretary now tells us that the report submitted by the Chief Executive to state leaders on his work is private business and something personal, but she has replied in the negative; that is the case unless the Chief Secretary says this is a state secret, but she did not say so. The only possible explanation is, this is about the lower level reporting to the higher level of the party. It is something within the party. It is the party's internal business. So the Legislative Council has no right to ask about it. If that is not the case, I absolutely cannot understand why she is unwilling to consider Members' request. Since this matter is related to Hong Kong people, this report on the Chief Executive's work, whether it be before or after its submission to the Central Authorities, should be submitted in whole to the Legislative Council for perusal, comment and even open debate by Members. In handling Hong Kong's governance and the relationship between the executive and the legislature under the constitution, is this a more thorough approach showing a responsible attitude?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, Dr CHAN wants to know the contents of the report on the Chief Executive's work. Actually I have briefly mentioned it in the main reply. This report covers mainly the latest economic, social and political situation of the SAR, work of the SAR, and matters for which the SAR Government wishes to seek the support of the Central Government. As Members may have noted, the Chief Executive is authorized to deal with a series of matters under Article 48 of the Basic Law. Thus the report on his work should centre on the powers and functions of the Chief Executive stipulated under Article 48 of the Basic Law.

As regards the respect for the Legislative Council, the SAR Government certainly pays high regard to the Council, but we already have a mechanism in place to exercise our accountability to the Council. I do not think the matter of the Chief Executive handling his constitutional functions by reporting to the state and leaders in the Central Authorities and respect for the Legislative Council should be mentioned in the same breath. We will continue to be accountable to the Legislative Council in accordance with the usual practice.

MR LEUNG KWOK-HUNG (in Cantonese): *President, we fully understand the constitutional issue. However, can the Chief Secretary ensure that LEUNG Chun-ying will not lie when reporting on his work? This is the biggest problem. I have my justifications. One should cultivate oneself, keep one's family in order, run the state well and ultimately, bring peace to the world. To start with, he fails to cultivate himself and keep his family in order ...*

PRESIDENT (in Cantonese): Mr LEUNG, you have raised your supplementary question. Please sit down and let the Chief Secretary reply.

MR LEUNG KWOK-HUNG (in Cantonese): *If the Chief Secretary sits next to the Chief Executive, could she remind him not to lie, and when he lies, immediately make it clear to the Central Authorities that she does not agree and point out that it may be a lie? Can the Chief Secretary make such a promise to this Council?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, let me reiterate that since assumption of office, the Chief Executive has been making detailed, comprehensive, objective and truthful reports to state leaders on the situation of the SAR and the work of the SAR Government.

MR LEUNG KWOK-HUNG (in Cantonese): *The Chief Secretary has not answered my question. If LEUNG Chun-ying lies ... It is very simple. Yesterday there was a press conference ...*

PRESIDENT (in Cantonese): Mr LEUNG, please do not make any comments.

MR LEUNG KWOK-HUNG (in Cantonese): *... He cannot even speak clearly on his family matters. He cannot even speak clearly on the things he knows. How can he speak on behalf of Hong Kong people?*

PRESIDENT (in Cantonese): Mr LEUNG, please sit down. The Chief Secretary has already answered your supplementary question.

This Council has spent 22 minutes and 30 seconds on this question. Last oral question.

Regulation of Commercial Bathhouses

6. **MISS ALICE MAK** (in Cantonese): *It has been reported that a fire broke out at a Korean-style sauna bathhouse in January this year, and that the sauna bathhouse had not obtained a Commercial Bathhouse Licence granted by the Food and Environmental Hygiene Department under the Commercial Bathhouses Regulation. In this connection, will the Government inform this Council:*

- (1) *of the respective numbers of prosecutions and convictions in the past three years involving operation of bathhouses without a licence;*
- (2) *whether it deploys staff to inspect the fire services facilities at sauna bathhouses on a regular basis; if so, of the respective numbers of inspections, contraventions of fire safety requirements uncovered and rectifications of irregularities after warnings were issued, in each of the past three years; whether the Government will step up regulation of the fire services facilities at sauna bathhouses; if so, of the details; if not, the reasons for that; and*
- (3) *whether it has estimated the current number of sauna bathhouses not equipped with shower cubicles; if so, of the number; whether it is required to obtain a licence for operating such kind of bathhouses; if so, of the respective current numbers of bathhouses which have obtained, are applying for, and have not yet applied for such a licence; if it is not required to obtain a licence, the reasons for that as well as the legislation which regulates such kind of bathhouses, and whether the Government will introduce legislative amendments to stipulate that a licence must be obtained for operating such kind of bathhouses; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the fire in a Korean-style sauna in Kwun Tong earlier on has caused public concern over the safety of such saunas. In light of this case, we have consulted various government departments, including the Fire Services Department (FSD), Electrical and Mechanical Services Department (EMSD), Buildings Department (BD) and Food and Environmental Hygiene Department (FEHD).

Generally speaking, the ambient temperature inside the Khan steam room of a Korean-style sauna is raised by the heat generated from electrical heating elements installed between concrete or stone slabs. Normally, these electrical heating elements will not be in direct contact with any combustible materials, and the power consumption of the facilities inside the Khan steam room is comparable to that of a commercial premises or an ordinary family. The fire risk level of Khan steam rooms is therefore normal and similar to sauna facilities commonly installed in spa and fitness centres. As such, the requirements pertaining to the fire service installations and equipment to be provided in Korean-style saunas are akin to those in other premises.

After the fire, the relevant government departments have inspected the premises in question. The FSD is in the course of conducting an investigation. If any person in charge of the building or premises is found to have contravened the Fire Services Ordinance, the FSD will take appropriate follow-up actions against such person under the relevant legislation. For example, legal actions will be taken under the Fire Service (Installations and Equipment) Regulations (Cap. 95B) against the owner of the fire service installations or equipment of a building or premises who fails to keep them in efficient working order or fails to have such installations or equipment inspected by a registered contractor at least once in every 12 months. The FEHD has also reminded district environmental hygiene offices to keep a close watch and take appropriate actions should any commercial bathhouse be found to be operating illegally.

According to the information collected by various departments, there are at present about 12 Korean-style saunas in Hong Kong, nine of which are in operation and three have ceased operations.

My reply to the various parts of the question is as follows:

- (1) On receiving complaints about unlicensed operation of commercial bathhouses, the FEHD will conduct site investigation. If sufficient evidence is collected to substantiate such an allegation, prosecution will be instituted. In all the investigations conducted in this regard over the past three years, no one was found to be operating an unlicensed commercial bathhouse. Therefore, no prosecution was instituted.

- (2) Under the existing regime, the provision of fire service installations and equipment in all buildings and premises including Korean-style saunas is regulated. All buildings and premises shall have fire service installations and equipment installed according to the prescriptive provisions in the Code of Practice for Minimum Fire Service Installations and Equipment issued by the FSD. Respective owners shall keep such fire service installations and equipment in efficient working order at all times. Meanwhile, the FSD will serve a fire hazard abatement notice to any person who causes any fire hazard, or institute prosecution against such person under the Fire Services (Fire Hazard Abatement) Regulation (Cap. 95F). In addition, it will, according to provisions of the relevant legislation, carry out routine and random inspections of licensed premises in order to ensure compliance with fire safety standards. The FSD does not keep separate statistics covering the number of inspections made to Korean-style saunas.
- (3) Under the Commercial Bathhouses Regulation (Cap. 132I), "bathhouse" means any premises for the use, on payment of a fee, of persons requiring a bath. Sauna is regarded as a form of bath. All premises which allow customers to take a bath, including using the sauna services provided, on payment of a fee, are required to obtain a commercial bathhouse licence from the FEHD, whether shower facilities are available or not. There are shower compartments in all the existing 65 licensed commercial bathhouses. The FEHD is currently processing two applications for a commercial bathhouse licence. Both premises have shower compartments.

Certain premises, such as fitness centres and beauty centres, may also have sauna rooms or other bathing facilities. However, since in general no fees are separately charged for using such facilities, and the provision of commercial bathhouse services is not their principal business, such centres are not required to obtain a commercial bathhouse licence under the Commercial Bathhouses Regulation.

As has been mentioned in the preamble of this reply, we are aware of the public concern over the safety of Korean-style saunas. In this connection, the Government is carefully reviewing the relevant

legislation and administrative measures to ascertain whether they provide enough protection for the public. The legislation includes the Commercial Bathhouses Regulation, Electricity Ordinance and Fire Services Ordinance. Should the review suggest that the relevant legislation and administrative measures on the whole do not provide adequate safeguards, the Government will consider bringing in practicable improvement measures.

MISS ALICE MAK (in Cantonese): *President, the Commercial Bathhouses Regulation has not been amended since 2000. Given the ever-changing modus operandi of bathhouses, we can see how obviously the legislation has fallen behind, which has given rise to a lot of grey areas at the expense of public safety. I heard the Secretary's remark just now that the existing legislation will be subject to review, but the several pieces of legislation he mentioned earlier have failed to regulate the type of Korean-style sauna in question. Will the authorities propose legislative amendment expeditiously to prevent operators from capitalizing on the legal loopholes, with a view to enhancing protection with regard to public safety?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as mentioned in my earlier reply, fire safety is actually one of the key areas of public concern over such facilities nowadays. As far as fire safety is concerned, such facilities are actually covered by the legislation I mentioned earlier. Furthermore, under the FSD's assessment, such facilities are of a comparable risk level with other similar facilities in general. In this connection, we consider that there are actually safeguards on fire safety under the Fire Services Ordinance at present.

In any case, as I put towards the end of the main reply earlier, we are reviewing the relevant legislation and administrative measures, and will determine if it is necessary to further enhance such facilities or legislation based on the final outcome of the investigations.

PRESIDENT (in Cantonese): As no other Members wish to ask supplementary questions, oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Number of Visitor Arrivals to Hong Kong and Hong Kong's capacity to Receive Them**

7. **MR GARY FAN** (in Chinese): *President, Hong Kong's capacity to receive visitors is at bursting point as the number of visitor arrivals to Hong Kong exceeded 60 million last year. Among them, mainland visitor arrivals were as many as some 47 million, accounting for about 78% of the total visitor arrivals. The huge influx of visitors to Hong Kong in recent years has seriously affected the daily lives of Hong Kong people. On 24 February this year, the Chief Executive (CE) told the media that the Government of the Hong Kong Special Administrative Region (SAR) was fully aware of the pressure put on the daily lives of Hong Kong people by the increased number of visitors, and would continue its discussions with the Central Authorities to see if there was room for tightening the Individual Visit Scheme (IVS) and the policy on issuing one-year multiple-entry Individual Visit Endorsements (multiple-entry endorsements) to Shenzhen permanent residents, so that the trend of natural growth of mainland visitors to Hong Kong could be put under control. However, after meeting the relevant officials in Beijing on the 6th of this month, CE indicated that the need of mainland residents to visit Hong Kong should also be taken into account. Regarding the number of visitor arrivals to Hong Kong and Hong Kong's capacity to receive them, will the Government inform this Council:*

- (1) *as the Mayor of the Shenzhen Municipal Government recently remarked that mutual respect was the premise for the policy on multiple-entry endorsements, whether the SAR Government has to take into account the views of the Shenzhen authorities when it discussed the tightening of the policy on multiple-entry endorsements with the Central Authorities, and whether the prior consent of the Shenzhen authorities is required for amending the policy;*
- (2) *as it has been reported that last month, the Central Authorities delegated the power of vetting and approving immigration documents of mainland residents from the public security authorities at the municipal level to those at the county level, and at present, residents of 49 mainland cities may visit Hong Kong under IVS, whether the SAR Government is able to obtain from the mainland authorities instant data about the endorsements issued by the public security authorities at the county level, so as to facilitate discussion*

with the mainland authorities the adjustment of the number of endorsements to be issued in the near future, and to study in the long run the setting up of a mechanism to allow the SAR Government to take part in determining the number of IVS endorsements to be approved;

- (3) *given the remarks made by CE on the 6th of this month that the SAR Government should strike a balance between Hong Kong's receiving capacity and the number of visitors to Hong Kong, and yet the average length of stay of overnight visitors has reduced from 3.6 nights in 2011 to 3.3 nights in 2014, whether the authorities have assessed the causes for the shortening of the average length of stay of overnight visitors, as well as its impact on Hong Kong's capacity to receive visitors, such as on the demand for hotel rooms, and set specific targets for the number of hotel development projects in the future;*
- (4) *of the information on the hotel projects approved by the Building Authority in the past three years, and set out such information according to the table below;*

<i>Date of approval</i>	<i>District</i>	<i>Name of project</i>	<i>Class of hotel</i>	<i>Anticipated completion date</i>	<i>Anticipated number of hotel rooms to be provided</i>

- (5) *given that the Assessment Report on Hong Kong's Capacity to Receive Tourists published by the Commerce and Economic Development Bureau in January 2014 did not assess the social costs of receiving visitors borne by SAR (such as the impact of parallel traders on Hong Kong people), whether the authorities will prepare another assessment report within this year, having regard to the latest visitor statistics and the increasingly serious problem of parallel trading activities; and*

- (6) *whether it will formulate measures within this year to reduce the number of IVS visitors, including requesting the mainland authorities to modify the arrangement for issuing "multiple-entry endorsements", in order to mitigate the impact of visitors on the daily lives of Hong Kong people?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, the HKSAR Government attaches great importance to the long-term and healthy development of Hong Kong's tourism industry. At the same time, we understand the community's concern about the impact of the continuous growth in visitor arrivals on people's livelihood. The Chief Executive announced in September 2012 that the relevant Mainland authorities would liaise and work closely with the HKSAR Government to ascertain the receiving capacity of Hong Kong before considering implementing multiple-entry Individual Visit Endorsements for non-permanent residents of Shenzhen, and arranging the orderly issuance of exit endorsements for non-permanent residents in six cities. Moreover, the HKSAR Government finished the assessment on Hong Kong's capacity to receive tourists in late 2013, and is now making great efforts to enhance Hong Kong's capacity to receive tourists along the recommendations in the assessment report, including the expansion of the two theme parks, the commissioning of the second berth of the Kai Tak Cruise Terminal, and so on. We will also continue to adopt a multi-pronged approach to increase the supply of hotel rooms.

Our replies to the questions raised by Mr Gary FAN are as follows:

- (1), (2) and (6)

Taking into account the community's continued concern about Hong Kong's capacity to receive tourists, the Chief Executive indicated in April 2014 that the HKSAR Government was looking into ways to adjust the growth in visitor arrivals and their composition, and would announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities. The HKSAR Government met with the Hong Kong and Macao Affairs Office of the State Council in June 2014 and relayed different views of the Hong Kong community on the Individual Visit Scheme (IVS)

to the Central Government. The Chief Executive also continued to discuss with the Central Government during the National People's Congress and Chinese People's Political Consultative Conference in early March.

The IVS, as well as the processing and approval of applications for exit endorsements, fall within the policy remit of the Mainland, involving the Central Government as well as provincial governments. The HKSAR Government will continue to liaise and exchange views with the Central Government and relevant Mainland authorities, and the Central Government will handle this in accordance with its mechanism.

- (3) Underpinned by the continuous growth in visitor arrivals, the average occupancy rate of hotels in Hong Kong stood high in the past decade, and the hotel occupancy rate was about 90% in 2014. The total number of overnight visitors for Hong Kong still registered a growth, though the average length of stay of overnight visitors slightly edged down last year due to the slight drop in the length of stay of Mainland overnight visitors last year as compared with three years ago. As the demand for hotel rooms from the overnight visitors is expected to remain keen in the years ahead, the Government would continue to adopt a multi-pronged approach to encourage investors to build hotels of different types. Overall speaking, it is estimated that there will be a number of hotel projects coming on stream in the coming years and the total number of hotel room supply will increase to around 84 000 in 2017.

Nevertheless, the demand and supply of hotel rooms have always been market-driven. In deciding and adjusting the development plan and pace of the hotel construction works, developers will take into account various factors including the prospective growth of visitor arrivals, economic outlook, business environment of the hotel industry and the projection on business receipt, and so on. The Government will continue to keep a close watch on the demand-supply situation in the hotel market to ensure healthy development of the tourism industry.

- (4) According to the information provided by the Buildings Department (BD) and the Hong Kong Tourism Board (HKTB), as at end 2014, there have been 40 hotel projects approved by the Building Authority in the past three years (that is, 2012 to 2014). Details are set out at Annex.
- (5) The Government announced the assessment report in early 2014, and had assessed relevant tourism facilities at that time. We will continue to closely monitor Hong Kong's situation in different areas, including visitor arrivals, relevant industries (for example, retail, food and beverage services and hotel industries, and so on) and the receiving capacity of individual districts, and so on.

The HKSAR Government is very concerned about the nuisance of parallel trading activities caused to the daily lives of residents. The relevant law-enforcement agencies have implemented a series of measures to improve order at railway stations and boundary control points, so as to uphold the daily lives of our residents. The Government will continue to take targeted measures and enhance co-operation with relevant Mainland authorities to combat parallel trading activities.

Annex

<i>Date of approval by the Building Authority</i>	<i>Address of the Project</i>	<i>Name of the Project</i>	<i>Anticipated Date of Completion</i>	<i>Anticipated number of hotel rooms to be provided</i>
February 2012	189-193 Pei Ho Street	- *	2016	84
June 2012	8-12 Lin Fa Kung Street West and 98-100 Tung Lo Wan Road	- *	- *	- *
July 2012	373 Queen's Road East	- *	2015	210
August 2012	8A-8B Wing Hing Street	- *	- *	- *

<i>Date of approval by the Building Authority</i>	<i>Address of the Project</i>	<i>Name of the Project</i>	<i>Anticipated Date of Completion</i>	<i>Anticipated number of hotel rooms to be provided</i>
August 2012	197-197A Reclamation Street	- *	- *	- *
September 2012	38-42 Lyndhurst Terrace	- *	- *	- *
September 2012	60-66 Jardine's Bazaar	- *	2015	99
January 2013	30-32 New Market Street and 23-25 Tung Loi Lane	- *	- *	- *
February 2013	164 Hai Tan Street	B & G Hotel	2016	48
March 2013	15-16 Connaught Road West & 29-31 New Market Street	- *	- *	- *
March 2013	88 Stanley Main Street	- *	- *	- *
March 2013	11, 11A, 13 and 13A Lin Fa Kung Street West	- *	2016	19
April 2013	11-15A Lin Fa Kung Street East	- *	2016	19
June 2013	130-132 Portland Street	- *	- *	- *
June 2013	17 & 19 Wing Hing Street	- *	- *	- *
June 2013	Tin Shui Wai Town Lot No.26, Tin Sau Road, Tin Shui Wai	- *	- *	- *
July 2013	179 & 181 Bulkeley Street	i Hotel (Kowloon South)	2016	54
July 2013	10 & 12 Kimberley Street	- *	- *	- *

<i>Date of approval by the Building Authority</i>	<i>Address of the Project</i>	<i>Name of the Project</i>	<i>Anticipated Date of Completion</i>	<i>Anticipated number of hotel rooms to be provided</i>
July 2013	33 Sharp Street East and 11 Yiu Wa Street	- *	- *	- *
August 2013	1 Luen Fat Street	- *	- *	- *
August 2013	88-90 Wing Lok Street	- *	- *	- *
December 2013	8-12A Ha Heung Road	iclub To Kwa Wan Hotel	2016	340
March 2014	82-100 Tak Cheong Street & 2-4 Soy Street	- *	- *	- *
April 2014	38-40A Hillwood Road	- *	2016	84
May 2014	Lot No.1950 in Demarcation District No.221, Wai Man Road, Sai Kung	- *	2017	248
May 2014	17-19 Third Street	- *	- *	- *
May 2014	7 Connaught Road West and 13 New Market Street	- *	- *	- *
July 2014	11-13 Ko Shing Street	- *	- *	- *
July 2014	380 Prince Edward Road West	- *	- *	- *
August 2014	11-21 Tai Nan Street	- *	- *	- *
August 2014	18-24 Salisbury Road	Rosewood Hong Kong	2017	600
		- *	2017	334
September 2014	Inland Lot No.8920, Oil Street	- *	2017	840
September 2014	Hong Kong Disneyland Resort	- *	2017	750

<i>Date of approval by the Building Authority</i>	<i>Address of the Project</i>	<i>Name of the Project</i>	<i>Anticipated Date of Completion</i>	<i>Anticipated number of hotel rooms to be provided</i>
September 2014	97 How Ming Street	- *	2017	298
October 2014	Kowloon Inland Lot No.11205 at the junction of Hung Luen Road and Wa Shun Street	- *	2016	599
October 2014	North Point Estate Lane and Shu Kuk Street (Site A of Ex-North Point Estate)	- *	2018	747
October 2014	10-12 Yat Fu Lane	- *	- *	- *
November 2014	87-89 Des Voeux Road West	- *	- *	- *
December 2014	84-86 Wuhu Street	- *	- *	- *
December 2014	150 Aberdeen Main Road	- *	- *	- *

Notes:

* "-" Relevant information not available

- (1) The BD does not maintain a project list of approved alteration and addition works involving conversion of existing commercial or industrial buildings for hotel use.
- (2) As the Buildings Ordinance does not regulate the time required for building works, BD does not have information on the anticipated completion date of the above hotel projects. Besides, developers are not required to report their project names to BD and BD does not maintain separate statistical information on the number of rooms in the approved new hotel projects. On the other hand, the HKTB invites developers to provide information on their hotel development projects under the HKTB's Hotel Survey. As the survey concerned is of voluntary basis, developers/architects of some projects did not provide information on their projects, including the name, anticipated date of completion, and anticipated number of hotel rooms to be provided.
- (3) As the hotel developments are not yet completed, the HKTB does not have the necessary information to classify the hotel developments.

Collection of Stamp Duties and Land Premium

8. **MR ABRAHAM SHEK:** *President, will the Government inform this Council of (i) the total stamp duties collected on the sale, transfer or lease of residential properties, (ii) total stamp duties collected on the sale, transfer or lease of non-residential properties, (iii) total land premium received, (iv) the percentage of total stamp duties collected on the sale, transfer or lease of properties in its total revenue, and (v) the percentage of total land premium received in its total revenue, in each of the past five years, and set out such information according to the table below?*

<i>Fiscal year</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>	<i>(v)</i>
<i>2014-2015 (up to 28 February 2015)</i>					
<i>2013-2014</i>					
<i>2012-2013</i>					
<i>2011-2012</i>					
<i>2010-2011</i>					

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:

President, the following table sets out the revenues from stamp duty from immovable properties and land premium, and their respective percentage shares in the total government revenue, in the past five years.

<i>Fiscal year</i>	<i>Total Government Revenue (\$ billion)</i>	<i>Stamp Duty revenue from immovable properties⁽¹⁾</i>		<i>Land premium</i>	
		<i>Amount (\$ billion)</i>	<i>As a % of Total Government Revenue</i>	<i>Amount (\$ billion)</i>	<i>As a % of Total Government Revenue</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)=(b)/(a)</i>	<i>(d)</i>	<i>(e)=(d)/(a)</i>
<i>2014-2015 (Revised Estimate)</i>	470.7	48.8 ⁽²⁾	10.4%	73.2	15.6%
<i>2013-2014</i>	455.3	18.7	4.1%	84.3	18.5%
<i>2012-2013</i>	442.2	22.9	5.2%	69.6	15.7%
<i>2011-2012</i>	437.7	20.9	4.8%	84.6	19.3%
<i>2010-2011</i>	376.5	25.0	6.6%	65.5	17.4%

Notes:

- (1) Stamp duties are charged on specified types of instruments of immovable property (including agreements for sale, conveyance on sale and leases). For the stamping of leases of immovable properties and the stamping of property transfer documents (such as deeds of gifts, deeds of family arrangement, deeds of exchange, and so on) for adjudication, there is no differentiation in the charging of stamp duties between "residential" and "non-residential" properties, and no breakdown of relevant stamp duty revenue between these two types of immovable properties is available.
- (2) Inclusive of the revenue from "double stamp duties" which was unbudgeted in the 2014-2015 original estimate, as the legislative proposal was subject to the scrutiny of the Legislative Council at the time of finalizing the original estimate. The relevant revenue involves about \$22.4 billion, on the basis of the 2014-2015 revised estimate.

Marine Park Fishing Permits

9. **MR STEVEN HO** (in Chinese): *President, since the enactment of the Marine Parks Ordinance (Cap. 476) in 1995, the Government has designated Hoi Ha Wan, Yan Chau Tong, Sha Chau and Lung Kwu Chau, and Tung Ping Chau one after another as marine parks for the protection of marine environment and marine life. To control fishing activities in marine parks, the Agriculture, Fisheries and Conservation Department (AFCD) implements a marine park fishing permit (permit) system in accordance with the Marine Parks and Marine Reserves Regulation (Cap. 476 sub. leg. A) enacted in 1996. Under the system, a permit for fishing in a relevant marine park may be issued only to a bona fide fisherman or a villager who ordinarily resides near the marine park concerned. Recently, some fishermen have relayed to me that AFCD is often too stringent in vetting and approving their applications for transfer of their permits to the next generation. They envisage that the number of fishermen allowed to operate in marine parks will decrease significantly in the next few decades. In this connection, will the Government inform this Council:*

- (1) *of the specific situation of AFCD's processing of applications from fishermen for transfer of their permits to the next generation since the implementation of the aforesaid Regulation; and*
- (2) *whether it will review the policy on the transfer of permits, including considering granting the permit of a deceased fisherman to his or her descendant automatically without prior application, so as to ensure that the fishing industry can carry on from generation to generation?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, fishing activities are prohibited in marine parks. However, the Director of Agriculture, Fisheries and Conservation, in the capacity of the Country and Marine Parks Authority (the Authority), is empowered to issue a fishing permit at his discretion under section 17(3) of the Marine Parks and Marine Reserves Regulation (the Regulation) (Cap. 476A) to a *bona fide* fisherman or to a person who ordinarily resides near relevant marine park. The Agriculture, Fisheries and Conservation Department (AFCD) has also set up a Working Group on Fishing Permit (the Working Group) to advise the Authority on the criteria and guidelines in issuing of fishing permits and on cases with individual special circumstances.

Under the existing arrangements, succession and transfer of marine park fishing permits are generally not allowed. Upon receipt of applications for succession to permits, the AFCD will submit the applications to the Working Group for deliberation and consideration on individual merits. In the event that the applicant can provide reasonable grounds (for example, the permit holder is dead, is of poor health or old age and therefore unable to continue fishing), the Working Group will consider carefully the applicant's justifications for the application for succession in order to decide, according to the applicant's circumstances, whether to recommend to the Authority to exercise discretion in processing such application.

Since the implementation of the above Regulation (that is, between 1996 and 2014), the AFCD has received a total of 17 applications for succession, of which most were successful, with six unsuccessful cases. The main reasons for rejecting such applications are: (1) the applicant is not an authorized person of the fishing permit⁽¹⁾ or has not been making a living from fishing; and (2) the fishing permit has long expired.

The Environment Bureau noted fishermen groups' request for a review on the arrangements for succession to marine park fishing permits. Having actively studied the proposal, the Environment Bureau and the AFCD are preliminarily of the view that consideration may be given to refine existing arrangements by relaxing requirements for succession to marine park fishing permits as appropriate. The proposal is still subject to further consultation and discussion.

(1) An authorized person is a person who is authorized to assist the permit holder in fishing

Redevelopment of Buildings Developed Under Civil Servants' Co-operative Building Society Scheme

10. **DR PRISCILLA LEUNG** (in Chinese): *President, at present, there are some 200 buildings developed under the Civil Servants' Cooperative Building Society Scheme (CBS buildings) in Hong Kong, and quite a number of these buildings are aged and dilapidated. However, these buildings have redevelopment value since most of them are situated at premier residential lots in the urban areas (including the Mid-Levels on Hong Kong Island, Happy Valley and Kowloon Tong), and in most cases, the plot ratio of the lots concerned has not been fully utilized. The Panel on Development of this Council passed a motion at its meeting on 15 July 2013, urging the Government to launch redevelopment programmes for CBS buildings immediately, and to submit proposals acceptable to all sides in six months. However, the Government did not submit the proposals as scheduled. In this connection, will the Government inform this Council:*

- (1) *whether the Government has formulated concrete proposals on the way forward for CBS buildings (e.g. the Government acquiring these buildings for redevelopment into private buildings); if it has, of the details, including the timetable, estimate of expenditure, and the amount of public funds to be deployed; and*
- (2) *given that some young people have indicated that the high property prices at present have made it difficult for them to buy properties, and applications for the flats in the latest Home Ownership Scheme (HOS) developments put on sale have been oversubscribed by more than 80 times, which has reflected the keen demand for residential housing, but complex title problems have to be resolved before CBS buildings can be redeveloped, whether the Government has considered formulating measures to facilitate the flat owners concerned to rent their flats in these buildings to young people as their residence?*

SECRETARY FOR DEVELOPMENT (in Chinese): *President, the Civil Servants' Co-operative Building Society (CBS) Scheme was launched in 1952 with the main objective of providing accommodation to the CBS members and their families. Under the Scheme, eligible civil servants were granted land by the Government at a concessionary premium, usually at one third of the*

prevailing full market value, to enable them to build residential buildings through co-operative societies. The legal title of the land and the buildings was held by the CBS which was responsible for the management and maintenance of CBS buildings. Under the underlease the CBS signed with its members, CBS members have the right to use the flats but do not possess the legal titles to them. No CBS buildings have been built since the mid-1980s.

In response to the requests from CBS members, the Government introduced in 1987 the first set of guidelines on the transfer of title to flats and land from CBSs to their individual members and underlessees subject to the unanimous consent of all members. To facilitate the conduct of the relevant procedures, the Government issued new guidelines in 1993 for CBS to apply for dissolution upon obtaining the consent of 75% of its members.

There are 238 CBSs in Hong Kong. Of these 238 CBSs, 184 had been dissolved and 54 had yet to be dissolved as at 31 January 2015. Among the 184 dissolved CBSs, 13 of them had paid the full land premium of their buildings to the Lands Department (LandsD); and of these 13 CBSs, the buildings under 11 of them had been redeveloped (there were 171 CBSs which had yet to pay up in full the land premium of their buildings, including 50 CBSs which had not paid any land premium at all and 121 CBSs which had paid the land premium for some of the flats).

According to the CBS by-laws, members of CBSs that have yet to be dissolved have to comply with the "live-in" requirement. On the other hand, upon acquisition of the legal titles of their flats, former members of a dissolved CBS will execute legal charge on their flats in favour of the Financial Secretary Incorporated, such that the title deeds of the flats will be retained by the Government and the flats will be subject to alienation restrictions. To remove the alienation restrictions, the former CBS members may apply to LandsD, and upon payment of land premium, the Government will approve the removal of the alienation restrictions of the flats. The title deeds of the flats will be returned to the owners, who will be at liberty to dispose of the flats as they wish.

At the meeting of the Panel on Development (the Panel) of Legislative Council held on 15 July 2013, a number of CBS representatives who attended the meeting expressed their wish for early redevelopment of CBS buildings, in particular those which were lacking in modern day building facilities such as lift service which were posing access problems to aged occupants with impaired mobility. Many CBS representatives attending the meeting were concerned that

they could not afford to pay the outstanding premium for the removal of the alienation restrictions in their underleases prior to redevelopment while the conditions of the buildings were deteriorating over time. Members of the Panel generally supported the wish of the CBS representatives for early redevelopment and the need for policy review to facilitate the redevelopment of CBS buildings. The Panel thus passed a motion to urge the Government to launch redevelopment programmes for CBS buildings immediately so as to increase land supply in urban areas; and to submit feasible proposals acceptable to both sides in six months.

In response to the call for redevelopment of CBS buildings by the Panel and CBS representatives, we have been exploring with the relevant departments and organizations on the feasible measures to facilitate the redevelopment of CBS buildings.

My reply to the two-part question is as follows:

- (1) We are exploring in various ways the feasibility of facilitating the redevelopment of CBS buildings, including the financial and technical issues and possible difficulties involved, owners' expectation on the acquisition price, and objection against redevelopment of CBS buildings by some owners, and so on.

As the redevelopment of CBS buildings is more complicated than expected and public subsidy may be involved, the Development Bureau is still working with the relevant bureaux, departments and organizations to explore the issue with a view to assisting owners of CBS buildings to seek redevelopment opportunities in a fair and equitable manner. We plan to report our findings to the Panel within this Legislative Session. As concrete proposal is not yet available, we are unable to provide further information at this stage.

- (2) Regarding the redevelopment of CBS buildings, the Government has been exploring on how to assist, in a fair and equitable manner, owners of CBS buildings to seek redevelopment opportunities. We have not considered other proposals apart from redevelopment, and owners of CBS buildings have not raised any request for renting out their flats to young people.

Application for Hong Kong Permanent Identity Cards by Non-Chinese Citizens and Chinese Citizens Born Outside Hong Kong

11. **MR DENNIS KWOK** (in Chinese): *President, recently, quite a number of non-Chinese citizens and their children and Chinese citizens born outside Hong Kong who have acquired Hong Kong permanent resident status have relayed to me that it is more difficult for them to apply for Hong Kong Permanent Identity Cards (HKPICs) than it used to be. In this connection, will the Government inform this Council of the number of persons in the aforesaid categories who applied for HKPICs during the period between 2010 and 2014, and among such persons, the respective numbers of those who were issued HKPICs and those whose applications for HKPICs were rejected, as well as the average number of days taken by the authorities to process the applications concerned (set out in the table below)?*

	<i>Non-Chinese citizens</i>	<i>Children of non-Chinese citizens</i>	<i>Chinese citizens born outside Hong Kong</i>
<i>Number of applicants</i>			
<i>Number of applicants who were issued HKPICs</i>			
<i>Number of applicants whose applications for HKPICs were rejected</i>			
<i>Average number of days taken by the authorities to process the applications concerned</i>			

SECRETARY FOR SECURITY (in Chinese): President, according to Article 24 of the Basic Law, residents of the Hong Kong Special Administrative Region (HKSAR) shall include permanent residents and non-permanent residents. The permanent residents of the HKSAR shall have the right of abode in the HKSAR and shall be qualified to obtain, in accordance with the laws of the Region, permanent identity cards (PICs) which state their right of abode. The non-permanent residents of the HKSAR shall be persons who are qualified to obtain Hong Kong identity cards in accordance with the laws of the Region but have no right of abode.

Regulation 22 of the Registration of Persons Regulations (Cap. 177A) stipulates that a valid PIC shall be evidence that the person to whom the card relates enjoys the right of abode in Hong Kong. Persons applying for PIC need to prove that they comply with relevant legal requirements. In general (for example, where applicants have submitted sufficient documents for the Immigration Department to verify their Hong Kong permanent resident (HKPR) status), the processing time for such identity card applications is about 10 working days.

When persons whose HKPR status has been verified before apply for PIC, if the Registration Officer, having considered the applicants' individual circumstances, considers that there is a need for further verification of their HKPR status in accordance with the provisions of Schedule 1 to the Immigration Ordinance (Cap. 115), the processing time required will depend on the complexity of the applications and whether the required supplementary information and supporting documents have been provided by the applicants in a timely manner.

The annual breakdown of the number of PIC applications where the applicants' HKPR status had been verified before and further verification of their HKPR status was considered necessary and the verification results in each of the past five years are as follows:

<i>Year</i>		<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Further verification of HKPR status required		1 097	1 283	1 336	1 092	997
Chinese Nationals ^{*#}		288	305	305	211	179
Non-Chinese Nationals	Verified as having HKPR status [*]	128	174	106	84	100
	Verified as not having HKPR status [*]	578	670	753	630	587
	Sub-total	706	844	859	714	687

Notes:

* denotes cases with verification completed in that year

all cases verified as having HKPR status

The Government does not maintain the detailed breakdown statistics as requested by Member.

Proposal of Rezoning a "Green Belt" Site in Tai Wo Ping

12. **MS CLAUDIA MO** (in Chinese): *President, in March 2014, the Government proposed to rezone a "Green Belt" (GB) site in Tai Wo Ping, Sham Shui Po (Tai Wo Ping site) for housing development and make corresponding amendments to the relevant approved Outline Zoning Plan (OZP). It also consulted the Sham Shui Po District Council (SSPDC) on this proposal. Some residents in Tai Wo Ping have complained to me that the authorities develop the site arbitrarily by rezoning it for building luxurious properties. In this connection, will the Government inform this Council:*

- (1) *given that the two-stage review for the purpose of rezoning GB sites for housing development conducted by the Planning Department merely focused respectively on devegetated, deserted or formed GB sites, as well as the GB sites situated in the fringe of urban areas and new development areas having relatively low buffering effect and conservation value, yet the Tai Wo Ping site is vegetated, close to the Lion Rock Country Park and considered by some environmental groups as having a high conservation value, e.g. the rare *limnonectes fujianensis* being discovered there, why the authorities have still proposed to rezone the Tai Wo Ping site for housing development;*
- (2) *given that some residents are worried that the construction of residential properties in the Tai Wo Ping site will involve construction works being carried out on steep hillside slopes, streams, valleys and dense forests, and will therefore damage the environment and ecology in the vicinity, as well as endanger the survival of various types of animals and plants, of the authorities' measures to prevent the occurrence of such a situation;*
- (3) *given that some residents consider that the housing development carried out at the Tai Wo Ping site will reduce the green area in the Sham Shui Po district, thereby aggravating the air quality problem in the district, which is already more severe than that of other districts, whether the authorities have taken into account this factor when proposing the rezoning of the Tai Wo Ping site and conducted any environmental impact assessment study; if they have, of the results;*

- (4) *whether it has assessed if the education and medical facilities, etc. in the district will be sufficient to meet the demand for services arising from the new population brought by the housing development carried out at the Tai Wo Ping site and the successive completion of the public housing developments nearby; if it has, of the results; if not, the reasons for that;*
- (5) *given that some residents have pointed out that the reserve capacity at the junction of Nam Cheong Street and Cornwall Street can hardly meet the traffic demand arising from the housing development carried out at the Tai Wo Ping site, of the results and detailed data of the traffic impact assessment(s) conducted by the authorities;*
- (6) *whether it has considered other alternatives to the rezoning of the Tai Wo Ping site, such as redeveloping Tai Hang Sai Estate and rezoning the sites of vacant school premises in the district to residential sites, etc.; and*
- (7) *given that SSPDC has passed, by a clear majority, a motion objecting the submission of the proposed amendments to the relevant OZP by the authorities to the Town Planning Board (TPB) and requesting the authorities to provide relevant details first, yet the authorities still submitted those proposed amendments to TPB in mid-2014, causing some residents to think that public views have been ignored, whether the authorities will consider withdrawing the proposed amendments so as to seek public views on this issue?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Government announced in December 2014 the adoption of a total housing supply target of 480 000 units for the 10-year period from 2015-2016 to 2024-2025 (with a 60%:40% public-private housing split) to cater for the housing needs of the public. To achieve this target, the Government must continue to adopt a multi-pronged strategy to increase housing land supply in the short, medium and long term through continued and systematic implementation of a series of measures, including making optimal use of developed land as far as practicable and creating new land for development.

The Government is taking forward a series of projects, including New Development Areas, expansion of new towns, reclamation and rock cavern development. It takes time to implement these land development projects before land can be supplied for development. For example, comprehensive planning and technical studies are needed for the development of "brownfield sites"; technical feasibility studies and environmental impact assessment, and so on, are also required for reclamation and other large-scale development projects. As a result, most of the projects can only supply land in the medium and long term. However, at present, Hong Kong is facing a tight land supply situation. The Government has to increase and expedite land supply in the most expeditious and effective way within a short period of time. We therefore have to make optimal use of the developed land in the existing urban areas and new towns, as well as the land in the vicinity of the existing infrastructure. A practical way to systematically make optimal use of such land is to carry out various land use reviews to identify suitable sites for residential development. Reviewing Green Belt (GB) sites is an important part of such work.

As pointed out by the Government on various occasions in the past, the Stage 1 "GB" review completed by the Planning Department (PlanD) in 2012 mainly focused on devegetated, deserted or formed "GB" sites and proposed to rezone 13 sites (57 hectares in total) for residential development. In 2013, the PlanD completed the Stage 2 "GB" review, covering "GB" sites in the fringe of built-up areas close to existing urban areas and new towns. These sites mainly fall on the fringe of "GBs" or are close to developed areas or public roads. These "GB" sites, though vegetated, have relatively less buffering effect and lower conservation value. As these sites are close to supporting infrastructure facilities (for example, those related to transport, water supply and sewerage, and so on), they are considered having good potential to be rezoned for housing purpose and suitable for urban expansion.

As of end February 2015, there were about 15 700 hectares of land zoned "GB" in the statutory plans of Hong Kong. As announced in early 2014, the Government had identified about 70 "GB" sites. If the statutory plan amendments for all the relevant sites are completed as planned, it is estimated that most of these sites could be available for residential use within the five-year period between 2014-2015 and 2018-2019. The some 70 "GB" sites, which are estimated to have a total area of about 150 hectares representing only about 1% of the "GB" sites in Hong Kong, are capable of providing over 80 000 public and private residential flats, over 70% of which will be public housing.

I reply to the seven parts of the question as follows:

(1) and (2)

In the Stage 2 "GB" review completed in 2013 by the PlanD, the site located north of Yin Ping Road at Tai Wo Ping was identified as one of the sites suitable for rezoning for private residential use. This site (about 2 hectares) was formerly part of the Tai Wo Ping squatter area, and was cleared in the late 1980s together with the site on which Dynasty Heights now stands. This site has since been gradually covered with vegetation as a result of natural succession. According to the tree survey conducted by the Lands Department (LandsD), there are about 680 trees at the site, all tree species on site are commonly found in Hong Kong, such as *Macaranga tanarius*, *Mallotus paniculatus*, *Cetlis sinensis*, *Ficus variegata*, *Sterculia lanceolata* and *Microcos nervosa*, and so on. There are no precious trees listed in the Register of Old and Valuable Trees.

The subject site is located in the downhill zone 70 m south of the Lion Rock Country Park. The vast expanse of "GB" zone outside the site and north of Lung Cheung Road/Tai Po Road, Sham Shui Po (about 82 hectares) and the Lion Rock Country Park (about 557 hectares) (639 hectares in total) both provide suitable habitats for wildlife. Therefore, the proposed development will not have insurmountable impact on wildlife.

Regarding the big-headed frog that certain organizations reported to have found, it is categorized as being "Least Concern" on the Red List of Threatened Species of the International Union for Conservation of Nature and Natural Resources and it is found every so often in the New Territories. Before the commencement of site formation works, the Government will arrange for verification of the relevant species and take appropriate measures to translocate the species to nearby woodlands and streams.

(3) The LandsD has conducted a tree survey in respect of the subject site to ascertain the number of trees (about 680 trees) and those requiring preservation. The Government will require the developer to

preserve, transplant or replant trees in accordance with the established greening guidelines and tree preservation mechanisms to minimize potential impact on the natural environment.

The maximum building height (BH) of the proposed development is 210mPD; its height profile is compatible with the BH (with a height restriction of 194mPD) of the development of Dynasty Heights (zoned "Residential (Group C)5") nearby. Besides, the subject site is located in the hillside area of Tai Wo Ping. To the north are Eagle's Nest and Beacon Hill (about 305mPD and 436mPD respectively). Therefore, the development concerned will neither have significant urban design and visual impact on the local areas nor be incompatible with the surrounding environment. The subject site does not lie on the major air ventilation corridors in Sham Shui Po District and is located in the northwest part of Shek Kip Mei. It is expected that the proposed development will not cause any obstruction to the annual and summer prevailing winds in the local areas, and thus having no negative air ventilation impact on the developments in the vicinity.

In sum, the proposed residential development at the subject site will not cause significant environmental, visual and air ventilation impacts on the local areas.

- (4) According to the 2011 Census, Sham Shui Po District has a population of around 380 900. With the planned residential development projects (including the planned residential development at the Yin Ping Road site), it is estimated that the population of the District would increase to about 530 000.

At present, the provision of main Government, Institution and Community (GIC) facilities and open space complies with the Hong Kong Planning Standards and Guidelines (HKPSG). After the addition of these housing sites, the various planned facilities will still be generally sufficient. The Government will make reference to the level of facilities suggested in the HKPSG and take into account the demographic development of Sham Shui Po District to provide the residents with appropriate and sufficient GIC facilities and open space.

- (5) At present, the reserve capacities of the junction of Nam Cheong Street and Cornwall Street are 11% (am.) and 28% (pm.).

The Transport Department (TD) plans to increase the number of northbound lanes of Nam Cheong Street from two to three to increase the design flow of the junction at Nam Cheong Street and Cornwall Street. According to TD's estimation, after the completion of the improvement works, the reserve capacities of this junction in the year 2029 will be 0.46% (am.) and 8.33% (pm.). Therefore, even if the proposed development of the Yin Ping Road site and those nearby are taken into account, the traffic capacity of the junction will still be able to meet the demand up to 2029.

- (6) As mentioned above, the Government has to continue to adopt a multi-pronged strategy to increase land supply in the short, medium and long term. In the face of strong public demand for housing, we must implement a series of land supply measures to increase overall housing land supply.

The rezoning of the Yin Ping Road site for housing development, the redevelopment of Tai Hang Sai Estate and the development of vacant school premises are three independent topics. They are neither mutually exclusive nor interchangeable. Tai Hang Sai Estate is a private rental housing estate and its redevelopment proposal is not a redevelopment project under the Hong Kong Housing Authority, while the review of vacant school premises is part of the ongoing land use reviews carried out by the Government. Past examples of rezoning vacant school premises for housing development include Kin Tak Public School in Kwu Tung, Peng Chau Chi Yan Public School and Hong Kong Christian Service Pui Oi School in Tuen Mun, and so on.

- (7) The Sham Shui Po (SSP) District Council (DC) was consulted on 4 March, 29 April and 19 May 2014 on the proposed rezoning of the Yin Ping Road site for housing development. In response to the request of DC members, further information on technical assessment was provided in the relevant DC papers. As set out in the relevant

papers, after considering the views of the DC and other stakeholders, the area and scale of the proposed development of the Yin Ping Road site were reduced. The site area and the maximum gross floor area were reduced from about 2.84 hectares and about 81 790 sq m to about 2.04 hectares and about 58 750 sq m respectively.

Having consulted SSPDC in accordance with the established procedures, the PlanD submitted on 27 June 2014 the amendment proposal for rezoning the Ying Ping Road site, together with the views and suggestions (including motions) of the DC and other stakeholders collected during consultation, to the Metro Planning Committee (MPC) of the Town Planning Board (TPB) for consideration. The draft Shek Kip Mei Outline Zoning Plan No. S/K4/28 incorporating the proposed amendment was exhibited for public inspection for two months from 18 July 2014 to 18 September 2014 under section 5 of the Town Planning Ordinance (the Ordinance). The PlanD further consulted SSPDC on the amendment on 2 September 2014.

In accordance with the provisions of the Ordinance, the TPB has invited the public to submit representations and comments on the rezoning proposal. The representers/commenters have also been invited to attend the relevant TPB meeting to make oral representation.

The Government understands that the DC and the local community may hold different views on the rezoning proposal to increase housing supply. The Government all along discusses with relevant DCs, explains rezoning proposals as far as possible and listens to the views of local community before a statutory plan is amended.

Providing sufficient land to achieve the housing target is a huge challenge for both the Government and the community. An integral part of the process is the support and understanding of the DCs, local districts and residents. The community as a whole has to make hard choices and accept trade-offs in order to cater for the imminent housing needs of Hong Kong people.

Regulation of Investment-linked Assurance Schemes

13. **MR SIN CHUNG-KAI** (in Chinese): *President, investment-linked assurance schemes (ILAS), which not only provide life insurance protection but also include investment elements, have become increasingly popular in Hong Kong in recent years. It is learnt that the structure of these products is complicated with numerous fees and charges (such as administration, management and performance fees, as well as surrender, withdrawal and fund switching charges), together with variations in charging ways and time. Quite a number of insured persons who took out ILAS products have relayed to me that they were provided with inadequate information and were even misled or deceived by insurance brokers/intermediaries in the selling process, resulting in their making wrong purchase decisions. For instance, in the selling process, the insurance brokers/intermediaries only placed emphasis on the merits of the products (such as rewards, bonus, free switching of funds and high returns) but did not give a clear account of the restrictions of the products in respect of time horizon, fees and charges as well as early surrender, etc. Not until some insured persons intended to withdraw part of their funds after taking out the policy for a certain number of years did they realize that the time horizon of the products was as long as 25 to 30 years, rather than three to five years as mentioned during the selling process. As the insured persons did not have the means to make contributions on a long-term basis and requested for policy surrender halfway, they were levied high surrender charges by the insurance company. Even if the insured persons chose to suspend their contributions, they had to pay high fund management fees every year thereafter, thus suffering huge losses. In this connection, will the Government inform this Council:*

- (1) *of (i) the number of new ILAS policies, (ii) the annualized premium, (iii) the single premium and (iv) the number of surrendered policies and its percentage in the total number of ILAS policies, in each of the past two years;*
- (2) *given that the relevant self-regulatory organizations approved by the Insurance Authority are responsible for handling complaints relating to the registration and selling behaviour of insurance brokers/intermediaries, whether the authorities have grasped the details of such complaints; whether the Office of the Commissioner of Insurance (OCI), the Securities and Futures Commission (SFC)*

and the Consumer Council received complaints about ILAS in the past two years; if they did, (i) of the annual number of such complaints and its percentage in the total number of complaints involving the insurance industry, (ii) the nature of such complaints, and (iii) the amount of claims in general;

- (3) *whether it has assessed the adequacy of the existing legislation on regulating the design of ILAS products, the disclosure of commissions charged by insurance brokers/intermediaries, the fees and charges as well as the selling process, etc.; and*
- (4) *of the roles of OCI and SFC in regulating the sale of ILAS products by insurance brokers/intermediaries; whether the authorities have plans to step up regulation of the sale of such products by insurance brokers/intermediaries, such as requiring them to register with SFC before selling the products; if they do, of the details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President,

- (1) The statistics on the business of Investment-linked Assurance Schemes (ILAS) in the past two years are as follows:

	2013	2014
Number of new ILAS policies	91 645	71 462
Annualized premium ⁽¹⁾ (HK\$ billion)	6.8	5.29
Single premium ⁽²⁾ (HK\$ billion)	12.32	10.76
Number of surrendered policies (percentage in the total number of ILAS policies)	136 440 (8.2%)	113 228 (6.8%)

Notes:

- (1) Premiums paid annually.
- (2) A single premium payable at policy inception, regardless of the term of the policy.

- (2) For complaints concerning ILAS, the Office of the Commissioner of Insurance (OCI) is responsible for handling complaints against insurers, while the three self-regulatory organizations⁽¹⁾ (SROs) are responsible for handling complaints against insurance intermediaries. A breakdown by the number of ILAS complaints received by the OCI and the three SROs in the past two years is as follows:

	2013	2014
<i>Complaints against insurers (handled by the OCI)</i>		
Number of complaints	50	75
Claim processing procedures	5	1
Representation of policies	6	23
Service manner	15	22
Disputes over compensation/surrender values	2	6
Others (for example, fees and charges, management issues)	22	23
<i>Complaints against insurance intermediaries (handled by the three SROs)</i>		
Number of complaints	319	277
Representation of policies	277	237
Others (for example, service manner, diligence in carrying out the instructions of policyholders)	42	40
Total number of complaints (Percentage in the total number of complaints received by OCI and the three SROs involving the insurance sector)	369 (26%)	325 (21%)

Note:

- (1) that is, the Insurance Agents Registration Board, Confederation of Insurance Brokers and Professional Insurance Brokers Association.

A breakdown by the number of ILAS complaints received by the Securities and Futures Commission (SFC) and the Consumer Council is as follows:

	2013	2014
<i>SFC</i>		
Number of complaints ⁽¹⁾	25	37
<i>Consumer Council</i>		
Number of complaints (Percentage in the number of complaints received by the Consumer Council involving the insurance sector)	66 (13%)	40 (11%)
Trade practices	27	21
Disputes over prices/fees and charges	24	10
Service quality	12	7
Others	3	2

Note:

- (1) Among the ILAS complaints received by the SFC, about 10% came under SFC's purview (that is, relating to the disclosure of product information) and were handled by SFC.

We do not have statistics on the amount of claims involved in these complaints.

- (3) To enhance protection for policyholders of ILAS products, the OCI has issued a Guidance Note on Underwriting Class C Business (GN). Taking effect since 1 January 2015, the GN provides guidance on various areas such as product design, fees and charges, disclosure of information, commission system and selling process, and so on. It stipulates that product design and fees and charges should be fair, and commensurate with the insurance protection offered by the particular ILAS product. It states that advance payment of commission to insurance intermediaries is strictly prohibited, and requires insurers to follow the stipulated requirements in calculating and disclosing insurance intermediaries' remuneration. On the sale of insurance products, the GN prescribes that insurers should set out in the Important Facts Statement (IFS) product features, including the long-term nature, fees and charges, and surrender penalties of ILAS products, that may easily go unnoticed by policyholders. Policyholders are required to sign the IFS to confirm that they are fully aware of all such features. The GN also stipulates that every application for ILAS policy must include a duly completed Financial

Needs Analysis and Risk Profile Questionnaire. If the result of the analysis shows that a potential policyholder has no insurance and investment needs, an insurance intermediary should not recommend any ILAS products and the insurer should not entertain any such application. To ensure policyholders are fully aware of the particulars and features of ILAS products, insurers are required to make post-sale confirmation calls to all ILAS clients.

Other than the requirements set out in the GN, the OCI has imposed other regulatory requirements, including restriction on using gifts for sale promotion and according policyholders the right to cancel policies within a 21-day cooling-off period.

Furthermore, the SFC is responsible for examining ILAS products intended for public sale, their offering documents (including the Products Key Facts Statements) and promotional materials in accordance with the Securities and Futures Ordinance (SFO) (Cap. 571), unless exemption is granted under the SFO. Authorization of ILAS products and their offering documents under sections 104 and 105 of the SFO is subject to compliance of both the applicable clauses of the SFC Handbook for Unit Trusts and Mutual Funds, investment-linked assurance schemes and Unlisted Structured Investment Products (the Handbook) and other relevant regulatory requirements promulgated by the SFC. A list of Overarching Principles and other specific requirements, including those on information disclosure, are set out in the Handbook.

Since the introduction of the enhanced measures for policyholders of ILAS products, the number of ILAS complaints has dropped from 540 in 2009 to the current level of about 300 annually. The OCI will monitor the latest market conditions from time to time, and review the effectiveness of the regulatory measures.

- (4) Only insurance intermediaries who have passed qualifying examinations and have been registered with an SRO are allowed to sell insurance products. To ensure that intermediaries selling ILAS products are capable of giving appropriate advice to their clients, they are also required to pass the Investment-linked Long Term Insurance Examination. Under the existing self-regulatory regime

for insurance intermediaries, the three SROs are responsible for overseeing whether the sale conduct of insurance intermediaries is in conformity with the requirements of relevant codes of practice.

The OCI is mainly responsible for monitoring the financial position of insurers and their compliance with the Insurance Companies Ordinance (Cap. 41). Regarding ILAS products, as mentioned in part (3) above, the GN issued by the OCI stipulates that insurers must comply with the requirements on product design, fees and charges, disclosure of information, commission system and selling process, and so on. These requirements address common complaints against insurance intermediaries. For example, insurers selling ILAS are required to put in place a prudent commission system with the level of commission proportionate to insurance intermediaries' sale activities and after-sale services. There is also a restriction on advance payment of commission to insurance intermediaries to preclude aggressive and unscrupulous sale practices and encourage good after-sale services.

As mentioned in part (3) above, the SFC is responsible for examining ILAS products intended for public sale, their offering documents (including Products Key Facts Statements) and promotional materials in accordance with the SFO, unless exemption is granted under the SFO.

The Legislative Council is scrutinizing the Insurance Companies (Amendment) Bill 2014 for the establishment of an independent Insurance Authority (IIA) and introduction of a statutory licensing regime for insurance intermediaries to replace the current self-regulatory regime. The IIA would be vested with sufficient powers to regulate insurance intermediaries, including drawing up codes of conduct and guidelines on the sale of insurance products to make insurance intermediaries strive to comply with regulatory requirements. If a licensed insurance intermediary is found to have committed misconduct, the IIA may impose disciplinary sanctions. This would enhance regulation of the insurance sector and strengthen consumer protection. We will monitor the latest market conditions from time to time, and review the effectiveness of the regulatory measures.

Annual Vehicle Examinations for Private Cars and Light Goods Vehicles

14. **MR CHAN KIN-POR** (in Chinese): *President, according to the Road Traffic Ordinance (Cap. 374), private cars aged six years or more and light goods vehicles aged one year or more must pass the annual vehicle examinations conducted by the car testing centres authorized by the Government (car testing centres) before the licences for such vehicles may be renewed. It has been reported that as some approved car testers (ACTs), who were responsible for conducting annual vehicle examinations, were arrested in recent years for allegedly accepting bribes and forging certificates of roadworthiness, the authorities have been more stringent in supervising the operation of car testing centres. As a result, the average time taken for examining vehicles has increased from 15 minutes per vehicle in the past to 45 minutes or even as long as a whole day, and consequently the waiting time for annual vehicle examinations has also become longer. In this connection, will the Government inform this Council:*

- (1) *of the respective numbers of private cars and light goods vehicles in respect of which annual vehicle examinations were applied for, as well as the number of ACTs, in each of the past three years; the anticipated rates of increase per annum in the next three years in the respective numbers of these two types of vehicles which will be required to undergo annual vehicle examinations before renewal of licences, as well as the supply of and demand for the services of various car testing centres and ACTs;*
- (2) *whether it has plans to increase the numbers of car testing centres and ACTs in the coming year, and to simplify the annual vehicle examination procedures so as to enhance their efficiency; if so, of the details; if not, the measures the authorities have in place to shorten the waiting time for annual vehicle examinations; and*
- (3) *of the measures the authorities will adopt to ensure that the annual vehicle examinations conducted by car testing centres are both compliant with the relevant requirements and efficient; whether the authorities currently issue temporary vehicle licences to those vehicle owners who are unable to schedule annual vehicle examinations for their vehicles prior to the expiry of their licences,*

so that their failure to have the licences for their vehicles renewed in time will not affect their work and daily lives; if so, of the details; if not, the reasons for that?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to the various parts of Mr CHAN Kin-por's question is as follows:

- (1) Currently, there are 22 Designated Car Testing Centres (DCTCs) in Hong Kong, which are responsible for examining private cars and light goods vehicles not exceeding 1.9 tonnes. A breakdown of the number of vehicles examined at the DCTCs in the past three years is at Annex. As at early 2015, the number of approved car testers (ACTs) authorized by the Transport Department (TD) is around 180, which has remained roughly the same every year. According to the TD's understanding, not every ACT is engaged in full-time vehicle examination work.

According to the TD's forecast, the number of vehicles required to undergo examination at the DCTCs in the next three years is expected to increase by around 15 000 to 20 000 annually. Based on the TD's estimation, if the majority of the authorized ACTs will be engaged in full-time vehicle examination work, the manpower should be sufficient to cope with the additional examination work at the DCTCs in the next three years. However, the Government also needs to consider increasing the number of DCTCs to provide more vehicle examination facilities and space, in order to cope with the additional vehicle examination demand brought about by vehicle growth.

- (2) Since there is a trend of lengthening waiting time for vehicle examination, the TD is preparing for the promulgation of the updated requirements for new DCTCs shortly and will invite applications accordingly. Besides, the TD has been conducting regular reviews with the DCTCs on their daily operation and the vehicle examination process, exploring ways to improve the efficiency of vehicle examination (including upgrading DCTCs' computer systems and equipment), and so on. Six DCTCs will extend services hours (that

is, Inchcape Motor Services Ltd. (Kwai Chung), Inchcape Motor Service Ltd. (Sha Tin), Sime Darby Motor Services Limited (To Kwa Wan), Universal Cars Ltd. (Chai Wan), Universal Cars Ltd. (Kwai Chung) and Wallace Harper & Co. Ltd. (Yuen Long)) with effect from April this year. Apart from this, the TD is computerizing the procedures for making vehicle examination appointments at the DCTCs, and linking up the systems of DCTCs to enable online checking of the appointment status at different centres by those who need vehicle examination service, so that they can arrange vehicle examination in a timely manner. The new system is scheduled for completion in mid-2015. Meanwhile, the TD reminds those who need vehicle examination service to book their appointments early through various publicity means, such as posting notices and posters and distributing flyers. Indeed, those who need such service may arrange annual examinations for their vehicles four months before their vehicle licences are due to expire, so that they can avoid not being able to complete the annual examination procedures for their vehicles before the licenses expire. As regards the manpower of ACTs, the TD has been training sufficient ACTs in response to the needs of the trade.

- (3) The TD has been monitoring the situation of vehicle examination. Apart from conducting regular reviews with DCTCs to explore ways to improve the efficiency of vehicle examination, it also conducts surprise checks on the centres to ensure that the examination services are up to the standard and that sufficient ACTs are deployed to work according to the centre's capacity in handling vehicle examination.

The DCTCs have to examine the body structures, braking systems, light signals, and so on, of vehicles to ensure road safety. Vehicles are also required to pass an exhaust emission test with a view to improving air quality. According to the information held by the TD, the time needed to complete the above tasks has remained at about 20 minutes. To ensure road safety, a vehicle which is subject to an annual examination but fail to pass it will not be issued with a licence to run on the road under the law.

Private Cars and Light Goods Vehicles Not Exceeding 1.9 Tonnes Examined
in the 22 DCTCs in the Past Three Years

Year	Number of Vehicles	
	Private cars [*]	Light goods vehicles under 1.9 tonnes [#]
2012	280 000	380
2013	296 000	340
2014	312 000	260

Notes:

* Figures are rounded to the nearest thousand

Figures are rounded to the nearest 10

Addressing Impacts Caused by Protests Against Parallel Traders

15. **DR CHIANG LAI-WAN** (in Chinese): *President, it has been reported that there have been successive demonstrations against parallel traders recently and on the same day of 8 March this year, several rounds of protests took place in Tuen Mun, Sheung Shui and Tsim Sha Tsui. Some protesters kicked the trolleys of passers-by resulting in physical confrontations; attempted to block the roads with mills barriers to make buses bound for an immigration control point unable to depart; dashed into the roads with an intent to disrupt public order; and charged into goldsmith shops, pharmacies and groceries hurling abuses at customers. Given the chaotic situation, some shops closed during the protests and their business was seriously affected. In this connection, will the Government inform this Council:*

- (1) *whether the persons or bodies organizing the protests against parallel traders held in the past three months applied to the authorities for letters of no objection to public processions; if they did, of the respective numbers of cases in which letters of no objection were issued and denied by the authorities, together with a breakdown by applicant's name; whether the authorities will review the criteria for issuing letters of no objection; if they will, of the details; if not, the reasons for that;*

- (2) *given the increasingly serious physical confrontations arising from the recent protests against parallel traders, whether the authorities have measures in place to better protect the personal safety and properties of shop operators, local residents as well as tourists; if they do, of the details; and*
- (3) *of the specific enforcement actions put in place by the authorities to prevent the recurrence of such disruption of public order so as to uphold the reputation of Hong Kong as a safe city to visit?*

SECRETARY FOR SECURITY (in Chinese): President, Hong Kong residents enjoy the freedom of and the right to peaceful assembly, procession and demonstration under the Basic Law. It is an established policy of the Police to strike a balance between facilitating all lawful and peaceful public meetings and reducing the impact of such meetings on the community and road users, and to ensure public order and public safety. The Government has been urging participants of public order events to remain law-abiding, peaceful and orderly when expressing their views and refrain from behaviour that is detrimental to public order or violent.

Since February this year, some organizations staged so-called "anti-parallel trader" protests in various districts on many weekends. Some protesters humiliated and disturbed other people with foul language and abusive behaviour on streets, in shopping malls or inside shops. Worse still, some resorted to assaults. As a result, small children were frightened and passers-by injured. Some protesters even moved barriers to interfere with normal bus operation. Such behaviour seriously disrupted social order, abused the freedom of expression and went beyond the bottom line of the law. The Government and various sectors of the community strongly condemn protesters' irrational behaviour, blatant defiance of the law and violence.

In the recent spate of incidents, as at 15 March, the Police arrested 69 persons for alleged disorder in public places, unlawful assembly, fighting in a public place and possession of offensive weapon, and so on. A total of 19 Police officers were also injured in the incidents. The Police will actively continue their investigation and comprehensively pursue those responsible in accordance with the law.

Our reply to Dr CHIANG Lai-wan's question is as follows:

- (1) According to the Public Order Ordinance (the Ordinance), any public meeting or procession, the attendance of which exceeds the limit prescribed in the Ordinance, that is, public meetings of more than 50 persons and public processions of more than 30 persons, shall give a notice to the Commissioner of Police (the Commissioner) not less than seven days prior to the intended event. In consideration of public order and public safety, the Commissioner may prohibit, object to or impose conditions on a notified public meeting or procession, and shall inform the organizers of his decision in writing. Any condition imposed shall be explicitly stated in the letter of no objection (LONO) to the organizers beforehand. A public meeting or procession may only be conducted if the Commissioner does not prohibit or object to it. Organizers may appeal to the statutory and independent Appeal Board on Public Meetings and Processions if they consider the Commissioner's decision unreasonable.

Under the statutory notification mechanism, the Police shall, on the basis of the principle above, deliberate on each notification of public meeting or procession received according to the law, and shall inform the organizers of their decision in writing. It is only upon receipt of a notification to hold a public order event shall the Police consider the issue of the LONO and the corresponding conditions, if any.

As far as the protests against parallel traders since February are concerned, the Police received notification of the public order event held in Tuen Mun on 8 February and in Yuen Long on 1 March, and subsequently issued the respective LONOs, in which certain conditions on the arrangements for the events were set, including requiring the organizers to arrange sufficient marshals for providing assistance during the events by such means as urging participants to proceed in a safe manner and follow the instructions given by Police officers throughout for ensuring public safety and public order. The conditions set by the Police in connection with public order events have been uploaded to the Police website <www.police.gov.hk> for public viewing. Except the public order

events on 8 February and 1 March, the Police did not receive any prior notification for the protests against parallel traders staged recently in Sha Tin, Tuen Mun and Tsim Sha Tsui. In response to these allegedly illegal activities, the Police will conduct investigations and collect evidence based on the actual circumstances. If there is sufficient evidence, the Police will carry out prosecutions in accordance with relevant ordinances.

In 2005, the Court of Final Appeal pointed out in the judgment of *Leung Kwok Hung v HKSAR [2005]3 HKLRD 164* that Hong Kong's statutory requirement for notification is widespread in jurisdictions around the world. It also affirmed that such a requirement is constitutional, and is required to enable the Police to fulfil their duties by taking reasonable and appropriate measures, thereby facilitating lawful assemblies and demonstrations to take place in a peaceful manner. The Police remind any person planning to organize public order events not to break the law. If the attendance of such events exceeds the limit prescribed in the Ordinance, they must follow the law and notify the Police as early as possible of the specific arrangements so that corresponding measures can be formulated and adopted, thus facilitating the conduct of the events, minimizing their impact on other members of the community and ensuring public order and public safety.

(2) and (3)

In handling public order events, the Police will conduct holistic risk assessment and consideration, taking into account the purpose, nature and attendance of such events as well as strategies used and experience gained in similar past events. By doing so, the Police will work out the overall strategies and contingency plans, and, having regard to the circumstances at the time, deploy manpower flexibly and implement crowd management measures for public safety and public order.

The Police are duty-bound, determined in and capable of curbing unlawful behaviour in accordance with the law in the realm of law enforcement. Never will the Police allow violence or blatant

offence. To uphold the rule of law, the Police will take resolute enforcement actions against offenders by conducting arrests and bringing them to justice.

In the period ahead, the Police will keep in view of the situation and strengthen their deployment in various regions and preventive measures through flexible deployment of in-house manpower and resources. The Police do not tolerate any behaviour disrupting social order or going against the law. In parallel, the Police will also deploy sufficient manpower to each region to maintain Police's routine service in order to ensure public order and public safety.

Mandatory Building Inspection Scheme

16. **MR CHAN HAN-PAN** (in Chinese): *President, since the collapse of a building at Ma Tau Wai Road in To Kwa Wan in 2010, the Buildings Department (BD) has stepped up its inspection of the conditions of buildings aged 50 years or more, and in 2012 BD fully implemented the Mandatory Building Inspection Scheme (MBIS). Under MBIS, owners of private buildings aged 30 years or more, except domestic buildings not exceeding three storeys in height, are required, upon receipt of the statutory notices served by BD, to appoint a registered inspector (RI) to carry out prescribed inspection of the common parts, external walls and projections or signboards of the buildings. These owners are also required to complete the prescribed repairs found necessary by RIs after inspection. In this connection, will the Government inform this Council:*

- (1) *of (i) the number of the aforesaid statutory notices issued by BD, (ii) the number of buildings the prescribed inspection of which was completed, (iii) the number of buildings the inspection of which was approved to extend, and (iv) the number of buildings the repair on which was found necessary by the inspection result, in each of the years since the implementation of MBIS, with a breakdown of such numbers by District Council district;*
- (2) *of the tools and techniques, apart from visual inspections, employed by RIs to inspect buildings;*

- (3) *whether BD has sent staff members to conduct random checks on the buildings the prescribed inspection of which has been completed, so as to verify if the inspection results are true; if it has, of the details; if not, the reasons for that; and*
- (4) *whether it will consider conducting tensile strength tests on the concrete of buildings aged 50 years or more, and setting up a "database on concrete tensile strength" for storing the results of such tests, so as to monitor the ageing of buildings; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, owners of private buildings are responsible for regularly inspecting and repairing their buildings to ensure building safety. The Government has been adopting multi-pronged measures to require owners to discharge their responsibility and enhance building safety. As part of the measures, the Mandatory Building Inspection Scheme (MBIS) was fully implemented on 30 June 2012. Founded on the principle "prevention is better than cure", MBIS requires owners of buildings of older ages to carry out regular inspection and repair for their properties so as to tackle the problem of building neglect in Hong Kong at source. My reply to the four-part question is as follows:

- (1) The Buildings Department (BD) has since 2013 issued statutory notices for building inspection to target buildings. As of end 2014, the BD has issued a total of 31 896 statutory notices for building inspection to 2 575 target buildings. Some of the notices issued have yet to expire. Among the 2 997 statutory notices where the inspection has been completed, there are 1 526 notices where prescribed repair works are found necessary after inspection. Separately, in a total of 786 statutory notices, an extension of time has been granted for the carrying out of the inspection/repair works. Detailed statistics on the above statutory notices, broken down by District Council districts, are set out at Annex.
- (2) The BD has published a Code of Practice on MBIS and the Mandatory Window Inspection Scheme (CoP) to provide relevant practitioners with detailed guidelines on building and window

inspection as well as the required repair works under the two schemes. In respect of building inspection, CoP provides that apart from visual inspection, where circumstances warrant, registered inspectors (RIs) may also adopt other suitable testing methods to assess the building condition, such as hammer-tapping, infrared thermography, cover meter survey, crack width measurement, carbonation test, coring and rebound hammer test.

- (3) The BD will conduct audit checks on the inspection and repair completion reports and certificates submitted by the RIs to ensure the inspection and repair works have been carried out in accordance with the Buildings Ordinance, CoP and relevant guidelines. In case of irregularities, the BD will consider instigating prosecution or disciplinary action against the relevant persons.

- (4) Under MBIS, an RI may submit to the BD a proposal to conduct a detailed investigation having regard to the condition of the building, including testing the condition of concrete where necessary. The BD therefore has no plan to conduct such test on all buildings aged 50 years or above or set up a database for the purpose. As mentioned above, we have been adopting multi-pronged measures to enhance building safety. Apart from implementing MBIS, the BD has put in place other measures to tackle the safety problem of buildings of older ages. For example, the BD in 2010 inspected about 4 000 buildings aged 50 years or above throughout the territory to ascertain their structural safety and took appropriate action, including carrying out emergency works and issuing repair or investigation orders to dilapidated buildings in two cases. The BD also regularly sends staff to inspect pre-war buildings throughout the territory to review their safety condition. Moreover, the BD will carry out inspection to dangerous or dilapidated private buildings based on reports. In the course of inspection and follow-up of reports, where buildings are found to have safety problems, the BD will take enforcement action requiring owners to carry out investigation, repair or demolition works within a specified time frame.

Annex

Statistics on the Implementation of MBIS
(broken down by District Council district)
(As at 31 December 2014)

	(i) Number of target buildings with statutory notices issued			(ii) Number of statutory notices issued			<i>Progress of statutory notices issued⁽¹⁾ (As at 31 December 2014)</i>		
	2013	2014	Total	2013	2014	Total	(iii) Number of cases with prescribed inspection completed	(iv) Number of cases with repair works found necessary after completion of prescribed inspection	(v) Number of cases with extension of time granted for the carrying out of inspection/ repair works
Central and Western	214	206	420	1 556	2 137	3 693	511	250	20
Eastern	101	69	170	2 287	3 105	5 392	242	167	7
Southern	52	71	123	96	583	679	70	21	4
Wan Chai	137	106	243	3 205	2 260	5 465	807	245	166
Kowloon City	154	205	359	1 804	4 198	6 002	457	141	78
Kwun Tong	62	61	123	634	188	822	408	314	6
Sham Shui Po	128	133	261	866	859	1 725	49	33	22
Wong Tai Sin	30	43	73	310	191	501	62	23	4
Yau Tsim Mong	191	232	423	2 100	2 394	4 494	105	73	30

	(i) Number of target buildings with statutory notices issued			(ii) Number of statutory notices issued			Progress of statutory notices issued ⁽¹⁾ (As at 31 December 2014)		
							(iii) Number of cases with prescribed inspection completed	(iv) Number of cases with repair works found necessary after completion of prescribed inspection	(v) Number of cases with extension of time granted for the carrying out of inspection/ repair works
	2013	2014	Total	2013	2014	Total			
Islands	11	12	23	513	0	513	245	226	0
Kwai Tsing	19	26	45	21	123	144	7	7	7
North	19	24	43	23	48	71	2	1	1
Sai Kung	11	3	14	10	27	37	2	2	1
Sha Tin	25	16	41	516	8	524	3	3	437
Tai Po	23	29	52	59	55	114	11	7	3
Tsuen Wan	25	30	55	88	174	262	6	6	0
Tuen Mun	18	25	43	181	1 047	1 228	6	6	0
Yuen Long	30	34	64	90	140	230	4	1	0
Total	1 250	1 325	2 575	14 359	17 537	31 896	2 997	1 526	786

Note:

- (1) Each target building involves a number of statutory notices, and the progress of compliance of individual statutory notices varies. The figures in columns (iii) to (v) are based on statutory notices. Separately, the figures in column (iii) include those in column (iv). Column (v) sets out cumulative figures. In some of the statutory notices therein, an extension of time was granted in the past but the inspection/repair works has been completed by now. These statutory notices are concurrently included in the figures in column (iii) and/or column (iv).

Community Halls and Community Centres Under Home Affairs Department

17. **DR KWOK KA-KI** (in Chinese): *President, quite a number of members of the public have relayed to me that the venues in the community halls and community centres (CHs/CCs) under the Home Affairs Department (HAD) have all along been in short supply, and the facilities there are dilapidated and outdated, resulting in inconvenience for users. In this connection, will the Government inform this Council:*

- (1) *of the following information about CHs/CCs in each of the past three years: (i) the respective average monthly utilization rates of the conference rooms and multi-purpose halls (including stages); (ii) the number of cases in which the organizations that had booked the venues were unable to use such venues because the venues had been taken up by certain government departments; the respective numbers of organizations which were given demerit points and/or disqualified from using the venues under HAD's Demerit Points System for the following reasons: (iii) failing to give HAD notice of cancellation of use of the allocated timeslot seven working days prior to the date of the activity, (iv) failing to produce the approval letter for use of the facilities, (v) being late for 15 minutes or more, (vi) the name of the organization using the facilities or the nature of activity being different from the information given in the application, (vii) failing to clean and restore the venue after using, and (viii) failing to provide post-activity statement of account within one month of completion of a fee-charging activity which had been exempted from charges (set out the information by District Council (DC) district and name of CH/CC in Table 1);*

(Table 1) Year :

DC district	Name of CH/CC	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Central and Western	Western District CC								

- (2) *of the details of (i) the new facilities or equipment added to CHs/CCs, (ii) the facilities or equipment therein replaced due to damage caused by hirers, and (iii) the facilities or equipment therein*

replaced due to wear and tear or aging, in each of the past three years (set out the relevant information by DC district and name of CH/CC in Table 2);

(Table 2) Year :

<i>DC district</i>	<i>Name of CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
<i>Central and Western</i>	<i>Western District CC</i>			

- (3) *of the current ratio of CHs/CCs the task of hanging/installing banners in which is performed manually to those such task in which is performed by machine; whether the Government will consider having all such tasks performed by machine; if it will, of the details; if not, the reasons for that;*
- (4) *whether the authorities received, in the past three years, any proposal from DCs for building new CHs/CCs; if they did, of the details; whether the authorities have plans to build new CHs/CCs in the next five years; if they do, of the sites for the proposed CHs/CCs together with other details and the justifications for building such CHs/CCs; and*
- (5) *whether it has plans to amend the Hong Kong Planning Standards and Guidelines to stipulate that a CH/CC should be provided for a district when its population size has reached a certain level?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Home Affairs Department (HAD) manages community halls and community centres (CHs/CCs) to provide local organizations with venue facilities for holding various community activities, including recreational and cultural events, activities related to building management, meetings, carnivals and seminars, with local communities as the major service target. The daily management and operation of CHs/CCs are under the purview of the respective district offices (DOs).

With the enhancement of the role of District Councils (DCs) in district administration, DCs have been participating in the management of CHs/CCs in their districts since 2008, and District Facilities Management Committees

(DFMCs) have been set up thereunder accordingly. The respective DOs and DFMCs have developed a set of procedures and guidelines covering venue application, timeslot allocation as well as criteria for using CH/CC facilities, taking into account the specific local situation, such as the demand for CH/CC facilities and the nature of local organizations. Daily management of CHs/CCs is discharged by the respective DOs in accordance with the set guidelines and procedures.

In 2011, the HAD set up a working group (WG) to review major issues in CH/CC management, including booking system, fee exemption and penalty system. The WG has made a number of recommendations, with a view to ensuring general application of the relevant criteria and some good practices in the management of CHs/CCs. One such recommendation is the implementation of a Demerit Points System (DPS) to advocate prudent use of CH/CC facilities and penalize non-compliance.

Since early 2012, recommendations of the WG have been passed via DOs to the respective DFMCs for consideration of implementation. With the support and approval of DFMCs, these recommendations have been gradually implemented from 2012 onwards.

Our reply to the different parts of the question raised by Dr KWOK is as follows:

- (1) Annexes 1(I) to 1(III) set out for the past three years (i) the average utilization rates of conference rooms and multi-purpose halls (including stages) of CHs/CCs, and (ii) the number of cases in which organizations that had booked the venues were unable to use them because they were taken up by government departments. Such cases mainly involved the using of the venues for emergency and temporary purposes such as temporary shelters, temporary cold shelters and emergency maintenance.

As the DPS was only implemented gradually at DOs starting from the second half of 2012, information of organizations which have been served demerit points and/or disqualified from using the venues for non-compliance mentioned in the questions, namely (iii) failed to give the DOs concerned notice of cancellation of use of the allocated timeslot seven or 14 working days prior to the date of the activity,

(iv) failed to produce the approval letter for use of the CH/CC facilities, (v) late for 15 minutes or more, (vi) the name of the organization using the CH/CC facilities or the nature of activity was different from the information given in the application, (vii) failed to clean and restore the venue after using, and (viii) failed to provide post-activity statement of account within one month after completion of a fee-charging activity which had been exempted from charges, is only available for 2013 and 2014. Details are at Annexes 1(II) and 1(III).

- (2) Annexes 2(I) to 2(III) set out for the past three years (i) the new facilities or equipment added to CHs/CCs, (ii) the facilities or equipment therein replaced due to damage caused by hirers, and (iii) the facilities or equipment therein replaced due to wear and tear or ageing.
- (3) Banner-hanging devices in newly completed CHs are generally machine-operated. The proportion of such devices being operated by machine and by hand at existing CHs/CCs is roughly half-half. At present, three DOs have plans to replace manually-operated devices with machine-operated ones at four CHs/CCs, namely Aldrich Bay CH in Eastern District, Discovery Bay CH and Tung Chung CH in Islands District, and Sai Kung Jockey Club Town Hall in Sai Kung District.

DFMCs will continue to take into consideration the demand of local residents and organizations for CH/CC facilities in advising DOs and taking appropriate follow-up actions.

- (4) From time to time, local organizations and residents would make suggestions to the HAD and respective DOs regarding the provision of new CHs. The HAD and DOs would monitor and assess the need for new CHs in the 18 districts having regard to all the relevant factors stipulated in the Hong Kong Planning Standards and Guidelines (HKPSG), including population size, and availability of similar community facilities in the vicinity, and so on, as well as availability of suitable sites. The DCs concerned would be consulted on all proposals for new CHs.

Six new CHs (including one redevelopment project) are under construction. They are in Kowloon City, Kwun Tong, Eastern District, Sha Tin, Tuen Mun and Yuen Long.

- (5) According to the prevailing HKPSG, in assessing the need for building a new CH, consideration should be given to a basket of factors, including utilization rates of existing CHs/CCs, availability of similar community facilities in the vicinity, accessibility of existing CHs/CCs, and so on, apart from population size of the area. As such, the HKPSG does not set out a specified population size as a criterion for building a new CH.

Annex 1(I)

The utilization rates of Conference Rooms and Multi-purpose halls and cases for which the Government had taken back the venues in 2012

<i>District</i>	<i>CH/CC</i>	<i>(i) Usage rate (%)</i>		<i>(ii)</i> [^]
		<i>1. Conference Room</i>	<i>2. Multi-purpose Hall</i>	
Central and Western	Western District CC	48.8	N.A.*	0
	Sai Ying Pun CH	21.0	53.9	0
	Kennedy Town Community Complex	17.3	N.A.*	0
Eastern	Causeway Bay CC	49.1	63.6	0
	Hing Wah CH	N.A.*	60.7	1
	Yue Wan CH	N.A.*	68.9	0
	Aldrich Bay CH	45.0	79.0	0
	Quarry Bay CH	45.0	77.9	2
	Siu Sai Wan CH	5.5	59.5	0
Southern	Wah Kwai CC	N.A.*	80.8	0
	Ap Lei Chau CH	16.8	62.2	1
	Lei Tung CH	12.2	72.7	0
	South Horizon Neighbourhood CC	32.6	68.5	0
	Stanley CH	30.1	33.4	0
Wan Chai	Leighton Hill CH	29.0	64.9	0
	Wan Chai Activities Centre	N.A.*	N.A.*	0

District	CH/CC	(i) Usage rate (%)		(ii) [^]
		1. Conference Room	2. Multi-purpose Hall	
Kowloon City	Hung Hom CH	N.A. (Hung Hom CH commenced operation in late 2013)		
Kwun Tong	Kwun Tong CC	46.8	61.5	/
	Lok Wah Estate CC	52.6	84.4	/
	Shun Lee Estate CC	13.6	59.3	/
	Lam Tin (East) CH	11.3	71.1	/
	Lam Tin (West) Estate CC	N.A.*	39.6	/
	Sai Tso Wan Neighbourhood CC	38.9	70.0	/
	Kai Yip CH	21.7	68.4	/
	Yau Tong CH	12.4	37.4	/
	Sau Mau Ping (Centre) Estate CC	N.A.*	51.9	/
Sham Shui Po	Cheung Sha Wan CC	N.A.*	73.3	4
	Nam Cheong District CC	28.9	75.6	27
	Tai Hang Tung CC	N.A.*	74.0	0
	Lai Kok CH	12.5	78.1	1
	Pak Tin CH	14.7	75.9	2
	Shek Kip Mei CH	61.1	78.9	0
	Lai Chi Kok CH	39.0	84.5	2
	Mei Foo CH	33.2	74.2	24
Wong Tai Sin	Wong Tai Sin CC	54.5	85.1	0
	Choi Wan Estate CC	49.7	69.1	0
	Chuk Yuen Estate CC	63.9	78.7	0
	Fung Tak Estate CC	71.1	80.9	0
	Tze Wan Shan CH	N.A.*	79.2	0
	Tze Wan Shan (South) Estate CC	N.A.*	79.4	31
	Tung Tau CC	12.6	64.3	4
Yau Tsim Mong	Henry G Leong CC	70.4	79.4	88
	Mong Kok CH	39.7	68.0	0
Islands	Discovery Bay CH	8.6	51.0	0
	Tung Chung CH	19.7	69.0	0
Kwai Tsing	Cheung Ching Estate CC	N.A.*	78.3	0
	Cheung Fat Estate CC	N.A.*	74.6	0

District	CH/CC	(i) Usage rate (%)		(ii) [^]
		1. Conference Room	2. Multi-purpose Hall	
	Tai Wo Hau Estate CC	N.A.*	76.9	1
	Cheung Hang CH	N.A.*	82.5	0
	Kwai Fong CH	N.A.*	91.1	0
	Kwai Shing CH	N.A.*	63.1	0
	Tsing Yi Estate CH	N.A.*	74.0	0
	Lai King CH	N.A.*	74.5	0
	Shek Lei CH	30.4	73.3	0
North	North District CC	42.7	N.A.*	0
	Cheung Wah CH	32.6	77.7	7
	Ta Kwu Ling CH	5.2	31.9	2
	Sha Tau Kok CH	14.3	27.5	0
	Luen Wo Hui CH	40.2	76.6	2
	Wo Hing CH	N.A. (Wo Hing CH commenced operation in mid-2014)		
Sai Kung	King Lam Neighbourhood CC	57	83.1	0
	Sai Kung Jockey Club Town Hall	N.A.*	78.3	0
	Tsui Lam CH	13	66.2	0
	Kin Choi CH	N.A. [#]	80.1	0
	Sheung Tak CH	28	78.8	0
	Lohas Park CH	15	61.9	0
	Hang Hau CH	9	80.6	0
Sha Tin	Heng On Estate CC	86.2	96.8	0
	Lung Hang Estate CC	67.2	87.8	0
	Hin Keng Neighbourhood CC	45.4	87.7	0
	Chun Shek CH	71.6	92.0	0
	Kwong Yuen CH	60.2	93.7	0
	Lek Yuen CH	70.2	91.4	0
	Pok Hong CH	46.0	92.4	0
	Sha Kok CH	34.2	90.0	0
	Sun Tin Wai CH	57.1	91.5	0
	Wo Che CH	41.2	86.9	0
	Lee On CH	65.2	92.7	0
	Mei Tin CH	46.6	87.4	0

District	CH/CC	(i) Usage rate (%)		(ii) [^]
		1. Conference Room	2. Multi-purpose Hall	
Tai Po	Tai Po CC	22.8	75.5	72
	Fu Heng Neighbourhood CC	30.8	72.7	0
	Tai Wo Neighbourhood CC	28.7	77.4	0
	Wan Tau Tong Neighbourhood CC	20.9	81.0	0
	Fu Shin CH	12.9	84.3	0
	Kwong Fuk CH	15.2	77.0	0
	Tai Yuen CH	19.8	78.1	0
Tsuen Wan	Princess Alexandra CC	86.2	81.5	21
	Lei Muk Shue CH	9.6	82.8	0
	Shek Wai Kok CH	N.A.*	82.1	0
Tuen Mun	On Ting/Yau Oi CC	64.7	78.1	0
	Butterfly Bay Estate CC	80.0	89.0	66
	Leung King Estate CC	61.0	83.7	0
	Kin Sang CH	58.0	76.9	0
	Shan King CH	82.9	72.4	0
	Tai Hing CH	23.4	68.2	0
	Tuen Mun Town Centre CH	64.9	91.1	0
	Tseng Choi Street CH	10.4	76.5	0
	Wu Shan Road CH	13.1	67.9	0
	Lung Yat CH	N.A. (Lung Yat CH commenced operation in mid-2014)		
Yuen Long	Tin Yiu CC	44.3	72.3	0
	Tin Shui CC	41.8	79.9	0
	Long Ping CH	57.7	84.0	42
	Tin Ching CH	N.A.*	82.6	0
	Tin Fai Road CH	N.A. (Tin Fai Road CH commenced operation in early 2013)		

Notes:

[^] Such cases mainly involved the using of the venues for emergency and temporary purposes such as temporary shelters, temporary cold shelters and emergency maintenance

* CHs/CCs not equipped with the facility concerned

/ Records not available

Facilities used for multi-cultural community purposes

Annex 1(II)

The utilization rates of Conference Rooms and Multi-purpose halls;
cases for which the Government had taken back the venues and
organizations given demerit points and/or disqualified from using venues under DPS in 2013

District	CH/CC	(i) Usage rate (%)		(ii) [^]	(iii) [@]	(iv)	(v)	(vi)	(vii)	(viii)
		1. Conference Room	2. Multi-purpose Hall							
Central and Western	Western District CC	53.4	N.A.*	0	0	0	0	0	0	0
	Sai Ying Pun CH	17.1	58.9	0	0	0	0	0	0	0
	Kennedy Town Community Complex	18.2	N.A.*	0	0	0	0	0	0	0
Eastern	Causeway Bay CC	57.1	75.2	0	8	0	8	0	0	0
	Hing Wah CH	N.A.*	63.5	0	3	0	0	0	0	3
	Yue Wan CH	N.A.*	58.5	0	0	0	1	0	0	0
	Aldrich Bay CH	39.7	73.2	0	4	0	6	0	0	0
	Quarry Bay CH	53.3	78.8	0	8	0	5	0	0	0
	Siu Sai Wan CH	14.8	69.7	0	1	0	1	1	0	2
Southern	Wah Kwai CC	N.A.*	83.6	0	0	0	0	0	0	0
	Ap Lei Chau CH	14.1	60.0	0	0	0	0	0	0	0
	Lei Tung CH	16.0	76.1	0	0	0	0	0	0	0
	South Horizon Neighbourhood CC	41.6	78.0	1	0	0	0	0	0	0
	Stanley CH	36.6	39.8	0	0	0	0	0	0	0
Wan Chai	Leighton Hill CH	18.0	65.3	0	50	2	1	0	1	0
	Wan Chai Activities Centre	N.A.*	N.A.*	0	13	1	1	0	0	0
Kowloon City	Hung Hom CH	14.9	31.9	6	0	5	0	0	0	0
Kwun Tong	Kwun Tong CC	41.6	48.9	/	13	0	10	1	2	0
	Lok Wah Estate CC	39.0	83.5	/	1	1	2	1	0	0
	Shun Lee Estate CC	6.1	41.8	/	5	0	4	1	0	0
	Lam Tin (East) CH	10.2	61.6	/	1	0	0	0	1	0
	Lam Tin (West) Estate CC	N.A.*	40.1	/	2	0	2	0	0	0
	Sai Tso Wan Neighbourhood CC	17.9	63.7	/	2	1	0	0	0	0
	Kai Yip CH	19.0	65.2	/	4	0	5	0	0	0
	Yau Tong CH	24.9	66.6	/	4	4	0	3	0	0
Sau Mau Ping (Centre) Estate CC	N.A.*	49.7	/	8	0	5	0	1	0	
Sham Shui Po	Cheung Sha Wan CC	N.A.*	69.6	4	1	0	0	0	0	0
	Nam Cheong District CC	24.1	68.0	24	3	0	1	0	0	0
	Tai Hang Tung CC	N.A.*	68.9	1	1	0	0	0	0	0
	Lai Kok CH	11.4	72.1	1	1	0	1	0	0	1
	Pak Tin CH	16.2	67.5	0	1	0	0	0	0	0
	Shek Kip Mei CH	63.1	72.5	9	1	0	1	0	0	0

District	CH/CC	(i) Usage rate (%)		(ii) [^]	(iii) [®]	(iv)	(v)	(vi)	(vii)	(viii)
		1. Conference Room	2. Multi-purpose Hall							
	Lai Chi Kok CH	37.6	72.2	0	2	0	0	0	0	0
	Mei Foo CH	44.5	70.3	0	1	0	0	0	0	0
Wong Tai Sin	Wong Tai Sin CC	64.8	87.5	6	8	0	0	0	0	0
	Choi Wan Estate CC	52.3	73.2	0	1	0	0	0	0	0
	Chuk Yuen Estate CC	60.4	76.2	0	0	0	0	0	0	0
	Fung Tak Estate CC	55.3	82.4	0	0	0	0	0	0	0
	Tze Wan Shan CH	N.A.*	70.5	0	0	0	0	0	0	0
	Tze Wan Shan (South) Estate CC	N.A.*	85.0	23	3	0	0	0	0	0
	Tung Tau CC	14.8	71.4	6	1	0	0	0	0	0
	Yau Tsim Mong	Henry G Leong CC	60.0	76.3	76	20	0	0	0	0
	Mong Kok CH	38.2	74.8	0	9	0	0	0	0	0
Islands	Discovery Bay CH	11.6	61.8	0	0	0	0	0	0	0
	Tung Chung CH	28.6	75.8	0	0	0	0	0	0	0
Kwai Tsing	Cheung Ching Estate CC	N.A.*	58.0	0	2	0	1	0	0	1
	Cheung Fat Estate CC	N.A.*	74.0	0	2	0	6	0	0	0
	Tai Wo Hau Estate CC	N.A.*	72.2	1	3	0	5	0	0	0
	Cheung Hang CH	N.A.*	75.6	0	5	0	0	0	0	0
	Kwai Fong CH	N.A.*	76.8	0	0	0	3	0	0	0
	Kwai Shing CH	N.A.*	65.0	0	14	0	0	0	0	0
	Tsing Yi Estate CH	N.A.*	68.8	0	0	0	2	0	0	0
	Lai King CH	N.A.*	77.5	0	0	0	0	0	0	0
	Shek Lei CH	32.4	74.4	0	0	0	0	0	0	0
North	North District CC	38.3	N.A.*	0	5	0	0	0	0	0
	Cheung Wah CH	29.1	71.4	8	7	0	1	0	0	0
	Ta Kwu Ling CH	2.9	20.6	0	1	0	0	0	0	0
	Sha Tau Kok CH	12.8	27.0	0	1	0	0	0	0	0
	Luen Wo Hui CH	44.3	69.5	1	5	0	0	0	0	0
	Wo Hing CH	N.A. (Wo Hing CH commenced operation in mid-2014)								
Sai Kung	King Lam Neighbourhood CC	43	81.2	0	6	1	0	0	0	5
	Sai Kung Jockey Club Town Hall	N.A.*	73.9	0	2	3	1	0	0	4
	Tsui Lam CH	8	54.4	0	1	2	1	0	0	4
	Kin Choi CH	2	74.8	0	2	0	1	0	0	1
	Sheung Tak CH	31	69.4	0	6	4	2	0	0	4
	Lohas Park CH	11	62.0	0	1	1	1	0	0	1
	Hang Hau CH	23	75.4	3	9	4	3	0	1	1
Sha Tin	Heng On Estate CC	76.0	93.9	0	0	0	1	0	0	0
	Lung Hang Estate CC	71.0	88.8	0	0	0	0	0	0	0
	Hin Keng Neighbourhood CC	41.1	91.1	0	0	0	1	0	0	0
	Chun Shek CH	64.6	92.3	0	0	0	0	0	0	0
	Kwong Yuen CH	52.5	96.9	0	0	0	0	0	0	0
	Lek Yuen CH	64.1	89.0	0	0	0	2	0	0	0

District	CH/CC	(i) Usage rate (%)		(ii) [^]	(iii) [@]	(iv)	(v)	(vi)	(vii)	(viii)
		1. Conference Room	2. Multi-purpose Hall							
	Pok Hong CH	45.0	91.6	0	0	0	0	0	0	0
	Sha Kok CH	21.2	91.3	0	0	0	0	0	0	0
	Sun Tin Wai CH	57.5	86.1	0	0	0	0	0	0	0
	Wo Che CH	32.3	89.4	0	1	0	0	0	0	0
	Lee On CH	66.5	93.1	0	0	0	1	0	0	0
	Mei Tin CH	54.9	89.1	0	1	0	1	0	0	0
Tai Po	Tai Po CC	24.6	67.1	58	0	0	0	0	0	0
	Fu Heng Neighbourhood CC	29.3	65.3	0	1	0	0	0	0	0
	Tai Wo Neighbourhood CC	26.9	68.6	3	0	0	1	0	0	0
	Wan Tau Tong Neighbourhood CC	22.0	73.7	0	0	0	1	0	0	0
	Fu Shin CH	12.2	74.7	1	1	0	0	0	0	0
	Kwong Fuk CH	12.2	69.1	0	2	0	0	0	0	0
	Tai Yuen CH	16.5	70.1	0	3	0	0	0	0	0
Tsuen Wan	Princess Alexandra CC	87.0	78.9	10	8	2	7	0	0	3
	Lei Muk Shue CH	5.1	71.2	0	4	2	5	0	0	4
	Shek Wai Kok CH	N.A.*	72.7	0	3	0	0	0	0	3
Tuen Mun	On Ting/Yau Oi CC	64.5	74.0	0	3	0	0	0	0	0
	Butterfly Bay Estate CC	90.0	85.8	52	0	0	0	0	0	0
	Leung King Estate CC	59.0	77.0	0	1	0	0	0	0	0
	Kin Sang CH	60.0	67.6	0	3	0	0	0	0	0
	Shan King CH	40.4	82.5	0	0	0	0	0	0	0
	Tai Hing CH	36.3	65.6	0	3	0	0	0	0	0
	Tuen Mun Town Centre CH	66.0	86.3	0	1	0	0	0	0	0
	Tseng Choi Street CH	14.5	76.3	0	1	0	0	0	0	0
	Wu Shan Road CH	21.4	52.7	0	1	0	0	0	0	0
	Lung Yat CH	N.A. (Lung Yat CH commenced operation in mid-2014)								
Yuen Long	Tin Yiu CC	51.2	74.4	0	0	0	0	0	0	0
	Tin Shui CC	39.2	78.5	0	0	0	0	0	0	0
	Long Ping CH	48.4	76.1	23	0	0	0	0	0	0
	Tin Ching CH	N.A.*	76.1	1	0	0	0	0	0	0
	Tin Fai Road CH	29.9	58.6	0	0	0	0	0	0	0

Notes:

[^] Such cases mainly involved the using of the venues for emergency and temporary purposes such as temporary shelters, temporary cold shelters and emergency maintenance

[@] Given some DOs require organizations having successfully booked CH/CC facilities to give an advance notice of 14 working days prior to the date of their activities if they want to cancel the use of allocated timeslots, figures in this column also include organizations which were given demerit points for having failed to do so

* CHs/CCs not equipped with the facility concerned

/ Records not available

Annex 1(III)

The utilization rates of Conference Rooms and Multi-purpose halls;
cases for which the Government had taken back the venues and
organizations given demerit points and/or disqualified from using venues under DPS in 2014

District	CH/CC	(i) Usage rate (%)		(ii) [^]	(iii) [®]	(iv)	(v)	(vi)	(vii)	(viii)
		1. Conference Room	2. Multi-purpose Hall							
Central and Western	Western District CC	48.8	N.A.*	0	0	0	0	0	0	0
	Sai Ying Pun CH	15.1	51.5	0	0	0	0	0	0	0
	Kennedy Town Community Complex	17.8	N.A.*	0	0	0	0	0	0	0
Eastern	Causeway Bay CC	48.9	78.7	0	6	0	5	0	3	0
	Hing Wah CH	N.A.*	67.2	0	1	0	0	0	0	0
	Yue Wan CH	N.A.*	68.0	0	2	0	0	0	0	0
	Aldrich Bay CH	36.1	74.7	0	1	0	1	0	0	0
	Quarry Bay CH	54.5	84.0	0	3	0	0	0	0	0
	Siu Sai Wan CH	38.0	84.5	0	1	0	1	0	0	0
Southern	Wah Kwai CC	N.A.*	90.5	0	0	0	0	0	0	0
	Ap Lei Chau CH	22.4	52.1	0	0	0	0	0	0	0
	Lei Tung CH	33.6	72.2	0	0	0	0	0	0	0
	South Horizon Neighbourhood CC	54.9	86.7	0	0	0	0	0	0	0
	Stanley CH	32.9	32.2	0	0	0	0	0	0	0
Wan Chai	Leighton Hill CH	32.0	75.9	0	34	1	2	0	1	0
	Wan Chai Activities Centre	N.A.*	N.A.*	0	10	0	1	0	0	0
Kowloon City	Hung Hom CH	21.5	64.4	37	7	1	14	0	0	0
Kwun Tong	Kwun Tong CC	41.4	57.4	/	5	1	1	1	0	0
	Lok Wah Estate CC	35.0	82.1	/	1	0	0	0	0	0
	Shun Lee Estate CC	13.9	44.5	/	0	0	1	1	0	0
	Lam Tin (East) CH	18.5	68.0	/	0	0	0	0	0	0
	Lam Tin (West) Estate CC	N.A.*	50.4	/	2	0	1	0	0	0
	Sai Tso Wan Neighbourhood CC	24.2	70.8	/	7	2	0	0	0	0
	Kai Yip CH	17.5	72.2	/	1	0	0	0	0	0
	Yau Tong CH	39.1	80.8	/	3	2	0	0	0	0
Sau Mau Ping (Centre) Estate CC	N.A.*	39.9	/	2	0	1	0	0	0	
Sham Shui Po	Cheung Sha Wan CC	N.A.*	73.9	1	3	0	0	0	0	0
	Nam Cheong District CC	24.6	76.1	57	3	0	0	0	0	0
	Tai Hang Tung CC	N.A.*	74.4	0	1	0	0	0	0	0
	Lai Kok CH	16.5	73.9	1	3	0	0	0	0	0
	Pak Tin CH	8.3	68.8	0	1	0	0	0	0	0
	Shek Kip Mei CH	65.3	79.9	4	1	0	3	0	0	0
	Lai Chi Kok CH	38.4	68.6	0	2	0	0	0	0	0
Mei Foo CH	47.6	78.4	0	1	0	0	0	0	0	

District	CH/CC	(i) Usage rate (%)		(ii) [^]	(iii) [@]	(iv)	(v)	(vi)	(vii)	(viii)
		1. Conference Room	2. Multi-purpose Hall							
Wong Tai Sin	Wong Tai Sin CC	71.0	92.1	4	5	0	0	0	0	0
	Choi Wan Estate CC	53.3	73.2	0	5	0	0	0	0	0
	Chuk Yuen Estate CC	60.8	80.2	0	3	0	0	0	0	0
	Fung Tak Estate CC	58.3	86.4	0	0	0	0	0	0	0
	Tze Wan Shan CH	N.A.*	69.7	0	0	0	0	0	0	0
	Tze Wan Shan (South) Estate CC	N.A.*	90.8	30	8	0	0	0	0	0
	Tung Tau CC	16.4	69.9	8	1	0	0	0	0	0
Yau Tsim Mong	Henry G Leong CC	62.0	80.2	108	22	0	0	0	0	0
	Mong Kok CH	41.6	75.7	409	7	0	0	0	0	0
Islands	Discovery Bay CH	14.0	54.1	0	2	0	0	0	0	0
	Tung Chung CH	41.4	79.1	0	0	0	1	0	0	0
Kwai Tsing	Cheung Ching Estate CC	N.A.*	65.4	2	4	0	0	0	0	1
	Cheung Fat Estate CC	N.A.*	76.9	1	2	0	4	0	0	0
	Tai Wo Hau Estate CC	N.A.*	78.6	0	3	0	3	0	0	0
	Cheung Hang CH	N.A.*	83.7	0	1	0	0	0	0	0
	Kwai Fong CH	N.A.*	83.6	0	0	0	0	0	0	0
	Kwai Shing CH	N.A.*	61.6	0	2	0	0	0	0	0
	Tsing Yi Estate CH	N.A.*	60	0	1	0	1	0	0	0
	Lai King CH	N.A.*	81.9	0	0	0	0	0	0	0
	Shek Lei CH	35.3	81.9	0	0	0	0	0	0	0
North	North District CC	41.3	N.A.*	0	3	1	0	0	0	0
	Cheung Wah CH	29.6	65.6	19	0	0	0	0	0	0
	Ta Kwu Ling CH	0.5	19.4	0	1	0	0	0	0	0
	Sha Tau Kok CH	11.5	21.9	0	0	0	0	0	0	0
	Luen Wo Hui CH	48.0	70.3	0	1	0	0	0	0	0
	Wo Hing CH	24.0	58.3	0	2	2	0	0	0	0
Sai Kung	King Lam Neighbourhood CC	50	72.5	0	5	0	1	0	0	1
	Sai Kung Jockey Club Town Hall	N.A.*	70.5	0	3	2	1	0	2	1
	Tsui Lam CH	27	61.7	0	4	0	0	0	0	1
	Kin Choi CH	30	76.4	0	10	1	0	0	0	0
	Sheung Tak CH	7	70.6	0	5	0	5	0	0	6
	Lohas Park CH	27	59.0	0	2	0	1	0	0	0
	Hang Hau CH	14	81.2	18	14	2	5	0	1	3
Sha Tin	Heng On Estate CC	72.4	84.2	0	0	0	0	0	0	0
	Lung Hang Estate CC	70.2	91.6	0	0	0	0	0	0	0
	Hin Keng Neighbourhood CC	34.9	88.7	0	0	0	1	0	0	0
	Chun Shek CH	61.9	93.2	0	0	0	1	0	0	0
	Kwong Yuen CH	63.2	92.7	0	0	0	0	0	0	0
	Lek Yuen CH	57.9	78.9	0	0	0	0	0	0	0

District	CH/CC	(i) Usage rate (%)		(ii) [^]	(iii) [@]	(iv)	(v)	(vi)	(vii)	(viii)
		1. Conference Room	2. Multi-purpose Hall							
	Pok Hong CH	49.9	93.0	2	0	0	1	0	0	0
	Sha Kok CH	29.8	87.6	0	0	0	0	0	0	0
	Sun Tin Wai CH	53.5	79.6	0	0	0	0	0	0	0
	Wo Che CH	36.4	81.1	0	0	0	1	0	0	0
	Lee On CH	61.9	84.1	0	0	0	2	0	0	0
	Mei Tin CH	55.2	87.1	0	0	0	0	0	0	0
Tai Po	Tai Po CC	17.3	70.8	83	3	0	0	0	0	0
	Fu Heng Neighbourhood CC	29.9	66.1	3	1	0	0	0	0	0
	Tai Wo Neighbourhood CC	27.8	69.0	2	2	0	2	0	0	0
	Wan Tau Tong Neighbourhood CC	24.6	65.6	0	1	0	0	0	0	0
	Fu Shin CH	13.7	71.7	0	2	0	0	0	0	0
	Kwong Fuk CH	17.2	71.6	0	1	0	3	0	0	0
	Tai Yuen CH	17.0	69.3	0	2	0	1	0	0	0
Tsuen Wan	Princess Alexandra CC	83.2	74.3	19	11	5	11	0	0	2
	Lei Muk Shue CH	5.6	71.9	0	13	3	4	0	0	6
	Shek Wai Kok CH	N.A.*	72.9	7	8	2	2	0	0	3
Tuen Mun	On Ting/Yau Oi CC	60.2	75.9	0	4	0	0	0	0	0
	Butterfly Bay Estate CC	91.0	85.2	75	0	0	0	0	0	0
	Leung King Estate CC	63.0	79.5	0	0	0	0	0	0	0
	Kin Sang CH	61.0	66.4	0	0	0	0	0	0	0
	Shan King CH	53.5	75.5	0	0	0	0	0	0	0
	Tai Hing CH	31.1	71.2	0	5	0	0	0	0	0
	Tuen Mun Town Centre CH	65.8	86.9	0	1	0	0	0	0	0
	Tseng Choi Street CH	38.9	73.3	0	0	0	0	0	0	0
	Wu Shan Road CH	30.8	62.0	0	3	0	0	0	0	0
	Lung Yat CH	4.4	42.1	0	5	0	1	0	0	0
Yuen Long	Tin Yiu CC	61.2	80.1	1	0	0	0	0	0	0
	Tin Shui CC	45.1	79.8	0	0	0	0	0	0	0
	Long Ping CH	48.3	81.5	39	1	0	0	0	0	0
	Tin Ching CH	N.A.*	85.4	1	1	0	0	0	0	0
	Tin Fai Road CH	43.6	73.2	0	0	0	0	0	0	0

Notes:

[^] Such cases mainly involved the using of the venues for emergency and temporary purposes such as temporary shelters, temporary cold shelters and emergency maintenance

[@] Given some DOs require organizations having successfully booked CH/CC facilities to give an advance notice of 14 working days prior to the date of their activities if they want to cancel the use of allocated timeslots, figures in this column also include organizations which were given demerit points for having failed to do so

* CHs/CCs not equipped with the facility concerned

/ Records not available

Annex 2(I)

Information relating to the equipment/facilities newly installed or replaced in 2012

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Central and Western	Western District CC	-	-	-
	Sai Ying Pun CH	-	-	-
	Kennedy Town Community Complex	-	-	-
Eastern	Causeway Bay CC	-	-	-
	Hing Wah CH	Install one water gate, four electronic faucets at wash basins and one urinal	-	Replace wooden floor of hall
	Yue Wan CH	Install two pairs of automatic doors, widen male and female toilet cubicles, introduce energy-saving lighting system	-	Replace one microphone, 10 stage spotlights, wooden floor of hall and water-proof layer for the roof floor
	Aldrich Bay CH	-	-	one amplifier
	Quarry Bay CH	Eight profile spotlight, one lighting console, two dimmer rack, one auto projector and one auto projector screen	-	-
	Siu Sai Wan CH	-	-	-
Southern	Wah Kwai CC	-	-	Replace 10 folding tables and 30 plastic chairs
	Ap Lei Chau CH	Install handrail along the staircase at the main entrance	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Lei Tung CH	-	-	-
	South Horizon Neighbourhood CC	Procure six new folding tables	-	Replace one projector and one wireless microphone transceiver
	Stanley CH	-	-	-
Wan Chai	Leighton Hill CH	Two coffee tables and one whiteboard	-	Replace three spotlights, one amplifier, five air-conditioners (Split Type) and sound and projector system
	Wan Chai Activities Centre	Two projectors	-	-
Kowloon City	Hung Hom CH	N.A. (Hung Hom CH commenced operation in late 2013)		
Kwun Tong	Kwun Tong CC	-	-	-
	Lok Wah Estate CC	-	-	-
	Shun Lee Estate CC	-	-	Stage spotlights
	Lam Tin (East) CH	-	-	-
	Lam Tin (West) Estate CC	-	-	-
	Sai Tso Wan Neighbourhood CC	-	-	-
	Kai Yip CH	Projector, electric screen and karaoke system	-	-
	Yau Tong CH	-	-	-
	Sau Mau Ping (Centre) Estate CC	-	-	-
Sham Shui Po	Cheung Sha Wan CC	-	-	-
	Nam Cheong District CC	-	-	-
	Tai Hang Tung CC	-	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Lai Kok CH	-	-	Improve the air-conditioning system of the hall and replace the existing furniture and equipment
	Pak Tin CH	-	-	-
	Shek Kip Mei CH	-	-	Replace the main barrel for the stage lighting and stage curtain of the hall
	Lai Chi Kok CH	-	-	Replace electrical stage curtain of the hall and the existing furniture and equipment
	Mei Foo CH	-	-	-
Wong Tai Sin	Wong Tai Sin CC	-	-	-
	Choi Wan Estate CC	-	-	-
	Chuk Yuen Estate CC	-	-	Replace three mic stands in hall
	Fung Tak Estate CC	-	-	Two pairs of badminton poles and 100 plastic chairs
	Tze Wan Shan CH	-	-	-
	Tze Wan Shan (South) Estate CC	-	-	-
	Tung Tau CC	-	-	-
Yau Tsim Mong	Henry G Leong CC	-	-	Repave the basketball court
	Mong Kok CH	-	-	Replace the wireless microphone and DVD player in hall
Islands	Discovery Bay CH	Install table tennis court dividers	-	-
	Tung Chung CH	Install table tennis court dividers	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Kwai Tsing	Cheung Ching Estate CC	Install auto swing door	-	Replace two wireless tie-clip microphones, 11 tables, one activity room table, one DVD player, auto faucets and wash basin
	Cheung Fat Estate CC	-	-	Replace auto faucets, wash basin, wireless handheld microphone and cable
	Tai Wo Hau Estate CC	-	-	Replace 17 display boards, auto faucets and wash basin
	Cheung Hang CH	-	-	Replace auto faucets and wash basin
	Kwai Fong CH	Install electrical folding partition in assembly hall	-	Replace auto faucets, wash basin and double-glazing windows in hall and activity room
	Kwai Shing CH	Install electrical folding partition in assembly hall	-	Replace auto faucets and wash basin
	Tsing Yi Estate CH	Install auto slide door	-	Replace auto faucets, wash basin and wireless tie-clip microphone cable
	Lai King CH	-	-	Replace 12 tables, auto faucets, wash basin and double-glazing windows in hall and activity room

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Shek Lei CH	-	-	Replace auto faucets and wash basin
North	North District CC	-	-	-
	Cheung Wah CH	-	-	-
	Ta Kwu Ling CH	-	-	-
	Sha Tau Kok CH	-	-	-
	Luen Wo Hui CH	-	-	-
	Wo Hing CH	N.A. (Wo Hing CH commenced operation in mid-2014)		
Sai Kung	King Lam Neighbourhood CC	-	-	-
	Sai Kung Jockey Club Town Hall	-	-	-
	Tsui Lam CH	-	-	-
	Kin Choi CH	-	-	-
	Sheung Tak CH	-	-	-
	Lohas Park CH	-	-	-
	Hang Hau CH	-	-	-
Sha Tin	Heng On Estate CC	-	-	-
	Lung Hang Estate CC	-	-	-
	Hin Keng Neighbourhood CC	-	-	-
	Chun Shek CH	-	-	-
	Kwong Yuen CH	Install TV and notice boards	-	-
	Lek Yuen CH	-	-	-
	Pok Hong CH	-	-	-
	Sha Kok CH	Install TV and notice boards	-	-
	Sun Tin Wai CH	-	-	-
	Wo Che CH	-	-	-
	Lee On CH	-	-	-
Mei Tin CH	-	-	-	
Tai Po	Tai Po CC	-	-	Replace seven exhibition boards
	Fu Heng Neighbourhood CC	-	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Tai Wo Neighbourhood CC	-	-	-
	Wan Tau Tong Neighbourhood CC	-	-	Replace four exhibition boards
	Fu Shin CH	-	-	Replace two dimmer packs for stage lighting
	Kwong Fuk CH	-	-	-
	Tai Yuen CH	-	-	-
Tsuen Wan	Princess Alexandra CC	Install two drinking water fountains	-	Replace the air-conditioning system of the hall
	Lei Muk Shue CH	Install a drinking water fountain, install dedicated study desks and chairs at the Study Room and part of the Conference Room	-	-
	Shek Wai Kok CH	Install a drinking water fountain	-	Floor maintenance for the hall
Tuen Mun	On Ting/Yau Oi CC	Install LED display on the outer wall and banner-hanging facilities on the stage of the hall	-	-
	Butterfly Bay Estate CC	Install LED display on the outer wall and banner-hanging facilities on the stage of the hall	-	-
	Leung King Estate CC	Install LED display on the outer wall and banner-hanging facilities on the stage of the hall	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Kin Sang CH	Install LED display on the outer wall and banner-hanging facilities on the stage of the hall	-	-
	Shan King CH	Install LED display on the outer wall and banner-hanging facilities on the stage of the hall	-	-
	Tai Hing CH	Install LED display on the outer wall and banner-hanging facilities on the stage of the hall	-	-
	Tuen Mun Town Centre CH	-	-	-
	Tseng Choi Street CH	Install LED display on the outer wall and banner-hanging facilities on the stage of the hall	-	-
	Wu Shan Road CH	Install banner-hanging facilities on the stage of the hall and enhance sound system	-	-
	Lung Yat CH	N.A. (Lung Yat CH commenced operation in mid-2014)		
Yuen Long	Tin Yiu CC	-	-	-
	Tin Shui CC	-	-	-
	Long Ping CH	-	-	-
	Tin Ching CH	-	-	200 stackable chairs
	Tin Fai Road CH	N.A. (Tin Fai Road CH commenced operation in early 2013)		

Annex 2(II)

Information relating to the equipment/facilities newly installed or replaced in 2013

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Central and Western	Western District CC	-	-	-
	Sai Ying Pun CH	-	-	-
	Kennedy Town Community Complex	Install projector systems in Activity Rooms 5 to 7	-	Replace sound and public address systems in Activity Rooms 5 to 7
Eastern	Causeway Bay CC	Upgrade barrier-free access facilities including installation of auto-door at G/F, improvement on accessible toilet, female and male changing room, and accessible lift	-	-
	Hing Wah CH	Upgrade toilets on 2/F by installing barrier-free access facilities and install automatic door control at the main entrance	-	-
	Yue Wan CH	-	-	-
	Aldrich Bay CH	-	-	50 chairs
	Quarry Bay CH	-	-	Central Battery System
	Siu Sai Wan CH	one stainless steel hanging rack, one 15 inch LCD monitor	-	-
Southern	Wah Kwai CC	-	-	Replace one control panel for stage lighting system and a wireless microphone

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Ap Lei Chau CH	-	-	Replace the door leading to the roof
	Lei Tung CH	-	-	Replace floodlighting system and one wired microphone
	South Horizon Neighbourhood CC	-	-	Replace Air Handling Unit and one wireless amplifier
	Stanley CH	-	-	-
Wan Chai	Leighton Hill CH	-	-	-
	Wan Chai Activities Centre	-	-	Replace sound system (with four new microphones)
Kowloon City	Hung Hom CH	N.A. (Hung Hom CH commenced operation in late 2013)		
Kwun Tong	Kwun Tong CC	-	-	-
	Lok Wah Estate CC	-	-	-
	Shun Lee Estate CC	-	-	-
	Lam Tin (East) CH	-	-	-
	Lam Tin (West) Estate CC	-	-	-
	Sai Tso Wan Neighbourhood CC	-	-	-
	Kai Yip CH	Ventilation fan	-	-
	Yau Tong CH	-	-	-
	Sau Mau Ping (Centre) Estate CC	-	-	-
Sham Shui Po	Cheung Sha Wan CC	-	-	-
	Nam Cheong District CC	Install sound system in conference room	-	Replace air-conditioner in conference room
	Tai Hang Tung CC	-	-	-
	Lai Kok CH	-	-	-
	Pak Tin CH	-	-	-
	Shek Kip Mei CH	Install fixed projector and screen in hall	-	Improve the sound system in hall

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Lai Chi Kok CH	-	-	Improve the lighting system and replace furniture
	Mei Foo CH	Install well-mounted fans at 2/F toilets and corridor	-	-
Wong Tai Sin	Wong Tai Sin CC	-	-	Replace stage sound system
	Choi Wan Estate CC	Projector in hall	-	Sound system in hall
	Chuk Yuen Estate CC	-	-	Replace light bulb of projector in conference room, motor of roller shutter, stage spotlight control panel
	Fung Tak Estate CC	LCD projector and screen	-	Stage sound system
	Tze Wan Shan CH	-	-	Replace one audio mixer, two amplifiers and electric curtain track for glass windows
	Tze Wan Shan (South) Estate CC	-	-	-
	Tung Tau CC	Enhance sound system in hall and install electric banner bar on stage	-	-
Yau Tsim Mong	Henry G Leong CC	-	-	Replace 50 stackable chairs in covered play area, 10 folding tables in hall, 10 stainless stanchions, and fire extinguisher
	Mong Kok CH	-	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Islands	Discovery Bay CH	-	-	-
	Tung Chung CH	-	-	Replace projection and sound system in the hall
Kwai Tsing	Cheung Ching Estate CC	Install water drinking machine, CCTV, dressing mirror in changing room and provide tactile guide path	-	Replace 22 chairs and sound system
	Cheung Fat Estate CC	Install water drinking machine, CCTV, automatic alcohol dispenser, service counter, provide tactile guide path and Braille map	-	Replace sound system
	Tai Wo Hau Estate CC	Install water drinking machine, CCTV and provide three magazine racks and tactile guide path	-	Replace 10 plastic chairs
	Cheung Hang CH	Install automatic alcohol dispenser, provide tactile guide path, low platform service counter and Braille map	-	Replace 16 folding tables, stage lighting system and room cooler
	Kwai Fong CH	Provide tactile guide path	-	Replace stage lighting system and sound system
	Kwai Shing CH	Provide two magazine racks and tactile guide path	-	Upgrade sound system and replace 10 chairs

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Tsing Yi Estate CH	Install auto slide door, automatic alcohol dispenser and provide tactile guide path	-	Replace 12 folding tables and room cooler
	Lai King CH	Install auto slide door and provide tactile guide path	-	Replace 10 tables
	Shek Lei CH	Install auto slide door and provide two magazine racks	-	Replace stage lighting system, sound system and 29 chairs
North	North District CC	-	-	Replace one projector
	Cheung Wah CH	-	-	Replace one speaker and one projector
	Ta Kwu Ling CH	-	-	Replace 1 projector
	Sha Tau Kok CH	-	-	-
	Luen Wo Hui CH	-	-	-
	Wo Hing CH	N.A. (Wo Hing CH commenced operation in mid-2014)		
Sai Kung	King Lam Neighbourhood CC	-	-	One Amplifier (Conference room)
	Sai Kung Jockey Club Town Hall	-	-	-
	Tsui Lam CH	-	-	-
	Kin Choi CH	-	-	-
	Sheung Tak CH	-	-	-
	Lohas Park CH	-	-	-
	Hang Hau CH	-	-	-
Sha Tin	Heng On Estate CC	-	-	Replace projector in hall
	Lung Hang Estate CC	-	-	-
	Hin Keng Neighbourhood CC	Improve audio visual equipment with pre-set mode	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Chun Shek CH	-	-	-
	Kwong Yuen CH	-	-	Replace projector in hall
	Lek Yuen CH	-	-	-
	Pok Hong CH	-	-	-
	Sha Kok CH	-	-	-
	Sun Tin Wai CH	-	-	-
	Wo Che CH	-	-	-
	Lee On CH	-	-	-
	Mei Tin CH	Improve audio visual equipment with pre-set mode	-	-
Tai Po	Tai Po CC	Install amplifier on stage, electric banner bar and LEDTV	-	-
	Fu Heng Neighbourhood CC	Install amplifier on stage, electric banner bar and LEDTV	-	Replace two folding tables and one amplifier in hall
	Tai Wo Neighbourhood CC	Install amplifier on stage, electric banner bar and LEDTV	-	-
	Wan Tau Tong Neighbourhood CC	Install amplifier on stage, electric banner bar and LEDTV	-	Replace seven folding tables
	Fu Shin CH	Install amplifier on stage, electric banner bar and LEDTV	-	-
	Kwong Fuk CH	Install amplifier on stage, electric banner bar and LEDTV	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Tai Yuen CH	Install amplifier on stage, electric banner bar and LEDTV	-	Replace seven folding tables
Tsuen Wan	Princess Alexandra CC	-	-	-
	Lei Muk Shue CH	-	-	Replace all fluorescent lights at the hall with more environmental-friendly models
	Shek Wai Kok CH	-	-	-
Tuen Mun	On Ting/Yau Oi CC	Install ceiling-mounted projector and projection screen in the hall and conference room	-	-
	Butterfly Bay Estate CC	Install ceiling-mounted projector and projection screen in the hall and conference room	-	-
	Leung King Estate CC	Install ceiling-mounted projector and projection screen in the hall and conference room	-	-
	Kin Sang CH	Install ceiling-mounted projector and projection screen in the hall and conference room	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Shan King CH	Install ceiling-mounted projector and projection screen in the hall and conference room	-	-
	Tai Hing CH	Install ceiling-mounted projector and projection screen in the hall	-	-
	Tuen Mun Town Centre CH	Install ceiling-mounted projector and projection screen in the hall and conference room	-	-
	Tseng Choi Street CH	Install ceiling-mounted projector and projection screen in the hall	-	-
	Wu Shan Road CH	Install ceiling-mounted projector and projection screen in the hall	-	-
	Lung Yat CH	N.A. (Lung Yat CH commenced operation in mid-2014)		
Yuen	Tin Yiu CC	-	-	122 stackable chairs
Long	Tin Shui CC	-	-	190 stackable chairs
	Long Ping CH	-	-	184 stackable chairs
	Tin Ching CH	-	-	124 stackable chairs
	Tin Fai Road CH	N.A. (Tin Fai Road CH commenced operation in early 2013)		

Annex 2(III)

Information relating to the equipment/facilities newly installed or replaced in 2014

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Central and Western	Western District CC	-	-	Replace 70 chairs for the Conference Room
	Sai Ying Pun CH	-	-	-
	Kennedy Town Community Complex	-	-	-
Eastern	Causeway Bay CC	One floor dryer	-	one DVD Player
	Hing Wah CH	One floor dryer and one chair trolley	-	Two wireless mic, one notice board
	Yue Wan CH	One floor dryer and one chair trolley	-	one set of wireless mic
	Aldrich Bay CH	One floor dryer	-	-
	Quarry Bay CH	One floor dryer	-	-
	Siu Sai Wan CH	Two folding tables, one floor dryer, one portable public address system, four sets of folding choir stand and 80 video output cable	-	A fax machine with telephone handset
Southern	Wah Kwai CC	-	-	Replace curtain tracks and chiller unit
	Ap Lei Chau CH	Procure 20 new chairs and install two new wireless amplifier	-	Replace seven folding tables, one air-conditioner for office, colour scroller for stage lighting system, motor and control box for projector lift and one wireless amplifier

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Lei Tung CH	Procure 20 new chairs	The Architectural Services Department has replaced some of the locks of lockers, as some venue users have lost the keys	Replace nine folding tables, velvet curtain of multi-purpose hall and rolling shutter system
	South Horizon Neighbourhood CC	Procure 20 new chairs, install electric sockets and procure mini-Hi-Fi	-	Replace fire service equipment and AV system
	Stanley CH	Procure 20 chairs, one additional air-handling unit, 100 new plastic stackable chairs, widen the stair of stage and install handrail, install sinks at Male and Female Dressing Rooms, and urinal at Male Dressing Room	One 3.5 mm audio line	-
Wan Chai	Leighton Hill CH	-	-	-
	Wan Chai Activities Centre	One DVD player	-	-
Kowloon City	Hung Hom CH	Install two projector screen in multi-purpose activity room	-	-
Kwun Tong	Kwun Tong CC	Air cooler, floor dryer, sound system in hall and stage lighting control system	-	Fax machine
	Lok Wah Estate CC	Air cooler, floor dryer, sound system in hall, stage lighting control system and fax machine	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Shun Lee Estate CC	Air cooler, floor dryer, sound system in hall, stage lighting control system and fax machine	-	-
	Lam Tin (East) CH	Air cooler, floor dryer, sound system in hall, stage lighting control system and fax machine	-	Stage spotlights
	Lam Tin (West) Estate CC	Floor dryer	-	Fax machine
	Sai Tso Wan Neighbourhood CC	Air cooler, floor dryer, sound system in hall, stage lighting control system and fax machine	-	-
	Kai Yip CH	Air cooler, floor dryer, sound system in hall, stage lighting control system and fax machine	-	-
	Yau Tong CH	Air cooler, floor dryer, projector and screen, sound system in hall, stage lighting control system, sound system in activity room and fax machine	-	-
	Sau Mau Ping (Centre) Estate CC	-	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Sham Shui Po	Cheung Sha Wan CC	-	-	-
	Nam Cheong District CC	-	-	-
	Tai Hang Tung CC	-	-	-
	Lai Kok CH	-	-	Improve audio-visual system in the hall and facilities therein
	Pak Tin CH	-	-	-
	Shek Kip Mei CH	Install audio-visual system at Conference Room and improve facilities	-	-
	Lai Chi Kok CH	Install audio-visual system at Conference Room and provide choir stand and music stand	-	Improve audio-visual system in the hall
	Mei Foo CH	Install projector and screen at the hall and provide choir stand and music stand	-	Replace floor in the hall
Wong Tai Sin	Wong Tai Sin CC	Procure two chair trolleys	-	-
	Choi Wan Estate CC	Procure two chair trolleys	-	20 folding tables
	Chuk Yuen Estate CC	Procure two chair trolleys	-	-
	Fung Tak Estate CC	Procure two chair trolleys	-	50 plastic chairs and 30 folding tables
	Tze Wan Shan CH	Procure two chair trolleys	-	Replace projector screen
	Tze Wan Shan (South) Estate CC	Procure two chair trolleys	-	-
	Tung Tau CC	-	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Yau Tsim Mong	Henry G Leong CC	Install six electric insect killers	-	Replace 150 stackable chairs in Conference Room and Classroom, DVD Player in Multi-purpose Activity Room, 400 stackable chairs in hall and fire extinguisher
	Mong Kok CH	-	-	Replace the carpets in conference room and management office <input type="checkbox"/>
Islands	Discovery Bay CH	-	-	Replace wooden floor in the hall
	Tung Chung CH	Provide a piano	-	Replace chairs
Kwai Tsing	Cheung Ching Estate CC	-	-	Replace 13 tables, one chair trolley and one DVD player
	Cheung Fat Estate CC	Install auto swing door and procure dryer	-	Replace 33 chairs, three folding tables and 10 exhibition boards, projector, DVD player and Low Voltage Switchboard
	Tai Wo Hau Estate CC	-	-	Upgrade sound system and replace five folding tables, 12 plastic chairs, nine display boards and one pair of badminton poles

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Cheung Hang CH	Install auto slide door	-	Replace Low Voltage Switchboard, DVD player, room cooler, three folding tables and one notice board
	Kwai Fong CH	-	-	-
	Kwai Shing CH	-	-	Upgrade sound system and replace 10 plastic chairs, two table tennis tables, 19 tables and two exhibition boards
	Tsing Yi Estate CH	-	-	Replace gymnastics mats and trampoline, Low Voltage Switchboard, six folding tables and nine exhibition boards
	Lai King CH	-	-	Upgrade sound system and replacement of 18 tables
	Shek Lei CH	-	-	-
North	North District CC	Procure one set of portable amplifier and one portable projector	-	-
	Cheung Wah CH	Procure one set of portable amplifier, one portable projector, five wired microphone, five music stands and upgrade the existing audio-visual system	-	Replace one projector

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Ta Kwu Ling CH	Procure one set of portable amplifier and one portable projector	-	-
	Sha Tau Kok CH	Procure one set of portable amplifier and one portable projector	-	-
	Luen Wo Hui CH	Procure one set of portable amplifier, one portable projector, five wired microphone and five music stands	-	Replace one projector and the audio-visual system
	Wo Hing CH	N.A. (Wo Hing CH commenced operation in mid-2014)		
Sai Kung	King Lam Neighbourhood CC	One set of sound control system	-	-
	Sai Kung Jockey Club Town Hall	-	-	-
	Tsui Lam CH	One set of sound control system	-	-
	Kin Choi CH	One set of sound control system	-	-
	Sheung Tak CH	One set of sound control system	-	-
	Lohas Park CH	-	-	-
	Hang Hau CH	Two amplifiers (male and female dressing room)	-	-
Sha Tin	Heng On Estate CC	Procure one floor dryer	-	-
	Lung Hang Estate CC	Procure one floor dryer and install one audio-visual system with pre-set mode	-	-

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
	Hin Keng Neighbourhood CC	Procure one floor dryer	-	-
	Chun Shek CH	Procure one floor dryer	-	-
	Kwong Yuen CH	Procure one floor dryer	-	-
	Lek Yuen CH	Procure one floor dryer and install one audio-visual system with pre-set mode	-	-
	Pok Hong CH	Procure one floor dryer	-	-
	Sha Kok CH	Procure one floor dryer	-	-
	Sun Tin Wai CH	Procure one floor dryer	-	Replace projector in conference room
	Wo Che CH	Procure one floor dryer	-	-
	Lee On CH	Procure one floor dryer	-	-
	Mei Tin CH	Procure one floor dryer	-	-
Tai Po	Tai Po CC	-	-	Replace 90 chairs
	Fu Heng Neighbourhood CC	-	-	Replace 80 chairs
	Tai Wo Neighbourhood CC	-	-	Replace 60 chairs
	Wan Tau Tong Neighbourhood CC	-	-	Replace one wireless microphone, one amplifier and 60 chairs
	Fu Shin CH	-	-	Replace 20 chairs
	Kwong Fuk CH	-	-	Replace 60 chairs
	Tai Yuen CH	-	-	Replace 30 chairs

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Tsuen Wan	Princess Alexandra CC	-	-	-
	Lei Muk Shue CH	Install pre-set modes for the sound system at hall and provide new audio-visual equipment, including LCD touch panel for operating the pre-set modes, full HD projector, blu-ray players, full HD pan/tilt/zoom camera, and monitors and amplifiers at dressing rooms	-	Replace some audio-visual equipment at hall, including amplifiers, mixer, motorized projection screen, microphones and movable television
	Shek Wai Kok CH	-	-	Floor maintenance at the multi-purpose hall
Tuen Mun	On Ting/Yau Oi CC	-	-	-
	Butterfly Bay Estate CC	-	-	-
	Leung King Estate CC	-	-	-
	Kin Sang CH	-	-	-
	Shan King CH	-	-	-
	Tai Hing CH	-	-	-
	Tuen Mun Town Centre CH	-	-	-
	Tseng Choi Street CH	-	-	-
	Wu Shan Road CH	-	-	-
Lung Yat CH	N.A. (Lung Yat CH commenced operation in mid-2014)			

<i>District</i>	<i>CH/CC</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
Yuen	Tin Yiu CC	-	-	-
Long	Tin Shui CC	-	-	-
	Long Ping CH	-	-	-
	Tin Ching CH	-	-	-
	Tin Fai Road CH (Tin Fai Road CH was officially opened on March 2013)		-	-

Combating Drug Trafficking and Drug Abuse

18. **MRS REGINA IP** (in Chinese): *President, it has been reported that in two enforcement actions carried out at the bar area at Lan Kwai Fong in Central in January this year, the Police arrested six men of African descent for allegedly touting drugs to young people and visitors. Some of these people were granted temporary stay in Hong Kong by virtue of Recognizance Forms (commonly known as "going-out passes") issued by the Immigration Department (ImmD). In this connection, will the Government inform this Council:*

- (1) *whether the Police will step up law enforcement efforts to combat the drug trafficking activities conducted at the bar area at Lan Kwai Fong, including deploying plain-clothed police officers to pose as bar customers; if they will, of the details;*
- (2) *of the number and the trend of young people arrested for drug abuse and drug trafficking at places of entertainment in the past three years;*
- (3) *as it is learnt that large numbers of local students and students returning from overseas to Hong Kong go to the bar area at Lan Kwai Fong for entertainment during long holidays, of the targeted measures which the Police have put in place to combat drug abuse and drug trafficking by such students at these places; and*

- (4) *whether the Police will enhance cooperation with ImmD to combat trafficking activities by foreign nationals who have been granted temporary stay in Hong Kong by virtue of going-out passes; if they will, of the details?*

SECRETARY FOR SECURITY (in Chinese): President, in response to the Member's question, our reply is as follows:

- (1) The Police attach great importance to combating drug trafficking activities and would take appropriate anti-drug measures according to the circumstances of each district. In respect of the Lan Kwai Fong area in Central, the Police have been regularly conducting seminars with the pub employees in the district to step up anti-drug publicity. On the law-enforcement front, the Police continue to maintain close liaison with members of the local community, strengthen intelligence collection and patrol at high-risk entertainment venues in the Lan Kwai Fong area, as well as deploy Police officers for covert operations to combat drug-related and other illegal activities.
- (2) Between 2012 and 2014, the figures for young people aged under 21 who abused drugs in entertainment venues and relevant places⁽¹⁾ have recorded a declining trend. According to the Central Registry of Drug Abuse of the Narcotics Division, from 2012 to the first three quarters of 2014 (whole year figures for 2014 are pending), the numbers of reported young people aged under 21 who abused drugs in entertainment venues and relevant places were respectively 484, 320 and 140. According to the Police, there were seven young people arrested for serious drug offences in entertainment venues and relevant places in 2012, nine in 2013 and 11 in 2014.
- (3) In response to the leisure plans of the public during festivals and long holidays, the Police would adopt appropriate anti-drug measures, including those addressing youth drug trafficking. The Police would also step up anti-drug publicity and law-enforcement action in the vicinity of Lan Kwai Fong (especially at high-risk

(1) According to the information of the Central Registry of Drug Abuse of the Narcotics Division and Hong Kong Police, entertainment venues and relevant places include discos, karaoke, Internet bars, electronic games centres, cinemas and pubs, and so on.

entertainment venues). Moreover, School Liaison Officers from the Police would also maintain close liaison with schools with a view to preventing teenagers from taking part in illegal activities, including drug-related ones.

- (4) Drug trafficking is a serious offence in Hong Kong regardless of one's nationality. On top of the above anti-drug measures, the Police would also co-operate with other law-enforcement agencies to combat drug-related problems. In addition, the Immigration Department (ImmD) would reject a visa application for entry into Hong Kong if there is a suspicion on the purpose of the visit. The ImmD would also exercise effective immigration control, rejecting entry by suspicious visitors, followed by immediate repatriation. Investigation and prosecution actions against persons who overstay and contravene the conditions of stay are also being actively carried out by the ImmD.

Dissemination of Details of Public Opinion Surveys Commissioned by Government

19. **MR FREDERICK FUNG** (in Chinese): *President, it has been reported that on 28 February this year, the Chief Executive (CE) told reporters that the results of a public opinion survey recently commissioned by the Government showed that more than half of Hong Kong people were agreeable to the selection of CE by universal suffrage in 2017 to be implemented in accordance with the Decision made by the Standing Committee of the National People's Congress on 31 August last year on issues such as the selection of CE of the Hong Kong Special Administrative Region by universal suffrage. Yet, he did not provide any details of the public opinion survey. Some members of the public have complained to me that the Government has recently disseminated results of public opinion surveys to the media in a selective or incomprehensive manner from time to time, making it difficult for them to judge the credibility of such survey results. They also query that the employment of such a practice by the Government was an attempt to manipulate public opinion. In this connection, will the Government inform this Council:*

- (1) *of the details of the aforesaid public opinion survey regarding (i) the organization commissioned to conduct the survey, (ii) the content of the questionnaire, (iii) the method and form of the survey, (iv) the*

number of respondents and the response rate, (v) the distribution of age, gender and political attitude of the respondents, (vi) the raw data, and (vii) the analytical results of the survey data;

- (2) whether it has assessed the consequences of CE selectively disseminating a particular result of the aforesaid public opinion survey, including whether it has resulted in the credibility of the survey results being questioned and the Government being accused of manipulating public opinion; if it has not assessed, of the reasons for that; and*
- (3) whether it will consider disclosing concomitantly the relevant details when it disseminates the results of Government-commissioned public opinion surveys in future; if it will not, of the reasons for that?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Chinese): President, in consultation with the Chief Executive's Office and the Central Policy Unit (CPU), our reply to the questions raised by Mr Frederick FUNG is as follows:

The opinion poll which the Chief Executive referred to on 28 February was conducted by a professional agency commissioned by the CPU. The CPU commissions professional research agencies to conduct opinion polls on major social, economic and political issues from time to time. Such polls are for Government's internal reference only, and relevant details are generally not made public.

Enhancing Co-operation in Realm of Finance Between Guangdong and Hong Kong

20. **MR NG LEUNG-SING** (in Chinese): *President, it has been reported that the Governments of Guangdong and Hong Kong have proposed cooperation in the realm of finance for years, but no breakthrough has been made in implementing the various proposals. On the other hand, the Central People's Government announced in December last year the establishment of the China (Guangdong) Pilot Free Trade Zone (Guangdong FTZ), to build an important platform for Guangdong-Hong Kong cooperation. In this connection, will the Government inform this Council:*

- (1) *of the work progress made by the Governments of Guangdong and Hong Kong in promoting cooperation in the realm of finance in recent years, and whether they have encountered difficulties in the process; if they have, of the specific details; and*
- (2) *in view of the establishment of the Guangdong FTZ, what ideas and measures the authorities have to enhance cooperation in the realm of finance between Guangdong and Hong Kong?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, my reply to Mr NG Leung-sing's question is as follows:

- (1) In pursuance of the macro objectives set out in the National 12th Five Year Plan and the Framework Agreement on Hong Kong/Guangdong Co-operation, the financial services departments and financial regulators of Hong Kong and Guangdong have been actively forging financial co-operation between the two places for mutual benefits through platforms such as the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the Hong Kong/Guangdong Co-operation Joint Conference and the Expert Group on Hong Kong-Guangdong Financial Co-operation.

Considerable progress has been made on the financial co-operation between Hong Kong and Guangdong. On Renminbi (RMB) business, cross-border RMB business between the two places continues to grow. In 2014, RMB trade settlement conducted through Hong Kong banks reached RMB 6,300 billion yuan, of which about 20% was RMB trade settlement between Hong Kong and Guangdong. The cross-border RMB lending scheme in Qianhai, launched in early 2013, has enabled cross-border RMB business between Hong Kong and Guangdong to expand further. As at end-December 2014, cross-border RMB loans registered under the scheme in Qianhai for record exceeded RMB 80 billion yuan.

Measures opening up the Mainland market to Hong Kong's financial services industry are usually implemented in Guangdong Province on an early and pilot basis. For example, Supplement VI to CEPA allowed branches established by a Hong Kong bank in Guangdong

Province to set up cross-location sub-branches within Guangdong Province. As at the end of 2014, six Hong Kong banks had set up a total of 61 cross-location sub-branches in Guangdong Province. The first Mainland and Hong Kong equity joint venture securities investment advisory company was also established in Guangdong Province under Supplement VI to CEPA on an early and pilot basis. Supplement X to CEPA brought about further relaxation whereby Hong Kong-funded financial institutions were allowed to establish full-licence securities companies with Mainland companies in the form of equity joint venture in Guangdong Province and Shenzhen Municipality. All these demonstrated the close financial co-operation between Hong Kong and Guangdong. As for the insurance sector, Supplement VIII to CEPA allowed qualified Hong Kong insurance brokerage companies to set up wholly-owned insurance agency companies in Guangdong Province on a pilot basis. The Agreement between the Mainland and Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong (the Guangdong Agreement), implemented on 1 March this year, further streamlined the procedures for establishing insurance agency companies in Guangdong Province by Hong Kong insurance brokerage companies. It also encouraged Guangdong insurance companies to place their outward reinsurance with Hong Kong insurance companies with RMB as the settlement currency for better risk management. The Guangdong Agreement also allowed eligible Hong Kong residents who have obtained the Chinese Certified Public Accountants qualification to become partners of partnership accounting firms in Guangdong Province. Building on the existing foundation, we will continue to maintain close liaison with the Guangdong Provincial Government to secure further opening up of the Guangdong market to Hong Kong's financial services industry, with a view to achieving full liberalization of trade in services between the two places.

Support and collaboration from the financial services industries in Hong Kong and Guangdong are also vital to promoting financial co-operation between the two places. Underpinned by both sides of the government, the financial services industries of the two places successfully held the first financial forum for the securities sectors in Guangzhou in July 2013. Serving as a communication platform,

the forum fostered exchanges and mutual understanding between the securities sectors of the two places and enhanced continued liaison and co-operation in the future. The forum took place in Hong Kong in February 2014 to further strengthen co-operation and communication between the securities sectors of Hong Kong and Guangdong.

- (2) The 20th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference was held in Guangzhou on 11 March 2015. The two sides worked together to formulate the 2015 Work Plan, which covered financial services industries cover areas including RMB business, banking, insurance and securities. Both sides agreed to capitalize on the opportunities arising from the introduction of Shenzhen-Hong Kong Stock Connect to deepen the co-operation of the securities markets in the coming year. In addition to making continued efforts to lower the entry thresholds for Hong Kong financial institutions, both sides will seek to extend the cross-border RMB lending policy currently applied in Qianhai to cover Nansha and Hengqin, with a view to promoting the circulation and use of RMB funds in the Hong Kong offshore market and facilitating the development of real economy in key regions of Guangdong.

The establishment of Guangdong Free Trade Zone will bring new opportunities for financial co-operation between Hong Kong and Guangdong. We will continue to liaise with the Guangdong Provincial Government to further enhance financial co-operation between the two sides on the principle of mutual benefits, with a view to seeking more co-operation and development opportunities for the financial services industry of both sides.

Pre-primary Education

21. **MR TANG KA-PIU** (in Chinese): *President, regarding the places offered by local non-profit-making kindergartens and kindergarten-cum-child care centres (collectively referred to as "KGs"), and the financial assistance provided for the relevant students, will the Government inform this Council:*

- (1) *of a breakdown by Education Bureau's school district and KG type (i.e. half-day and whole-day KGs, as well as KGs operating long hours and on school holidays (long WD KGs)) of the number of KGs participating in the Pre-primary Education Voucher Scheme (PEVS) and the total number of places such KGs offered, as well as the number of students studying in such KGs and the percentage of such number in the total number of KG students, in each school year from 2010-2011 to 2014-2015;*
- (2) *whether it knows the respective numbers of students whose enrolment applications were received by whole-day and long WD KGs in each school year from 2010-2011 to 2014-2015, the respective percentages of such numbers in the total number of KG students in Hong Kong, and the respective success rates of such applications;*
- (3) *of the number of additional KGs, as estimated by the authorities, which will be needed for providing sufficient places should all half-day KGs be converted to whole-day ones; whether the authorities have new initiatives to encourage KGs to provide more whole-day places; if they do, of the details; whether the authorities have studied the demand for the places of various types of KGs; if they have, of the details;*
- (4) *whether the authorities have conducted any assessment on the feasibility of providing additional kindergarten-cum-child care centres; if they have, of the assessment outcome; if not, the reasons for that; and*
- (5) *of the current number of KG students who come from families receiving Comprehensive Social Security Assistance payments and other forms of KG fee remission assistance (other financial assistance) apart from that under PEVS, and the respective maximum amounts of such other forms of financial assistance; whether it has plans to formulate new measures to assist such families in paying various miscellaneous fees charged by KGs (e.g. fees for school uniforms, school buses, snacks, activities, etc.); if it does, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (1) The number of kindergartens (KGs) under the Pre-primary Education Voucher Scheme (PEVS), the number of school places offered by these KGs, their student enrolment and the percentage of such enrolment in the total number of KG students of the respective districts from the 2010-2011 to 2014-2015 school years, with a breakdown by District Council district and type of KGs (that is, KGs operating half-day (HD) classes only, whole-day (WD) classes only and both HD and WD classes) is tabulated in Annexes 1, 2 and 3. The number of "long whole-day" (LWD) KG-cum-child care centres⁽¹⁾, the number of places offered by these centres, their student enrolment and the percentage of such enrolment in the total number of KG students of the respective districts in the above school years, with a breakdown by District Council district, is tabulated in Annex 4.
- (2) Student admission is a school-based matter. KGs should draw up appropriate admission arrangements in accordance with the requirements of the Education Bureau and in the light of their own circumstances. They are not required to provide Education Bureau with information on the number of admission applications received or students admitted. Hence, the statistics required are not available.
- (3) and (4)

KG education in Hong Kong has all along been provided by the private sector and is characterized by its great flexibility, diversity, adaptability and responsiveness to parents' needs, which include increasing WD services and the number of school places by making use of vacant classrooms or expanding the premises according to the demand. As a matter of fact, with an increase in the number of KG students, the sector has responded to the demand flexibly and the total number of KGs has increased by 21 since the 2012-2013 school year. Moreover, not all parents would choose WD services. In

(1) "LWD" KGs are former aided child care centres operated by the Social Welfare Department before the harmonization of pre-primary services. Currently, there are 246 "LWD" KGs, all of which have joined PEVS.

the light of this, we consider it not necessary to estimate the additional number of KGs required should all KGs turned into WD operation.

Nonetheless, Education Bureau will closely monitor the supply and demand of KG places in various districts. When needs for additional school places are identified, Education Bureau will encourage KGs to optimize their premises capacities for providing more classrooms or to admit more students by making full use of their registered classrooms (including registered classrooms that are vacant). Education Bureau will also liaise with school sponsoring bodies and encourage them to expand their operating KGs or open new KGs in districts with a demand for school places.

The Committee on Free Kindergarten Education (the Committee) is actively studying practicable ways to implement free KG education. Among others, they will explore means to encourage KGs to provide more WD services to meet the needs of working parents. The Committee will submit a report in middle of the year.

According to Population Census and projected figures, we have made some estimates on the number of children of appropriate ages for KG education versus the overall demand for KG school places. As regards the conduct of surveys on the demand for various types of KG places, we are of the view that any large-scale surveys should only be conducted with a clear objective and with considerable reliability and reference value. The actual demand of parents for KGs of various operating modes will evolve over time according to changes in family situations or the children's development needs at different stages. Besides, the choice of parents also hinges on the availability of school places offered by the KGs they prefer. As such, the survey findings may not fully reflect the actual situations. In consideration of the above, we will not consider conducting the related survey at the moment.

- (5) As at December 2014, 8 994 KG students are receiving Comprehensive Social Security Assistance (CSSA). Under the CSSA Scheme, KG students are eligible to receive a special grant to

cover the school fee on top of the voucher subsidy of the PEVS. The maximum amount of the special grant is \$6,490 (HD classes) and \$20,490 (WD classes) per annum.

Among the various issues related to KG education that the Committee is studying in detail, strengthening the support for KG students from needy families is one of them. This is to ensure that no children will be deprived of receiving quality KG education due to a lack of means. It is the preliminary view of the Committee that the existing Kindergarten and Child Care Centre Fee Remission Scheme should be maintained and consideration should be given to providing additional financial support for KG students from needy families to meet expenses related to KG education, such as textbooks and other school items. The Committee will further deliberate the issue and put forward recommendations in the report to be submitted in the middle of the year.

Annex 1

Number of local non-profit-making KGs operating HD classes only under the PEVS, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district from the 2010-2011 to 2012-2013 school year

<i>District</i>	<i>2010-2011</i>				<i>2011-2012</i>				<i>2012-2013</i>			
	<i>Number of KGs</i>	<i>Number of places⁽¹⁾⁽²⁾</i>	<i>Number of students⁽¹⁾</i>	<i>percentage</i>	<i>Number of KGs</i>	<i>Number of places⁽¹⁾⁽²⁾</i>	<i>Number of students⁽¹⁾</i>	<i>Percentage</i>	<i>Number of KGs</i>	<i>Number of places⁽¹⁾⁽²⁾</i>	<i>Number of students⁽¹⁾</i>	<i>Percentage</i>
Central and Western	8	2 723	2 436	43.8%	8	2 876	2 629	44.7%	5	2 055	1 875	33.8%
Wan Chai	8	3 463	2 808	48.7%	7	3 343	2 851	44.6%	4	1 753	1 518	23.6%

District	2010-2011				2011-2012				2012-2013			
	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	Percentage	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	Percentage
Eastern	9	2 175	1 557	14.9%	8	2 113	1 585	15.1%	9	2 882	2 307	19.8%
Southern	1	160	145	3.2%	1	160	149	3.2%	1	160	153	3.1%
Sham Shui Po	6	2 502	1 727	24.0%	6	2 576	1 779	23.4%	4	1 892	1 287	16.1%
Yau Tsim Mong	9	2 231	1 749	34.3%	9	2 204	1 817	33.6%	9	2 204	1 898	33.9%
Kowloon City	18	8 325	7 104	35.2%	17	8 073	6 965	32.4%	14	6 197	5 474	24.4%
Wong Tai Sin	6	2 252	1 723	26.2%	5	1 890	1 665	24.6%	4	1 602	1 306	19.1%
Kwun Tong	13	3 859	3 192	29.1%	12	3 489	2 873	25.4%	15	4 700	3 936	33.9%
Tsuen Wan	10	3 185	2 747	49.5%	9	2 919	2 591	44.2%	9	2 949	2 582	42.5%
Tuen Mun	5	2 126	1 685	17.8%	5	2 154	1 767	17.3%	5	2 154	1 880	16.9%
Yuen Long	12	4 334	3 592	27.9%	14	4 995	4 186	29.8%	13	4 786	4 322	28.5%
North	8	2 709	2 406	26.4%	7	2 546	2 390	23.4%	7	2 578	2 458	22.6%
Tai Po	1	550	465	9.4%	1	550	489	9.1%	1	550	471	8.3%
Sha Tin	10	3 312	2 556	24.1%	9	3 366	2 667	23.7%	8	3 330	2 733	23.1%
Sai Kung	4	1 391	1 181	17.2%	4	1 418	1 214	16.3%	4	1 448	1 227	15.6%
Islands	5	421	361	10.5%	4	408	352	10.3%	5	512	389	11.2%
Kwai Tsing	16	4 282	3 182	32.6%	14	3 768	2 740	28.6%	12	3 268	2 489	25.8%

Notes:

- (1) Position as at September of the school year.
- (2) Accommodation in vacant classrooms not included.

Annex 1 (Con't)

Number of local non-profit-making KGs operating HD classes only under the PEVS, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district in the 2013-2014 and 2014-2015 school year

<i>District</i>	<i>2013-2014</i>				<i>2014-2015</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>
Central and Western	5	2 025	1 827	33.1%	6	2 508	2 233	40.5%
Wan Chai	3	1 299	1 063	16.5%	3	657	487	7.4%
Eastern	7	2 162	1 745	14.8%	7	2 162	1 746	14.6%
Southern	0	0	0	0.0%	0	0	0	0.0%
Sham Shui Po	4	1 883	1 331	16.0%	5	2 888	2 171	24.3%
Yau Tsim Mong	8	1 892	1 663	28.3%	8	1 922	1 768	28.5%
Kowloon City	10	4 017	3 445	15.2%	10	4 137	3 561	15.6%
Wong Tai Sin	4	1 586	1 322	18.7%	4	1 586	1 347	18.4%
Kwun Tong	12	3 583	3 006	26.1%	12	3 557	3 063	25.7%
Tsuen Wan	7	2 328	1 998	32.1%	9	2 587	2 191	34.3%
Tuen Mun	4	2 034	1 755	15.0%	5	2 436	2 175	17.1%
Yuen Long	14	4 945	4 539	28.0%	14	4 950	4 624	27.5%
North	8	2 952	2 878	24.7%	10	3 688	3 581	28.5%

<i>District</i>	<i>2013-2014</i>				<i>2014-2015</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>
Tai Po	1	550	458	7.5%	1	550	466	7.3%
Sha Tin	9	3 930	3 088	24.7%	9	3 986	3 235	24.5%
Sai Kung	4	1 448	1 210	14.8%	4	1 472	1 244	14.6%
Islands	3	362	338	9.5%	3	362	336	9.4%
Kwai Tsing	8	2 455	1 898	19.5%	7	2 442	1 961	19.3%

Notes:

- (1) Position as at September of the school year.
- (2) Accommodation in vacant classrooms not included.

Annex 2

Number of local non-profit-making KGs operating WD classes only under the PEVS, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district from the 2010-2011 to 2012-2013 school year

<i>District</i>	<i>2010-2011</i>				<i>2011-2012</i>				<i>2012-2013</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>
Central & Western	9	861	716	12.9%	9	874	713	12.1%	9	891	766	13.8%
Wan Chai	6	531	468	8.1%	6	527	468	7.3%	6	519	486	7.6%
Eastern	14	1 203	1 055	10.1%	12	1 023	947	9.0%	12	1 033	955	8.2%

District	2010-2011				2011-2012				2012-2013			
	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage
Southern	7	663	584	12.9%	7	631	569	12.1%	7	644	613	12.5%
Sham Shui Po	14	1 383	1 199	16.7%	13	1 349	1 192	15.7%	13	1 332	1 269	15.9%
Yau Tsim Mong	14	1 362	1 333	26.1%	14	1 412	1 361	25.1%	14	1 398	1 379	24.6%
Kowloon City	14	1 550	1 460	7.2%	14	1 525	1 463	6.8%	13	1 427	1 397	6.2%
Wong Tai Sin	15	1 321	1 182	17.9%	15	1 328	1 229	18.2%	15	1 317	1 249	18.3%
Kwun Tong	25	2 326	2 013	18.4%	25	2 319	2 095	18.5%	25	2 320	2 199	19.0%
Tsuen Wan	9	996	988	17.8%	9	1 013	1 008	17.2%	9	1 006	1 005	16.5%
Tuen Mun	18	1 391	1 204	12.7%	18	1 418	1 288	12.6%	18	1 464	1 402	12.6%
Yuen Long	17	1 609	1 433	11.1%	17	1 664	1 545	11.0%	17	1 665	1 634	10.8%
North	9	829	815	9.0%	9	853	845	8.3%	9	878	871	8.0%
Tai Po	7	621	566	11.5%	8	756	729	13.6%	8	776	750	13.2%
Sha Tin	18	1 748	1 537	14.5%	18	1 697	1 567	13.9%	18	1 677	1 566	13.2%
Sai Kung	13	1 011	815	11.9%	12	957	827	11.1%	12	934	848	10.8%
Islands	3	235	200	5.8%	3	214	188	5.5%	3	242	220	6.3%
Kwai Tsing	15	1 315	1 214	12.4%	15	1 282	1 193	12.5%	15	1 284	1 217	12.6%

Notes:

- (1) Position as at September of the school year and including the number of "LWD" KG-cum-child care centres.
- (2) Accommodation in vacant classrooms not included.

Annex 2 (Con't)

Number of local non-profit-making KGs operating WD classes only under the PEVS, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district in the 2013-2014 and 2014-2015 school year

<i>District</i>	<i>2013-2014</i>				<i>2014-2015</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>
Central and Western	9	824	785	14.2%	9	809	779	14.1%
Wan Chai	6	526	505	7.9%	6	523	500	7.6%
Eastern	13	1 100	1 024	8.7%	15	1 231	1 154	9.6%
Southern	7	656	611	12.8%	7	651	616	12.9%
Sham Shui Po	13	1 381	1 358	16.3%	13	1 413	1 389	15.5%
Yau Tsim Mong	14	1 393	1 371	23.3%	14	1 411	1 381	22.3%
Kowloon City	13	1 431	1 399	6.2%	13	1 459	1 401	6.1%
Wong Tai Sin	16	1 373	1 315	18.6%	16	1 436	1 400	19.1%
Kwun Tong	26	2 400	2 326	20.2%	26	2 412	2 378	20.0%
Tsuen Wan	9	985	978	15.7%	9	983	983	15.4%
Tuen Mun	18	1 446	1 422	12.1%	18	1 476	1 454	11.4%
Yuen Long	17	1 686	1 670	10.3%	17	1 701	1 693	10.1%
North	10	983	971	8.3%	10	968	966	7.7%

<i>District</i>	<i>2013-2014</i>				<i>2014-2015</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>
Tai Po	7	665	658	10.7%	7	663	654	10.2%
Sha Tin	20	1 830	1 739	13.9%	20	1 836	1 752	13.3%
Sai Kung	12	962	918	11.2%	11	962	893	10.5%
Islands	3	252	239	6.7%	3	255	229	6.4%
Kwai Tsing	15	1 315	1 262	13.0%	16	1 447	1 421	14.0%

Notes:

- (1) Position as at September of the school year and including the number of "LWD" KG-cum-child care centres.
- (2) Accommodation in vacant classrooms not included.

Annex 3

Number of local non-profit-making KGs operating both WD and HD classes under the PEVS, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district from the 2010-2011 to 2012-2013 school year

<i>District</i>	<i>2010-2011</i>				<i>2011-2012</i>				<i>2012-2013</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>
Central and Western	9	1 759	1 335	24.0%	9	1 738	1 388	23.6%	9	2 053	1 648	29.7%
Wan Chai	7	1 731	1 374	23.8%	7	1 849	1 544	24.2%	5	1 548	1 298	20.2%

District	2010-2011				2011-2012				2012-2013			
	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage	Number of KGs	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage
Eastern	36	7 107	5 206	49.8%	38	7 572	5 669	53.9%	38	7 291	5 705	49.0%
Southern	11	2 245	1 759	38.9%	10	2 159	1 777	37.9%	10	2 163	1 797	36.6%
Sham Shui Po	20	5 646	4 231	58.9%	21	5 783	4 468	58.7%	22	6 181	4 815	60.2%
Yau Tsim Mong	6	1 557	1 029	20.2%	6	1 564	1 076	19.9%	6	1 590	1 100	19.6%
Kowloon City	15	2 931	1 986	9.8%	16	3 527	2 680	12.5%	17	3 755	3 012	13.4%
Wong Tai Sin	25	4 378	3 145	47.7%	26	4 718	3 322	49.2%	25	4 521	3 390	49.6%
Kwun Tong	30	7 866	5 572	50.8%	31	8 387	6 195	54.8%	27	6 999	5 220	45.0%
Tsuen Wan	11	1 788	1 311	23.6%	12	2 147	1 655	28.3%	12	2 271	1 798	29.6%
Tuen Mun	35	8 169	6 276	66.3%	34	8 293	6 812	66.6%	34	8 302	7 344	66.0%
Yuen Long	37	9 003	7 324	56.8%	35	8 765	7 606	54.1%	35	8 685	7 802	51.5%
North	23	6 060	5 616	61.7%	25	6 833	6 492	63.5%	25	7 244	6 941	63.8%
Tai Po	18	3 554	2 763	56.0%	17	3 542	2 983	55.8%	17	3 606	3 263	57.5%
Sha Tin	29	6 049	4 538	42.8%	29	6 054	4 890	43.4%	30	6 408	5 188	43.8%
Sai Kung	25	5 043	3 683	53.6%	26	4 984	3 886	52.2%	26	4 897	3 911	49.7%
Islands	16	3 123	2 037	59.2%	16	2 969	1 951	57.2%	14	2 688	1 892	54.4%
Kwai Tsing	28	5 862	4 394	45.0%	29	6 242	4 821	50.3%	31	6 461	5 117	53.0%

Notes:

- (1) Position as at September of the school year and including the number of "LWD" KG-cum-child care centres.
- (2) Accommodation in vacant classrooms not included.

Annex 3 (Con't)

Number of local non-profit-making KGs operating both WD and HD classes under the Pre-Primary Education Voucher Scheme, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district in the 2013-2014 and 2014-2015 school year

<i>District</i>	<i>2013-2014</i>				<i>2014-2015</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>
Central and Western	9	2 144	1 712	31.1%	8	1 761	1 368	24.8%
Wan Chai	5	1 593	1 347	21.0%	4	1 034	890	13.6%
Eastern	37	7 374	5 876	49.8%	35	7 068	5 852	48.8%
Southern	10	2 143	1 774	37.2%	10	2 192	1 813	37.9%
Sham Shui Po	22	6 259	4 978	59.8%	21	5 581	4 655	52.1%
Yau Tsim Mong	6	1 545	1 153	19.6%	6	1 543	1 179	19.0%
Kowloon City	17	3 615	3 044	13.4%	17	3 682	3 153	13.8%
Wong Tai Sin	24	4 522	3 540	50.0%	25	4 607	3 680	50.2%
Kwun Tong	30	7 544	5 594	48.6%	30	7 706	5 853	49.2%
Tsuen Wan	12	2 341	1 972	31.6%	12	2 412	2 029	31.8%
Tuen Mun	36	8 804	8 004	68.2%	34	8 945	8 347	65.6%
Yuen Long	35	9 177	8 503	52.4%	35	9 756	9 166	54.5%
North	22	6 845	6 624	56.8%	20	6 818	6 621	52.7%
Tai Po	17	3 857	3 571	58.3%	17	3 944	3 768	58.8%

<i>District</i>	<i>2013-2014</i>				<i>2014-2015</i>			
	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>	<i>Number of KGs</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>
Sha Tin	27	6 038	4 988	40.0%	27	6 291	5 266	39.9%
Sai Kung	25	4 769	3 913	47.8%	26	4 765	4 079	48.0%
Islands	16	2 728	1 968	55.5%	16	2 598	2 001	56.1%
Kwai Tsing	35	7 250	5 712	58.7%	34	7 144	5 877	57.9%

Notes:

- (1) Position as at September of the school year and including the number of "LWD" KG-cum-child care centres.
- (2) Accommodation in vacant classrooms not included.

Annex 4

Number of "LWD" kindergarten-cum-child care centres, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district from the 2010-2011 to 2012-2013 school year

<i>District</i>	<i>2010-2011</i>				<i>2011-2012</i>				<i>2012-2013</i>			
	<i>Number of centres</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>	<i>Number of centres</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>	<i>Number of centres</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>percentage</i>
Central and Western	9	861	716	12.9%	9	874	713	12.1%	9	891	766	13.8%
Wan Chai	6	531	468	8.1%	6	527	468	7.3%	6	519	486	7.6%
Eastern	17	1 464	1 243	11.9%	17	1 441	1 234	11.7%	17	1 443	1 239	10.6%

District	2010-2011				2011-2012				2012-2013			
	Number of centres	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage	Number of centres	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage	Number of centres	Number of places ⁽¹⁾⁽²⁾	Number of students ⁽¹⁾	percentage
Southern	8	722	605	13.4%	8	682	593	12.6%	8	698	647	13.2%
Sham Shui Po	13	1 273	1 090	15.2%	13	1 302	1 123	14.8%	13	1 278	1 200	15.0%
Yau Tsim Mong	14	1 362	1 333	26.1%	14	1 412	1 361	25.1%	14	1 398	1 379	24.6%
Kowloon City	15	1 442	1 225	6.1%	15	1 439	1 273	5.9%	15	1 519	1 362	6.1%
Wong Tai Sin	17	1 472	1 318	20.0%	17	1 480	1 351	20.0%	17	1 452	1 364	20.0%
Kwun Tong	24	2 285	1 980	18.1%	24	2 272	2 049	18.1%	24	2 270	2 150	18.5%
Tsuen Wan	10	1 088	1 057	19.1%	10	1 104	1 080	18.4%	10	1 101	1 081	17.8%
Tuen Mun	19	1 485	1 231	13.0%	19	1 504	1 329	13.0%	19	1 548	1 475	13.3%
Yuen Long	18	1 678	1 496	11.6%	18	1 752	1 620	11.5%	18	1 755	1 723	11.4%
North	10	920	886	9.7%	10	947	924	9.0%	10	967	954	8.8%
Tai Po	9	788	721	14.6%	9	824	789	14.8%	9	850	815	14.4%
Sha Tin	20	1 815	1 617	15.2%	20	1 863	1 695	15.1%	20	1 843	1 700	14.4%
Sai Kung	13	1 011	815	11.9%	13	1 005	867	11.7%	13	975	883	11.2%
Islands	5	424	298	8.7%	5	404	301	8.8%	5	430	347	10.0%
Kwai Tsing	19	1 725	1 559	16.0%	19	1 673	1 556	16.2%	19	1 669	1 549	16.0%

Notes:

- (1) Position as at September of the school year.
- (2) Accommodation in vacant classrooms not included.

Annex 4 (Con't)

Number of "LWD" kindergarten-cum-child care centres, number of school places offered by them, their student enrolment and the percentage of such enrolment in the total number of KG students in the respective districts by District Council district in the 2013-2014 and 2014-2015 school year

<i>District</i>	<i>2013-2014</i>				<i>2014-2015</i>			
	<i>Number of centres</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>	<i>Number of centres</i>	<i>Number of places (1)(2)</i>	<i>Number of students (1)</i>	<i>Percentage</i>
Central and Western	9	824	785	14.2%	9	809	779	14.1%
Wan Chai	6	526	505	7.9%	6	523	500	7.6%
Eastern	17	1 376	1 230	10.4%	17	1 364	1 250	10.4%
Southern	8	714	646	13.5%	8	700	661	13.8%
Sham Shui Po	13	1 334	1 308	15.7%	13	1 375	1 353	15.1%
Yau Tsim Mong	14	1 393	1 371	23.3%	14	1 411	1 381	22.3%
Kowloon City	15	1 502	1 424	6.3%	15	1 473	1 436	6.3%
Wong Tai Sin	17	1 454	1 395	19.7%	17	1 529	1 484	20.3%
Kwun Tong	24	2 282	2 210	19.2%	24	2 282	2 248	18.9%
Tsuen Wan	10	1 078	1 054	16.9%	10	1 068	1 060	16.6%
Tuen Mun	19	1 546	1 514	12.9%	19	1 583	1 553	12.2%
Yuen Long	18	1 790	1 762	10.9%	18	1 796	1 788	10.6%
North	10	983	971	8.3%	10	968	966	7.7%
Tai Po	9	839	825	13.5%	9	839	826	12.9%

District	2013-2014				2014-2015			
	Number of centres	Number of places (1)(2)	Number of students (1)	Percentage	Number of centres	Number of places (1)(2)	Number of students (1)	Percentage
Sha Tin	20	1 842	1 747	14.0%	20	1 852	1 767	13.4%
Sai Kung	13	1 010	954	11.7%	13	1 055	979	11.5%
Islands	5	444	368	10.4%	5	417	355	9.9%
Kwai Tsing	19	1 687	1 579	16.2%	19	1 702	1 629	16.1%

Notes:

- (1) Position as at September of the school year.
- (2) Accommodation in vacant classrooms not included.

Prevention of Influenza Epidemic

22. **MR JAMES TO** (in Chinese): *President, the outbreak of influenza in the current winter influenza season is more severe than that in previous years, with quite a number of people with weaker immunity, such as children and the elderly, having been infected. It is learnt that influenza viruses spread more easily in places with poor ventilation (such as public transport and shopping malls with faulty exhaust systems). In this connection, will the Government inform this Council:*

- (1) *of the statistics on people infected with influenza in each of the summer and winter influenza seasons in the past three years, with a breakdown by category of patients (i.e. adults, children and the elderly) and by whether the cases were fatal;*
- (2) *how the respective numbers of people receiving influenza vaccination under the Childhood Influenza Vaccination Subsidy Scheme and the Elderly Vaccination Subsidy Scheme since the increase in the subsidy per dose of vaccine for such schemes in October last year compare with the relevant numbers in the same periods of the past three years;*

- (3) *whether it has plans to further step up publicity to educate members of the public who suspect themselves of having infected with influenza to take measures to prevent the spread of the viruses (such as wearing masks and reducing visits to crowded places);*
- (4) *as some members of the public are worried about being infected with influenza when taking public transport, whether the Government will deploy manpower to conduct hands-on monitoring as to whether the air quality in railway train compartments and platform areas, franchised buses compartments and major transport interchanges meets the requirements of the Practice Note for Managing Air Quality in Air-conditioned Public Transport Facilities; as it has been reported that the carbon dioxide concentration inside the compartment of a half-full bus stays around 2 100 parts per million, which exceeds the "Good Class" level of the Indoor Air Quality Objectives formulated by the Environmental Protection Department by more than 100% and reflects the inadequacy of fresh air inside bus compartments, thus making it easy for influenza viruses to spread, whether the Government will consider afresh requiring franchised bus companies to employ buses with windows that can be opened to admit fresh air;*
- (5) *given that the Government distributed disinfectant packs on the streets to disseminate hygiene and epidemic prevention messages during the outbreak of the Severe Acute Respiratory Syndrome in Hong Kong in 2003, whether the Government will consider employing such method again to disseminate messages on the prevention of influenza infection;*
- (6) *whether it has stepped up disinfection of the public places managed by government departments (such as public libraries); if it has, when such work started and of the specific arrangements; whether it has carried out disinfection of public library collections, such as books; if it has, of the details;*
- (7) *if it knows whether any healthcare workers of public hospitals worked overtime or cancelled their leave last month in order to deal with the influenza outbreak; and*

- (8) *given that influenza vaccination is suspected to have triggered the onset of myasthenia gravis in a healthcare worker earlier, whether the Government knows if there were cases of other serious diseases triggered by influenza vaccination in the past three years?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, Hong Kong usually experiences two influenza seasons every year, the first one normally between January and March, and the other in July and August. The 2014-2015 winter influenza season already started in late December 2014. The activity of seasonal influenza has continued to increase since then and rapidly reached a high level in mid to end of January this year. Since early February, some surveillance data have shown that influenza activity started to decrease from the peak levels. Seasonal influenza affects large segments of the community and may lead to serious infections especially among certain at-risk populations. Hence, the Government maintains alert against influenza outbreaks and has taken a series of measures to prepare for the influenza season.

My reply to different parts of the question is as follows:

- (1) Seasonal influenza is a common communicable respiratory disease in Hong Kong. The majority of infected cases in the community are not tested and confirmed. Given its prevalent nature, seasonal influenza is not a statutory notifiable disease in Hong Kong. The Centre for Health Protection (CHP) closely monitors influenza activity in the community through its surveillance systems. It also monitors the weekly hospital admission rate associated with influenza in public hospitals based on patient discharge diagnoses. In collaboration with the Hospital Authority (HA) and private hospitals, the CHP operates an enhanced surveillance system during influenza seasons to collect information on cases of influenza-associated admission to intensive care unit or death cases among patients aged 18 years or above. As regards children, an ongoing surveillance system is in place to monitor cases of severe paediatric influenza-associated complication or death cases among children aged under 18 years. The surveillance data for each summer and winter influenza season in the past three years are set out at Annex.

- (2) The number of people vaccinated in 2014-2015 (as at 15 March 2015) under the Childhood Influenza Vaccination Subsidy Scheme and the Elderly Vaccination Subsidy Scheme is about 4.1% more than the total number of people vaccinated under the two schemes in the full year of 2013-2014. As the 2014-2015 season has not finished yet, the number of people receiving influenza vaccination is expected to increase for the rest of the year.

The numbers of people vaccinated under the Childhood Influenza Vaccination Subsidy Scheme and the Elderly Vaccination Subsidy Scheme this year and in the past three years are as follows:

<i>Year</i>	<i>Number of people received influenza vaccination</i>		
	<i>Childhood Influenza Vaccination Subsidy Scheme</i>	<i>Elderly Vaccination Subsidy Scheme</i>	<i>Total</i>
2011-2012 (full-year)	43 700	120 900	164 600
2012-2013 (full-year)	60 400	141 700	202 100
2013-2014 (full-year)	62 000	160 100	222 100
2014-2015 (as at 15 March 2015)	54 300	177 000	231 300

- (3) and (5)

On the prevention of influenza, the CHP has stepped up publicity and health education activities to promulgate advice on personal and environmental hygiene and to remind the community to stay vigilant against the disease. The CHP has produced a variety of health education materials on the prevention of influenza, including a thematic webpage, television (TV) and radio announcements in the public interests, guidelines, pamphlets, posters, booklets, frequently asked questions and exhibition boards. Various publicity and health education channels, for example, websites, TV and radio stations, health education hotline, newspapers and media interviews,

are used to promulgate health advice. The CHP also launched a dedicated Facebook page and a YouTube channel in February 2015, with a view to further disseminating information on health promotion as well as disease prevention and control to members of the public, especially the younger generation. In addition, it has distributed health education materials to public and private housing estates, healthcare institutions, schools and non-governmental organizations (NGOs), and so on. The CHP maintains close contact with stakeholders, including government bureaux and departments, hotel and guesthouse associations, property management associations, Hong Kong Housing Society, District Councils, Healthy Cities, NGOs and ethnic minority groups, and updates them on the latest influenza activity and preventive measures. Their co-ordination and support are also solicited to enhance the publicity of related health messages. The main message is to advise the public to maintain good personal and environmental hygiene. They should put on surgical masks to avoid infecting others when respiratory symptoms develop. When influenza is prevalent, they should avoid going to crowded or poorly ventilated public places. High-risk groups should consider wearing surgical masks to prevent infection especially when staying in such places.

The CHP has issued notices to doctors, hospitals, kindergartens, child care centres, primary and secondary schools as well as residential care homes for the elderly and the disabled to alert them to the latest influenza situation and the preventive measures to be adopted. Students with fever or respiratory symptoms are strongly advised not to attend school till 48 hours after the fever has subsided, and staff with fever or respiratory symptoms should also refrain from work.

The Government has no plan to distribute disinfectant packs on the streets to promote the prevention of influenza at present. Nevertheless, it has liaised with the District Councils, Healthy Cities Projects and NGOs, distributing to them health education materials to facilitate dissemination and promotion of health messages in the community.

- (4) In 2003, the Environmental Protection Department (EPD) issued the "Practice Note for Managing Air Quality in Air-conditioned Public Transport Facilities — Railways (Practice Note 2/03)" (Practice Note on Railways) and "Practice Note for Managing Air Quality in Air-conditioned Public Transport Facilities — Buses (Practice Note 1/03)" (Practice Note on Buses). Railway and franchised bus operators have followed the practice notes to regularly monitor the level of carbon dioxide concentration of their facilities. This can help ascertain whether there is sufficient ventilation to maintain indoor air quality.

The indoor carbon dioxide concentration standard is set with reference to the duration of stay of a person at a premises. In general, the level of the ceiling of carbon dioxide concentration would go down when the duration of stay would go up. In the course of setting the standard of carbon dioxide concentration for air-conditioned railway and franchised bus facilities, the EPD commissioned The Hong Kong Polytechnic University to conduct researches and consulted experts and professional organizations on indoor air quality and air-conditioning system. Taking into account their views, the EPD adopted the standards of 2 500 ppm for Level 1 and 3 500 ppm for Level 2 in their practice notes to provide guidance for railway and franchised bus operators in managing indoor air quality of their facilities. Both levels would not cause health concern to the public.

The MTR Corporation Limited (MTRCL) has been following the Practice Note on Railways to regularly monitor the carbon dioxide concentration level in the indoor areas of railway stations as well as air quality inside train compartments. Indoor air quality is also ensured vide the ventilation system of railway stations and train compartments. In daily operation, the air-conditioning system of railway stations would be adjusted to automatically bring in outdoor fresh air. In addition, the MTRCL regularly arranges cleansing of filters of the ventilation system and air-conditioning system. According to the MTRCL, air quality in the MTR system is in compliance with the requirements stipulated in the practice note. Besides, to prevent the spread of influenza, the MTRCL has been following the guidelines provided by the Department of Health (DH)

to step up cleansing of its stations, train compartments and other facilities in the stations (including escalators, ticket machines as well as entry and exit gates).

To enhance the quality of bus service and cater for passenger needs, the whole of the franchised bus fleet is equipped with air-conditioning system. Franchised bus companies have all along been regularly monitoring air quality inside bus compartments to ensure they are in compliance with the Practice Note on Buses. To prevent the spread of influenza, franchised bus companies have followed the DH's guidelines to step up the cleansing of bus compartments (including the floor, hand rails, seats, glass windows and dust filters) and bus body. Currently, the air-conditioning system of buses is designed for models which cannot have their windows opened. It is fitted with sensors and thermostats to enable the temperature and humidity inside the bus compartments to be suitably adjusted according to the difference between the interior and exterior temperature and humidity. Since 2003, newly purchased buses have been fitted with fresh air exchange and filtering system to allow better ventilation. In light of the above, franchised bus companies do not have any plan to have on air-conditioned buses windows which can be opened.

With regard to the Public Transport Interchanges (PTIs), the Government has set down specific requirements on the design, ventilation system, operation and maintenance of these facilities, in accordance with the EPD's "Practice Note on Control of Air Pollution in Semi-confined Public Transport Interchanges" issued in 1998. Meanwhile, the Government would conduct air quality measurement at PTIs on a regular basis.

To prevent the spread of influenza on public transport, the Transport Department (TD) will continue to liaise with the public transport operators and disseminate the latest information provided by the DH to them so that appropriate preventive measures can be taken. The TD and the EPD will actively follow up on complaints in relation to indoor air quality inside the compartments of railways and franchised buses.

- (6) Public libraries under the Leisure and Cultural Services Department have all along followed the guidelines of the DH by conducting regular cleaning of the library facilities and adopting measures to prevent the growth and spread of bacteria. Apart from deploying workers to clean library facilities with diluted bleach every day, public libraries have arranged weekly large-scale cleaning operation to disinfect furniture, equipment and facilities thoroughly prior to readers' visit when libraries are closed for public service. Public libraries have also arranged regular cleaning of air-conditioners and ventilation equipment with a view to maintaining the environmental hygiene and cleanliness of libraries as a whole. When handling library materials returned by readers and carrying out routine shelving of library materials, library staff will remove those with stains or dirt immediately for cleaning and disinfection. Moreover, alcohol-based handrub is available at all public libraries for the public to clean and disinfect their hands.
- (7) To cope with the surge in demand, the HA formulated a comprehensive response plan before the winter surge period, major initiatives include opening of beds to enhance capacity and improve patient flow.

Hospitals also encouraged staff to increase work hours to handle extra workload (including more frequent ward rounds during weekends and holidays to facilitate discharge of suitable patients and transfer of stable patients staying in acute hospitals to convalescence units or hospitals within the cluster) by providing special allowances and leave encashment. In addition, the HA also enhanced support from different staff groups to implement winter surge measures.

- (8) "Adverse event following immunization" refers to the development of a health problem after someone gets vaccinated. It may or may not be caused by the vaccination. Some adverse events may occur by chance during the post-vaccination period and are not related to vaccination. Hence, when an adverse event is reported, it does not necessarily mean that the event is caused by vaccination.

Neurological adverse events known to be related to influenza vaccination include Guillain-Barré Syndrome (GBS), which normally develops within five days to six weeks after vaccination.

However, there is no science literature to support the correlation between myasthenia gravis and adverse events following influenza vaccination.

The occurrences of GBS and other serious neurological adverse events among vaccinated persons within five days to six weeks after vaccination in the influenza seasons of the past three years (as at 12 noon, 16 March 2015) are as follows:

<i>Year</i>	<i>GBS</i>	<i>Other serious neurological adverse events</i>
2012-2013	1	0
2013-2014	1	2
2014-2015	0	1

Annex

Statistics of the current influenza season and the influenza seasons in the past three years

<i>Influenza season</i>		2012	2013	2013	2014	2014	2015 (ongoing)
		<i>Winter[#]</i>	<i>Winter</i>	<i>Summer</i>	<i>Winter</i>	<i>Summer</i>	<i>Winter</i>
<i>Predominating influenza virus strain(s)</i>		<i>Influenza B and Influenza A (H3N2)</i>	<i>Influenza A (H1N1) and Influenza B</i>	<i>Influenza A (H3N2)</i>	<i>Influenza A (H1N1), Influenza A (H3N2) and Influenza B</i>	<i>Influenza A (H3N2)</i>	<i>Influenza A (H3N2)</i>
Number of severe cases reported to the DH (number of deaths)	Aged between 0 and 17	16 (2)	8 (0)	2 (0)	23 (3)	2 (1)	18 (1)
	Aged between 18 and 64	75 (19)	36 (9)	11 (3)	127 (31)	7 (2)	72 (25)
	Aged 65 or above	256 (206)	34 (2)	45 (33)	139 (102)	24 (15)	442 (360)
	Total	347 (227)	78 (29)	58 (36)	289 (136)	33 (18)	532 (386) (as at noon, 16 March)
Admission to the HA's hospitals with principal diagnosis of influenza	Aged between 0 and 14	1 966	523	421	1 480	166	862*
	Aged between 15 and 64	925	388	226	1 152	101	882*
	Aged 65 or above	3 021	242	610	1 255	303	3 624*
	Total	5 912	1 153	1 257	3 887	570	5 368*

<i>Influenza season</i>	2012	2013	2013	2014	2014	2015 (ongoing)
	<i>Winter</i> [#]	<i>Winter</i>	<i>Summer</i>	<i>Winter</i>	<i>Summer</i>	<i>Winter</i>
Highest average weekly consultation rate for influenza-like illness among sentinel general out-patient clinics (per 1 000 consultations)	8.6	4.9	5.4	9.3	5.8	12.7
Highest average weekly consultation rate for influenza-like illness among sentinel private doctors (per 1 000 consultations)	66.8	53.7	49.6	59.5	41.7	71.0

Notes:

The winter influenza season in 2012 extended to summer.

* Provisional figures for the period from 28 December 2014 to 7 March 2015.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

HUMAN REPRODUCTIVE TECHNOLOGY (AMENDMENT) BILL 2015

PROMOTION OF RECYCLING AND PROPER DISPOSAL (ELECTRICAL EQUIPMENT AND ELECTRONIC EQUIPMENT) (AMENDMENT) BILL 2015

CLERK (in Cantonese): Human Reproductive Technology (Amendment) Bill 2015

Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Bill 2015.

Bills read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.

Second Reading of Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

HUMAN REPRODUCTIVE TECHNOLOGY (AMENDMENT) BILL 2015

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I move the Second Reading of the Human Reproductive Technology (Amendment) Bill 2015 (the Bill).

The Bill seeks to prohibit advertisements of sex selection services through reproductive technology (RT) procedures, whether or not the services are provided in Hong Kong.

At present, section 15(3) of the Human Reproductive Technology Ordinance (HRTO) prohibits the use of RT procedures to select the sex of babies except for avoiding the birth of a child suffering from a serious sex-linked genetic disease, and Schedule 2 to the HRTO provides a list of such sex-linked genetic diseases. The spirit of this provision is preventing the abuse of selecting the gender of embryos through RT procedures without medical need.

In recent years, there has been an increase in local press advertisements promoting sex selection services through RT procedures available in overseas countries. There are also local agencies distributing promotional leaflets.

Sections 16(2) and 17(2) of the existing HRTO prohibit commercial dealings of gametes/embryos and commercial surrogacy arrangements respectively as well as advertisements of relevant activities. However, the HRTO does not contain similar provisions to prohibit advertisements on sex selection services through RT procedures. For the overall well-being of society, such as avoiding a gender imbalance in the population, we consider it necessary to amend the law in this regard.

The scope of prohibition as proposed in the Bill covers all types of media, including the Internet. If local webpage hosts or operators knowingly post advertisements purporting to promote sex selection services on a webpage under their management, they could be held liable.

Subject to approval by the Legislative Council, the Bill will come into effect three months after its passage. In the meantime, we will inform the relevant stakeholders of the scope of prohibition as provided for in the new Ordinance.

Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Human Reproductive Technology (Amendment) Bill 2015 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill is referred to the House Committee.

**PROMOTION OF RECYCLING AND PROPER DISPOSAL
(ELECTRICAL EQUIPMENT AND ELECTRONIC EQUIPMENT)
(AMENDMENT) BILL 2015**

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I move the Second Reading of the Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Bill 2015 (the Bill) to amend the Product Eco-responsibility Ordinance (PERO), the Waste Disposal Ordinance and other relevant legislation, thereby implementing the producer responsibility scheme (PRS) on waste electrical and electronic equipment (WEEE).

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

Environmental considerations for implementing PRS

We use different types of electrical and electronic equipment in our daily life. About 70 000 tonnes of WEEE are generated in Hong Kong annually, most of which are exported to other places for reuse or recovery of valuable materials. In recent years, however, there is a growing trend to tighten the trading control

over WEEE in the international community. The demand for second-hand products in markets outside Hong Kong will also decline over time with economic development. We should change the existing practice of placing heavy reliance on export as soon as possible and develop a mechanism for proper treatment and recycling of WEEE. WEEE contains harmful materials which, if not properly treated or disposed, will be hazardous to the environment and human health. It is therefore necessary for us to properly manage the environmental challenges arising from WEEE by implementing the PRS, which is in line with the practices of many neighbouring regions.

Preparations for PRS

It took us quite a long time to prepare for the PRS on WEEE. I would like to make a brief review before introducing the details of the Bill:

- (1) First, we have accumulated practical experience through various means and raised the public awareness of proper treatment of WEEE. For example, the Environment and Conservation Fund provides funding to a non-profit programme, namely "WEEE Go Green", since 2010. The programme handles about 200 tonnes of WEEE on average per annum. Items which are suitable for reuse will be donated to the needy after proper repairs while the rest will be dismantled. We have also arranged for mobile WEEE collection vehicles to visit different districts in the territory to provide direct collection services. Moreover, we have organized other annual activities, including the year-end recycling programme which was organized in housing estates for nine consecutive years, the school recycling programme which was organized at the beginning of the school year in the past two years, and so on.
- (2) We conducted a public consultation in 2010 to canvass public views on the preliminary suggestions for implementing the PRS and the complementary legislative measures, which were generally supported by the community. Taking into account the views received, we have also conducted a detailed review of the market situation and hence decided that the Government would take the lead to develop a WEEE treatment and recycling facility (WEEETRF) at the EcoPark.

- (3) The Government started to devise a plan for the WEEETRF since 2011 and officially obtained funding approval from the Legislative Council on 27 February this year to develop the facility which will provide proper treatment of WEEE through detoxification, dismantling and recycling procedures, thus turning it into various raw materials or parts. The new facility is expected to be completed for commissioning in 2017 with a handling capacity of about 30 000 tonnes per annum.

The aforesaid preparations have been ongoing for years, thus reflecting the complexity of the PRS. In fact, the public consultation conducted in 2010 indicated that the community generally supported introducing legislation for the proper management of WEEE in the long run through a mandatory PRS. However, there were divergent views on the operational details in different aspects. For example, when we impose a recycling fee in accordance with the "polluter pays" principle, should we impose an end-of-life fee or a pre-paid fee? Should the pre-paid recycling fee be collected at the import level or retail level? What legal liability, including assisting the consumers to properly recycle WEEE, should be borne by the industry, especially the retailers?

Main components of the Bill

We would like to thank members of the relevant industries for their support and discussion with us on a continuous basis. We narrowed the differences gradually through close communication, and hence a mainstream proposal was formulated in the end. We believe the main components of the Bill to be introduced as follows have, to a great extent, reflected the views and consensus of different stakeholders. I hope Members will also support the Bill.

Coverage

Under our proposal, the Bill will target at WEEE, such as air conditioners, refrigerators, washing machines, television sets, computers, printers, scanners and monitors (collectively referred to as "regulated electrical equipment"), which account for about 85% of WEEE generated annually in Hong Kong. Therefore, the proposed PRS has adequate capacity to cope with the practical needs of Hong Kong. The remaining 15% are mainly miscellaneous small household appliances and consumer products, such as mobile phones and digital cameras. There is a large variety of such products, which can usually be donated as

second-hand products or be sold for reuse when people replace them with new ones. Hence, there is little need to include these products in the PRS. Nonetheless, we will monitor the actual situation and consider enhancing the services of voluntary recycling programmes when necessary to arrange proper recycling measures for the public. Furthermore, we can also further review the coverage of the PRS with reference to its operation in due course.

Adherence to "polluter pays" principle

According to the PERO, the PRS should adopt the "polluter pays" principle. We therefore propose collecting a pre-paid recycling fee for each item of regulated electrical equipment that is distributed in Hong Kong. The fee will be set at an appropriate level so as to facilitate the Government in recovering the full cost of the PRS. As I have mentioned just now, the fee collection mechanism is one of the obstacles. On the one hand, if the fee is collected at the import level, the relevant industries have to bear enormous compliance costs for the cash flow required. On the other hand, if the fee is collected at the retail level, the small and medium enterprises selling electrical equipment may find it difficult to take up various administrative responsibilities under the fee collection mechanism.

After discussions with the industry and appropriately adopting the suggestions made by the relevant industries, we propose the following fee collection mechanism with a view to balancing different concerns and achieving a multi-win situation. First, manufacturers and importers (including authorized dealers and parallel importers) are required to register as a "registered supplier" and submit periodic returns to provide information on the quantity of regulated electrical equipment which is distributed to the Hong Kong market. They also have to pay the recycling fees. The relevant costs can be recovered wholly or partially from other stakeholders in accordance with the market mechanism. As for the specific recycling fees, we will submit the proposal as subsidiary legislation to the Legislative Council for scrutiny in due course.

Fostering a circular economy "Turning waste into useful materials"

The PRS aims to foster a circular economy, properly manage the WEEE generated in Hong Kong and "turn waste into useful materials". To achieve this goal, it is necessary to adopt relevant measures to promote separation at source, efficient collection, proper treatment and recycling.

Recycling

Most of the electrical and electronic equipment contain reusable materials, such as metals, plastic and glass, while some of them even contain precious metals. To cope with the PRS, we will develop the WEEETRF through a "Design-Build-and-Operate" contractual arrangement at the EcoPark. The proposed WEEETRF has a treatment capacity of about 30 000 tonnes per annum, which can be further increased to 57 000 tonnes annually if necessary. The Finance Committee of the Legislative Council has approved the funding proposal for developing the WEEETRF. We will award the contract as soon as possible to cope with the implementation of the PRS.

Proper treatment

We propose enhancing the control on storage, treatment, reprocessing or recycling of regulated e-waste by issuing licences. Both the Government's WEEETRF and other facilities run by private operators are required to obtain a waste disposal licence in future. Besides, they have to comply with the relevant terms and conditions of the licences when the facilities are in operation. The licensing control aims to enhance the regulation of relevant operations to ensure that the safety and environmental impacts of those operations are acceptable. In fact, proper treatment and recycling of regulated e-waste involve various dismantling, detoxification and recovery processes. On the whole, the international community has established some standards for the treatment process. We will fully consider the relevant factors in Hong Kong with reference to the international experience so as to establish an appropriate standard and regulate the treatment process of regulated e-waste.

Efficient collection

We have to formulate relevant measures to efficiently collect regulated e-waste from members of the public and deliver it to qualified facilities for treatment. We propose that sellers of regulated electrical equipment shall be required to arrange free removal services for consumers. When a consumer purchases a piece of new regulated electrical equipment, he can make a request to the seller who is responsible for making arrangements without charging any extra fees. We propose that sellers of regulated electrical equipment must have

removal service plans. When a seller arranges for a removal service at the request of a consumer, the removal service must be provided by a collector specified in the plan while the seller should liaise with the consumer and the collector so as to facilitate the collection of the old electrical equipment by the collector, who will then transfer such equipment to a recycler specified in the plan. It will be an effective measure to ensure that regulated e-waste will be delivered to qualified local recyclers for treatment and enhance public confidence in proper treatment under the PRS.

As I mentioned at the beginning of my speech, at present, the majority of locally generated WEEE is exported. Therefore, apart from ensuring the proper treatment of WEEE in Hong Kong, we also propose tightening the relevant control such that the export of regulated e-waste will require a permit. We will consider the relevant factors when examining the applications. For example, the export of regulated e-waste from Hong Kong must obtain the consent of the competent authority of each state of transit, and it can be proved that the products concerned are reusable second-hand products or that the treatment of products involve sophisticated processes which are only available in overseas countries.

On the other hand, to prevent the environmental problems arising from the inflow of regulated e-waste into Hong Kong, we also propose imposing permit control on import. We will grant the required permit only if there is a licensed local recycler undertaking the proper treatment of the relevant shipments, thereby guarding against international dumping of regulated e-waste in Hong Kong and prevent regulated e-waste intended for re-export from ending up in Hong Kong.

Separation at source

Lastly, we propose that regulated e-waste will no longer be accepted at landfills for disposal. In reality, items of regulated e-waste are large objects or contain certain residual value. Even though the PRS is not implemented yet, WEEE is rarely found at landfills. Nonetheless, we believe the imposition of a landfill disposal ban will help the public understand that regulated e-waste should be separated from the waste stream and delivered to suitable recycling facilities for proper treatment.

Way forward

We have reported the latest progress of the scheme to the Panel on Environmental Affairs of the Legislative Council. A lot of Members indicated at the meeting that they hoped the Government could implement the relevant scheme as soon as possible. The Government has now introduced the Bill and we hope Members will participate in the scrutiny of the Bill. We will also actively assist the scrutiny so that the Bill can be passed as soon as possible. Then, we will further submit to the Legislative Council the subsidiary legislation on the details of implementation. It is hoped that the preparations for all aspects will be in place at the same time for the early implementation of the PRS on WEEE.

Furthermore, we will continue to enhance the publicity and public education as well as enhancing the public awareness of proper recycling of WEEE through voluntary recycling programmes.

With these remarks, I beg to move. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Bill 2015 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill is referred to the House Committee.

Resumption of Second Reading Debate on Bills

DEPUTY PRESIDENT (in Cantonese): We now resume the Second Reading debate on the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014.

**SECURITIES AND FUTURES AND COMPANIES LEGISLATION
(UNCERTIFICATED SECURITIES MARKET AMENDMENT) BILL 2014****Resumption of debate on Second Reading which was moved on 25 June 2014**

DEPUTY PRESIDENT (in Cantonese): Mr Christopher CHEUNG, Chairman of the Bills Committee on the above Bill, will address the Council on the Committee's Report.

MR CHRISTOPHER CHEUNG (in Cantonese): Deputy President, in my capacity as Chairman of the Bills Committee on the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill (the Bill), I would like to present the report of the Bills Committee to the Council and report on the key areas of work of the Bills Committee.

The Bills Committee notes that Hong Kong's securities market is currently largely paper-based. Paper securities deposited into the Central Clearing and Settlement System (CCASS) depository are registered in the name of the HKSCC Nominees Limited. Investors who hold these securities in the CCASS hold only a beneficial interest in the securities and do not hold legal title. The investors concerned generally receive corporate actions of listed companies via their broker, bank, custodian or the HKSCC Nominees Limited and submit relevant instructions indirectly.

The Bill seeks to amend certain ordinances including the Securities and Futures Ordinance (SFO), the Companies Ordinance and the Stamp Duty Ordinance to facilitate the establishment and implementation of an uncertificated securities market regime in Hong Kong. The Bills Committee have held five meetings with the Government and the Securities and Futures Commission (SFC), and received views from deputations. The Bills Committee supports the Bill in principle. Members recognize the multiple benefits of the implementation of the uncertificated securities market regime in Hong Kong, including enhancing overall efficiency of our securities market; allowing investors to hold their securities in uncertificated form and in their own name, thus facilitating direct ownership of securities by shareholders and securing an improved level of investor protection; facilitating shareholders in carrying out corporate communications and corporate actions directly and more efficiently; the

relevant regime can reinforce Hong Kong's position as an international financial centre and provide greater opportunities for Hong Kong to establish linkages with other uncertificated securities markets.

The Bills Committee notes that the uncertificated securities market regime will be implemented in phases, and initially will only cover shares of listed companies. Apart from shares of Hong Kong companies, the regime will also apply to shares of companies incorporated overseas as and when the necessary approvals or laws of their home jurisdictions are in place. In the transitional period, the existing paper-based system will operate in parallel with the new uncertificated system. The Bills Committee considers that the Government should set a concrete timetable for implementing a fully uncertificated securities market in Hong Kong, provide clarity and certainty to market participants and investors to facilitate their early preparation and avoid market confusion arising from operation of a dual system.

According to the Government, given that the uncertificated securities market regime is a new initiative, it should be taken forward in a progressive manner. The reason for covering shares of listed companies initially is that compared with other listed securities, shares raise the most concerns in terms of corporate governance and investor protection. If the regime covers all listed securities at the outset, it will involve complex issues and require a large volume of legislative amendments, thus delaying the schedule of implementing dematerialization. The Government undertakes to consider fully implementing the uncertificated securities market regime as soon as possible, taking into account such factors as experience in system operation, market readiness and investors' adaption. The SFC, the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited will educate and encourage market participants to use the uncertificated securities market regime. In order to cover companies from as many jurisdictions as possible under the regime when it starts to operate, the Government has initiated discussions with the Mainland and the United Kingdom, and conducted an analysis to identify the extent to which the legal systems of Cayman Islands and Bermuda will enable the implementation of the uncertificated securities market regime, as companies incorporated in these four jurisdictions have made up the vast majority of non-Hong Kong companies listed in Hong Kong.

The Bills Committee urges the Government and the SFC to expedite the preparatory work for launching the uncertificated securities market regime, so that it can be implemented as soon as possible following the legislative exercise.

The SFC will enact the relevant subsidiary legislation, namely the Uncertificated Securities Market Rules (the Rules), setting out the operation and regulatory details. Given the complexity of the regulation and that it is subject to the negative vetting procedure of the Legislative Council, the Bills Committee stresses that the SFC should release the relevant details as early as possible for the market to review and comment on the Rules. Some members of the Bills Committee think that the Rules should be subject to the positive vetting procedure of the Legislative Council in order to allow the Legislative Council sufficient time to scrutinize the relevant contents in detail. The Government has explained that section 398 of the SFO requires the SFC to publish a draft of any proposed rules and invite representations on them from the public. The SFC has planned to consult the public and the industry on the Rules in the second half of this year, and will give stakeholders ample time to comment on them. The Bills Committee welcomes the plan of the SFC.

Moreover, the Bills Committee is concerned about how investors can protect their privacy under the uncertificated securities regime because if they hold their uncertificated securities in their own name, their names and other information (for example, residential addresses) in the register of members of listed companies will be subject to disclosure. The Bills Committee has also enquired how trading or transfer of uncertificated securities will be conducted. As explained by the Government and the SFC, an investor holding securities in the uncertificated form will have the choices to hold the securities in his/her own name or in the name of a nominee, and be able to hold uncertificated securities through four different account types. Investors will be able to hold or trade securities through different intermediaries or securities firms, as in the case of securities trading today. The SFC will also set out in the Rules the arrangements for enabling uncertificated securities to be charged for margin financing. As for the concern about disclosure of shareholders' names and other information, the Bills Committee has been advised that the SFC will set out in the Rules the details to be entered in the register of members of a participating listed company, as well as details on how the register of members is to be kept and maintained and the extent to which matters entered in them may be available for inspection.

In order to enhance protection of investors' interest, the Bills Committee urges the Government and the SFC to ensure a clear division of work and no overlap in the roles between the Hong Kong Securities Clearing Company Limited (HKSCC) and the share registrars, as well as availability of options for investors to choose the providers of services. Moreover, as the implementation

of the uncertificated securities market regime will affect the costs of investors and intermediaries, members also urge the SFC to cautiously assess the potential implications on investors and other parties concerned when approving the relevant fees. According to the SFC, the HKSCC will become the system operator of the uncertificated securities market regime, providing the uncertificated securities market system as a platform for facilitating the communication of information and instructions to and from share registrars and registered shareholders, while share registrars will continue to play the role of agents of issuers in sending and receiving communications and instructions to and from registered shareholders. As to the concerns about costs, the SFC has advised that the HKSCC is required to specify in its rules the fees of the uncertificated securities market service to be imposed, and obtain the SFC's approval. The guiding principles to be considered in approving the relevant fees are that fees should be reasonable for all parties concerned, commensurate with services provided, conducive to encouraging innovation and market development, and should not offset the longer-term benefits of an uncertificated securities market environment. The SFC assures the Bills Committee that it will continue to work with the HKSCC and the Federation of Share Registrars Limited towards ensuring that the interests of different investor groups are safeguarded and that competition is not impeded unnecessarily.

The Bills Committee notes that under the uncertificated securities market regime, shares may be transferred without an instrument of transfer and therefore, the \$5 fixed duty will not be chargeable on such transfers. The chargeability of the ad valorem stamp duty will however not be affected, and the relevant stamp duty will continue to be collected electronically through the Stock Exchange of Hong Kong for all on-Exchange transfers. And for off-Exchange transfers involving participating shares in uncertificated form, the Bill will provide for a new stamping method for collection of ad valorem stamp duty. The Bills Committee recognizes that in order to be more in line with the original intent of the uncertificated securities market initiative, it will be necessary to allow electronic instead of paper payment of ad valorem stamp duty for off-Exchange transfers in the uncertificated securities market environment.

The Bills Committee supports the resumption of Second Reading debate on the Bill and the technical amendments to certain clauses made by the Government. The Bills Committee will not propose any amendment.

Deputy President, my personal views on the Bill are as follows.

As times progress, the securities market in Hong Kong also needs to go with the tide, transiting from the era of paper securities which has lasted more than four decades to an uncertificated securities system. The securities sector recognizes the benefits and convenience of dematerialization, especially for retail investors who will be able to hold shares in their own name more conveniently in the future, thus securing an improved level of investor protection doubtless. Nevertheless, the industry in general is worried about the cost issue in the future. In the transitional period, the paper-based system will operate in parallel with the uncertificated system. As a result, dealers in Hong Kong will have to attend to two settlement systems simultaneously to cope with daily settlement, thereby increasing their operating costs. On the other hand, investors are also concerned whether the fees for change of registration of uncertificated shares will be higher than the existing charges on the whole. The most critical issue is that the Government also has difficulties offering a concrete timetable of the transition, thus intensifying market worries. I hope the Government can launch more publicity and educational campaigns for investors in order to enhance their understanding of the benefits of the uncertificated market. I believe this will help shorten the transitional period arrangement.

Deputy President, the Bills Committee have held five meetings. Although the Bill this time is highly technical, all members have expressed their valuable views. I again thank all members for their participation.

Deputy President, I so submit.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak?

MS STARRY LEE (in Cantonese): Currently, Deputy President, the securities market in Hong Kong is mainly paper-based. One example is the shares and debentures issued by companies incorporated in Hong Kong under the Companies Ordinance. The legal ownership of these securities must be supported by paper certificates and paper documents of title, and any transfer must be conducted through paper instruments. In other words, investors must hold paper securities in order to have their names entered into the register of members. Although investors may also choose to hold and transfer shares in electronic form through the Central Clearing and Settlement System (CCASS) of the Hong Kong Exchanges and Clearing Limited, the transactions only involve a beneficial interest instead of legal ownership.

Deputy President, in introducing the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014 (the Bill) this time around, the Government seeks to establish and implement an uncertificated securities market regime in Hong Kong by amending the Securities and Futures Ordinance, the Companies Ordinance and several other ordinances including the Stamp Duty Ordinance, so that investors holding shares through the CCASS will become the legal owners of shares, thus enhancing the transparency of shareholding.

Deputy President, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) supports this Bill for four major points of consideration:

First, the new regime can further reduce the use of paper, thereby enabling straight-through processing and enhancing efficiency of the whole regime and the turnaround time for transactions, which serves to modernize the financial infrastructure of Hong Kong.

Second, investors have the option to hold securities without paper documents in their own name, and thus enjoy the full benefits of legal ownership. It also serves to enhance shareholder transparency.

Third, by implementing the uncertificated securities market regime, Hong Kong will be on a par with other leading markets. As pointed out in the paper provided by the Government to the Bills Committee, markets including Australia, the Mainland, Japan and the United Kingdom have already implemented an uncertificated securities market one after another. In addition, the European Parliament has recently passed a legislative resolution which mandates that transferable securities issued after 1 January 2023 shall be in dematerialized (that is, scripless) form and all transferable securities shall be in dematerialized form from 1 January 2025.

Fourth, the uncertificated securities market regime is generally supported by the industry.

To sum up, the DAB holds that this Bill can enhance the competitiveness of our financial market and reinforce Hong Kong's position as an international financial centre, as well as providing greater opportunities for Hong Kong to establish linkage with other uncertificated securities markets. We therefore

support the Bill. However, we are concerned about certain issues arising from this Bill, including the timetable for implementing a fully uncertificated securities market regime, fees payable by investors under the new regime, and the adequacy of the relevant support measures for investor education.

Deputy President, the DAB agrees that the uncertificated securities market regime should be implemented expeditiously. But to Hong Kong investors, the uncertificated securities market regime is a new initiative after all. It has to be taken forward in a progressive and relatively sure-footed manner having regard to the different background of investors, such that they can be attracted to adopt it voluntarily instead of being mandated to do so. The reason is that many investors especially the elderly may not be well versed in electronic transactions. Very often, they prefer to hold shares in physical form as it will give them a greater sense of security. This is a point that needs to be considered by the authorities when implementing the new regime.

Second, since the uncertificated securities market regime can enhance efficiency and save costs, investors will expect room for reduction in the relevant administration fees and charges. Conversely, with the implementation of the uncertificated securities regime, will the system operator charge investors additional fees for reasons of system upgrade? These are also concerns of investors.

Deputy President, the DAB thinks that the Government has considered these issues from a rather comprehensive perspective, and basically it can provide assurance to investors. First, according to the authorities, a dual system will operate in the transitional period, that is, during which the existing paper-based system will continue to operate in parallel with the proposed uncertificated securities system. Investors will be able to decide whether to hold their securities with paper certificates issued or alternatively in uncertificated form, and convert their holdings from one form to the other, according to their own needs.

As to regulation, the Securities and Futures Commission (SFC) is responsible for maintaining liaison with organizations relating to the operation and regulation of the uncertificated securities market environment, including making rules, establishing operational and regulatory systems, and setting out penalties for violation. And the relevant rules are subsidiary legislation subject to the negative vetting procedure of the Legislative Council. Fees to be charged

by a recognized clearing house which is the system operator of an uncertificated securities market system are subject to the SFC's approval. In other words, this is consistent with the existing legislation which requires fees charged by a recognized clearing house to be approved by the SFC.

As to the question of when the uncertificated system can be fully implemented, meaning the time of transition to the new regime as mentioned by the Chairman of the Bills Committee earlier on, Deputy President, the authorities have made it clear that there is no established timetable at this moment. They have to observe experience gained in operating the dual system, market readiness, and whether investors are fully adapted to it before making further consideration. Nevertheless, I urge the authorities to be determined in drawing up a concrete timetable because just as Mr CHEUNG said earlier on, the industry is worried that market confusion will arise from prolonged operation of the dual system.

Deputy President, the passage of this Bill is only the first step of implementing the uncertificated securities market regime. The DAB urges the Government to work closely with market participants and related parties in completing the upcoming tasks, including market consultation and drafting of the relevant legislation, finalization of the operational model and technical specifications of infrastructure, and information technology system enhancement and tests. More importantly, the SFC must launch adequate public education activities to make investors familiarized with the uncertificated securities market regime, and encourage market participants to adopt this model, thus facilitating the early implementation of the uncertificated regime.

With these remarks, Deputy President, I support the Bill.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak?

MR SIN CHUNG-KAI (in Cantonese): Deputy President, the Democratic Party also supports the Bill. In a nutshell, the development of an uncertificated securities market in Hong Kong has been way slower compared to other peripheral regions or developed financial centres. What we are doing now is just catching up.

I share the worries expressed by some Honourable colleagues, especially about investors who are used to paper-based transactions. Are they necessarily elderly people? Some young people may like to use paper too but it is just a common perception that mostly elderly are more used to using paper. Therefore, appropriate education and transitional preparations are necessary. However, regarding the imposition of charges, I believe same as any operation switching from being paper-based to scripless, apart from the initial development cost for reasons like system setup, in the long run with automated and systematic operation, there is no reason for it to be more costly than manual operation. As a result, I think if a longer period of time is allowed for cost recovery, it can reduce the pressure on the industry as well as the objective burden borne by investors.

Nonetheless, I believe the Government should be resolute in promoting a uncertificated securities market while continuing to implement the regime so as to maintain the position of Hong Kong as a financial centre. What comes as a bit ridiculous is that as the Mainland implemented scripless transaction almost since the establishment of its securities market, its practices are more advanced than those of Hong Kong. We are now not even up to the level of the Mainland, not to say "surpassing the United Kingdom and United States". Should we concentrate our efforts on pushing it forward as soon as possible?

As regards investor education, I hope the Secretary will further explain later on how to educate investors through organizations like the Securities and Futures Commission such that they will understand their rights and responsibilities.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Financial Services and the Treasury to reply. The debate will come to a close after the Secretary has replied.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I thank Mr Christopher CHEUNG, Chairman of the Bills Committee, other Members, secretariat of the Bills Committee and the Legal Adviser for their effort, which has contributed to the completion of the scrutiny of the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014 (the Bill). I also thank the trade organizations for expressing their views to the Bills Committee. They are generally supportive of the introduction of an uncertificated securities market regime in Hong Kong.

We have submitted several amendments after incorporating suggestions received in the course of scrutiny of the Bill and examining the clauses of the Bill. These amendments have obtained the support of the Bills Committee. I will move the relevant amendments at the Committee stage.

The existing securities market regime in Hong Kong is paper-based. The law requires the issue of paper certificates and the use of paper instruments of transfer for certain securities. In the case of securities that are listed on the Stock Exchange of Hong Kong (SEHK), so long as they stay in the Central Clearing and Settlement System (CCASS), legal ownership of them remains vested in the HKSCC (Nominees) Limited. The relevant investors hold only a beneficial interest in the securities. They are not registered holders and do not hold legal title.

Under the uncertificated securities market regime, investors are allowed to have the option to hold and transfer securities without paper documents and register their securities in their own name, and thus enjoy the full benefits of legal ownership.

The introduction of the uncertificated securities market regime will bring about a variety of benefits. It will modernize the financial infrastructure of Hong Kong and enable straight-through processing, thus enhancing overall efficiency of our securities market. In respect of listed companies, by enabling direct ownership, shareholder transparency can be enhanced and corporate communications and corporate action services can be carried out directly and more efficiently, which will serve to enhance corporate governance of listed companies. And from the perspective of investors, the introduction of the uncertificated securities market regime will bring about an improved level of investor protection and choice. They will be allowed to have the option to hold

and transfer their securities in uncertificated form and in their own name. Moreover, the introduction of uncertificated securities will facilitate market development, so that it will be on a par with leading markets including the Mainland, Australia, Japan and the United Kingdom.

The Bill which provides for a legal framework to enable the introduction of the uncertificated securities market regime mainly seeks to amend the Securities and Futures Ordinance (SFO) and the Companies Ordinance (CO). The SFO will provide for the general principles to be adopted for the uncertificated securities regime, introduce a legal framework necessary for implementing the uncertificated securities market, and regulate the system operator of the uncertificated securities market system, while the CO will remove the obligation to use paper certificates and paper instruments of transfer in the operation of the securities market. In addition, the Bill also amends the Stamp Duty Ordinance (SDO) to enable the setting up of a new stamping arrangement for the collection of ad valorem stamp duty and allow electronic payment of ad valorem stamp duty for off-Exchange transfers in the uncertificated securities environment.

The details relating to operational matters and regulation will be set out in new subsidiary legislation (that is, rules) to be made under the SFO. In accordance with section 398 of the SFO, the Securities and Futures Commission (SFC) will expose a draft of the rules for public consultation before they are finalized, with a view to ensuring that the SFC will first consider matters of interest to all parties concerned prior to taking forward the rules for consideration by the Legislative Council.

The uncertificated securities market regime will cover securities that are listed or to be listed on the SEHK. The initial phase will cover Hong Kong shares. Other securities such as debentures and unit trusts will be covered at a later stage. As to non-Hong Kong companies, the uncertificated securities market regime in Hong Kong will apply to their shares as and when the necessary approvals or laws in relation to scripless holding and transfer of shares and debentures of their home jurisdictions are in place. The Financial Services and the Treasury Bureau and the SFC are approaching the authorities of other jurisdictions including the Mainland, Bermuda, Cayman Islands and the United Kingdom, and studying the relevant laws and regulations, so that companies from as many jurisdictions as possible may be covered by the uncertificated securities market regime when it starts to operate.

The uncertificated securities market initiative will include a transitional period during which a dual system will operate, that is, the existing paper-based system will continue to operate in parallel with the proposed uncertificated securities market system. We believe it will facilitate the gradual implementation of the uncertificated securities market. Some organizations and members of the Bills Committee suggested mandating listed companies to use uncertificated securities, including mandating scripless initial public offerings (IPOs). We agree that once the market is ready, the uncertificated securities market regime should be implemented fully. After implementing the uncertificated securities market regime, we will examine its operation and the market development by then. We will also consult the market players on the mandatory uncertificated regime for listed securities in consideration, after which we will set down the pace of full implementation.

The Bills Committee has discussed the roles of the Hong Kong Securities Clearing Company Limited (HKSCC) and share registrars in operations under the uncertificated securities market regime. With the approval of the SFC, the HKSCC will be the system operator of the uncertificated securities market regime while the share registrar will continue to play the role of agent of issuers. In addition, both will have a role in keeping and maintaining the register of members of the listed companies participating in the uncertificated securities market regime. Under the new uncertificated securities market environment, the register of members will be divided into two parts. The part recording details of shareholdings held in scripless form will be kept and maintained by the HKSCC, and the part recording details of shareholdings held in paper form will be kept and maintained by the share registrar. The share registrar will also be responsible for keeping a complete record of all members of a company.

The SFO will provide that the fees charged by a recognized clearing house which is the system operator of an uncertificated securities market system are subject to the SFC's approval. The major principles with respect to fees under the uncertificated securities market regime are that fees should be reasonable for all parties concerned, commensurate with services provided, conducive to encouraging innovation and market development, and should not offset the longer-term benefits of an uncertificated securities market environment.

Apart from amending the principal legislation, the preparation for the introduction of the uncertificated securities regime includes market consultation on and making of the rules, finalization of operational arrangement and technical

specifications of the IT infrastructure, and system enhancement and testing. The working group set up by the SFC with the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited is gearing up for the drawing up of the operational details. The SFC expects to consult the public on the draft rules in the latter half of this year. By then, more information about the operational details will be provided.

In conclusion, Deputy President, the implementation of the uncertificated securities regime can increase market efficiency, enhance corporate governance and investor protection, and enhance the competitiveness of Hong Kong market. When implementing this regime, we will also enhance investor education. The Bill and the amendments to be moved by the authorities later on have obtained the support of the Bills Committee. I implore Members to pass them. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

DEPUTY PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014.

Council went into Committee.

Committee Stage

DEPUTY CHAIRMAN (in Cantonese): Committee stage. Council is now in Committee.

**SECURITIES AND FUTURES AND COMPANIES LEGISLATION
(UNCERTIFICATED SECURITIES MARKET AMENDMENT) BILL 2014**

DEPUTY CHAIRMAN (in Cantonese): Members may refer to Appendix I to the Script for the debate and voting arrangements for the Bill. I will first deal with the clauses with no amendment.

I now propose the question to you and that is: That the following clauses stand part of the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014.

CLERK (in Cantonese): Clauses 2 to 11 and 13 to 61.

DEPUTY CHAIRMAN (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That clauses 2 to 11 and 13 to 61 stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

DEPUTY CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

DEPUTY CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Clauses 1 and 12.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy Chairman, I move the amendments to clauses 1 and 12, as set out in the paper circularized to Members.

I move the amendment to clause 1 of the Bill, which is a technical amendment. Clause 17(7) of the Bill adds a new section 14 to Part 1 of Schedule 1 to the Securities and Futures Ordinance (SFO) which aims to provide flexibility in drafting subsidiary legislation. The amendment provides that the section will come into effect upon enactment of the Bill as Ordinance so as to make available the flexibility provided by the new section 14 early.

I move the amendments to clause 12 of the Bill, which involve two amendments. First, the amendment proposed after reviewing the new section 101AAO(2)(k) of the SFO seeks to extend the applicability of the section to brokers and custodians who, together with share registrars, fall under the definition of system participants of the uncertificated securities market system, so that the Securities and Futures Commission (SFC)'s rule-making power under that provision can be used comprehensively to provide for the rights, duties and liabilities of the system operator and all system participants of the uncertificated securities market system.

The second amendment to clause 12 of the Bill is made in response to the advice given by the legal adviser of the Bills Committee. The amendment to new section 101AAO(2A)(a) of the SFO seeks to make explicit that rules made by the SFC under new section 101AAO may provide for the making of applications to the Court in relation to any activities or matters of allotment and transfer of securities and for the Court's functions on receiving such applications. For the sake of clarity, the amendment to new section 101AAO(2A)(b) of the SFO also seeks to make explicit that such rules cover matters that relate or are incidental to the matters described in sections 101AAO(1), (2) or 2A(a).

All of these amendments are supported by the Bills Committee. I implore Members to support and pass them. Thank you, Deputy Chairman.

Proposed amendments

Clause 1 (see Annex I)

Clause 12 (see Annex I)

DEPUTY CHAIRMAN (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Financial Services and the Treasury be passed. Will those in favour please raise their hands?

(Members raised their hands)

DEPUTY CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

DEPUTY CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the amendments passed.

CLERK (in Cantonese): Clauses 1 and 12 as amended.

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That clauses 1 and 12 as amended stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

DEPUTY CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

DEPUTY CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): New division heading before new clause 60A	Division 4A — Amendment to Electronic Transactions Ordinance (New Cap. 553)
New clause 60A	Schedule 1 amended (matters excluded from application of sections 5, 5A, 6, 7, 8 and 17 of this Ordinance under section 3 of this Ordinance).

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy Chairman, I move the Second Reading of the new division heading and new clause read out just now, as set out in the paper circularized to Members.

The legal adviser of the Bills Committee has expressed concerns over matters relating to the application of the Electronic Transactions Ordinance (ETO) under the uncertificated securities market regime. In response to his concerns, the Administration proposes to add new clause 60A to the Bill, to amend section 4 of Schedule 1 to the ETO, which aims to provide legal certainty that contract notes which are to be stamped under new section 5AA(2) of the Stamp Duty Ordinance, that is, pursuant to a new stamping arrangement approved by the Collector of Stamp Revenue, can be made and executed in electronic form.

The Bills Committee supports the proposed new clause. I implore Members to support the motion. Thank you, Deputy Chairman.

DEPUTY CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the new division heading before new clause 60A and new clause 60A be read the Second time.

DEPUTY CHAIRMAN (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That the new division heading before new clause 60A and new clause 60A be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

DEPUTY CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

DEPUTY CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): New division heading before new clause 60A and new clause 60A.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy Chairman, I move that the new division heading and new clause read out just now be added to the Bill.

Proposed additions

New division heading before new clause 60A (see Annex I)

New clause 60A (see Annex I)

DEPUTY CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the new division heading before new clause 60A and new clause 60A be added to the Bill.

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

DEPUTY CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

DEPUTY CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

DEPUTY CHAIRMAN (in Cantonese): Council will now resume.

Council then resumed.

Third Reading of Bills

DEPUTY PRESIDENT (in Cantonese): Bill: Third Reading.

**SECURITIES AND FUTURES AND COMPANIES LEGISLATION
(UNCERTIFICATED SECURITIES MARKET AMENDMENT) BILL 2014**

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, the

Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014

has passed through Committee with amendments. I move that this Bill be read the Third time and do pass.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014 be read the Third time and do pass.

Does any Member wish to speak?

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

DEPUTY PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014.

Resumption of Second Reading Debate on Bills

DEPUTY PRESIDENT (in Cantonese): We now resume the Second Reading debate on the Veterinary Surgeons Registration (Amendment) Bill 2014.

VETERINARY SURGEONS REGISTRATION (AMENDMENT) BILL 2014

Resumption of debate on Second Reading which was moved on 9 July 2014

DEPUTY PRESIDENT (in Cantonese): Mr Tommy CHEUNG, Chairman of the Bills Committee on the above Bill, will address the Council on the Committee's Report.

MR TOMMY CHEUNG (in Cantonese): Deputy President, in my capacity as Chairman of the Bills Committee on Veterinary Surgeons Registration (Amendment) Bill 2014, I would like to report on the major deliberations of the Bills Committee.

The main objectives of the Veterinary Surgeons Registration (Amendment) Bill 2014 (the Bill) include: broadening the membership of the Veterinary Surgeons Board of Hong Kong (VSB); providing for matters pertaining to the constitution of the Preliminary Investigation Committee (PIC), the Inquiry Committee (IC) and a panel of assessors, all dedicated to disciplinary offences, and so on; and streamlining the procedure for handling complaints.

At present, the VSB consists of 10 members appointed by the Secretary for Food and Health, namely a chairperson, a medical practitioner or pharmacist who is entitled to practise his/her profession in Hong Kong, two lay persons representing the interests of those who utilize veterinary services, and six registered veterinary surgeons (RVSS). The main functions of the VSB include: establishing and maintaining a register of RVSS; setting and reviewing the qualification standards for RVSS; advising the Government on registration

matters; examining and verifying the qualifications of persons applying for registration as RVSSs; processing applications for renewal of registration; and dealing with disciplinary offences, and so on.

Over the past 10 years or so, given the significant changes in circumstances of the local veterinary profession, a rising number of veterinary surgeons, the wider availability of veterinary services and a growing awareness of the importance of animal welfare in society, the number and complexity of complaints received by the VSB in recent years have grown markedly, underpinning the need to review the VSB's current structure and *modus operandi*. Members support the Bill in general but have several areas of concern over it.

First of all, members are highly concerned about the membership of the VSB, especially the membership ratio of veterinary surgeons to non-veterinary surgeons. As the Bill proposes, the VSB's membership will increase from 10 to 19 comprising a chairperson, 12 veterinary surgeons and six non-veterinary surgeons; the membership ratio of veterinary surgeons to non-veterinary surgeons is set at 2:1 (the 2:1 ratio). The Administration explains that the 2:1 ratio has all along been adopted for the VSB's membership since its establishment. Given the VSB's pivotal role and past experience in regulating the veterinary profession, the 2:1 ratio has helped ensure sufficient representation of the profession on the VSB and sufficient professional knowledge for members to handle complaints relating to veterinary surgical practice. The 2:1 ratio has largely struck a reasonable balance between promoting the standards and probity of the profession and safeguarding public interests. The Administration sees no reasons for departing from the 2:1 ratio.

While most depositions expressing views to the Bills Committee support the 2:1 ratio, members have diverse views on whether the ratio should be adjusted. Some members consider that the veterinary surgeons-oriented VSB has been concerned about the development of the veterinary profession rather than the promotion of animal welfare and pet owners' interests, resulting in the charging of exorbitant service fees by veterinary surgeons, the undersupply of veterinary surgeons and the limited availability of complaint channels for the public, and so on. Some members suggest that the 2:1 ratio be adjusted to 1:1 by including more lay persons in the VSB, such that the VSB and the profession will be subject to more public monitoring. On the other hand, some members have reservation about adjusting the 2:1 ratio. They acknowledge the need for the VSB to maintain its professionalism, and the handling of complaints alleging

misconduct of veterinary surgeons requires heavy professional input. They suggest that the VSB explore ways to enhance the transparency of its handling of complaints and on the service fees charged by veterinary surgeons.

Another major concern of members is the election of veterinary surgeons to the VSB. The Bill proposes to add to the VSB six elected veterinary surgeon members returned through election by the profession on top of its existing six appointed veterinary surgeon members. Some members consider that all the 12 veterinary surgeon members should be returned through election by the profession to facilitate the operation of the VSB under the principle of professional autonomy instead of government control. Some members are worried that elected veterinary surgeon members may put the interests of the profession above public ones, such as keeping veterinary surgeons undersupplied and their fees unaffordable to the grassroots.

The Administration considers that the Bill's proposal to add six elected veterinary surgeon members is aimed at enhancing the balanced representation on the VSB and encouraging greater involvement of the profession in managing its own affairs. In the long run, the number of elected veterinary surgeon members on the VSB may be reviewed in the light of the profession's development. The authorities stress that there is no overseas evidence that the presence of elected members in the regulatory bodies has driven up the veterinary service fees. At the same time, the Administration considers it necessary to retain the six appointed veterinary surgeon members, such that veterinary surgeons from different fields and with different experience and expertise will be appointed to the VSB with a view to maintaining diversified and balanced professional views and knowledge in the VSB.

Members also raise grave concerns over how veterinary surgeon members are elected to the VSB. In the relevant election regulation, the Administration intends to allow each elector to nominate a maximum of six veterinary surgeons and vote for a maximum of six candidates. Members are worried that the election may be dominated by bloc voting under the influence of sizeable groups. Members in general suggest that each elector should nominate and/or vote for one candidate only.

The Administration raises no objection to members' suggestion, and has undertaken to incorporate members' suggestion into the concrete proposal on VSB elections. As the enactment of the election regulation is subject to another

legislative process, the Administration advises that it will take members' suggestion as the basis for further consultation with the profession and the relevant panel of this Council on election matters. The Administration has also undertaken to ensure that the elections will be open, fair and cost-effective.

Members note that the authorities will prepare the election regulation upon the passage of the Bill and submit it in the form of subsidiary legislation to this Council for scrutiny under the negative vetting procedure. Having regard to the importance of the election regulation, some members hold that it should be subject to positive vetting instead of negative vetting by this Council. The Administration advises that the election regulation will cover the specific electoral arrangements and procedures, which are rather technical in nature. Making reference to the approach for subsidiary legislation of a similar nature, the authorities consider it appropriate to go for negative vetting.

Deputy President, at present, after the VSB has received a complaint, the secretary to the VSB will submit the complaint to a PIC. The PIC, which is composed of a veterinary surgeon and a non-veterinary surgeon, will determine whether to dismiss the complaint or refer it to the VSB for consideration. The Bill proposes increasing a PIC's membership to three at a 2:1 ratio of veterinary surgeons to non-veterinary surgeons. Members are highly concerned about this. They consider that the ratio may give rise to a public perception that PICs may handle complaints in favour of the members of the veterinary profession who are the subjects of the complaints concerned. Some members are worried that most complaints about veterinary surgeons will likely be dismissed by PICs and will not be referred to ICs for inquiry, and hence suggest that the ratio of veterinary surgeons to non-veterinary surgeons be adjusted to 1:1 or 1:2, or that a PIC be constituted by non-veterinary surgeons only.

Nevertheless, in the Administration's view, even though veterinary surgeons hold the majority on a PIC, it should not be assumed to be biased towards members of the profession. Their professional knowhow and understanding of the profession will facilitate the handling of complaints by a PIC. The inclusion of a non-veterinary surgeon member in a PIC will also help allay the concerns of complainants. The Administration points out that there were complaints found to be substantiated, and the veterinary surgeons in breach of the rules were also subject to disciplinary actions, including removal of their names from the register of RVSs for a specific period of time.

As for the Bill's proposal that a PIC may directly decide if a complaint should be referred to an IC, members in general are worried if a PIC led by veterinary surgeons can be impartial in handling complaints. In the light of members' suggestion, the Government has proposed Committee stage amendments to stipulate that when a decision is to be made by a PIC on whether a complaint should be referred to an IC, such decision must be reached by its three members unanimously, otherwise the complaint must be referred to the VSB, which will decide whether the complaint should be referred to an IC for inquiry.

As for members' concern over any possible conflict of interest of a PIC or an IC in handling complaints against members of the veterinary profession, the Administration advises that the VSB has an established mechanism regulating the declaration of interests by veterinary surgeon members. The Administration has relayed members' suggestion to the VSB, inviting it to consider measures that will enhance public confidence in the transparency and impartiality of its investigation and inquiry into complaints.

In addition, members note that the panel of assessors proposed in the Bill will serve as a pool of talents for appointment to a PIC or an IC when the VSB considers it necessary. Some members suggest that the number of members on the panel of assessors be increased from the proposed levels of not more than 12 veterinary surgeons and not more than six other persons to not more than 15 veterinary surgeons and not more than 15 other persons in order to enlarge the pool of talents, and that the ratio of veterinary surgeons to non-veterinary surgeons on the panel be adjusted to 1:1. The Administration has no adverse views in principle on increasing the number of assessors on the panel, provided that the ratio of veterinary surgeons to non-veterinary surgeons on a PIC and an IC will remain unchanged at 2:1. The Administration stresses that whether an assessor will be appointed to a PIC or an IC will depend on the VSB's workload.

Members note that from 2007 to 2011, the average time taken by the VSB to conclude a complaint was 16 months, with the longest one being 51 months. Members in general wish that the VSB will expedite the handling of complaints. The Administration has undertaken that it will suggest the VSB to speed up referral of complaints to a PIC and consider the feasibility of setting a performance pledge. The Administration has also undertaken to report the progress of the handling of complaints by the VSB to the relevant panel of this Council at regular intervals, and to carry out timely review of the VSB Secretariat's manpower to see if it can cope with the increased workload.

Lastly, I wish to point out that as noted by members, the existing regulatory regime and the Bill do not cover the regulation of veterinary clinics or medical groups running such clinics. In this regard, a member indicated that the matters on regulation of the veterinary profession will be followed up at meetings of the Panel on Food Safety and Environmental Hygiene.

Deputy President, in the light of the Bills Committee's views on the Bill, the Administration will propose several Committee stage amendments later on to perfect the Bill. The Bills Committee supports the amendments.

Deputy President, my views and the Liberal Party's on the legislative amendments in question are as follows.

Since the enactment of the Veterinary Surgeons Registration Ordinance in 1997, the veterinary profession has seen sustained prosperous development, and with it comes an increased number of related complaints and disputes. According to the figures provided by the Government, the number of RVSs has increased from 150 then to the recent 720, and the number of complaints per year has risen from eight in 1998 to an average of 50 in recent years. Given the failure of the existing structure and *modus operandi* to cope with the ever increasing workload effectively, there are a great deal of outstanding complaints at the VSB. As I mentioned earlier, it takes a year and four months on average for the VSB to conclude a complaint received, with the longest one spanning over four years, which is really unacceptable.

The long time required for handling complains is no good to both the complainants and the veterinary surgeons being complained. The veterinary surgeon being complained will surely be brought into disrepute, and he as well as the complaint will find it distressing. Therefore, the Liberal Party endorses expanding the VSB to enhance its ability to handle complaints.

The Bills Committee dealing with the current legislative amendments is also concerned about the representativeness of an expanded VSB, particularly whether its membership ratio of veterinary surgeons to non-veterinary surgeons should remain at 2:1. As for Dr CHIANG Lai-wan's criticism that a higher proportion of veterinary surgeons will not bring about effective monitoring of their professional conduct, I find it understandable. For example, at the Medical Council of Hong Kong, the ratio of those in the profession to those not (including

the chairperson) stands at 6:1, which is always criticized for favouring doctors' interests excessively at the expense of patients' needs, an accusation very often known as doctors harbouring each other.

In fact, given the change of time, the community in general has higher requirements in respect of the representativeness and recognition of the regulatory regime for professional bodies to avoid favouritism in the sense that an investigation is just conducted by peers, with a view to ensuring protection for the rights and interests of the profession and service users. However, as for the fact that most of the veterinary bodies attending the public hearings support setting the VSB's membership ratio of RVSs to non-veterinary surgeons at the current 2:1, which is adequate to guarantee the professional competence of the VSB, both the Liberal Party and I find it understandable.

I have once suggested increasing the number of VSB members under the category of medical professionals from the medical sector from one to three and appointing one member each from three related professions, namely medical practitioners, pharmacists and dentists, in order to expedite the handling of complaints by a PIC or an IC. Nevertheless, the authorities have not accepted the Liberal Party's suggestion mainly because they will only increase three non-veterinary surgeon members this time to ensure that the VSB's membership ratio of veterinary surgeons to non-veterinary surgeons stands at 2:1, so the added membership has to be reserved for stakeholders representing users of veterinary services, instead of assigning them all to medical professionals. I find it rather disappointing. I can only express my wish to the authorities that should there arise an opportunity for review some time after the current legislative amendment, they may reconsider my suggestion. I believe this can not only enhance the VSB's efficiency but also help ensure its professionalism.

Having said that, the Government has made some concession this time. When the Bills Committee notes that a PIC, which is dedicated to making a decision on whether a complaint should be handled, is composed of two veterinary surgeons and one non-veterinary surgeon, they are worried if there will easily be bias in favour of the profession. I am very pleased that the authorities have finally accepted the Bills Committee's suggestions and proposed amendments to regulate the mechanism for handling complaints under a stipulation that in case no unanimous decision is reached by the three members on a PIC on whether a complaint should be handled, the complaint must be referred to the VSB, which may decide whether to refer the complaint to an IC. This has undoubtedly reduced our worries immensely.

After all, the Liberal Party holds that the ratio of veterinary surgeons to non-veterinary surgeons is secondary in terms of importance to whether complaints are handled in a transparent and credible manner. Therefore, I encourage ICs to increase the number of public hearings with a view to enhancing transparency. In addition, I urge the authorities to review the VSB Secretariat's manpower position as promised in order to expedite the handling of appeal cases. Additional resources should be sought when necessary to strengthen the Secretariat and legal support for the VSB.

As for the public concern over the fees charged by veterinary surgeons, the authorities have undertaken to state at the resumption of the Second Reading debate on the Bill that it will suggest the VSB to take stock of the general condition of the current level of fees and charges by RVSs and introduce measures to enhance the transparency of veterinary service fees, such as making available an indicative schedule of their fees and charges on general aspects for reference by the public. The Liberal Party and I welcome it.

Deputy President, I so submit.

DR CHIANG LAI-WAN (in Cantonese): Deputy President, I have great reservations about the amendments proposed to the Veterinary Surgeons Registration Ordinance (Cap. 529) (the Ordinance).

First of all, we have to understand why it is necessary to amend the Ordinance. According to the proposals of the Food and Health Bureau and the Agricultural, Fisheries and Conservation Department, the provisions are amended for two major reasons. First, since the enactment of the Ordinance in 1997, there have been significant changes in the circumstances of the profession. The number of registered veterinary surgeons has grown from 150 to over 700 now, and meanwhile, there has also been a growing awareness of the importance of animal welfare and higher community expectations for the standard of veterinary service in Hong Kong. Therefore, consideration has to be given to enhancing the efficiency. Second, with an increasing number of people using veterinary service, there has been a marked growth in the number of complaints received by the Veterinary Surgeons Board (VSB) in recent years. The VSB has a serious backlog of outstanding cases, and some of the cases remain not concluded even after being processed for three years. This has not only failed to meet public

expectations but is also far from conducive to the development of the veterinary profession. Therefore, the Ordinance is amended with the objectives of firstly, upgrading the standard of service, and secondly, enhancing the efficiency in processing complaints. For these reasons, the authorities have proposed amendments to the Ordinance.

Let us examine whether the standard of service and the efficiency in processing complaints can be upgraded after these amendments are made to the provisions. Let me start with the contents of the amendments. The amendments proposed the addition of nine veterinary surgeon members to the VSB and in other words, the membership of the VSB will be expanded from 10 to 19. Frankly speaking, we all know that the VSB cannot even finish one item on the agenda even after discussing it for a few hours at a meeting. In the VSB there are now the Australian camp, the European and American camp, the Asian camp, and you name it, they have it. They look at the same issue with different standards. They received training in different institutions. They were not trained in Hong Kong and so, their training bears no relevance to Hong Kong. They hold different views on some standards, and their mentors were not trained by the same institution, and this is why they have never ceased arguing among themselves. Now that the membership is proposed to further increase from 10 to 19, how possibly can efficiency be enhanced?

Besides, of these 19 VSB members, the six newly-added members who are veterinary surgeons will be elected from among veterinary surgeons. For these members to be elected from among veterinary surgeons, Members can guess whom they will represent. Certainly they will represent the veterinary surgeons and hence, the profession will become self-regulated and self-protective. With regard to these amendments, many pet owners and members of the public do not see how these amendments can serve the intended purpose and meet their expectations, and it is entirely impossible to achieve the objective of upgrading the standard of veterinary service in Hong Kong. Moreover, I think the amendments have not responded to issues which are the greatest concern to the public. The membership of the Preliminary Investigation Committee (PIC) used to be at a ratio of 1:1, comprising one veterinary surgeon and one non-veterinary surgeon. But the authorities have acted in the reverse way and proposed to change the ratio to 2:1 with two veterinary surgeons (which means peer investigation) and one non-veterinary surgeon, and this is a sheer regression and perversion of policy. I believe this can hardly be acceptable to pet lovers.

Although the Government said that it had heard the views of the public and proposed to revise the amendment in relation to the PIC to the effect that a complaint will be referred to the VSB when the three members of the PIC cannot reach a unanimous view, Deputy President, this is but a bald-faced lie as there is no fundamental change at all and this is just putting new wine in an old bottle. What is the point of referring the complaint to the VSB? We all know that in the VSB the ratio of veterinary surgeons to non-veterinary surgeons is again 2:1. In other words, even if a complaint is referred to the VSB for its decision, the investigation will still be a peer investigation because veterinary surgeons are in the majority. In other words, what I wish to say is that these amendments will make things even worse than before, resulting in the veterinary surgeons regulating their peers and complaints against the veterinary surgeons being investigated by their peers. This entirely cannot fulfil the undertaking of meeting the demands of service users. It is really better not to amend the Ordinance than amending it.

Deputy President, I remember that during the scrutiny of this Bill, an official said in response to me that the inclusion of an additional veterinary surgeon to help process complaints would facilitate the smooth conduct of the decision-making procedure because the veterinary surgeons have the professional knowhow and more understanding of the situation. However, is this tantamount to saying that a Judge who has never done business before do not have to hear cases of commercial crime? Or is this like saying that jurors of the Coroner's Court must all be doctors? This really cannot stand to reason.

Deputy President, my another concern is that at the public hearings I heard members of the public express grave concern over the expensive fees charged by veterinary surgeons. As we all know, more and more Hong Kong people are keeping pets nowadays. In Hong Kong, there are 400 000 pets. They are keeping company of many elderly and may also be the only source of comfort to the childless elderly. If their pets are sick, owners who have the means will, of course, take them to the veterinary surgeons, but what should they do if they do not have money to spare? At a public hearing a veterinary surgeon told me not to worry. He said that their fees in Hong Kong are the cheapest. I asked him if the fees in Hong Kong are really the cheapest. He said "yes", and showed me some pages of information which, at a glance, seemed to be proof of his point. He said that the fees in Hong Kong are less expensive than those in many countries overseas. Then I said to him, "Well, this is not bad, and since the fees are cheap and you can practise in Hong Kong, why do you still strive for the

election of VSB members from among veterinary surgeons?" I said it would be better not to strive for the election of veterinary members from among themselves and maintain the *status quo*. In response, somebody took exception to my view, arguing that this electoral method is popular in foreign countries and there should be more veterinary surgeons sitting on the VSB, so that veterinary surgeons can be regulated by veterinary surgeons since they know how the profession should be regulated. He, therefore, said that it is necessary to make reference to the practice in overseas countries, most of which have adopted the arrangement of electing members from among themselves.

Then I think to myself, after the Ordinance is amended, will there be a chance for the consultation fees of veterinary surgeons to be further increased to the levels in overseas countries? How can the Government monitor their fee levels? We must bear in mind that unlike human beings who can seek medical consultation at public hospitals, pets do not enjoy this welfare. Does it mean that people without the means do not have the right to keep a pet, or when they do not have the means to seek treatment for their ailing pets, they can only let their pets wait for death?

Deputy President, an official told me that the addition of this provision allowing the election of veterinary surgeon members from among veterinary surgeons is proposed only after drawing reference from the practice of the Medical Council of Hong Kong (MCHK). As regards this view, I really consider it necessary to set the record straight. What practice of the MCHK are you drawing reference from? The MCHK has a mechanism in Hong Kong. In Hong Kong we have the Faculties of Medicine of The Chinese University of Hong Kong and the University of Hong Kong responsible for training our doctors. There is a mechanism in Hong Kong, and Hong Kong has the right to make decisions on the accreditation of doctors in Hong Kong. However, there is no training for veterinary surgeons in Hong Kong; nor is there any academic institution for training veterinary surgeons in Hong Kong. As such, the training and qualifications of veterinary surgeons are all subject to the decisions of foreign countries, not decisions here in Hong Kong. Therefore, what can the Government do to monitor the veterinary surgeons in the future? I am really gravely concerned about this.

Furthermore, Deputy President, I wonder if you know that any foreign veterinary surgeon who is a graduate of the faculty of veterinary science of those several overseas universities can simply pack up and come to Hong Kong for practice and apply for registration and a licence here. I have misgivings about

these veterinary surgeons. Why should they be allowed to join the VSB? Will they be prepared to make commitment to the regulation of the veterinary profession and the long-term development of veterinary surgeons? How can we provide protection to enable more and more young local veterinary surgeons to join the profession? Do Members know that young aspiring to joining the veterinary surgeon profession may have to spend over \$2 million on getting a degree, and how much income do they receive after returning to Hong Kong? It is only \$12,000 or \$13,000, Deputy President.

Moreover, for the purpose of inquiries into complaints relating to veterinary surgeons, overseas veterinary surgeons are still often invited to act as expert witnesses to assess whether the complaints are processed appropriately. This is because we do not have any dedicated institution to provide training. Local veterinary surgeons can only pursue further studies on their own initiative. Some veterinary surgeons have now become totally detached, not having the latest knowledge of surgeries, equipment, and so on, and not being able to progress with the times. How can there be improvement in the service of local veterinary surgeons?

Although these amendments are proposed after studies by some experts whose views are justified, I cannot agree to the contents of this Amendment Bill. Therefore, I personally do not support these amendments, and in case these amendments are passed, I hope that the Government can take into consideration the following five points:

First, I hope that the VSB can draw up a performance pledge for processing complaints, such as setting time limits for the various procedures for handling complaints, including the preliminary investigation, the formal inquiry, and so on; the inquiry must be conducted in a transparent manner, and the performance pledge as well as the progress of implementation must be made public on a regular basis.

Second, to ensure that pet lovers have the right to know the details of the fees and charges, I call on the VSB to include in the code of practice stipulations to mandatorily require veterinary surgeons to provide on their own initiative a list of fees and charges for their clients as well as a detailed cost quotation before performing surgeries on the pets, and to set caps on the fees charged by veterinary surgeons. We must not keep seeing so many pets not being treated once fallen sick and dying unnecessary deaths.

Third, the VSB must stipulate that non-Hong Kong permanent residents cannot join the VSB, with a view to protecting the development of local veterinary surgeons.

Fourth, more representatives of animal welfare organizations and users of veterinary service should be appointed to the VSB to enhance their representation in the VSB and promote improvement of the standard of veterinary service.

Fifth, in the long term, it is necessary to set up a local mechanism for providing training and for accreditation of qualifications to ensure continued upgrading of the quality of local veterinary surgeons.

I so submit. Thank you, Deputy President.

MISS ALICE MAK (in Cantonese): Deputy President, I speak in support of the Veterinary Surgeons Registration (Amendment) Bill 2014 (the Bill) and the amendments to be moved by the Secretary for Food and Health.

Since the enactment of the Veterinary Surgeons Registration Ordinance (the Ordinance) in 1997, the number of registered veterinary surgeons has increased from 150 to 721, Members can thus see that the profession has seen a major change. With the growing numbers of pet keepers in Hong Kong and people arranging for veterinary service for their pets, there has been considerable expectation for the standard of veterinary service. We are very much concerned about the professional ethics of veterinary surgeons because we expect every one of them to be professional and caring about animals. Moreover, they should charge reasonable fees and be able to make the right diagnosis.

There has been a sharp rise in recent years in the number of complaints received by the Veterinary Surgeons Board of Hong Kong (VSB). Over the past five years, the number of new complaint cases received per annum was 67.8 on average. As at the end of October 2014, an accumulation of 73 complaint cases was recorded. The process of handling these complaint cases is extremely slow as the average processing time for each case takes more than 16 months. In my opinion, the VSB should draw up performance pledges to ensure that complaint cases are dealt with, and the preliminary investigation or inquiry completed, within the pledged period. Moreover, the implementation of the relevant pledges should be made public regularly to enhance efficiency.

Deputy President, I agree with the expansion of the membership of the VSB and the establishment of a panel of assessors to handle more complaint cases. Nevertheless, I hope that in expanding its membership, the VSB can include more non-veterinary surgeons, particularly lay persons representing groups utilizing veterinary services as well as pet groups, to balance the views and interests of different persons. In fact, a number of members and I have repeatedly proposed to the authorities that the ratio of members and non-members of the profession on the panel of assessors, the Preliminary Inquiry Committees (PICs) and the Inquiry Committees (ICs) should be set at 1:1.

The proposal was made not because we did not trust veterinary surgeons. We only hoped to enhance the transparency and impartiality of the VSB in handling complaints, investigations and inquiries and boost public confidence. In its response to our proposal, the Government said that the VSB, which had been in operation for more than 17 years, had never received any appeal against the outcome of any complaint case. Moreover, the veterinary profession should be judged by its own members since, with the inclusion of more lay persons, more time would be needed every now and then to explain the details of the cases to them, and so the speed of handling cases might not be expedited. However, we can see that the number of successful prosecutions instituted by the VSB is relatively low. Of the 248 complaint cases received by the VSB over the past five years, only nine were substantiated. Moreover, we consider the penalty too lenient, which will inevitably invite concerns among lay persons about the impartiality of the VSB in handling complaints. Hence, it is imperative for the authorities to take into account the rights and interests of users of veterinary service, prevent the profession from defending its own members and avoiding conflicts of interests.

Furthermore, the Government made it clear at the meeting that it would not oppose expanding the membership and revising the ratio of non-registered veterinary surgeons to registered veterinary surgeons on the panel of assessors from 2:1 to 1:1. As such, we hope that the authorities can expand the membership of the panel and revise the ratio of non-registered veterinary surgeons to registered veterinary surgeons to 1:1 expeditiously to enlarge the pool of talents available for sharing the workload of the VSB, so that public confidence can be boosted.

With regard to our aspiration for enhanced transparency and impartiality in investigations and inquiries by the VSB into complaints, the Government has eventually agreed to some of our views and proposed amendments to require a

PIC to refer a complaint to the VSB if a unanimous decision cannot be made. Nevertheless, if the VSB cannot enhance its complaint-handling capacity in future or its ruling on a complaint case is found to be biased, its composition must be reviewed. By then, the VSB will be obliged to increase the number of its lay members and even revise the ratios between members of the profession and non-members of the profession on the panel of assessors, the PICs and the ICs to 1:1. We hope the Bureau can review the procedures of following up complaints and report to the Legislative Council on a regular basis in future.

Apart from enhancing the impartiality of the VSB in handling complaint cases, members of the public are also very much concerned about whether the fees and charges of veterinary surgeons are reasonable. Given the poor transparency of the fees charged by veterinary surgeons for their service, members of the public are not clear about their charges. When ordinary members of the public seek treatment from Western medical practitioners, they would have a rough idea of the charges for three-day medication. However, people bringing their pets to seek treatment by veterinary surgeons would have no idea of the consultation fees until they leave the clinics with their pets. Moreover, there has been frequent occurrence of misunderstanding and overcharging. Over the past five years, the VSB has received 12 complaint cases related to charging. Paragraph 17.5 of the Code of Practice for the Guidance of Registered Veterinary Surgeons issued by the VSB reads, "Veterinary surgeons shall make available to their clients or prospective clients a schedule of their normal fees and charges for consultations, routine tests and routine procedures, which may be done by way of a notice displayed at the veterinary surgeon's clinic containing the schedule or stating that the schedule is available on request."

Nevertheless, the Code is not mandatory. We can see that many veterinary clinics have failed to comply with the relevant requirements. As a result, many pet owners find themselves led by the nose when bringing their pets to seek treatment at veterinary clinics. In addition to heeding the decision made by the veterinary surgeons, they must not raise any objection to the charges. As such, we consider it necessary for the authorities to follow up and ameliorate the poor transparency of the medical fees charged by veterinary surgeons and make available indicators for general fees and charges of veterinary service for public reference.

Exorbitant fees charged for veterinary service do not imply that the service provided must be value for money. I have been told that the fees for a joint replacement surgery for certain animals may range from \$20,000, \$30,000 to \$70,000 and even more than \$100,000. Moreover, higher fees do not guarantee better service. Quite a number of members of the public have recently complained to the VSB that some veterinary surgeons have failed to provide proper or timely treatment, which is also one of the most common reasons for complaints. Over the past five years, 61 relevant complaint cases in total have been received. According to some complainants, the culture of delaying the treatment period or demanding payment of fees before treating animals will delay the treatments. In fact, it is incumbent upon the authorities to regulate the provision of quality service by veterinary surgeons and protect the rights and interests of pet owners.

However, I have to make a fair comment, too. Although we have heard quite a number of complaints lodged by members of the public, coupled with the recent release of figures indicating the increasing prevalence of complaints related to or overcharging by veterinary surgeons, some of them are healthcare practitioners with a good conscience. For instance, the veterinary surgeon responsible for looking after the two furry animals in my home is a person of noble virtues. If this Amendment Bill is passed, we hope that the Government can pay attention to how the VSB can prevent unscrupulous veterinary surgeons from adversely affecting the profession as a whole or giving the public an image of "cheating people" in drawing up the Code.

I agree that the Bill is capable of introducing amendments in the light of social changes. In this amendment exercise, although Members considered that there was much room for improvement, given that the Government has agreed to take on board our views and introduce amendments, I hope that a more transparent and fair complaint system can be established to ensure the continued provision of veterinary service. I also hope that the Secretary can say a few words in particular in his response later on about whether or not a performance pledge can be formulated for the VSB and how the transparency of fees charging by veterinary surgeons will be regulated in future.

Deputy President, I so submit. Thank you.

DR KENNETH CHAN (in Cantonese): Deputy President, the Civic Party supports the Government's review of the Veterinary Surgeons Registration Ordinance (the Ordinance) because it has been quite some time since the enactment of the Ordinance. Thus we should keep abreast of the times and conduct continuous reviews, especially when more and more people keep pets in Hong Kong society. As they are very much concerned about the interest, welfare and health of their pets, demands in various aspects are on the rise. Although the Veterinary Surgeons Board (VSB) established in mid-1990s serves a number of functions, including the management of registration and conduct of a lot of investigations, researches and disciplinary work, it seems that in terms of manpower or support, it lags behind the objective growth in demand in society. Hence, first of all, we must support and appreciate the Government's timely review of this Ordinance. Members of the public who have paid attention to this debate may notice that the question seems to lie in whether the review results are satisfactory. If we consider that at present, the VSB is unable to satisfy the objective demand with regard to its manpower, establishment, membership and procedures, we should support the Government's general direction in this review. In case we consider that more manpower is needed, the amendments proposed in this Bill rightly seek to increase the VSB's manpower, whether it be its panel of assessors, investigation committee, inquiry committee, research team or vetting committee. These are all important developments indeed.

Besides, during the scrutiny of the Bill, we had all along requested the VSB to work in a more transparent, open and fair manner and conduct the review with accountability. To put it bluntly, when problems arise, members of the public who are affected will air their grievances and lodge complaints. Are these complaints handled in a fair and impartial manner? Is the approach of handling complaints convincing and effective? And were the veterinary surgeons or organizations concerned given appropriate punishment? Moreover, as mentioned by some Honourable colleagues earlier, during the development of the whole profession, how should we address the growing concern about animal rights and welfare in Hong Kong society, and while responding to the people's needs in keeping pets, facilitate the trade in coping with the market demand? The profession certainly needs to consolidate its development, but at the same time, being a profession serving the public in Hong Kong, it should give consideration to various aspects and how its fees and services can meet the people's increasingly high demands on this profession. Apart from the fee level of its various types of services, it may even need to consider whether it should

adopt a more open approach in the market, for example, advertising, so that veterinary surgeons will have more effective channels to give members of the public more suitable options that can cater for their service demands when they make a choice.

Deputy President, in this amendment exercise of the Ordinance, we agreed to increasing the manpower of veterinary surgeons and non-veterinary surgeons in the VSB. Six members will be returned by election in the veterinary profession as a matter of course, but at the same time, the Secretary may continue to appoint six other veterinary surgeons, as the existing Ordinance allows the Secretary to exercise his power in this regard. The resultant problems will certainly pose a challenge to the Secretary when he appoints veterinary surgeons or non-veterinary surgeons to the VSB in the future. As mentioned by a number of Honourable colleagues as well as me, in what way can this profession develop to establish the VSB's credibility in people's mind? After the amendments in this Bill are passed, how can the VSB exercise the powers conferred by the Ordinance and perform a series of duties which it must discharge under the law more effectively and with greater competence? Hence, in choosing the candidates, the Secretary must carefully listen to the views of the public, especially the numerous organizations which are concerned with the welfare and interest of pets and animals. Or the Secretary may give them more opportunities of participating in different types of work at various levels in the expanded VSB in the future, which may help to promote the VSB's functions in the future.

Besides, here I would like to talk about what the Secretary needs to note when he appoints veterinary surgeons to the VSB. It is because after the Ordinance is amended, there will be six representatives returned by election among the veterinary surgeons. In an election, of course there will be victories and defeats. Someone will win and someone will lose. If certain veterinary surgeons had participated in an election and in that election, the electors, that means voters in the veterinary profession, did not support their entry into the VSB through this election channel, but the Policy Bureau, on the contrary, appoints these veterinary surgeons who have lost the election to the VSB, it must present strong justifications. Otherwise it is asking for trouble. A less serious consequence is that many members in the veterinary profession will feel puzzled. But a more serious consequence is that they will consider the Policy Bureau has crossed the line by appointing to the VSB someone who has stood for election but did not gain their support. For this reason, the Policy Bureau must present

sufficient reasons and tell them why it did so. The Policy Bureau must respond to this issue. To strike a balance between the appointment and election systems in constitutional development, I suggest that the Policy Bureau really should not consider those who have participated in an election before but obviously did not receive support in the election. Try by all means not to consider appointing them. Instead, appoint other veterinary surgeons, or let them offer advice on other work. The Policy Bureau should not ask for trouble.

Moreover, Deputy President, the matter of election also calls for our attention. In the initial scrutiny of the Bill, we thought that if six veterinary surgeons would be elected, each elector should cast six votes. That is the block vote system referred by us who study political science. The problem of the block vote system is, it seems fair on the surface. That is, there are six seats, so every elector may cast six votes. It is an ideal approach. However, problems may arise if we do not take note of the election culture which may exist in the profession. For example, they obviously came from different training institutions. If they join hands and form a camp, in the end it may lead to domination which neither you nor I would wish to see. In that case, all the six elects are fellow veterinary surgeons who belong to a single camp or certain camps. They may really wish to serve the VSB and serve the public, but the situation arisen from such election results may not be desirable. In particular, if there are a number of camps, but one of the camps or a coalition of two or three groups monopolizes these six seats, similar to the problem I mentioned just now, the Secretary will find himself in great trouble when he needs to make appointments. Suppose one or two camps win all the seats while all the others lose the election, and then the Secretary appoints those who have lost the election to the VSB. You do not want to see this kind of disputes.

That is why I proposed in an earlier meeting to adopt a relatively fair election method with a lower threshold, allowing veterinary surgeons with different background and experience, regardless of their qualifications, fair opportunities to participate in the VSB's work. This is also in line with the original intent of this amendment exercise, which is to expand the pool of talents and provide more opportunities to allow both veterinary surgeons and non-veterinary surgeons to participate in the VSB's work.

Hence, in my view, if each person casts one vote instead of six, the competition may be keener, but the result will be comparatively proportional and fair. When the Secretary needs to appoint veterinary surgeons from different

fields with different experience and background to the VSB in the future, he may have more choices and need not feel troubled about the matter. Actually these are the issues we have mentioned at the scrutiny stage. I hope the Secretary will note them.

I am very grateful to the former and incumbent members of the VSB, as well as the young veterinary surgeons who especially came to discuss with members of the Bills Committee or visited my office to talk with me about these issues during the process. They have expressed to me similar views and aspirations in some measure. I also wish to remind the Secretary through the Second Reading and the following proposed amendments that during the appointment process, he should endeavour to make the profession fully convinced. Therefore, compared with the past, the Secretary may need to take one more step to clearly explain the appointment criteria to the public and members of the profession.

Deputy President, I am particularly concerned that section 7 of the existing Ordinance will remain unchanged after this amendment. This section concerns what administrative resources are used to support the VSB's work. The existing provision is rather rigid. It reads that there shall be a secretary and a legal adviser. That is all. I have particularly raised this concern. With only one secretary and one legal adviser, if the number of members on the VSB increases while there are additional procedures to be handled, will that in effect increase their workload? It needs to cover several more pots, but only one or two lids are available. That means one secretary and one legal adviser. Of course, during the discussion process, the Policy Bureau promised me that it will adjust the manpower of the Secretariat in response to the increase in workload and work pressure. I know that although the Ordinance only provides for one secretary and one legal adviser, there will be 10 or more staff members in the Secretariat under the Food and Health Bureau responsible for assisting in the VSB's work.

Nevertheless, I believe I need to remind the Secretary one point. If there are more and more legal disputes and lawsuits in the future, he may have to consider how to seek resources from the Government with regard to the legal adviser's work, right? As many members of the Bills Committee have imagined earlier, the process of investigations, inquiries or disciplinary hearings will definitely involve a lot of disputes over the perspectives and viewpoints of law. If there is only one legal adviser in the VSB, and I did not read from the papers that there will be additional manpower for the legal adviser — it is said that

manpower can be added for secretarial and clerical work — I am worried that the future VSB, with additional manpower, members and procedures in place, will be unable to achieve the expected effect, which is enhancement of work efficiency and effectiveness. It will also give the staff a very hard time at work. I do not wish to see such a situation arise. So I particularly wish to remind the Secretary to respond to the views of both the profession and lay persons, the latter meaning pet lovers and pet owners, in this regard.

Deputy President, as I have said, the Civic Party will support the amendment to this Ordinance at Second Reading. It will also support the amendments proposed by the Government after heeding members' views. That means the decision reached by the three committee members in the preliminary investigation and inquiry process must be unanimous, otherwise it will not be accepted. If any committee member disagrees, the case in question shall be referred to the whole VSB for further consideration, and the VSB will decide whether further studies and investigation should be conducted. In this respect, I believe that at this stage, such an approach can effectively address the public aspirations for the development of the whole veterinary profession and the VSB's functions. It is hoped that while addressing the rising expectations of members of the public on the whole veterinary profession and the VSB's functions, this approach can strike a balance. Hopefully, with the 2:1 ratio, the veterinary profession will work in a scientific and objective manner. At the same time, it will become increasingly capable of addressing and catering for the growing aspirations reasonably held by the general public, the Legislative Council and pet lovers with regard to animal welfare and animal rights.

I so submit.

MS CYD HO (in Cantonese): Deputy President, in fact, one needs only look at how a society treats animals to get an idea of how civilized this society is. With ever more Hong Kong people keeping pets and the rising concern for animal welfare, we support the formulation of this Amendment Bill by the Government to amend the original ordinance. For this reason, the Labour Party will support the Second and Third Readings of this Bill as well as the amendments to the operation of the preliminary investigation committee (PIC) proposed by the Government in response to the views expressed by the profession and the Bills Committee. Concerning the amendments related to the PIC, we will speak again later to supplement our views.

I believe the reason for the introduction of this Amendment Bill by the Government is to increase the manpower to cope with an increasing number of complaint cases. As far as we know, at present, the handling of complaint cases cannot be completed even in 17 or 18 months. In addition, there are only three PICs for handling complaint cases, so quite a number of cases are still pending. Therefore, in view of the intention of the Government, we can lend it our support. However, we are also very much concerned about whether or not the self-regulation of the profession and accountability to the public can both be achieved at the same time through this Amendment Bill, so that there is no impression of doctors shielding one another from blame and members of the profession harbouring one another. This is an issue on which we had a lot of discussion during the scrutiny of the Bill.

First, let us talk about self-regulation of the profession. The *status quo* is that there are six registered veterinary surgeons (RVSs) in the Veterinary Surgeons Board (VSB) and the Government's amendment aims to increase the number of RVSs from six to 12 and the profession can vote to elect the six newly-added RVSs, that is, representatives of the profession. Of course, our very first question is: Since the Government is willing to let the profession vote and since the VSB has been opened up, why not open it up to the fullest extent, so that all 12 RVSs in the VSB are elected by all members of the profession through elections among themselves?

Of course, the Government may say that certain posts, such as the veterinary surgeons of the Agriculture, Fisheries and Conservation Department, must also be included in the VSB. Indeed, when designing the VSB, the authorities absolutely had the liberty to specify in the legislation how many government representatives there will be in the VSB. If we look at the bills related to other professional regulatory bodies, in fact, it is always specified therein how many representatives of, say, the Hospital Authority or Department of Health there are, rather than inserting the RVSs of the AFCD into the seats for the professional sector. This is not the approach adopted. Therefore, we believe that it is undesirable for the Government to adopt such an approach to retain the power of appointing half of the representatives from the profession. Conversely, if we earnestly want to give the profession a genuine electoral proposal, it should be allowed to elect representatives from among its members, whereas official representatives should be arranged to join the VSB by means of other arrangements.

Nevertheless, the response of the members of the profession is also very interesting. They said that since there were only some 700 RVSs in the profession, it was already very difficult for them to find six people to provide service without remuneration and if 12 people had to be identified for the purpose, they were afraid they might not be able to find enough people to stand in the election. This is a shame but we also understand that Hong Kong as a whole is living under the sway of real estate hegemony. Life is difficult and operating costs are high, so they are also very hard-pressed. For this reason, not many members of the profession have the time to come out to serve the public without remuneration and we can also understand this point. Therefore, I will talk about the issue of complaints about prices and fees later.

Just now, a Member said that the fees charged by veterinary surgeons were not transparent and were far too high. For this reason, at a meeting, Dr CHIANG Lai-wan considered that the 12 representatives of the profession should be reduced to nine and the three posts so made available should be taken up by lay persons. However, if we are talking about the fees charged by veterinary surgeons being too high and not transparent, adding three lay members cannot solve this problem. This is because we have had discussions with members of the profession, who pointed out that real estate hegemony indeed affected their profession and that they really had to cope with ever rising rents. In addition, at present, most veterinary surgeons operate clinics all on their own and each clinic needs a set of basic equipment and facilities, so the expenses incurred are often six-digit figures. Therefore, the problem of rent and cost compels them to charge such high fees. In view of this, even if three lay persons join the VSB, it will not be helpful to dealing with landlords, that is, asking them not to increase rents. This is not a solution to this problem.

In addition, there is the problem of a lack of transparency in the fees charged by veterinary surgeons. In fact, this problem is more or less the same as that encountered by human beings when they see a doctor or seek treatment in private hospitals, that is, when one suffers from some major illness or has some sort of emergency, one does not know how much in fees and charges one has to pay and it is only on arrival that one is told high charges and fees will be levied. If you decide to leave and not to use the service, there will be delays in treatment, so the condition of the sick animal may deteriorate as a result.

However, the profession tells us that among the conduct rules in the legislation, there is one provision prohibiting them from placing advertisements. As a result, they cannot provide information on their fees to the public and even

uploading the fees information onto the Internet is not permitted. Of course, veterinary surgeons can display their fee schedule in the clinic but this cannot solve the problem of delay in treatment because pet owners will still have to take their pets to a clinic before they can look at the fees. If they leave only then, there will be delays and it will take them more time all the same.

Therefore, in this regard, I sincerely call on the authorities to consider what solutions there are for resolving the conflict between these two problems, for example, by permitting veterinary surgeons to publicize their fees in a transparent way, provided that they do not place untruthful or false advertisements. Not only can the fees be displayed in clinics, they can also be uploaded onto the Internet and the fees of various veterinary surgeons can even be set out in detail on a webpage managed by the VSB. At the same time, it is hoped that through this kind of competition, fees can become lower.

At the same time, we also had discussions with members of the profession and they also have plans to group veterinary surgeons together to operate vet clinics jointly, for rental costs are far too high, so as to share the costs of rent and basic facilities. I believe the VSB can offer more assistance in this regard as it probably has the greatest amount of information, that is, a platform can be set up to provide information to the profession on how many veterinary surgeons are in practice in each district, so that they can look for partners for business operation and find ways to lower treatment costs together. We believe the VSB can do something to help them in this regard.

Deputy President, next, I wish to talk about the accountability of the profession to the public. I understand that Dr CHIANG Lai-wan and Members who support her amendment believe that if there are more lay members in the VSB, accountability to the public can be enhanced.

We also understand that members of the sector also attach great importance to professional self-regulation and development, whereas accountability to the public and being subject to public oversight are also very important. However, insofar as a professional body is concerned, if we look at the legislation regulating other professional bodies, we will find that there are actually several committees under various regulatory bodies, including investigation committees, disciplinary committees — that is, a committee in charge of deliberating what disciplinary actions to take after looking at the results of investigations — and in overseas professional bodies, there are even community relations committees. In these committees, the degree of participation by lay members can be very high,

particularly in a community relations committee. There is such a committee in the professional body for optometrists in Canada. Through such a committee, the ethics and operation of a profession are explained to the public and society, and the views of society are also given audience, so as to see how the services provided by a profession to society can be enhanced. This is a desirable aspect.

However, similarly, professional self-regulation and quality enhancement also involve the accreditation of programmes in tertiary education institutions and the registration of veterinary surgeons. With regard to accreditation and qualification vetting, I believe they should be dealt with by the profession on its own and it is difficult for outsiders to take its place. Moreover, veterinary medicine covers many areas. Deputy President, human beings can only be classified as two types and in general, they can only be classified as men or women but with regard to animals, they can be classified as large animals and small animals. In the farm setting, there are pigs and sheep in the animal husbandry industry. There is even the Hong Kong Jockey Club and large animals are involved in this regard. As regards small animals, there are pets like dogs and cats and among small animals, there are land animals as well as such aquatic animals as gold fish, and there are also amphibians, for example, red-eared sliders which are very small, so on, so forth, but I wonder if anyone keeps frogs.

Therefore, we understand that since the profession can be divided into so many areas, even when we carry out investigations, often, we have to find overseas professionals in a particular area to offer advice. Therefore, if the proportion in a PIC is 1:1, this would actually make the task of seeking expert advice all the more difficult. For this reason, if the proportion is maintained at 2:1, so that there is the participation of lay members and two members of the profession, we think this is a more feasible course of action. Moreover, if it is said that the participation of lay members has to be enhanced, I think this should be done in some community relations committee rather than in the VSB. This is because when it comes to the level of the VSB, in the conduct of programme accreditation and professional registration, it should be considered as matters of self-regulation by the profession.

Deputy President, since Dr CHIANG Lai-wan had strong views on revising the number of members in the VSB during the scrutiny, I strongly encourage her to propose a Member's amendment. In this way, there is no need to do so through the Bills Committee. Although we know that amendments proposed in the course of scrutiny are unlikely to be passed, we hope Members would not

propose amendments only when they think their passage is possible. Sometimes, a proposed amendment can compel the Government to do something, just as the proposals of Dr CHIANG Lai-wan and the responses of profession have compelled the Government to propose an additional amendment, which I will talk about later, that is, in a PIC, the three members must reach a consensus. If a consensus cannot be reached, the matter has to be referred to the VSB for further hearings and deliberation. In fact, under this mechanism, first, this is something that they are compelled to do and second, this mechanism also makes it impossible for the two professional veterinary surgeons to shield one another from blame and evade public oversight.

Deputy President, I remember that on one occasion, that is, during the financial turmoil in 1999, the Legislative Council invited an academic in economics, who was also a Nobel Prize winner, to explain the international financial situation to us here. The academic was the late Prof Merton MILLER. He made one remark that struck a very deep impression on me. He said all professionals should have the ability to explain the operation, principles and workings of a profession to ordinary people. Unfortunately, in Hong Kong, the very first thing that many professionals, including government officials, say is, "You do not know about this. This is very difficult to explain", so they make no attempt at further explanations.

In view of this, since this academic is a Nobel Prize winner with such an international standing who had conducted such an in-depth study and expressed such a requirement regarding professionals, this can serve as reference for the professionals of various industries and sectors. They must not shirk the responsibility of being accountable to the public, and still less should they evade this matter on the excuse that the public do not know anything. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak?

MR CHAN CHI-CHUEN (in Cantonese): Deputy President, as an owner of two cats, I can be regarded as a user of the relevant legislation. Owing to the need to examine the Veterinary Surgeons Registration (Amendment) Bill 2014, we have had a lot of opportunities to come into contact with veterinary surgeons to listen to what they have got to say.

As for Members' earlier remarks on the problems of Hong Kong's veterinary profession, I think pet owners may well have encountered such difficulties, including the issue of fees. High fees are really killing. During the time when 24-hour veterinary clinics were yet to become available, if we needed to call a veterinary surgeon back to the clinic to treat our acutely ill pets, we had to pay \$1,000 first as a fee covering the journey between the veterinary surgeon's home and the clinic. A medical consultation is more costly for a pet than for a person. It is no surprise for a consultation for a pet to cost more than a thousand dollars; yet, veterinary surgeons may claim that the fees they charge in Hong Kong are actually not high and can even be regarded as concessionary worldwide.

Do Members know why veterinary service fees are so high? The high operating cost, including rentals, is a reason. Let us put the question of real estate hegemony aside. Compared with clinics for human beings, veterinary clinics need a larger premises for installing instruments and keeping the pets, and the amount of investment on instruments is way higher. Therefore, it is controversial to tell if their charges are exorbitant.

Of course, I have come across a lot of cases involving inadequate price transparency or faulty business practices, and the pet owners in many of them are rather passive. For example, after a pet is administered anaesthesia for a small-scale neutering procedure, the veterinary surgeon calls its owner informing him that it may have problems A, B, C and D and asking for his consent to pay extra money for examinations A, B, C and D. With anaesthesia having been administered, the owner at the other end of the line would have no choice but consent to it. So, a procedure with a budget of hundreds of dollars will turn out to cost thousands. Should the pet pass away during the procedure, whether it has anything to do with the pet's own problem or the veterinary surgeon's professionalism, the owner must find it hard to swallow and proceed to make a complaint. If anyone suspects that their pets were subject to medical errors in a procedure, I encourage them to speak up.

Nevertheless, we are very dissatisfied about the really long time taken for handling such complaints, and we consider it extremely undesirable. According to the figures provided by the Government, it takes 16 months on average to handle a complaint, with the longest one spanning 56 months; if one believes in reincarnation, the animal in question may have already gone through two cycles of reincarnation before a complaint concludes. So, regarding the Bill, we very much wish that the Government would at least undertake to speed it up,

irrespective of whether it takes the form of a performance pledge. Of course, during meetings of the Bills Committee, we did not hear any reply to this question, because the authorities advised that the nature and complexity of different cases vary, so there is no way to guarantee the number of months needed to conclude a complaint. But in our view, since the membership of the Veterinary Surgeons Board of Hong Kong (VSB) is to be changed through the current amendment exercise, some targets should be set for the relevant committees to achieve.

However, having said that, the Bill may not be able to tackle a lot of issues regarding veterinary surgeons, including the one on fees that I mentioned just now. As regard fees, there is no lack of means to make them cheaper, like further liberalization of the veterinary service market. As for the suggestion of introducing veterinary surgeons from the Mainland, I am worried if they are up to standard and effective monitoring is in place, as evidenced by the problems that have arisen since an earlier initiative to allow practice of Taiwanese veterinary surgeons in Hong Kong.

Some experienced veterinary surgeons have told me that the standard of Taiwanese veterinary surgeons is not high or lower than that of their counterparts in Europe or America. I am not sure if such comments are made out of their appreciation of everything Western. Nevertheless, these experienced veterinary surgeons have further said that they have very often received cases where they need to fix what cannot be treated in the hands of those veterinary surgeons. Therefore, they suggest that further relaxation for Mainland veterinary surgeons without proper control over their standard is unfair to pet owners, given that pets are living beings. Hence, I do not dare take a position hastily on whether their charges are too high or whether further liberalization of the market will lead to lower charges.

Introducing veterinary surgeons from more different places means pursuing lower charges at the expense of quality; as for the initiative to hastily speed up the introduction of veterinary surgeons from more places for practice in Hong Kong while they are not up to standard or there is no confidence to do so, I think the Government needs to note this with concern. Of course, opening up for Taiwan represents a vote of confidence in their system. However, if veterinary surgeons from a place are really found to have varying or low standards, I am not sure if a reverse route can be taken or monitoring can be strengthened at that time.

One of the major concerns of the Bills Committee is the number of affirmative votes needed for a Preliminary Investigation Committee (PIC) to refer a complaint to an Inquiry Committee (IC) for inquiry. The current approach is that a PIC will decide, by a majority vote of its members, whether to refer a complaint to an IC for inquiry; if a PIC concludes that a complaint shall not be referred to the VSB, the secretary to the VSB will notify the complainant in writing. This is a situation known as doctors harbouring one another, as many Members said in their speeches. Complainants may find it hard to swallow should the reasonableness of a pet's life or death be determined by two of those three persons.

Of course, I know that many complaints are unsubstantiated. I have very often come across cases where owners wanted to have their pets cured regardless of the cost but the veterinary surgeons cannot guarantee so, and in case the pets cannot be cured, the owners might conversely complain about the veterinary surgeons using other matters as the handle. The veterinary surgeons have their own grievances to tell.

Therefore, I know that some veterinary surgeons have put adequate safeguards in place nowadays. They may ask owners to sign a consent form and make an audio record of each of the fee items or proposals agreed, and even call them to see if a green light is given to additional treatment. If these can be more properly addressed, less disputes will arise in the future, particularly in cases where an animal's death can be attributed to its own illnesses or medical errors, and such disputes are by no means easy to tackle. An ordinary member of the public or pet owner very often places his trust wholly in a veterinary surgeon. When the latter suggests the administering of euthanasia, they still have to put their faith in it. Therefore, apart from monitoring the situation, the committee also needs to consider what areas can be more properly addressed in order to let pet owners feel more convinced or reassured.

We propose abandoning the 2:1 ratio, and when no unanimous decision is reached by all members, the complaint will have to be referred back to the VSB, which will decide whether the complaint should be referred to an IC. Whether sincere or not, the Government has finally undertaken to propose Committee stage amendments to clauses 11, 12(2) and (6) and 19 of the Bill to the effect that in case no unanimous decision is reached by the three members on a PIC on whether a complaint should be referred to an IC, the complaint must be referred to the VSB which may decide whether to refer the complaint to an IC. Of

course, in our discussion on this point, some of us were worried if this would delay the handling of complaints as a whole. However, I see a need to strike a balance, and the Government is now willing to make such an arrangement, so I will support the Bill.

I so submit.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak?

MR CHAN HAK-KAN (in Cantonese): Deputy President, just as many Honourable colleagues have said, the Veterinary Surgeons Board (VSB) plays a very important role in the provision of veterinary services. On the one hand, it sets the professional qualifications for local veterinary surgeons and manages their registration. On the other hand, it carries out thorough investigations into and handling of complaints about veterinary services.

The amendments to the Veterinary Surgeons Registration (Amendment) Bills 2014 (the Bill) have been subject to six rounds of discussion at the Bills Committee which has also listened to the views of animal welfare groups and veterinary organizations on two occasions. Dr CHIANG Lai-wan and I have also discussed this Bill with the department and bureau for four or five times. I noticed that the amendments submitted by the Government today have adopted the views of many members of the Bills Committee, as well as some recommendations of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). Just as many colleagues have said, the aim of the amendments is mainly to speed up the handling of complaints about veterinary services. Everyone may still remember that during the discussion at the Bills Committee, reference was made to the longest time required to handle a complaint about veterinary services, being 56 months. It was indeed a very long period of time to the complainant and also brought pressure to the veterinary surgeon involved while affecting the reputation of his or her clinic. It is not a fair practice to both parties.

(THE PRESIDENT resumed the Chair)

We noticed that a key point in the amendment is to add nine more members to the VSB and to establish a panel of assessors of not more than 18 persons. I believe it will help expedite the handling of complaints. I hope after the Ordinance is amended, the complaints accumulated on the part of the Government or bureau can be handled as soon as possible. I also expect the VSB, like Dr CHIANG Lai-wan has just mentioned, will make a performance pledge for the handling of complaints so that the results of some complaints would be available without a ridiculously long wait. Of course, I have to add that the VSB does not have enough secretariat support manpower. We hope once its functions have been enhanced, the Government can provide manpower and resources to the VSB accordingly.

Moreover, the amendment has touched on an issue, that is, the ratio of veterinary surgeons to non-veterinary surgeons in the Preliminary Investigation Committee (PIC). The amendment will change this ratio from the previous 1:1 to 2:1. In the course of scrutiny of the Bill, some members have expressed the worry that the impartiality of investigations would be jeopardized as a result of a large number of veterinary surgeons members but a small proportion of representatives of citizens and consumers in the PIC. In this regard, I heard the Secretary accept our views and make an undertaking to propose Committee stage amendments to the effect that in case no unanimous decision is reached by a PIC, the complaint must be referred to the VSB for a judgment. I believe this approach can balance the interests of all parties as it can guarantee the professionalism of the VSB while allowing the public to exercise stronger monitoring.

As regards the membership of the VSB, many colleagues have pointed out that the current ratio of veterinary surgeons to non-veterinary surgeons will remain at 2:1. But an electoral element will be introduced to the selection of the veterinary surgeon members, where six veterinary surgeons will be elected from among veterinary surgeons to join the VSB, so as to improve its transparency and recognition. As for the appointment of representatives from the community, I hope the Government can include more different stakeholders, such as animal protection organizations or persons with social influence, in order to strike a balance between the rights of veterinary surgeons and animal rights.

Many colleagues have made valuable suggestions in the Bills Committee, which I hope the VSB can accept. The VSB should provide a schedule of general fees and charges of registered veterinary surgeons for reference by the

public while enhancing its functions and strengthening the regulation of veterinary surgeons. As a matter of fact, the VSB's Code of Practice for the professional conduct and discipline of registered veterinary surgeons also suggests the provision of a schedule of fees. But this measure seems to have not been fully enforced. Therefore, I hope the VSB can step up its supervision so that citizens will have a better understanding of the transparency of fees when looking for veterinary services.

Lastly, I would also like to take this opportunity to remind the Secretary that the Chief Executive is actually quite concerned about veterinary services. He has mentioned on his blog that the school of veterinary medicine will make a great contribution to Hong Kong, and he also supports training more veterinary surgeons locally. Insofar as the amendments are concerned, Members from different political parties and groupings have expressed different views, and the amendments may not be able to satisfy everyone, especially my party comrade Dr CHIANG Lai-wan who has great reservations about them. But the DAB agrees to the passage of these amendments. Nonetheless, may the Secretary please note that he needs to regularly review the Veterinary Surgeons Registration Ordinance and make timely amendments accordingly.

President, I so submit.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Food and Health to reply. The debate will come to a close after the Secretary has replied.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the Government introduced the Veterinary Surgeons Registration (Amendment) Bill 2014 (the Bill) to the Legislative Council in July 2014. The Legislative Council subsequently set up a Bills Committee to scrutinize the Bill.

First of all, I would like to express my gratitude to the Chairman of the Bills Committee, Mr Tommy CHEUNG, as well as eight other Members, including six who have just spoken, namely Dr CHIANG Lai-wan, Miss Alice MAK, Dr Kenneth CHAN, Ms Cyd HO, Mr CHAN Chi-chuen and Mr CHAN Hak-kan, and another two Members, that is, Mr Paul TSE and Mr Steven HO. In the last six months, they have engaged in thorough discussions on the policy and contents of the Bill and have given many valuable views on the composition and *modus operandi* of the Veterinary Surgeons Board (VSB), election arrangements for electing registered veterinary surgeons to the VSB, the VSB's complaint-handling mechanism and regulation of the veterinary profession. Moreover, the Bills Committee has twice invited the profession, stakeholders and relevant deputations to attend its meetings to listen to their views. I would like to express my heartfelt thanks to all the deputations and individuals for their participation in the discussions and their submissions.

The Bill seeks to amend the Veterinary Registration Ordinance (Cap. 529) (the Ordinance) to strengthen the membership of the VSB and streamline its *modus operandi*, so as to enhance the capacity of the VSB to handle complaints and discharge statutory functions.

Since the enactment of the Ordinance in 1997, the number of registered veterinary surgeons has increased from around 150 to 735. As veterinary services has become more and more popular in Hong Kong, there has been a growing number of citizens using such services. The number of complaints received by the VSB has risen significantly in recent years (from eight in 1998 to 50 on average in recent years). And the nature of these complaints has become increasingly complicated.

In 2012, the Administration and the VSB jointly conducted a review of the VSB's structure and *modus operandi* and launched a public consultation on various proposals.

After considering the views collected in the public consultation and the conditions of the local veterinary profession, and to deal with the growing number of complaints, we have made proposals on two main areas to improve the current situations, namely (i) to expand and strengthen the composition of the VSB; and (ii) to streamline the VSB's procedure for handling complaints.

The Bill suggests increasing the number of members (including the chairperson) of the VSB from 10 to 19. Among them, the number of registered veterinary surgeons will increase from currently six to 12, and the number of members who are not registered veterinary surgeons will increase from currently three to six. The chairmanship can be held by a registered veterinary surgeon or a lay person. In other words, excluding the chairperson, the membership ratio of veterinary surgeons to non-veterinary surgeons will remain at 2:1.

Under the existing Ordinance, the chairperson and members of the VSB are all appointed by the Secretary for Food and Health. The Bill proposes that the six newly-added VBS members who are registered veterinary surgeons be elected from among members of the veterinary profession so as to enhance the representation of the VSB and allow greater involvement of the profession in managing its own affairs. The chairperson, six non-registered veterinary surgeon members and the remaining six registered veterinary surgeon members will continue to be appointed by the Secretary for Food and Health.

In addition, under the Ordinance, the VSB can establish a panel of assessors who are not VSB members and appoint not more than 12 registered veterinary surgeons and not more than six non-registered veterinary surgeons to be assessors, who are to be assigned to the Preliminary Investigation Committee (PIC) and Inquiry Committee (IC) to handle complaints against registered veterinary surgeons.

Consequential to the proposal of adding new assessors, the Bill also makes adjustments to the composition of the PIC and IC such that the VSB can appoint more PICs and ICs to handle a growing number of complaints when necessary.

To streamline the VSB's complaint-handling procedure, the Bill recommends that a PIC can decide whether to directly refer a complaint to an IC for inquiry, which is to substitute the arrangement that it has to be referred to the VSB first as provided in the existing Ordinance.

This proposal has received policy support from the Bills Committee.

As regards a PIC's direct referral of a complaint to an IC, the Government and the Bills Committee have undertaken meticulous examination and discussion on the complaint referral mechanism of the PIC. After careful consideration of

views raised by the Bills Committee, the Government will propose amendments to the provisions in relation to the referral mechanism. I will explain in detail the related amendments later at the Committee stage.

Furthermore, in the scrutiny of each clause in the Bill, the Bills Committee and Assistant Legal Adviser had studied all clauses in detail and made some suggestions related to drafting. The Government will propose a number of textual and technical amendments to certain clauses in the interest of better semantic clarity to accurately reflect their policy intent. The Bills Committee has also given its support to these amendments.

I will give the following responses to the issues raised by the Bills Committee:

First, regarding the composition of the VBS and its PIC and IC, as well as the ratio of veterinary surgeons to non-veterinary surgeons, the Bills Committee has conducted in-depth discussions. Some members have expressed concern about maintaining the ratio of the two types of members at 2:1 and requested the Government to consider increasing the proportion of non-veterinary surgeon members in the VSB in order to better represent the interests of veterinary service users.

The Government, in making the decision to expand and strengthen the composition of the VBS, has already taken into account its actual functions and operational needs, as well as the views collected from the veterinary profession and the public consultation. We consider that the VSB's 17 years of actual experience bears testimony to the fact that its current composition (the 2:1 ratio of veterinary surgeons to non-veterinary surgeons) can generally strike a reasonable balance among the views of all parties, achieving the aims of ensuring the professional level, standard, judgment and conduct of the veterinary profession for the protection of public interests.

As a regulatory body, the VSB not only deals with the disciplinary matters of registered veterinary surgeons (including handling complaints), but also has been playing an important role in such areas as the establishment of professional standard for the practice of veterinary surgery, dealing with registration matters and drawing up measures to promote the sustainable development of registered veterinary surgeons. Therefore, to fulfil the aim of regulating the veterinary profession, it is particularly important that the VBS has adequate representatives

from the profession and ample professional knowledge. For this reason, the Government will carry on the current practices to absorb different types of registered veterinary surgeons with varied experiences and specialties to join the VSB so as to keep professional advice and knowledge diverse and balanced in the VSB.

Apart from members of the veterinary profession background, the Government also appoints lay persons representing the interests of users of veterinary services to the VSB. At present, the VSB has three lay persons as members, the number of which will be increased to six as per the proposal of the Bill. These six lay members can be medical practitioners, pharmacists or dentists who are entitled to professional practice in Hong Kong but they must not be veterinary surgeons.

On the other hand, to ensure a fair and impartial procedure for handling complaints, currently the VSB has an established mechanism for declaration of interests. Individual members who have an interest in the complaints to be handled by the VSB are not allowed to participate in the deliberation or decision of the relevant cases.

As professionals, registered veterinary surgeons have gained public support owing to their specific knowledge and training. To ensure that the social status of veterinary surgeons can be maintained, we believe members of the VSB, as well as assessors from the veterinary profession who will participate in the handling of complaints, will exercise caution in regulating the professional conduct and controlling the discipline of professional activities of registered veterinary surgeons, with the aim of striving to maintain and bolster public confidence in the veterinary profession.

Based on these considerations, we consider that it is appropriate to maintain the ratio of veterinary surgeons to non-veterinary surgeons in the VSB at 2:1.

Second, regarding the suggestion that the VSB should introduce measures to show its commitment to protecting consumer rights, several Members, especially Dr CHIANG Lai-wan, have shown great concern for the fees of veterinary services. I would like to say a few words as supplement in this aspect. Hong Kong is a free market economy where veterinary service fees are determined by individual veterinary surgeons and clinics and led by market force.

It is also the common case in other places. The VSB regulates the professional conduct of registered veterinary surgeons through the Code of Practice for the Guidance of Registered Veterinary Surgeons (Code of Practice), which contains the principles for setting service fees. The Code of Practice stipulates that veterinary surgeons shall make available to their clients or prospective clients a schedule of their normal fees and charges for consultations, routine tests and routine procedures. At the same time, it also provides that veterinary surgeons should not charge exorbitant or unreasonable fees. If complaints are filed by the public against registered veterinary surgeons due to violation of the Code of Practice, they may have to attend an inquiry because of the disciplinary offences. In this regard, we will make a special effort to follow up with the VSB on the transparency of veterinary service fees.

During the discussions in the Bills Committee overall, the Bills Committee requested the Government to relay its views to the VSB, inviting it to consider taking appropriate measures to further demonstrate its commitment to protecting consumer rights. Its suggestions include the VSB's guarantee to refer a complaint alleging a disciplinary offence to a PIC within a certain time limit and the provision of fee standards of general veterinary services for public's reference so as to enhance transparency.

The Government has relayed such views to the VSB. The VSB is considering these matters and will decide on the best ways to implement these suggestions, which will be reported by the Government to the relevant panels of the Legislative Council in due course.

Third, concerning the proposed election of members to the VSB, as I have mentioned, the Bill recommends to elect the newly-added six registered veterinary surgeons members from among members of the veterinary profession. Related electoral arrangements will be laid down in the electoral regulation to be formulated later. At the Bills Committee's request, we have briefed the Committee on the Government's preliminary proposal on the electoral arrangements, such as the proposed eligibility of electors and candidates, election method and arrangements.

The Bills Committee generally supports the Government's preliminary proposal on the electoral arrangements. As regards the nomination and voting arrangements for election of members to the VSB, the Bills Committee has suggested that each elector can nominate only one eligible registered veterinary

surgeons as a candidate and only vote for one candidate, regardless of the number of positions to be voted for in the election. The Bills Committee also supports the suggested arrangement that electors must cast votes in person. Once the Bill is passed by the Legislative Council, we will commence our work to draw up the electoral regulation. When deciding on a proposal for the electoral arrangements, we will adopt the Bills Committee's suggestions as the basis, on which we will consult relevant panels of the Legislative Council, the VSB and the veterinary profession. We will then follow up on the relevant legislative work.

As regards suggestions made by Members just now to which I am not able to respond one by one here, we will continue to follow up with the VSB separately. President, I urge Members to support the passage of the Bill and the amendments proposed by the Government, with a view to strengthening the composition of the VSB and streamlining its *modus operandi*, thereby enhancing the VSB's capacity to handle complaints and discharge its statutory functions. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Veterinary Surgeons Registration (Amendment) Bill 2014 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Veterinary Surgeons Registration (Amendment) Bill 2014.

Council went into Committee.

Committee Stage

CHAIRMAN (in Cantonese): Committee stage. Council is now in Committee.

VETERINARY SURGEONS REGISTRATION (AMENDMENT) BILL 2014

CHAIRMAN (in Cantonese): Members may refer to Appendix II to the Script for the debate and voting arrangements for the Bill.

I will first deal with the clauses with no amendment. I now propose the question to you and that is: That the following clauses stand part of the Veterinary Surgeons Registration (Amendment) Bill 2014.

CLERK (in Cantonese): Clauses 1, 2, 4 to 8, 10, 13, 14, 15, 17, 18, 20 and 21.

CHAIRMAN (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the clauses read out just now stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Clauses 3, 9, 11, 12, 16 and 19.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Chairman, I move the amendments to clauses 3, 9, 11, 12, 16 and 19, as set out in the paper circularized to Members.

Chairman, I said in my speech in the debate on Second Reading that the Government and the Bills Committee had had detailed discussions on the referral mechanism for preliminary investigation committee (PIC).

Under the current arrangement, after the Veterinary Surgeons Board (VSB) has received a complaint involving an alleged disciplinary offence, the Secretary to the VSB will submit the case to a PIC. The PIC will decide whether or not to refer the complaint to the VSB for consideration or dismiss the case. The VSB can also forward the complaint to an investigation committee (IC) for inquiry.

To streamline the complaints handling procedure of the VSB, the Bill proposes that in the future, a PIC may decide to refer the complaint to an IC direct for inquiry. In accordance with section 52 of the Interpretation and General Clauses Ordinance (Cap. 1), the decision of the PIC is made having regard to the power of majority.

In order to ensure that views raised by lay members representing the interest of persons utilizing veterinary services are given full weight, the Bills Committee recommended to the Government that in future, when a decision is to be made by a PIC on whether the complaint should be referred to an IC or dismissed, such a decision must be made unanimously by its three members. Otherwise, the PIC must refer the complaint to the VSB which will decide whether the complaint should be referred to an IC or dismissed.

We have carefully considered the recommendation. Although it is not fully consistent with the original purpose of streamlining the complaint handling procedure, we believe if it is required that a PIC must reach a unanimous decision before referring a complaint to an IC or dismissing a complaint, it would go a long way towards demonstrating that the views of various parties on a PIC (including the views of the lay member representing the interest of persons utilizing veterinary services) will be given full weight.

In this connection, the Government has proposed amendments to clauses 11, 12 and 19, so as to incorporate the proposed mechanism. The relevant changes being reflected in the amendments have won the support of the Bills Committee.

As regards clauses 3, 9 and 16, the rest of the amendments are textual or technical in nature, or corresponding amendments that seek to improve the clarity of the provisions and reflect the policy intent of the provisions more accurately. The relevant amendments have also won the support of the Bills Committee.

With these remarks, I hope Members will support and pass the aforementioned amendments. Thank you, Chairman.

Proposed amendments

Clause 3 (see Annex II)

Clause 9 (see Annex II)

Clause 11 (see Annex II)

Clause 12 (see Annex II)

Clause 16 (see Annex II)

Clause 19 (see Annex II)

CHAIRMAN (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by Secretary for Food and Health be passed. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the amendments passed.

CLERK (in Cantonese): Clauses 3, 9, 11, 12, 16 and 19 as amended.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That clauses 3, 9, 11, 12, 16 and 19 as amended stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CHAIRMAN (in Cantonese): Council will now resume.

Council then resumed.

Third Reading of Bills

PRESIDENT (in Cantonese): Bill: Third Reading.

VETERINARY SURGEONS REGISTRATION (AMENDMENT) BILL 2014

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the
Veterinary Surgeons Registration (Amendment) Bill 2014

has passed through Committee with amendments. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Veterinary Surgeons Registration (Amendment) Bill 2014 be read the Third time and do pass.

Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Veterinary Surgeons Registration (Amendment) Bill 2014.

MOTIONS

PRESIDENT (in Cantonese): Motions. Proposed resolution under the Criminal Procedure Ordinance to approve the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2015.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Chief Secretary for Administration to speak and move the motion.

PROPOSED RESOLUTION UNDER THE CRIMINAL PROCEDURE ORDINANCE

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I move that the Resolution, as printed on the Agenda, be passed. This motion aims to seek the approval of the Legislative Council for the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2015 made by the Criminal Procedure Rules Committee under section 9B of the Criminal Procedure Ordinance.

At present, the maximum allowance payable to ordinary witnesses in criminal proceedings is \$410 for each day of attendance or \$205 for not exceeding four hours of attendance. The maximum allowance for professional or expert witnesses is higher, at \$2,355 for each day of attendance or \$1,175 for not exceeding four hours of attendance.

Under the adjustment mechanism approved by the Finance Committee of the Legislative Council, changes to the rate of allowance for ordinary witnesses would be made in accordance with the movements in the Median Monthly Employment Earnings of Employees (MMEE) in Hong Kong while those for professional or expert witnesses would be made in accordance with the changes

in the mid-point salary of a Government Medical and Health Officer. The Finance Committee also delegated the authority to approve the relevant adjustments to the Secretary for Financial Services and the Treasury.

The existing rates of allowances were set in 2013 based on the biennial review conducted in 2012. The Judiciary Administration reviewed the rates of allowances in 2014. Taking into account the movements in the MMEE and the mid-point salary of a Government Medical and Health Officer from the second quarter of 2012 to the third quarter of 2014 as at December 2014, the Judiciary Administration proposed and the Secretary for Financial Services and the Treasury approved to increase the maximum rate of allowance for ordinary witnesses from \$410 to \$445 for each day of attendance and from \$205 to \$220 for not exceeding four hours of attendance. For professional or expert witnesses, the maximum rate of allowance would be increased from \$2,355 to \$2,415 for each day of attendance and from \$1,175 to \$1,205 for not exceeding four hours of attendance. These adjustments aim to maintain the real value of the rates of allowances to minimize any financial loss suffered by members of the public testifying as witnesses in courts.

The Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2015 seeks to implement the new rates of allowances. I invite Members to approve the Resolution. Thank you, President.

The Chief Secretary for Administration moved the following motion:

"RESOLVED that the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2015, made by the Criminal Procedure Rules Committee on 13 January 2015, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Chief Secretary for Administration be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

PRESIDENT (in Cantonese): Proposed resolution under the Coroners Ordinance to approve the Coroners (Witnesses' Allowances) (Amendment) Rules 2015.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Chief Secretary for Administration to speak and move the motion.

PROPOSED RESOLUTION UNDER THE CORONERS ORDINANCE

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I move that the Resolution standing in my name on the Agenda be passed. This motion aims to seek the approval of the Legislative Council for the Coroners (Witnesses' Allowances) (Amendment) Rules 2015 made by the Chief Justice under section 54 of the Coroners Ordinance.

At present, the maximum rates of allowances payable to witnesses in coroners' inquests are the same as those for witnesses in criminal proceedings. The adjustment mechanism approved by the Finance Committee of the Legislative Council is also the same as that for the allowances for witnesses under the Criminal Procedure (Witnesses' Allowances) Rules. Following a review

conducted in 2014, the Judiciary Administration proposed, and the Secretary for Financial Services and the Treasury approved, to increase the maximum rate of allowance for ordinary witnesses from \$410 to \$445 for each day of attendance and from \$205 to \$220 for not exceeding four hours of attendance. For professional or expert witnesses, the maximum rate of allowance would be increased from \$2,355 to \$2,415 for each day of attendance and from \$1,175 to \$1,205 for not exceeding four hours of attendance.

The Coroners (Witnesses' Allowances) (Amendment) Rules 2015 seeks to implement the new rates of allowances. I invite Members to approve the Resolution. Thank you, President.

The Chief Secretary for Administration moved the following motion:

"RESOLVED that the Coroners (Witnesses' Allowances) (Amendment) Rules 2015, made by the Chief Justice on 15 January 2015, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Chief Secretary for Administration be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

PRESIDENT (in Cantonese): Proposed resolution under the Criminal Procedure Ordinance to approve the Criminal Appeal (Amendment) Rules 2015.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Chief Secretary for Administration to speak and move the motion.

PROPOSED RESOLUTION UNDER THE CRIMINAL PROCEDURE ORDINANCE

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I move that the Resolution standing in my name on the Agenda be passed. This motion aims to seek the approval of the Legislative Council for the Criminal Appeal (Amendment) Rules 2015 made by the Criminal Procedure Rules Committee under section 9 of the Criminal Procedure Ordinance (Cap. 221).

Under rule 39 of the Criminal Appeal Rules (Cap. 221 sub. leg. A), an appellant may, at any time before the hearing thereof, abandon his appeal by giving notice of abandonment thereof to the Registrar in Form VII, and upon such notice being received by the Registrar the appeal shall be deemed to have been dismissed by the Court of Appeal.

In order to reduce the number of unmeritorious applications to revive appeals by applicants who have filed a Notice of Abandonment, the Judiciary proposes to amend the Notice of Abandonment to indicate the effect in law of an abandonment, that is, once an appeal is abandoned and thus dismissed, the Court of Appeal has no inherent jurisdiction to permit an appeal to be reopened unless the abandonment is treated as a nullity, or the matter is referred to it by the Chief Executive under section 83P of Cap. 221. The kernel of the nullity test is that the Court must be satisfied that the abandonment is not the result of a deliberate and informed decision, that is, the defendant's mind does not go with the act of the abandonment.

The Criminal Appeal (Amendment) Rules 2015 seek to amend the Schedule to Cap. 221 sub. leg. A in Form VII for the above purpose. I invite Members to pass the Resolution. Thank you, President.

The Chief Secretary for Administration moved the following motion:

"RESOLVED that the Criminal Appeal (Amendment) Rules 2015, made by the Criminal Procedure Rules Committee on 13 February 2015, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Chief Secretary for Administration be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

PRESIDENT (in Cantonese): Proposed resolution under the Public Finance Ordinance.

MS CYD HO (in Cantonese): President, I request a headcount under Rule 17(2) of the Rules of Procedure.

PRESIDENT (in Cantonese): Will the Clerk please ring the bell to summon Members back to the Chamber.

(After the summoning bell had been rung, a number of Members returned to the Chamber)

PRESIDENT (in Cantonese): Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Secretary for Financial Services and the Treasury to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PUBLIC FINANCE ORDINANCE

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

The purpose of this motion is to seek funds on account to enable the Government to carry on its services between the start of the financial year on 1 April 2015 and the time when the Appropriation Ordinance 2015 comes into operation. This is a long-established and essential procedure. The specific arrangements also follow those of recent years.

According to the Budget timetable this year, the Legislative Council will at its meeting on 22 April 2015 resume the Second Reading debate and then proceed to the Third Reading of the Appropriation Bill 2015. As such, the Appropriation Ordinance 2015 would not come into operation before late April 2015. To ensure that when the new financial year starts on 1 April 2015, the Government will not need to halt public services, including services closely related to people's livelihood such as education, social welfare, healthcare and security due to the lack of funds, we need to propose this motion.

The funds on account sought under each subhead in accordance with the fourth paragraph of the resolution have been determined with reference to the relevant provisions in the 2015-2016 Estimates of Expenditure. The initial amount of funds on account under each head which has incorporated requirements at subhead level is provided in the form of a footnote to this speech. The aggregate amount of funds on account is \$81,582,078,000 before the Appropriation Ordinance 2015 comes into operation. This represents around 23% of the total appropriation of \$361,347,460,000 under the Appropriation Bill 2015. The proposed funds on account should be able to cope with only around two months of the Government's operational requirements.

Subject to the above aggregate amount not being exceeded, the resolution enables the Financial Secretary to vary the funds on account in respect of any subhead, but these variations must not exceed the provision for that subhead in the 2015-2016 Estimates of Expenditure. To enhance transparency and in line with the established practice, we will report to the Finance Committee of the Legislative Council if the Financial Secretary has exercised this authority to meet necessary requirements.

In order to ensure that the Government has the necessary resources to continue providing services to the public, I urge Members to support the motion today.

The vote on account will be subsumed upon the enactment and commencement of the Appropriation Ordinance 2015.

President, I beg to move.

Footnote

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates</i>	<i>Initial amount of funds on account</i>
	<i>\$'000</i>	<i>\$'000</i>
21 Chief Executive's Office	101,508	20,302
22 Agriculture, Fisheries and Conservation Department.....	1,233,499	342,324

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
25 Architectural Services Department	1,892,270	378,454
24 Audit Commission.....	152,589	30,518
23 Auxiliary Medical Service	87,279	18,489
82 Buildings Department	1,243,103	248,621
26 Census and Statistics Department	675,314	135,063
27 Civil Aid Service	99,546	19,910
28 Civil Aviation Department.....	903,375	183,363
33 Civil Engineering and Development Department	2,257,938	454,900
30 Correctional Services Department	3,519,735	742,251
31 Customs and Excise Department	3,316,890	751,554
37 Department of Health	6,470,478	1,395,919
92 Department of Justice.....	1,980,026	396,596
39 Drainage Services Department.....	2,416,746	507,015
42 Electrical and Mechanical Services Department	462,437	104,488
44 Environmental Protection Department.....	6,996,144	4,191,252
45 Fire Services Department.....	5,380,447	1,436,421
49 Food and Environmental Hygiene Department	5,923,986	1,264,709
46 General Expenses of the Civil Service.....	3,351,738	813,268
166 Government Flying Service	583,253	389,878
48 Government Laboratory	445,799	145,792
59 Government Logistics Department	550,992	233,931
51 Government Property Agency.....	1,901,449	393,859
143 Government Secretariat: Civil Service Bureau	557,046	111,410
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) ...	1,829,156	542,453
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch) ...	340,399	226,285
144 Government Secretariat: Constitutional and Mainland Affairs Bureau.....	580,613	116,489

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
138 Government Secretariat: Development Bureau (Planning and Lands Branch).....	315,760	152,752
159 Government Secretariat: Development Bureau (Works Branch).....	416,442	128,344
156 Government Secretariat: Education Bureau ...	51,382,677	12,032,264
137 Government Secretariat: Environment Bureau.....	81,433	20,287
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch).....	229,784	45,957
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch).....	408,697	234,140
139 Government Secretariat: Food and Health Bureau (Food Branch).....	84,292	16,859
140 Government Secretariat: Food and Health Bureau (Health Branch).....	50,400,595	10,814,595
53 Government Secretariat: Home Affairs Bureau.....	1,672,933	368,419
155 Government Secretariat: Innovation and Technology Commission.....	620,295	209,610
141 Government Secretariat: Labour and Welfare Bureau.....	801,736	229,831
47 Government Secretariat: Office of the Government Chief Information Officer.....	714,743	177,207
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary.....	853,206	170,926
96 Government Secretariat: Overseas Economic and Trade Offices.....	355,773	71,573
151 Government Secretariat: Security Bureau.....	356,065	71,213
158 Government Secretariat: Transport and Housing Bureau (Transport Branch).....	223,327	61,525
60 Highways Department.....	2,639,769	529,986
63 Home Affairs Department.....	2,370,979	545,387
168 Hong Kong Observatory.....	275,514	57,315

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
122 Hong Kong Police Force	16,800,671	3,624,316
62 Housing Department	280,437	56,088
70 Immigration Department	3,910,311	786,831
72 Independent Commission Against Corruption	977,866	195,574
121 Independent Police Complaints Council	57,282	15,057
74 Information Services Department	449,664	89,933
76 Inland Revenue Department	1,451,062	290,213
78 Intellectual Property Department	137,480	27,496
79 Invest Hong Kong	115,139	23,028
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	29,191	5,839
80 Judiciary	1,437,185	289,641
90 Labour Department	1,917,957	714,851
91 Lands Department	2,265,591	453,119
94 Legal Aid Department	845,148	169,670
112 Legislative Council Commission	758,559	160,639
95 Leisure and Cultural Services Department	7,482,663	1,607,106
100 Marine Department	1,178,092	283,161
106 Miscellaneous Services	23,710,238	1,339,918
180 Office for Film, Newspaper and Article Administration	45,393	9,079
114 Office of The Ombudsman	107,146	21,490
116 Official Receiver's Office	154,373	30,923
120 Pensions	29,712,370	5,950,244
118 Planning Department	629,834	134,713
136 Public Service Commission Secretariat	21,943	4,389
160 Radio Television Hong Kong	823,102	198,143
162 Rating and Valuation Department	501,929	100,386
163 Registration and Electoral Office	743,819	148,764
169 Secretariat, Commissioner on Interception of Communications and Surveillance	21,452	4,291
170 Social Welfare Department	58,349,247	15,814,465
181 Trade and Industry Department	831,089	573,830
186 Transport Department	2,534,203	643,125

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
188 Treasury	371,085	74,217
190 University Grants Committee	16,988,115	3,397,623
194 Water Supplies Department	7,564,794	1,515,899
173 Working Family and Student Financial Assistance Agency	5,555,255	1,264,313
	<hr/>	<hr/>
	358,217,460	81,552,078
184 Transfers to Funds.....	3,130,000	30,000
	<hr/>	<hr/>
Total	361,347,460	81,582,078
	=====	=====

Note:

- * The initial amount of funds on account under Head 106 includes \$1 billion under Subhead 789 Additional commitments for contingency.

The Secretary for Financial Services and the Treasury moved the following motion:

"RESOLVED that —

1. Authority is hereby given for a sum not exceeding \$81,582,078,000 to be charged on the general revenue for expenditure on the services of the Government in respect of the financial year commencing on 1 April 2015.
2. Subject to this Resolution, the sum so charged may be expended against the heads of expenditure as shown in the Estimates of Expenditure 2015-16 laid before the Legislative Council on 25 February 2015 or, if the Estimates are changed under the provisions of the Public Finance Ordinance (Cap. 2) as applied by section 7(2) of that Ordinance, as shown in the Estimates as so changed.

3. Expenditure in respect of any head of expenditure must not exceed the aggregate of the amounts authorized by paragraph 4 to be expended in respect of the subheads in that head of expenditure.
4. Expenditure in respect of each subhead in a head of expenditure must not exceed —
 - (a) for an Operating Account Recurrent subhead of expenditure, an amount equivalent to —
 - (i) except if the subhead is listed in Schedule 1 to this Resolution, 20% of the provision shown in the Estimates in respect of that subhead;
 - (ii) if the subhead is listed in Schedule 1 to this Resolution, the percentage of the provision shown in the Estimates in respect of that subhead that is specified in that Schedule in relation to that subhead; and
 - (b) for an Operating Account Non-Recurrent subhead of expenditure or a Capital Account subhead of expenditure, an amount equivalent to —
 - (i) except if the subhead is listed in Schedule 2 to this Resolution, 100% of the provision shown in the Estimates in respect of that subhead;
 - (ii) if the subhead is listed in Schedule 2 to this Resolution, the amount that is specified in that Schedule in relation to that subhead,

or such other amount, not exceeding an amount equivalent to 100% of the provision shown in the Estimates in respect of that subhead, as may in any case be approved by the Financial Secretary.

		Schedule 1		[para. 4(a)]
Head of Expenditure		Subhead		Percentage of provision shown in Estimates
46	General Expenses of the Civil Service	013	Personal allowances	40
59	Government Logistics Department	225	Traffic Accident Victims Assistance Scheme — levies	100
90	Labour Department	280	Contribution to the Occupational Safety and Health Council	30
		295	Contribution to the Occupational Deafness Compensation Board	30
120	Pensions	026	Employees' compensation, injury, incapacity and death related payments and expenses	35
152	Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	000	Operational expenses	25
155	Government Secretariat: Innovation and Technology Commission	000	Operational expenses	25

Head of Expenditure		Subhead		Percentage of provision shown in Estimates
170	Social Welfare Department	157	Assistance for patients and their families	100
		176	Criminal and law enforcement injuries compensation	25
		177	Emergency relief	100
		179	Comprehensive social security assistance scheme	30
		180	Social security allowance scheme	30

Schedule 2**[para. 4(b)]**

Head of Expenditure		Subhead		Amount \$
106	Miscellaneous Services	689	Additional commitments	0
		789	Additional commitments	1,000,000,000
184	Transfers to Funds	988	Payment to the Loan Fund	0
		991	Payment to the Civil Service Pension Reserve Fund	0"

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury be passed.

MR LEE CHEUK-YAN (in Cantonese): President, today we are just performing the so-called routine, that is, to allocate funds in advance for the Government to meet the expenses in the next two months or so, since there is now a vacuum period. If the Government has no money, it will be unable to function. However, President, the question is that now the Government acts in defiance of rules. Since it does not follow the rules, I am not sure whether the Government has included any item against the rules in this Vote on Account Resolution. What do I mean? President, as you know, now the Government is restoring the practice of the British Hong Kong era. Secretary Prof K C CHAN and the Financial Secretary are now engaged in restoration. They want to restore a practice employed in the British Hong Kong era, trying to introduce a practice which was adopted 30 years ago when there was still no direct election to the present Legislative Council. Specifically, they have inserted into the Budget 25 items of applications which are supposed to be considered by the Finance Committee, bundling them up with the Budget and requesting us to approve it.

Actually I have looked into this approach at another meeting, and Secretary Prof K C CHAN admitted it was the practice adopted 30 years ago. I find it quite regrettable that the Government has adopted the approach of the old colonial era when there was no direct election and when the Legislative Council was just like a club — at that time they merely treated the Council meeting as an activity before the horse race started. The Government has unbelievably introduced this practice of the old Legislative Council to the present Legislative Council.

May I ask the Secretary if he has inserted these 25 items into this Vote on Account Resolution? Or did he employ "foul play" to insert one fourth or 23% so that after the resolution is passed, he will be able to achieve one fifth of the effect? I am not sure if the Secretary has done that, but no matter what, President, the Government has in fact employed "foul play", and this issue will eventually come back to you, President. When we debate the Budget or the Appropriation Bill in the Council, we can only delete some heads, subheads or items. If these 25 items are separate independent items, we may remove them. However, if they are not independent items, say, one of them is a sum of

\$200 million which is only part of a \$1 billion item, then we will be unable to remove it. At most we can only propose to deduct \$200 million, but the deduction of \$200 million does not mean the item is deleted.

President, I wonder if you will allow an approach, which is to extract that \$200 million ... I mean extracting an amount under an item rather than the whole item. Yet I think this approach is actually infeasible. As such, he has in effect bypassed the Legislative Council Finance Committee, blocking individual debates on these 25 items. In this regard, the Government will say we can discuss them at the special meetings of the Finance Committee. However, buddy, to finish our speeches on the numerous areas under the whole policy within 45 minutes, we will not touch on the minor items such as whether fire engines should be procured or whether there are sufficient funds for the short-term food support service of food banks. We will not go into such details. How many things can we talk about within 45 minutes? Actually it will be submitted to the Council meeting with no scrutiny at all. And how much scrutiny can the Council do? The Council cannot scrutinize anything. If we do not propose any amendment, we will be unable to conduct any scrutiny because we only have 15 minutes to speak on the whole Budget. It is only when someone has proposed an amendment that we may speak again. Otherwise, there is no scrutiny at all.

President, firstly, just now I asked if the Secretary has inserted those 25 items into the present Vote on Account Resolution. Secondly, of course I will speak on the whole Budget later, but I would like to put on record in this debate on the vote on account that the Government is in fact treating Hong Kong people harshly. It is being harsh in such areas as education, healthcare and welfare. There will be no substantial increase in the so-called recurrent expenditure to meet the present needs. Besides, the Government always makes wrong estimates. This time it has also resorted to "foul play" to allocate some \$20 billion of the surplus to the Housing Reserve, thereby changing the amount of surplus which should be \$90-odd billion to \$60-odd billion. In doing this, it has actually deceived Hong Kong people. All these problems persist. Of course, the President will ask me to leave the discussion on these matters to the Budget debate. I will wait and discuss them again in the Budget debate. Yet we find this Vote on Account Resolution today rather regrettable. The Government's approach for the whole Budget is in defiance of rules, evading scrutiny by the Finance Committee of the Legislative Council, thus degrading the Legislative Council to something which is worse than a rubber stamp because the

Government does not even let us act as a rubber stamp. It does not even bother to ask us to affix the stamp. I find this most regrettable. I hope the Secretary will answer the question raised by me just now. That is, has he inserted those 25 items?

Thank you, President.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

MR CHAN CHI-CHUEN (in Cantonese): President, now we are dealing with a proposed resolution under the Public Finance Ordinance. Such work is commonly known as the vetting and approval of vote on account. However, this resolution did not receive much attention and care from Members, and not too many Members intend to speak on it. Just now I almost missed the opportunity of making a speech. Fortunately, a Member requested a headcount. I thought that after the Veterinary Surgeons Registration (Amendment) Bill 2014, there were still a number of motions to handle, but in an instant, we are considering this resolution now.

Actually this Vote on Account Resolution — many journalists do not even know that this Vote on Account Resolution is to be handled today — is a routine, a mere ritual. No matter how we vote, it will be passed in the end. I have spoken on this Vote on Account Resolution for three years in a row. As far as I can recall, I was the only person who spoke last year. The reason was that Members found it useless to talk too much. If there was anything they wanted to say, they would wait until the Budget debate. However, I am different from the others. I want to seize every opportunity to tell Hong Kong people that there are actually numerous absurdities in the whole Budget and the overall financial arrangements of the Special Administrative Region (SAR) Government. I would also like to take this opportunity to explain to the public the use of the vote on account for Hong Kong society and us, as well as our dissatisfaction with the financial management philosophy of the Financial Secretary and the SAR Government.

The vote on account is used to meet government expenses in the interim period between two financial years. Generally speaking, the Government will indicate that the expenses can only support the Government's operation for two

months, so as to ensure that after the new financial year commences, the Government will not have to stop its operation, including public services, owing to shortage of resources, that means a lack of funds, before the passage of the Budget. The amount in this resolution is equivalent to 23%, which is about a quarter, of the total amount of funds under the Appropriation Bill 2015, representing two months' expenditure. Mr LEUNG Kwok-hung who is present has questioned earlier in this meeting why a quarter stands for two months' expenditure. He does not understand how this sum was calculated. Of course, this is not the expenditure for two months. In fact, it suffices for expenditure of three to four months. In referring to two months, the Government implies that we had better not bother it for too long. Better just bother it for one or two months at most, because one or two months later, its red light will be on again.

Last year, fearing that Members would filibuster in respect of the Budget, Financial Secretary John TSANG sounded a warning beforehand, expressing his worries that public services would be suspended, civil servants would be unable to receive their salary payments, the issue of Comprehensive Social Security Assistance payments would be hindered, subsidies of the Hospital Authority and University Grants Committee would stop, and even the Legislative Council would have to draw down its fiscal reserve to pay the salaries to Honourable colleagues. Moreover, the Financial Secretary brought up the concept of fiscal cliff for two years in a row, raising alarmist talk in an attempt to scare Hong Kong people. Since the Government described the economic situation as being likely to fall off the cliff and break into pieces anytime, we asked whether the Government could apply for vote on account for a second time or raise the amount of the vote on account. The reason was that in the past, when the Government sought funds on account, its timetable was made on the assumption that in any case, it would need to hang on for only one more month at the maximum. Even if the process dragged on for two weeks, the Budget would probably be passed in early May. However, over the past few years, the Government realized that the situation had changed. The Government's timetable does not stand for that of the Council, right? For this reason, we asked whether the amount of the funds on account could be raised. I remember that at that time the Government said it would not apply for funds on account for a second time. Even if we would eventually tumble off a fiscal cliff and perish together, the Government would only request the various major organizations to draw down their reserves and their own savings first to alleviate the Government's financial pressure before the deadline. The Government has its point, indicating that if it applies for funds on account for a second time, it is tantamount to telling

those Members who do not want the resolution passed that they will have more time to filibuster. Then the Government may seek another vote on account. After it is done for a second time, there will be the third and fourth times. The Government also wishes to see you, President, face bigger pressure because when the funds on account is used up, how can you not cut off the filibuster? How can Members not pass the Budget? If you still do not take any action, we will tumble off the fiscal cliff together.

Since the handover of Hong Kong's sovereignty, the Budget delivered by the Government every year can be regarded as an annual wrong budget with annual wrong estimates. Wholeheartedly or reluctantly, Members will give their support and accept it in its entirety every year. They also have to dance to the tune of the Government, which dictates how long discussions should last and when they should end. I remember that last year, the Government even wanted to control the number of questions we raised in the special meetings of the Finance Committee. How awesome would you say this Government is? It controls the agenda and dictates the rhythm. If our discussion is still not finished when the time is due, it will spread the message outside, claiming that a fiscal cliff has emerged, threatening Members who will thus feel the pressure. Although we are not scared by it, the President will still feel the pressure. Nevertheless, the President may as well indicate that he is not afraid because the President is concerned with whether the Council can function properly rather than believing in the fiscal cliff claimed by Secretary Prof K C CHAN or the Financial Secretary. The President will not buy it, right?

Since the incumbent Financial Secretary John TSANG assumed office, the Budget has gone further and further off the mark. Last year, I already stated in the Chamber or on other public occasions that I always consider the Budget as an "erroneous Budget". Secretary John TSANG has expected that his estimates will be wrong. A small deficit is estimated, but eventually, there is a huge surplus. Then everyone is happy. That was the case for one year. That was the case for two years. That was the case year after year. If it happens every year, I will no longer call this an "erroneous Budget". Rather, it is a "fraudulent Budget". Since the general public neither care too much about it nor understand it very well, the Government simply feels secure and fears nothing. Even if some people can see it through, they lack opportunities to explain it to the public. Thanks to the emergence of Internet media in recent years, many online newspapers and web radio stations have worked in concert to uncover this "fraudulent Budget", teaching Hong Kong people how to distinguish "hypocritical

rhetoric", "fraudulent accounts" and "fraudulent statistics". We consider that Members who are conscientious are duty-bound to treasure every opportunity to expose the Government's lies for members of the public so that the public will be more alert to the Government's "fraudulent Budget" and society will not continue to suffer.

As revealed in the statistics compiled by a web radio station, the amount of surplus underestimated by Financial Secretary John TSANG in his term is \$60 billion on average each year. The sum of the differences between the actual amounts and the wrong estimates made each year is \$400-odd billion in total. The 7 million people in the territory may each get a share at \$60,000, thus showing the huge difference between the estimated deficit and the final surplus. In the worst case, it was originally estimated that there would be a deficit of \$25 billion, but the deficit did not only turn out to be a surplus. The surplus recorded in the end was \$70 billion, representing a record-breaking difference of \$100 billion. What about this year? This year, this "erroneous Budget" is the same as before. The Government announced that last year's surplus reached \$63.8 billion. Compared with the estimate of \$9.1 billion in the last Budget, there is a difference of \$54.7 billion, implying that Financial Secretary John TSANG has once again got the estimates wrong.

Apart from this, as mentioned by Mr LEE Cheuk-yan earlier, since Financial Secretary John TSANG set up the Housing Reserve in December last year and injected \$27.5 billion of the investment return gained in the financial year into the reserve, he has *de facto* manipulated the figures. The surplus has of course become smaller. Hence, if we count in this amount, the actual surplus recorded by the Government this year is \$91.3 billion. I do not know if the final actual figure will exceed \$100 billion again after the income and expenditure for March is accounted. Even if we just count in this \$91.3 billion, it is already ten times the estimate he made last year, which was \$9.1 billion. How can such a case not be deemed a fraud?

Earlier on, some journalists asked the Financial Secretary why there was such a gross error in his estimation and currently a huge surplus again. John TSANG explained that the large amount of revenue received from stamp duty this year was not predictable last year. The relevant revenue amounts to \$30 billion. Coupled with the substantial increase in profits tax revenue, this year's surplus exceeds \$60 billion, causing the Treasury to be "flooded". He described his

estimate as presenting a slight error, but if that can be regarded as a slight error, then what is a serious error? May I ask if the Government, to a greater or lesser extent, has any yardstick or conscience to tell us the truth?

Take a look at this Budget. Comparing it with the previous budgets, I did not see any progress. So, when we were asked whether we would filibuster this year, I certainly would not reply loudly that I would, since the President has indicated that if we state explicitly that we will filibuster, that means we do not intend to scrutinize the Budget, and that will become evidence for the President to cut off our filibuster later on. However, if it is said that given the shameful budget last year, my struggle was justified, what reasons do you think I have for not doing it this year? Look at the measures of handing out "candies" which we find the most dissatisfactory, including the reduction in last year's salaries tax and profits tax, as well as the waiver of rates for the first two quarters in 2015-2016, capped at \$2,500 for each household. We consider that these so-called relief measures are actually returning wealth to the wealthy. Tax rebate and waiver of rates will only make the wealthy people wealthier. The grassroots will hardly be benefited. Moreover, the measure of rates waiver is confusing in logic. At the meeting of the Bills Committee yesterday, many Members criticized that if the rates are only waived for two quarters at the amount of \$2,500 for each quarter, actually 80% of members of the public will be unable to fully enjoy this waiver of \$2,500 because there are luxury flats ...

PRESIDENT (in Cantonese): Mr CHAN, you should leave what you are saying now to the Budget debate.

MR CHAN CHI-CHUEN (in Cantonese): Okay. Thank you, President, for the reminder, and I do not have much time left either.

Year after year, he is wrong in his estimation and wrong about the surplus. Furthermore, he pretends that the Government is poor and proposes to set up a Future Fund which I call a "Pretend-to-be-Poor Fund". I have told the Financial Secretary at the special meeting of the Finance Committee that the present SAR Government makes me think of a scene in *The Dream of the Red Chamber*, in which Granny LIU went to the Grand View Garden for the first time to borrow money. President, do you remember that scene? How did WANG Xifeng reply to her? She said, do not be dazzled by the glamorous shell of the JIAs family. Rich people have their own difficulties which are not comprehended by

outsiders. That is the present case for our Government. Having a huge surplus in the Treasury, it says we do not understand it. As for its other faults, I cannot but point them out.

The Financial Secretary proposes the "0-1-1" envelope savings programme and cost-recovery measures. Now that the Treasury is "flooded", he still proposes cost-recovery measures. Recently, a frequent topic is the drastic increase in the cremation fee from \$1,000-odd to \$6,000-odd. Even when we were in the greatest plight during the SARS period, we would not make money from the dead. However, when the Treasury is currently "flooded" and keeps handing out "candies" to return wealth to the wealthy, the Government unbelievably wants to recover the cost and applies the "user pays" principle on this front. We have proposed to levy a land arrival tax. Is that not in line with the "user pays" principle? At the mention of this, I cannot help feeling angry. When it proposes to charge \$180 for the airport runway, it says it is based on the "user pays" principle. The land arrival tax is directed at parallel goods traders and visitors who almost make Hong Kong sink, create big chaos in social order and increase the workload of the Police, officers of the Food and Environmental Hygiene Department and cleaning workers, yet there is no need to apply the "user pays" principle to these people? What the heck is the SAR Government's logic in its financial management?

Today, the Government has no need to worry, as most of the Members present will support the vote on account. No one will dare make any big gesture. Even if the meeting is aborted after a headcount, the vote on account will be immediately passed in the next meeting, and the Government will not fall off a fiscal cliff. What happened a few years ago was simply a mistake made in a hectic situation when there happened to be the sessions of the National People's Congress and the Chinese People's Political Consultative Conference, which resulted in the vote on account being negated. Yet this false alarm only lasted a week. After the Council meeting resumed, Members voted for it with docility. Nonetheless, I hope the general public will know that year after year, the Government has money but does not spend it. Neither will it give Legislative Council Members sufficient time to debate whether it should hand out money or waive the rates, as well as the Government's fiscal expenditure. As Mr LEE Cheuk-yan has pointed out earlier, the Budget is bundled up with 25 items. Unless they are separated and amendments are proposed to reduce the expenses one by one, thereby allowing each Member to speak for 15 minutes for an unlimited number of times, there will not be enough time for discussion.

During the Budget debate, of course we will continue to propose amendments to exert pressure on the Government and demand it to do better next year. This is something at least we should do. However, under the President's supreme authority to cut off filibusters, we may not have much power left. If you want to ask how long this year's Budget debate will be stalled and whether a fiscal cliff will arise again, not to mention that the constitutional reform package still awaits discussion, please do not ask me. Ask the President instead. We will speak for as much time as the President allows, right? Of course we will not support this Vote on Account Resolution today. I so submit.

MR LEUNG KWOK-HUNG (in Cantonese): President, we often talk about constitutional relations, that is, the Legislative Council is duty-bound to monitor the Government ... excuse me. Members are deemed to fail to discharge their constitutional duty should they refuse to assist the Government with its administration. Certainly, this claim is wrong. Coming back to this matter, in order to cope with just two months of estimated expenditure, the amount of funds on account applied for by the Secretary amounts to 23% of the total provision. Although I am not too good at mathematics, the annual expenditure can be calculated by multiplying 23% by four, which is 92%. If three months' expenditure is to be spent within two months, I really cannot understand how the Secretary could have come up with this figure. His funding application is made for the purpose of meeting two months' estimated expenditure, but the amount of funds on account represents 23% of the provision for the next financial year. This is not tenable. Honestly, the Secretary might as well make a funding application of 35% or 45%. He needs not worry even if he cannot convince this Council to render him support, not to mention jumping down from a cliff or the 20th floor, right?

The Government is remarkably capable of "fudging the numbers". As the saying goes, "The preference of the superior will certainly be carried further by his subordinates." LEUNG Chun-ying has a new trick — Members should not speculate that I am going to talk about his family affair — since he is remarkably capable in administration, after the delivery of the policy address, he will let the Financial Secretary present his bold vision, including the areas in which the Government will make spendings for Members' verification. Despite his high-profile opposition to independence of Hong Kong, nothing is mentioned here about it. However, he did mention nothing back then, which is a very important point ...

PRESIDENT (in Cantonese): Mr LEUNG, what relevance does your speech bear to the motion being dealt with at the moment?

MR LEUNG KWOK-HUNG (in Cantonese): Firstly, he has turned one sixth into one fourth, so in what areas will the remaining money be spent? Hence, I am now presenting my argument to Honourable colleagues to prove that the Government's words are actually not trustworthy.

Can the Government tell me which breakdown under the large sum of money under application is related to efforts against independence of Hong Kong? Perhaps this is a new expenditure item, but why is the sum under application so large? President, this is the problem. We cannot find the breakdown. Even if the details are not set out, the itemized breakdown should be given to show us the areas in which money will be spent. Buddy, the current situation is unclear. Although it is said to be a routine, members of the public must not believe in his claim that the sum of money will be used sooner or later. How can I know if the Budget will be revised in the future, right? There is absolutely no reason for the Government to act in this manner. If it is treated as emergency funding, I am certainly sceptical because I do not know how it will be used by the Government in the future. Secondly, will the funds applied for by the Government be used for the provision of universal retirement protection, an issue of great concern to me? We are totally in the dark about it.

President, Members will definitely be in great trouble should they vote against the approval of funding today, as the Government might run out of money immediately. In the debate last year, we debated so hard that our gums had started bleeding. I was stopped when attempting to throw a brick towards John TSANG who came before this Council. The subject of discussion at that time was the Future Fund, though we found out afterwards that it was not the case. So, what could be done? I found that the situation had already changed when I criticized the Government. For instance, I initially thought that the Future Fund had something to do with bricks, but now I find that the two are unrelated. So, does this sum of money have anything to do with bricks or is it used for "opening an account"? We do not know the answer.

President, I would like to remind colleagues not to believe in everything the Government says. Let me repeat these words spoken by a government leader: "She is not hurt", "She is sick", and "Only a son or daughter would say

something unpleasant about their parents, but not *vice versa*". What was he talking about? If someone asks these questions: Has anyone got hurt? Has the injured been taken care of? Has the carer of the injured already left ...

PRESIDENT (in Cantonese): Mr LEUNG, you have strayed away from the question.

MR LEUNG KWOK-HUNG (in Cantonese): Do you not know what I am talking about? I am talking about LEUNG Chun-ying. His remarks are utterly meaningless ...

PRESIDENT (in Cantonese): Mr LEUNG, please speak on the motion being dealt with.

MR LEUNG KWOK-HUNG (in Cantonese): I know that we are discussing funds on account, but I am only adducing evidence. Am I not allowed to do so? As pointed out by John TSANG, his purpose of establishing a Future Fund is to serve as a reserve for the construction of major infrastructure facilities when Hong Kong is expected to face structural problems 10 years from now, and in this connection, \$220 billion will be required. But now, he has gone back on his words again, saying that the \$220 million provision can be used at any time, not necessarily for the construction of major infrastructure facilities. So, how can I know to what purpose the provision will be assigned?

President, last year, Members debated so hard in this Council here that our gums had started bleeding. In the end, many colleagues put up their "four hands" — instead of putting their "four hands" on the floor, they raised all of them to express their support, but now changes have to be made again. President, there is no need for us to discuss whether the 23% under application is really too high. Assuming that you were a school principal who often told lies and challenged your students with "half lies", they would feel vexed, too. His method was to think up a proposition which was not entirely true, such as the sun rises in the west and the snow is white. What could be done? This is why I urge Members to listen to our speeches carefully. In my opinion, even if the amount of funds applied for by the Secretary to cover the two-month period is

appropriate, he should let Members examine the relevant account because the Government is fond of applying for advance funding for future projects. Moreover, the subheads are so unclear that the account is in a mess, and the expenditure items are confusing. So, what can we do?

President, Mr CHAN Chi-chuen should not criticize John TSANG for making wrong estimates. He is not a financial ... Mr CHAN Chi-chuen, what are you talking about? It is actually wrong for you to describe the Budget as "erroneous". In my opinion, it is better to describe the Budget as "erratic", for it sounds better. You should not criticize John TSANG for making wrong estimates because he was only talking nonsense. "Erroneous" is different from "erratic", for there might be some sort of order amid chaos, but an erratic Budget might not be erroneous.

So, why am I saying this? There are several unreasonable points in the document submitted by Secretary Prof K C CHAN. Please hold on for a while. Right, it is about the operational expenditure for the Innovation and Technology Commission under the Government Secretariat. Is this organ still functioning? Secretary Prof K C CHAN, if a person has died twice, does it mean that he or she can definitely survive? President, can you tell us with a clear conscience what sort of expenditure that is? The Government has appeared twice before this Council to apply for funding under the Basic Law without success, but still it wishes to apply for reserves. Of course, this organ might still exist, but what is its task? Will it be placed under a Policy Bureau? No one knows the answer. What should we do then? What tasks will be performed by the Innovation and Technology Commission in the future? The Innovation and Technology Commission has already been set up — President, I hope you can look at me — when I voted against the establishment of the "Innovation and Traumatology Bureau", I already pointed out that the Commission was squandering. Let me explain briefly why that expenditure item should really not be passed.

The Innovation and Technology Commission has also set up a so-called Innovation and Technology Fund, under which more than \$1 billion has already been spent, but nearly all the expenditure incurred cannot be recovered. Now the Government has come up with a new trick, saying that the matter should not be pursued further, given that the loan cannot be recovered. I am not exaggerating, President. Imagine someone has borrowed money from you, but your smaller brother advises you not to recover the loan. You might probably say, "Let it be. But we should stop lending people money if we cannot recover

the loans!" However, this is not the case now. A committee under the Innovation and Technology Commission advises against recovering loans should it prove to be futile. In addition, it suggests that we should give a borrower \$1 if someone gives him \$1. The money has gone down the drain, has it not? What is more, the Government has to submit funding applications for this purpose in advance, too. What can we do if a large sum of money is taken away?

As such, President, I will definitely not pass this application. However, there is nothing I can do because if the funding is not approved, the Government will say that the poor people are running out of money. I will leave the Chamber soon because I do not want to see anything. President, if you are asked to comment on the speeches delivered by Members over the monitoring of the Government's Budget, you should give a reply like this one, "People who can argue reasonably should be allowed to continue with their speeches, but those who cannot should be stopped. If the Government cannot give a reply, he may go on speaking." I will stop speaking for the time being to give the Government a chance to speak.

Thank you, President.

MR ALBERT CHAN (in Cantonese): President, while we are here to discuss and pass the funds on account, the vote on account is integral to the Budget and so, this relationship has made them inseparable.

President, the People Power has a clear position. We will definitely oppose the appropriations for the Budget this year and so, we also oppose this application for funds on account. Earlier on, "Long Hair" and Mr CHAN Chi-chuen have called the Budget an "erratic Budget" or "erroneous Budget". Actually, both descriptions are wrong, for it should be a "fraudulent Budget", right? President, looking back on what happened over the years, we will see that the situation is really so much like the case of London gold, and it is also similar to the Lehman Brothers incident, because all the figures are muddled and fudged, and the extent to which the estimates are wrong is shocking.

President, if a bank has provided incorrect figures in respect of investment in a way similar to the mistakes made in the Budget and if it can continue to reap gains and make money, what is it if it is not a fraud? So, this is John TSANG's

budgetary fraud of the century. I will officially set out the total amounts of money plundered by him in the Budget debate later. The figures are shocking. In respect of rates alone, a company can get back \$270 million in four years through the rates concession offered by the Financial Secretary. It means that a company has swindled Hong Kong people out of \$270 million through the Financial Secretary. Millions of families and millions of people have remained as the "Five-have nots" as they cannot enjoy any welfare benefit in the Budget. So, Members can see that the Financial Secretary has helped these consortiums to reap so much money through juggling with the figures and through deception and fraud. Is this not a fraud? He should have been shot for writing up such a Budget. This Financial Secretary should have been shot and sacked and yet, he continues to get paid. Then, through this Budget or "budgetary fraud", he continues to pocket benefits himself as he can at least get back \$20,000 from the salaries tax reduction, and together with the benefits for his family members or relatives as well as those in other areas, I have no idea how much he can get.

Then, with regard to those rich and powerful people who are supporters of the Chief Executive and who belong to the functional constituencies, they can get back tens of million dollars or even over a hundred million dollars. A company can get back \$270 million from the rates concession alone, excluding other concessions, such as that for profits tax, I do not think I need to elaborate any further, right? So, this is a further transfer of benefits to the rich and powerful through deception, which is even worse than Donald TSANG renting a luxurious residential flat, is it not? The amount involved is even more colossal than the \$50 million income of LEUNG Chun-ying. The Independent Commission Against Corruption has investigated it for so long and is it not also disappearing into obscurity? So, the entire institution, including the Budget which is used as a means to commit fraud, is all meant to transfer benefits to the rich and powerful. I have to declare that I can enjoy quite a lot of benefits from the salaries tax reduction as I can get back \$20,000. But while I can have \$20,000 back, I have to condemn the Financial Secretary because in transferring benefits in such a way and in transferring benefits to people with a high income, he has completely neglected the "Five-have nots" and must be condemned.

President, coming back to the funds on account, why are we so strongly opposed to the funds on account? President, I need only make one point and all Hong Kong people will support our opposing stance. It is because the funds on account support the continuous implementation of the draconian, erroneous

policy of "multiple entry permits". It is because of the joint support of various government departments that the "multiple entry permits" are so rampant. Parallel traders have continued to engage in parallel trade and smuggling activities with the use of "multiple entry permits", causing chaos in Hong Kong as a result. It is only when funding is provided that "multiple entry permits" can become so rampant. This afternoon, in reply to Mr CHAN Chi-chuen's question, the Government mentioned the crimes involving parallel trade. Obviously, from the statistics provided by the Government, we can see that the crimes involving "multiple entry permits" are the highest among the many crimes in Hong Kong. The statistics show that the number of these crimes is second to none. The numbers of arrests and cases of successful prosecution are definitely the highest of all in Hong Kong, and for cases involving imprisonment or imprisonment with the sentence suspended alone, the number already exceeded 600, right? So, Members can see that the figures are shocking and yet, the Government has reacted as if nothing has happened. In any representative assembly or government which upholds democracy and accountability, how possibly can a department or organization continue to exist as such?

PRESIDENT (in Cantonese): Mr CHAN, you have strayed away from the question.

MR ALBERT CHAN (in Cantonese): President, let me read out some figures and you will know that I have not strayed away from the question. In 2014, the funds on account for the Security Bureau were \$65 million, whereas the amount sought by the Government this year is \$71 million. This Policy Bureau should be eliminated, for it is responsible for implementing the policy, and the policy of "multiple entry permits" is the chief culprit. Even though the Mainland allows their people to leave for Hong Kong, the Security Bureau can still refuse their entry through the Immigration Department (ImmD). "Multiple entry permits" have to do with departure, and Hong Kong can refuse their entry. This is within the sovereignty of Hong Kong and a right to which the Hong Kong Special Administrative Region is entitled under "one country, two systems" and "a high degree of autonomy". As the Government has said, during the past year, the ImmD refused, for certain reasons, the entry of tens of thousands of visitors suspected to be involved in parallel trading activities. The authorities are in a position to refuse the entry of over a million or even 10 million visitors, not to mention 10 000 or 20 000 visitors. But the authorities have failed to discharge

the duties expected of them and as a result, Hong Kong has been plunged into troubles by "multiple entry permits". Therefore, the \$71 million sought by the Security Bureau as funds on account should be negated and rejected.

Moreover, the Hong Kong Police Force (HKPF) is just the same, right? Chai-yan called the Police, saying that she had been assaulted by her mother but the Police did not dare carry out any investigation. There are certainly many kinds of people who are against the parallel traders. Some might really have used a bit of violence and the authorities should arrest them and handle these cases in accordance with the law. But some people who had only shouted a few words at others were said to have committed violent acts. This is abuse of power by the Police. When facing the criminals, every one of them behaved like a tortoise hiding in its shell as we saw a dozen cops with guns in their hands nervously leaning against the wall at the entrance of a goldsmith shop. When facing the kids who took part in protests, rallies and petitions, they nevertheless swaggered around and made a show of their strength. What kind of Police is this? No prosecution has yet been instituted in the incident of seven policemen beating up a protestor. It is a disgrace to Hong Kong if these policemen can remain in office, and do we even have to make provisions to them? We must look clearly at the scope of the appropriations sought. They are sought to support the devilish policemen and to support the HKPF which conspire with the criminals, whereas the Security Bureau has brazenly kept throwing weight behind them, completely turning a blind eye to what they have done. Andy TSANG has continued to use excessive violence and curry favour with the Hong Kong-communist regime. So, the funds on account for the HKPF this year in 2015 are \$3.624 billion. President, the amount is \$3.6 billion and, compared to \$3.2 billion last year, it shows an increase of over 10%. Do Hong Kong people get a pay rise of over 10%? A substantial increase in the expenditure of this department is to be passed as easily as such. Now that whenever a proposal involving the HKPF is put forward, the pro-government camp will staunchly support it without conducting any basic examination of it or performing their monitoring role at all. This has enabled the HKPF to continue to act wantonly and use excessive violence, mercilessly beating up Hong Kong people with force and violence. Therefore, these funds on account must be negated and condemnation is definitely warranted.

Another case is "Secretary Name-card", that is, the Secretary for Commerce and Economic Development. I would like to talk about the part concerning the Commerce, Industry and Tourism Branch. The estimate for this

Bureau for the entire year is \$1.8 billion, and the amount of funds on account sought now in 2015 is \$540 million. Tourism is within his scope of duties. An official once came to talk to me. I asked him if it was possible not to carry out publicity in the Mainland anymore because the number of Mainland visitors was already sufficient. I suggested that publicity be carried out in the United Kingdom, the United States, Canada, Australia, New Zealand, and so on, in order to attract more non-Chinese visitors to Hong Kong and hence turn Hong Kong into an international metropolis through tourism, instead of targeting publicity only at major cities on the Mainland. But he said that they would not carry out publicity in Guangdong anymore because there were sufficient visitors from Guangdong. However, they would continue to launch publicity in other Mainland cities to attract more overnight visitors to Hong Kong. But as we can see from the figures, due to the "multiple entry permits" policy and due to the political aims of the Mainland of invading and manipulating the economy of Hong Kong through the tourists, the number of Mainland visitors, especially same-day visitor arrivals and parallel traders, has increased unceasingly. Therefore, even though the Security Bureau is responsible for implementing the policy, the Commerce and Economic Development Bureau has, to a certain extent, failed to discharge its responsibilities and duties in respect of tourism, knowing only to provide support to the policies of the Communist Party of China (CPC) in governing Hong Kong and completely turning a blind eye to the original economic status and role of Hong Kong. These appropriations must be negated. President, the funds on account sought now are \$540 million, which is not a small amount of money.

Then, there is the ImmD. The appropriations sought now are \$780 million. Certainly, the ImmD has performed very well in many areas of work and this absolutely merits our recognition and commendation. But most unfortunately, Hong Kong is led by politics. Members can make enquiries with officials in the ImmD. I personally know some officials in the ImmD and some of my playmates in ball games also work in the ImmD. Some of them just shook their heads in private. With so many visitors coming to Hong Kong, how possibly can they conduct checks? With over 100 000 visitors coming to Hong Kong daily, even if the officials in the ImmD wish to improve their performance in immigration control and conduct checks on more inbound visitors, they do not have sufficient manpower to do so, and they can only cry out for help. This shows that political problems have affected the performance of the executive departments in performing the duties and roles expected of them. Given the

erroneous government policies, everyone in the Government under the governance of "689" carries favour with the CPC, enabling the CPC to make all the decisions while they execute orders with the utmost servility like Pekinese, and the ImmD is hence made the scapegoat. Given the troubles caused to Hong Kong by the "multiple entry permits" policy and the Government as a whole being derelict in its duties, this provision of \$780 million for the ImmD should be negatived all the same.

In respect of the Customs and Excise Department (C&ED), in fact, the Mainland Customs should take a greater share of blame than Hong Kong because many issues relating to the tax system and regulation of export goods are involved. Apart from the "powdered formula restriction order", of course it is the duty of the C&ED to enhance regulation of and impose restrictions on the export of some types of food and other commodities. But generally speaking, the problems lie in the Mainland Customs because the Mainland tax system is involved in many cases. Many of the export goods have not breached the law or rules; nor have they breached any regulation on customs declaration, but I must state here that the Mainland Customs authorities are careless and lax in the control over the import of goods and are involved in corruption. The C&ED in Hong Kong should bring pressure to bear on the Mainland Customs, or explain more to them that while certain types of goods can smoothly go through customs clearance in the Mainland, they are actually in violation of the Mainland rules on customs duties. More information should be provided for reference by all parties because recently, even the Central Authorities have started to launch anti-corruption campaigns in Shenzhen, taking actions to combat corruption and depravity and taking actions targeting corrupt practices in the customs authorities. This is why the Mainland Customs authorities have taken slightly more enforcement actions recently. We have also seen that over the past couple of weeks, given that the anti-corruption probes have spread to Shenzhen, especially the Shenzhen Customs authorities, there has been slight reduction and improvement in parallel trading activities as a result of the anti-graft efforts. Having said that, this would not be of any use, for a month later when the anti-corruption actions ended, the problem will mushroom all over again.

So, for the reasons that I have just stated, President, the People Power opposes the vote on account motion.

MR WONG KWOK-HING (in Cantonese): President, I will speak briefly to support this resolution moved by the Government to seek funds on account.

President, the Financial Services and the Treasury Bureau proposes a motion under section 7(1) of the Public Finance Ordinance to seek funds on account. I think it is reasonable, legitimate and lawful for the Government to do so. Why did I say that? It is well-known that it is a conventional practice done in the same way every year. What does it mean? It means the Government's Budget has not yet been passed because it still has to pass through oral questions at the special meetings of the Finance Committee. Written questions have been raised, pending the Government's response. Then the debate and voting will follow. Therefore, before the Budget is officially approved, the Government has to get funds for use first. This is what funds on account mean. It happens every year and it is the convention. The Government has not shied away from conventions. And such a move is consistent with the annual practice so there is nothing special. This is why I think it is a reasonable, legitimate and lawful action which should be supported.

I hope all sensible Legislative Council Members present here, from whichever political parties or groupings or with no party affiliation, should apply some sense in dealing with this motion and vote in favour of the Government's resolution to seek funds on account. This is the first point I would like to make.

Second, as everyone can see that Members who have spoken just now have foretold they will definitely filibuster and use all kinds of reasons to obstruct the upcoming detailed examination of the Budget. For this reason, after listening to their speeches this morning, we can all see that the Budget debate will just be the prelude to filibustering while the centrepiece and "climax" are yet to come. I wish all Hong Kong citizens to see how difficult it is now for the Government to provide services and how hard it is for the Legislative Council to get something done. I hope all citizens in Hong Kong see that Members have the power to monitor the Government, but have they abused such monitoring power or used it appropriately? Or do they just filibuster for the sake of filibustering and oppose for the sake of opposition? Are they being responsible to Hong Kong? Are they working for the good of Hong Kong? For the benefit of the citizens? I think all citizens have to see for themselves.

Third, President, just now Mr LEE Cheuk-yan criticized the authorities for changing the sequence of some agenda items of finding applications. Actually this part of his speech has already been discussed at the special meetings of the Finance Committee. As regards Mr LEE Cheuk-yan's criticisms, I believe he is a "thief crying thief". He said in the last few decades, even during the time when Hong Kong was under colonial rule, it had not been the practice but why is it the case now? It is a good question. Indeed what we need to ask is why in the last few years there has been this unsettling filibustering but never in the former Legislative Council? And the filibusters are getting longer and longer every year. It involved only a few radical Members in the past but now the whole pan-democratic and opposition camp has jumped in to engage in full-scale filibustering and non-cooperation in not just one panel, but also the Finance Committee and even all panels as well as the Legislative Council meetings. When has such a situation occurred ever before?

Therefore, the other day the Government stated verbally and in writing that the changes were made with the greatest reluctance. Otherwise, the impact on people's livelihood and the loss incurred on the part of the citizens will only be bigger and more public funds will be wasted. As a result, I think the Government has done so as a last resort. If we did not put the cart before the horse so that we could handle issues sensibly and vote for or against or abstain as sensibly required while refraining from filibustering, I believe such special arrangements would not have been required.

President, I have made this brief response and speech in support of the Government's resolution to seek funds on account. Thank you, President.

DR KWOK KA-KI (in Cantonese): President, originally, this application for funds on account made according to section 7(1) of the Public Finance Ordinance is nothing new and is an annual routine, so this is just like performing a ritual. Originally, I did not intend to speak on today's motion but after listening to Mr WONG Kwok-hing's speech today, I felt obliged to do so. Our legislature has become so lousy and the Government is so lousy that it no longer follows any rules and Members are not engaged in their proper pursuits. The public elected us for the purpose of monitoring the Government and as we all know, half of the Members of the Legislative Council are returned by functional constituencies, so with the executive-led nature of the Government, the Government can pay no heed to the public and the Legislative Council. However, the Basic Law

stipulates that the Government must secure funding approval from the Finance Committee of the Legislative Council, so all government policies, so long as they incur fiscal expenditures or involve public spending, must be approved by the Legislative Council. This is mutual respect as well as mutual oversight, which is carried out strictly according to the duties assigned to us by the constitution.

How lousy is our Government nowadays? President, yesterday, the Government announced the new Three-Runway System Project at the Hong Kong International Airport, which will cost \$141.5 billion. Despite the Government's denial, this sum of money amounting to over \$100 billion is taxpayers' money. It said that firstly, it was the dividends and bonuses for the Hong Kong Airport Authority, which last year alone amounted to \$5.3 billion, so over a decade, it has reached tens of billions of dollars in total — that was originally government revenue that would have enabled us to provide various types of public services. Be it healthcare, public hygiene or housing, we have to rely on this sum of money, so with less revenue, overall public expenditure has surely been affected in some measure.

Second, originally, the Legislative Council has the duty to monitor the justifications presented by the Government for the whole project, for example, whether or not funds should be spent in this way, whether there will be cost overruns, whether the tasks are feasible, and so on. As we can all see, what the Three-Runway System Project has given rise to is that some former government directors, including the former Director-General of Civil Aviation, the former Director of the Hong Kong Observatory, and so on, who are all learned people, have voiced queries that the public are also absolutely concerned about. After the completion of the runway, can it actually be used? Concerning such unsolved problems as airspace and how airplanes will take off and land, the Government invariably said, "No problem, trust me, so long as it is built, that would do.". It is talking in such a fashion that it sounds as though this sum of \$141.5 billion was \$1,145 instead. The tone of those senior officials was really light-hearted.

However, to put it more bluntly, as I also told reporters just now, the Government can play lowly tricks. It evaded oversight of the Finance Committee of the Legislative Council by adopting such approaches as making borrowings, ceasing dividend payments and imposing additional charges on passengers, so as to do this task behind doors. Do not think that only some \$140 billion will be needed because if there are cost overruns, even if the overrun

exceeds \$200 billion, all members of the Hong Kong public still have to foot the bill, so how possibly can we shy away from this sum of money? This Government is so lousy but Members can still bring themselves to say, "Trust the Government. Just trust it and it would do."

Last Monday, at a special meeting of the Finance Committee, the discussion also focused on some 20 highly controversial items of the Government, including the Innovation and Technology Bureau. Similarly, the Finance Committee was circumvented as they are included in the Appropriation Bill 2015. The Government departed from the norm by adopting an approach that had not been adopted for more than three decades. The Government has only one aim, that is, to create confrontation and practise cronyism, so as to hire whoever it likes and do whatever it likes. When it wants to create a post, it would do so at all costs, even at the expense of destroying the consensus in the legislature and all proven practices. What do you think the public would think on seeing this?

We have no particular reason for opposing these funds on account as we all know that they are for the public good. However, regarding the Government's conduct and the approaches adopted by the Government, to put it more bluntly, all underhand approaches were adopted when it conducted its business. Then, it told the legislature to act as it did in the past by performing the rituals of the legislature and granting approvals as soon as possible. This is how it should be like in the first place: If there is mutual respect and the executive and the legislature have channels of communication as well as mutual trust, both sides can then co-operate. Of course, this would be possible. How is the Government like nowadays? Has it ever done so?

The power is in the hands of the Government and everything is in the hands of you people. However, you did not have discussions in any way. What is submitted must be passed and if it is not possible to get through by a certain way, another way or a path will be opened up. Any method would do and there is no scruple over the means. The Three-runway System Project and the approaches taken in relation to the Finance Committee are examples of such unscrupulous practices. Then, the Government said that Members were not following the rules and that Members should accept whatever the Government proposed. In that case, is the Government not treating us like fools? After the Government has played tricks on us, we still have to thank it, talking about how great it is. What is most embarrassing is that some Members, having been slapped several

times on the face, still could not wake up. Members like Mr WONG Kwok-hing still came out to say that having been slapped several times, you should admit to your fault, that the Government was certainly completely right and whatever the Government did is correct. Even though it is dumping over \$100 billion into the sea, it is still correct. Given Members of such quality and given a government of such quality, how will our future be like? Who can monitor the Government? Who can monitor the administration by the Government? The money is all Hong Kong people's hard-earned money.

President, this has been discussed for so many years and to put it more bluntly, Hong Kong is so fat that it could not even pull up its socks. With that sum of money, the Exchange Fund and fiscal reserves, Hong Kong has more than \$3,000 billion but when we asked the Government to allocate \$50 billion to the introduction of universal retirement protection, it would not do so no matter what. Now, the money incurred by the Three-runway System Project can be used as a start-up fund for universal retirement protection three times over but still, the Government is unwilling to do so. This Government can be so lousy, yet it still has the brazenness to level criticisms, saying, "That's right, precisely because of the non-cooperation and the filibuster of the Legislative Council and its failure to comply with all the things that the Government wants to do, so the Government took such a course of action.". It even said so with such an air of justifiability.

If we do not treasure this only opportunity and treasure the only power of oversight conferred on the Legislative Council by the Basic Law — since we all know that nowadays, senior officials do not have to be held accountable or assume responsibility for whatever mistakes they made, that the Chief Executive, despite telling lies and probable involvement in corruption, can still continue to serve as the Chief Executive with such brazenness — in these circumstances, what can we do? In the legislature, in the Basic Law, there is only one thing left, that is, we are so deprived that there is only one thing left, that is, the Finance Committee, but even the Finance Committee ... and this should be a channel for us to exercise the power of oversight over the Government, otherwise, some people will be prepared to kneel down and admit to being at fault even after they have been beaten up. However, the Government has all along wanted to take away our only channel for exercising oversight over it.

If we still do not speak up, if we do not point out the absurdities of the Government, it will be difficult for Hong Kong to move forward and the Government will only be ever more outrageous and excessive, acting with

impunity, and it does have to care about the views and feelings of the public either. It can be said that at the end of the day, we have to approve this motion on funds on account because if we do not, many public services, socially disadvantaged groups and the work of civil servants will be affected. However, we hope that be it civil servants or socially disadvantaged groups, they can all see how the Government is taking away our last remaining resources and how it is doing such absurdities, something tantamount to dumping money into the sea, including carrying out those "white elephant" projects. The Express Rail Link project costing over \$70 billion has experienced repeated cost overruns and delays. Initially, the Government said that the Hong Kong-Macao-Zhuhai Bridge would increase Hong Kong's freight capacity after completion but now, the freight is all handled by the ports on the other side, so this is exactly what a "white elephant" is.

In that event, if, after the third runway of the airport has been completed, the Mainland says, "Sorry, do we have a consensus? I am really sorry but our airspace is already very crowded, so it cannot accommodate air routes from Hong Kong. Please deal with this on your own.", do you think you can kill the other party? It would then be 2023 and those officials would no longer be in office. I do not know if Secretary Paul CHAN would still be in office and there is no knowing where Secretary Prof Anthony CHEUNG will be. This will have nothing to do with him as this will be somebody's responsibility. However, that sum of money will be paid by Hong Kong people. Not only will it be paid up to 2023; it has to be paid all the time. By that time, be it \$200 billion or more than \$200 billion, we have to shoulder it all. It turns out that this Government can be so irresponsible.

Some people among us said, "Fine, let us continue and let the Government continue to implement its plans.". The most horrible people are not fools or people who are asleep, rather, they are those people in Hong Kong who pretend to be fools or asleep, that is, even though they are well aware that such absurdities are happening and the Government is rotting, they still say, "I cannot hear anything because I am asleep.". However, they are actually pretending to be asleep.

I so submit. Thank you, President.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Financial Services and the Treasury to reply. The debate will come to a close after the Secretary has replied.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I thank Members for their opinions and questions raised just now. I am going to give a concise reply.

Regarding the new items which are included in the Estimates and introduced into the Legislative Council for scrutiny at the same time as the Appropriation Bill, they will not incur any expenses during the vote on account period. The relevant departments cannot commence the relevant work until the Appropriation Bill is passed by the Legislative Council.

Another question is related to the method of calculating the funds on account, which is the same as that of recent years. The fourth paragraph of the resolution has also stated the method of calculating the funds on account. We calculate the funds on account required under each subhead according to a percentage of the full-year provision of each subhead of expenditure of different Policy Bureaux and departments.

The handling of this motion is the same as last year. I hope Members can support the motion so that the Government can obtain the necessary resources to carry on its services between the start of the financial year on 1 April 2015 and the time when the Appropriation Ordinance 2015 comes into operation.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr CHAN Chi-chuen rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen has claimed a division. The division bell will ring for five minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Mr CHAN Kam-lam, Ms Emily LAU, Mr TAM Yiu-chung, Mr Tommy CHEUNG, Mr Frederick FUNG, Mr WONG Kwok-hing, Prof Joseph LEE, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr Ronny TONG, Ms Starry LEE, Mr CHAN Hak-kan, Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr IP Kwok-him, Mr Paul TSE, Mr Alan LEONG, Mr NG Leung-sing, Mr Steven HO, Mr WU Chi-wai, Mr Gary FAN, Mr MA Fung-kwok, Mr Charles Peter MOK, Dr Kenneth CHAN, Miss CHAN Yuen-han, Mr LEUNG Che-cheung, Mr Kenneth LEUNG, Miss Alice MAK, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr Christopher CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Mr IP Kin-yuen, Dr Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping, Mr TANG Ka-piu, Dr CHIANG Lai-wan, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Christopher CHUNG and Mr Tony TSE voted for the motion.

Mr LEUNG Yiu-chung, Mr Albert CHAN, Mr WONG Yuk-man and Mr CHAN Chi-chuen voted against the motion.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that there were 49 Members present, 44 were in favour of the motion and four against it. Since the question was agreed by a majority of the Members present, he therefore declared that the motion was passed.

PRESIDENT (in Cantonese): Proposed resolution under the Pharmacy and Poisons Ordinance to approve the Pharmacy and Poisons (Amendment) (No. 2) Regulation 2015.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Secretary for Food and Health to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PHARMACY AND POISONS ORDINANCE

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I move that the motion under my name, as printed on the Agenda, be passed.

Currently, we regulate the sale and supply of pharmaceutical products through a registration and monitoring system set up in accordance with the Pharmacy and Poisons Ordinance (the Ordinance). The Ordinance maintains several Schedules, including a Poisons List, under the Pharmacy and Poisons Regulations. Pharmaceutical products put under different parts of the Poisons List and different Schedules are subject to different levels of control in regard to the conditions of sale and keeping of records.

For the protection of public health, some pharmaceutical products can only be sold in pharmacies under the supervision of registered pharmacists and in their presence. For certain pharmaceutical products, proper records of the particulars of the sale must be kept, including the date of sale, the name and address of the purchaser, the name and quantity of the medicine and the purpose for which it is required. The sale of some pharmaceutical products must be authorized by prescription from a registered medical practitioner, dentist or veterinary surgeon.

Arising from an application for registration of one pharmaceutical product, the Pharmacy and Poisons Board (the Board) proposes to add the following substance to paragraph 8 of the Fifth Schedule to the Pharmacy and Poisons Regulations:

(i) Bilastine.

The container of a medicine containing the above substance, its salts or its compounds with any other substance is not required to be labelled with the warning statement prescribed in that paragraph.

For amendment regulations concerning the adding of the above one substance to the Fifth Schedule to the Pharmacy and Poisons Regulations, we propose them to take immediate effect upon gazettal on 20 March 2015 to allow legitimate and early sale of the relevant medicines.

The Amendment Regulation is made by the Board, which is a statutory authority established under the Ordinance to regulate pharmaceutical products. The Board comprises members engaged in the pharmacy, medical and academic professions. The Board considers the proposed amendment necessary in view of the potency, toxicity and potential side-effects of the medicine concerned.

With these remarks, President, I hope Members will support the motion.

Thank you, President.

The Secretary for Food and Health moved the following motion:

"RESOLVED that the Pharmacy and Poisons (Amendment) (No. 2) Regulation 2015, made by the Pharmacy and Poisons Board on 9 February 2015, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Secretary for Food and Health be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions.

Mr Andrew LEUNG will move a motion under Rule 49E(2) of the Rules of Procedure to take note of the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2015 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2015, which were included in Report No. 14/14-15 of the House Committee laid on the Table of this Council.

According to the relevant debating procedure, I will first call upon Mr Andrew LEUNG to speak and move the motion, and then call upon the chairman of the subcommittee formed to scrutinize the relevant items of subsidiary legislation, Dr CHIANG Lai-wan, to speak, to be followed by other Members. Each Member (including the mover of the motion) may only speak once and may speak for up to 15 minutes. Finally, I will call upon the public officer to speak. The debate will come to a close after the public officer has spoken, and the motion will not be put to vote.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon Mr Andrew LEUNG to speak and move the motion.

MOTION UNDER RULE 49E(2) OF THE RULES OF PROCEDURE

MR ANDREW LEUNG (in Cantonese): President, in my capacity as Chairman of the House Committee, I move the motion, as printed on the Agenda, under Rule 49E(2) of the Rules of Procedure so that Members can debate on the following two items of subsidiary legislation in the Report No. 14/14-15 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments:

- Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2015; and
- Employment Ordinance (Amendment of Ninth Schedule) Notice 2015.

President, I so submit.

Mr Andrew LEUNG moved the following motion:

"That this Council takes note of Report No. 14/14-15 of the House Committee laid on the Table of the Council on 18 March 2015 in relation to the subsidiary legislation and instrument(s) as listed below:

<u>Item Number</u>	<u>Title of Subsidiary Legislation or Instrument</u>
(1)	Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2015 (L.N. 6/2015)
(2)	Employment Ordinance (Amendment of Ninth Schedule) Notice 2015 (L.N. 7/2015)."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LEUNG be passed.

DR CHIANG LAI-WAN (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2015 and Employment Ordinance (Amendment of Ninth Schedule) Notice 2015, I report the deliberations of the Subcommittee.

The two Notices respectively seek to provide that the hourly Statutory Minimum Wage (SMW) rate will be increased from \$30 to \$32.5, and specify that the monthly monetary cap on recording the total number of hours worked will be increased from \$12,300 per month to \$13,300 per month. The Subcommittee has held three meetings, including one to receive views from 18 deputations and individuals. The Subcommittee raises no objection to the two Notices.

In respect of the recommendation to increase the SMW rate from \$30 to \$32.5, the Subcommittee notes the diverse views of various parties. Some members share the concern of employers that the implementation of the SMW has induced a knock-on effect on the pay hierarchy and the ripple effect. In order to retain existing staff and recruit entrants, most employers, especially in the catering industry, often have to offer a pay rise so that the wage rate is above the statutory level, in turn adding further to the labour costs. Hence, these members point out that given the 8.3% increase in the rate proposed currently, there is little room for upward adjustment of the SMW rate.

Some other members, however, share the concern of labour unions and concern groups that the revised SMW rate should be in the range of \$35 to \$40 per hour in order to cope with rising living costs. At the same time, they point out that the main cause for the operating difficulties encountered by small and medium enterprises (SMEs) is the increase in rentals.

In response to these concerns, the Administration has stressed that in making its recommendations on the revised SMW rate, the Minimum Wage Commission (MWC) has considered an array of indicators covering information on the wage distribution data, socio-economic and labour market conditions and price forecasts. The MWC has considered views of various sectors of the community. The Administration thinks that the MWC has proposed an appropriate revised SMW rate in a reasonable and balanced manner.

President, as for the review cycle and frequency for the SMW rate, some members hold that the SMW rate should be reviewed on an annual basis to prevent employees' purchasing power from being eroded by inflation.

The Administration has stressed that the Minimum Wage Ordinance (MWO) stipulates that the SMW rate must be reviewed at least once in every two years, without precluding review at a more frequent rate. A review of the SMW rate can be conducted within less than two years if circumstances so warrant.

Moreover, some members have expressed the view that the special arrangement for employees with disabilities under the SMW regime should be abolished. These members have also called on the Administration to provide a wage subsidy to those employees with disabilities earning wages below the SMW rate.

The Administration has pointed out that a wage subsidy involves significant policy implication and will not be consistent with the Government's policy objective. Members have been assured that the Administration will continue to provide vocational training and employment support for persons with disabilities to enhance their job opportunities.

President, my personal views are as follows.

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

According to Special Topics Report No. 55 released by the Census and Statistics Department in July 2011, the actual number of part-time employees who were not under a continuous contract in Hong Kong was 98 000, accounting for about 3.4% of the total number of employees working in the non-government sector. However, most of these employees are not entitled to such employment benefits as rest days, paid statutory holidays, annual leave, sickness allowance, severance payment and long service payment as they do not meet the "4-18" requirement. In particular, employers from some labour-intensive sectors such as cleaning services, catering and securities tend to reduce the work hours or hire part-time employees in order to save costs, resulting in a lack of employment security benefits for workers. Hence, we urge the Government to expeditiously review the existing requirements and policies of the "4-18 continuous

employment contract" under the Employment Ordinance, so as to protect the statutory benefits to which part-time and temporary staff are entitled. At the same time, I also hope that more housewives will be attracted to take up employment to release more labour force, with a view to addressing the problem of shortage of manpower faced by some industries.

In addition, in order to circumvent the SMW requirement, some employers may induce employees to become self-employed. Not only are self-employed persons not entitled to holiday benefits, they will not get work injury compensation in case of industrial accidents. I hope the Government can also squarely address the problem of "bogus self-employment", and step up efforts in increasing the number of inspections and prosecutions.

The increase in the SMW rate from \$30 to \$32.5 and the upward adjustment of the monthly monetary cap on recording the total number of hours worked from \$12,300 to \$13,300 per month at this time will take effect from 1 May. In this connection, I urge the authorities to enhance publicity and promotion of the new adjustment made in accordance with the MWO, assist employers and employees in gaining a clear understanding of the new changes to the MWO, prevent inadvertent breaches of the law by employers, and actively monitor the implementation of the MWO.

I so submit. Thank you.

MR TANG KA-PIU (in Cantonese): Deputy President, I speak in support of the amendment, that is, the proposed implementation of the minimum hourly wage rate of \$32.5 with effect from 1 May.

During the meetings held by the Provisional Minimum Wage Commission to meet with different deputations for the sake of public consultation, the Hong Kong Federation of Trade Unions (FTU) already made it clear that its specific recommendations on the Statutory Minimum Wage (SMW) rate over the past many years were made with reference to the rate of allowance set under the Comprehensive Social Security Assistance (CSSA) system or other social security systems for a breadwinner in financial hardship. Hence, we proposed that an hourly SMW rate of \$39.7 should be set before wage earners can manage to feed a three-person family. However, after negotiations between various parties, the SMW rate was eventually set by the Minimum Wage Commission

(MWC) at \$32.5, which was already the third adjustment to the SMW rate. On behalf of the FTU, I would like to thank members of the MWC who spoke out for wage earners, trade unions and the grassroots.

Nevertheless, as a review is conducted by the MWC only once in every two years, which means that the SMW rate can be adjusted only after a biennial review, we consider the system problematic because the rate of adjustment can neither keep abreast of the times nor catch up with inflation. In the end, the actual benefit enjoyed by elementary workers might suffer. Let me cite the current increase from \$30 to \$32.5 as an example. The actual rate of increase of 8.3% will definitely be lower than the combined inflation rates for the next two years by at least 1% to 2% according to our estimate. As I said just now, the rate of 39.7 proposed by the FTU was founded on the idea of an elementary worker having to feed a three-person family. If the increase or adjustment in the SMW rate cannot catch up with inflation, elementary workers will feel as if they have been given a wage cut, with the increase in their wages failing to catch up with the inflation rate.

If the purpose of implementing the SMW policy is to induce more people to join the employment market and make them feel that work is better than reliance on CSSA, welfare or assistance, we can never achieve such results if the SMW rate can simply not catch up with inflation in the long run, not to mention that a review of the SMW is conducted only biennially. Worse still, the review is based on outdated figures. For instance, the current decision of setting the SMW rate for the period from 1 May 2015 to 30 April 2017 at \$32.5 was based on data compiled in 2013. In other words, these data would have lagged behind four years by 2017.

Although the MWC will set out the SMW rate and the number of beneficiaries upon the implementation of the SMW rate in its annual report, the number of beneficiaries reported will always present an enormous shrink when the SMW rate is implemented formally. For instance, according to the report published during the recent announcement of setting the SMW rate at \$32.5, the number of beneficiaries is expected to reach 255 200 (based on the data between May and June 2013). However, the number of beneficiaries was found to be a mere 150 000 one year later. How many beneficiaries will there be a couple of months later? I believe the number will continue to shrink. It shows that the biennial review fails to catch up with inflation. Moreover, the lag of data will

result in continued shrinkage in the number of beneficiaries. Even from the angle of the business sector, this is not necessarily good because wages will appear to be inflated by 8% to 10% on every occasion. Even the 4% to 5% increase cited arbitrarily by the labour sector might not be accurate either. Hence, will an annual review be more scientific and practical?

After the implementation of the SMW rate, I hope the Special Administrative Region (SAR) Government and the Labour and Welfare Bureau can allow the MWC to commence work earlier and conduct a review on an annual basis. Even if an annual review is not possible for the time being, the MWC should at least compile a study report. According to the MWC, the biennial review can facilitate the business sector as it is very troublesome to amend contracts frequently, so is it possible for the MWC to compile a report first? What are the good and bad impacts of an annual or biennial review of the SMW rate on the economy, labour or even the SMW system itself? Can a report on this issue be compiled? Many people in the labour sector or those who are concerned about this system have mentioned annual review as a way of adjustment. One of my colleagues, Mr KWOK Wai-keung, is also drafting a Member's Bill on this subject. Hence, I hope that the Government and the MWC can conduct a study and, most preferably, conduct a review immediately for the setting of a new SMW rate for 2016.

For me, the reports submitted by the Government to the Legislative Council concerning the setting of the SMW rate at \$32.5 and various scenarios is selective in the sense that only bad rather than good news are presented. What do I mean by selective reporting? The impression given by the report is that the adjustment to the SMW rate might push up the unemployment rate, possibly weakening Hong Kong's competitive edge and even adversely affecting labour cost. In the end, the blame is put on the SMW system in all these vivid descriptions. In our opinion, such comments are apparently biased. Moreover, the information is not sorted out properly due to this approach of selectively reporting bad news only. For instance, the SMW rate has been adjusted three times since its implementation in 2011. What benefits have these adjustments brought to society as a whole? Certainly, we have already discharged our responsibility conscientiously by conducting a thorough inquiry into the benefits of implementing the SMW. Now, I would like to take this opportunity to list these benefits *seriatim* in the hope that the Government can conduct publicity properly.

The first point I wish to raise is related to the unemployment rate. Before and after its implementation, the SMW has had no impact on the unemployment rate. What is more, the unemployment rate has dropped further to 3.3% — it was 3.6% in late 2010 when the SMW had yet to come into operation — the employment size has even seen a rising trend, and the number of job vacancies has not been cut due to the implementation of the SMW.

Compared with the employment size of 3.54 million in Hong Kong prior to the implementation of the SMW, it has now been expanded by 250 000 to 3.79 million. Certainly, the number of jobs has also increased, with two thirds of the newly created posts taken up by women. As pointed out at the beginning of this speech, if the purpose of this policy is to encourage more people to join the employment market — precisely what the Government expects to achieve — the SMW system has to be enhanced further. We can also see that many women who were originally supposed to take care of their families have opted to go out to work.

As regards the disparity between the rich and the poor, especially the worsening gap in terms of their income, will the implementation of the SMW be helpful to narrowing the gap? The answer is definitely in the affirmative. Not only has the ratio of households of working poor fallen from 9.1% in 2010 to 8.7% in 2013, but a 19.1% median wage increase has also been recorded over the past four years. In other words, the overall wage increase in the territory is around 20%, with the wage increase of those in the lowest income group, representing 10% of the total number of people in this group, reaching as high as 30%. Hence, the SMW can indeed help elementary workers by enabling them to at least make a reasonable and dignified income.

As regards the issue of fragmentation, that is, turning permanent positions into casual jobs, or eight-hour full-time jobs into four-hour part-time jobs, such circumstances have apparently not emerged. What is more, we can even see a fall in the underemployment rate from 1.9% to 1.6%.

Some people think that employers will definitely hire employees at the hourly SMW rate of \$32.5 after the implementation of the SMW and choose to recruit young people instead of the elderly. So, has the unemployment rate among the elderly dropped? Let us examine the employment situation of people aged between 60 and 64. The employment sizes of people in this age group were 140 000 and 180 000 in the second quarter of 2011 and April 2014

respectively. In other words, there were originally grave concern that this group of people would lose their jobs, but this is not the case in reality. Moreover, the number of people in this age group who prefer working is larger than before.

Some people think that while the SMW has had no impact on large enterprises, small ones might have to close down as a result. Moreover, quite many people would prefer getting employed to starting their own business as a result. Let us examine the figures provided by the Government. After the implementation of the SMW, the number of business establishments in low-income sectors — including Hong Kong-style cafes, cleaning, security, and so on — has increased by 4 600. In other words, there are an additional 4 600 business establishments in Hong Kong as a whole, and more than 50 000 posts have thus been created. Furthermore, we have not seen any fall in the earnings ratio. Compared to the 16.1% recorded before the implementation of the SMW, the earnings ratio now stands at 16.6%.

I have already talked about the benefits brought by the SMW to the market and economy, I will now say a few words about the benefits brought to taxpayers and the Treasury. Before the implementation of the SMW, 13 922 (around 14 000) households were low-income CSSA recipients, but the number of such CSSA recipients has now fallen by one third, with only 7 500 or so households receiving low-income CSSA. Before the implementation of the SMW, 29 000 households had to apply for low-income CSSA, but the number has now dropped by around 40% to 18 000. Simply put, thanks to the implementation of the SMW, the Government has saved at least \$700 million per annum in expenditure on CSSA payments for the unemployed and low-income households.

Nevertheless, some people have again questioned the relationship between the occurrence of serious inflation in recent years and the implementation of the SMW. In this connection, the Government has in its report pointed out clearly that imported food materials and rents should be blamed for high inflation during this period. I would like to make an appeal here. Firstly, I hope that people who have misgivings about the SMW, be they from the business or the academic sector or ordinary people, can support the SMW sincerely after learning about the various benefits brought by the implementation of the SMW and further enhance it to eventually achieve the goal of annual review.

We have just returned from a visit to Germany, where a minimum wage rate was implemented this year with the introduction of an annual review. We have also raised questions about different places and let the Government make

comparisons. Except for the United States and Ireland where a review has never been conducted — a review was actually conducted in the United States recently — an annual review is conducted in nearly all the other places. Guangzhou, one of our neighbours, is found to be very similar to Hong Kong in that a biennial review is conducted. According to statistics, a biennial review is similarly conducted in Guangzhou. But what was the rate of increase after the review? The rate of increase in minimum wage in Guangzhou was 26% during the period between 2011 and 2013, 19% between 2013 and 2015, whereas the rate of increase in the SMW in Hong Kong was a mere 8.3%.

Hence, I hope that the SAR Government can heed our only proposal on enhancing the SWM system, and that is, conducting an annual review. We hope the Government can respond to our aspiration for an annual review from the perspective of exploring ways to enhance the system rather than merely considering the matter from the angle of business operation.

I so submit.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, in examining the proposal on minimum wage, Mr Tommy CHEUNG will definitely dub the Secretary as the "Secretary for shattering long-term economic development". I surely disagree with this point. However, it is true that the Secretary is the "Secretary for shattering labour interests". To put it in specific terms, he is the "Secretary for meanness" on the issue of minimum wage, specialized in treating Hong Kong workers meanly.

How can he do so? We had overcome thousands of hurdles to legislate for minimum wage, but it turned out that a provision to review the minimum wage rate once in every two years was added. This provision has rendered the entire system of minimum wage ineffective, or I would say that it has completely disabled the system. Secretary, why did we have to prescribe a minimum wage in the first place? For we hope to ensure that elementary workers in Hong Kong who lack bargaining power can share the fruits of prosperity and enable them to earn a living and be lift out of poverty. However, the provision for review once every two years has rendered the minimum wage system ineffective, depriving workers of the opportunity to share the fruits of prosperity. As the wages of workers are eroded by inflation, the minimum wage rate set cannot bring any improvement to the living standard of workers.

Worst of all, the minimum wage rate set right at the beginning failed to serve its purpose. The starting rate of minimum wage was set at \$28 though we requested at the time that it be set at \$33. Now, we apply the same formula we used back then to calculating the minimum wage rate. We expect that the minimum wage rate set will at least enable a two-member family to have a living standard on par with that of a family receiving Comprehensive Social Security Assistance (CSSA) which is the poverty stricken group. For a two-member family to have a living standard on par with that of a family receiving CSSA, the minimum wage rate should be set at nearly \$38.

In other words, their current income cannot catch up with the rate of CSSA, not to mention the inflation rate. If so, why do they have to work? The crux of the problem lies in the starting rate being too low. Deputy President, back then, we requested the minimum wage rate to be set at \$33, but the Government eventually set it at \$28 on the grounds that the legislative intent of prescribing a statutory minimum wage was not to lift workers out of poverty but merely to ensure that wages would not be too low. We often ask the Government what does it mean by "too low", for this is a most subjective perception. Mr Tommy CHEUNG may consider \$20 an adequate rate which is not too low, and the Government simply uses this "not too low" rate to answer our request.

The authorities are short-changing the workers in saying that the legislative intent is to ensure a "not too low" wage rate and to include in the legislation a review of the minimum wage rate once every two years. Of course, if we have to apportion blame, it should be traced back to the legislative process, which is rightly the result of the existence of functional constituencies. Therefore, as long as the functional constituencies are not abolished, the achievements we have made will be undermined in various measures, and we will be left with little. The legislation on minimum wage is a case in point, where we are left with an hourly rate of \$28 and the review once every two years.

As for the influence of the biennial review, it is obvious to all. After the review this time around, the minimum wage rate will be increased by 8.3%. However, according to our calculation, the inflation rate during the period from the date the \$28 rate was set to 1 May is far higher than the present increase in minimum wage rate, which means the minimum wage rate has failed to catch up with the inflation rate. In other words, now, even with the increase in minimum wage rate by \$2.5 on 1 May 2015, the income situation of workers will be worse

than that four years ago when they were earning an hourly wage of \$28. What is the meaning of such an increase? The living standard of workers will not see any improvement after all.

Regrettably, the Secretary said that this is the most balanced and relatively pragmatic approach, for the most important point is to ensure that wages will "not be too low" and the authorities have to give regard to the reaction of the business sector. Honestly, the business sector will oppose it anyway, and I am sure Mr Tommy CHEUNG will surely say so shortly. I think Mr Tommy CHEUNG should be dubbed "Doomsday CHEUNG", for his comments often describe the situation as approaching doomsday. He is indeed "Dr Doomsday". Whenever he talks about minimum wage, he will depict the situation as the end of the world. He will say so later. But is this the case in reality? Definitely not. Mr Tommy CHEUNG and many members in the business sector had pointed out in the past that once minimum wage was implemented, the unemployment rate would rise, and as operation became more difficult, many businesses would have to close down. What is the reality?

The reality is that 250 000 workers have joined the labour market and the unemployment rate remains at a low level. With the 250 000 workers joining the labour market, the problem of labour shortage which he mentioned will be solved. Had not the minimum wage rate been set at \$28 but at a higher level, more people would have come out to work. Therefore, the minimum wage is actually an incentive to attract more people to work, providing a solution to the problem of labour shortage often mentioned by the Secretary. If a reasonable wage rate is offered, there should not be any labour shortage. It is true that there is still the concern of child care services, but I will not deal with this today. No matter how, a higher wage rate will be a greater incentive to attract people to come out to work. This is crystal clear. Why does the implementation of minimum wage have to be depicted as the doomsday, "Doomsday CHEUNG"?

On the other hand, Members can see that people are still making profits. According to the report, even if the minimum wage rate is increased to \$32.5, various trades and industries, including the catering industry and the security service industry, will still be profitable, for these industries have been marking profits all along. Moreover, we note from the Budget this year that a significant increase in profits tax has been recorded, which is the highest over the years. It is thus evident that various trades and industries are making profits continuously. Of course, people will say that the profits recorded in the Budget are profits made

by large consortia through exploiting small and medium enterprises (SMEs). I totally agree with this point. But may I implore all SMEs to come over to our side to target at the large consortia but not workers. Workers are earning wages to support their families, yet large consortia are making profits to make investments overseas or squander such earnings. Large consortia are making money not for a living, but workers rely on the wages to make ends meet. How can the arrangement be depicted as if it is the doomsday? If it is actually the doomsday, why can they continue to make money, why does the closure of businesses have not increased, why does the unemployment rate have not risen, and why are more people coming out to work on the contrary?

It is evident that the economy of Hong Kong can definitely cope well with the minimum wages. In fact, the \$2.5 increase in the minimum wage rate this time around does not have any significant meaning. I think by the time the increase is implemented on 1 May, the number of people who can benefit from it will be even less, for the increase is basically a lag. Members may come to think about this. The report based on which the authorities examined the \$2.5 increase in the minimum wage rate was issued the year before, which is 2014, meaning that there is a time lag with the data in the report. Since the increase will be implemented only on 1 May, it means there will be a time lag of two years or so in the work flow as a whole, for the 2014 report was not drafted according to the survey information collected in the year 2014 but the year before that.

Therefore, there is a serious time lag in the entire process. As for the Panel on Manpower, the income for 2014 will be discussed later, whereas the examination of the present increase of \$2.5 is based on the report submitted on the situation in 2013. Since there is a time lag of a number of years, many workers have already received a pay rise and their hourly wage has long since reached \$32.5. For this reason, only a small number of workers will benefit from the minimum wage rate increase, and this has significantly undermined the meaning of setting the minimum wage rate. However, the Government turns a blind eye to this. It just responds perfunctorily by enacting legislation on minimum wage and implementing the biennial review to effect a hasty settlement of the issue. From beginning to end, the authorities have never cared about the living of workers, neither have they considered the pressure faced by workers in living. In the midst of the spike in prices of all goods, will the minimum wage rate enable workers to cope with the pressure of living? Definitely not, but the Government does not care.

Worse still, the Government, being the largest employer in Hong Kong, does not care about its employees either, including employees of its outsourced services. Members may ask cleaning workers working in the Legislative Council Complex and security guards at the Central Government Offices what the interval of their pay rise is. They get a pay rise once every two years. Why is it only once every two years? Because they are employed on minimum wage terms, so they will not get a pay rise if there is no increase in the minimum wage rate. It means they will receive a pay rise only after the minimum wage rate is increased. As the Government is the largest employer, how can it exploit workers of its outsourced services? Now, security guards guarding the Central Government Offices are having a hard time due to the undesirable situation there, and a large number of security guards are needed to guard the complex. However, the Government does not care about them. It even exploits them by causing them to receive a pay rise only once every two years.

I have asked the Government to provide the relevant figures a number of times to show the number of workers of its outsourced services who are receiving a pay rise once every two years, but the Government dares not provide the figures. In fact, I do not need the Government to produce those figures. If Members care to ask the cleaning workers working in the Legislative Council Complex and staff working in the Central Government Offices nearby, they will have known that these workers have not got any pay rise. This is the problem. In other words, the Government as the largest employer also benefits from the provision on biennial review. As such, it may be necessary for the Government to declare clearly that the Government being the largest employer has benefited from the provision on the biennial review and has a role to play in exploiting employees by preventing workers of its outsourced services from getting a pay rise.

The deprivation of an annual pay rise for workers of outsourced services is in stark contrast to the situation of civil servants. Secretary, you have got a pay rise. The civil servant sitting next to the Secretary has also got a pay rise, and on top of the salary increase in general, the officer has received an additional increase of 3%. The additional 3% increase is the result of the six-yearly pay level survey to ascertain whether civil service pay is broadly comparable with market rate. Certainly, if the increase is warranted, I do not mind. Yet why do civil servants always think that they warrant a pay rise but not workers in general? Should market salary override everything? Does it mean that civil servants are qualified for a pay rise once the market salary is raised? How about workers making strenuous efforts to make ends meet and feed their families, are

they not qualified for a pay rise? Why can their wages not be increased by just a small percentage whereas civil servants can get a pay rise of nearly 8% (factoring in the additional 3%)? How unfair is it? Against this background, the disparity between the rich and the poor and discontents are doomed to appear in Hong Kong.

In the final analysis, the crux of the problem lies in the legislation on minimum wage, where the starting rate of minimum wage was set at a wrong level, a level which was too low. Another cause is the provision on the biennial review. Back then, I had proposed an amendment to the provision, but the amendment could not be passed due to the functional constituencies. As a result, the protection provided under the system as a whole is very limited.

Let us look at the situation of another group, persons with disabilities. At the meetings of the subcommittee, members had listened to and discussed the situation concerning persons with disabilities a number of times. For persons with disabilities employed prior to the commencement of the ordinance, the minimum wage requirement is not applicable. For persons with disabilities employed after the commencement of the ordinance, employers must pay them the minimum wage according to law, and employers can offer a lower wage rate only when the employee is certified to have a lower degree of productivity after the productivity assessment. This is actually exploitation of persons with disabilities. Why is the law not applicable to employees employed before the commencement of the law even they have not undergone any assessment? Persons with disabilities employed prior to the commencement of the law have been working for some time, how will they dare to opt to take the assessment. Whoever opts for an assessment will be terminated. If the assessment prove that their productivity is low, they will be dismissed. Therefore, no one dares undergo the assessment. As for new employees opting to undergo the assessment, if their degree of productivity turns out to be low, they can only accept that silently.

Why can the Government not allow all workers to enjoy the minimum wage? If it worries that employers may refuse to employ them, the authorities may require all workers with disabilities to undergo the assessment and it will then pay the difference in wages. The point is that all workers with disabilities must undergo the assessment, so that it will be fair to all. At present, many previous employees have not undergone the assessment, and I think we should accord them due respect, which means once they join the workforce, they should be entitled to the minimum wage. To induce employers to recruit them, a fair

approach should be adopted. If the assessment proves that employers are not required to pay the minimum wage, the Government should pay the difference in wages. This approach will give regard to the dignity of persons with disabilities on the one hand and encourage them to work on the other. For once they come out to work, they will be paid at the minimum wage rate. However, the Government will talk a lot of nonsense in its reply shortly, and it will advance excuses like protecting the employment opportunities of persons with disabilities, and so on. No matter how, we insist on requesting the Government to provide a subsidy in this respect, for this approach can take care of their employment opportunities as well as their dignity. Moreover, when they come out to work, they do not need to rely on CSSA, so the approach will also have a favourable effect on public expenditure. It is worth doing, so why not do so?

Deputy President, the minimum wage rate is increased by \$2.5 this time, yet we do not know how long do we have to wait for the next increase. If the problem of the biennial review is not dealt with, elementary workers, wage earners and trade unions in Hong Kong, as well as the Hong Kong Confederation of Trade Unions, will continue the fight till we have successfully striven for an annual review and do justice to the elementary workers.

With all that I have said, people may query why I do not propose an amendment. I would like to let the public know that an amendment to the resolution is not allowed. For when the legislation was enacted back then, it was stipulated that no amendment to the minimum wage rate would be allowed, and the rate must be decided by the Minimum Wage Commission and then be approved by the Government and the Chief Executive. Of course, the Chief Executive may approve a higher rate, that is one point. Another point is about the scenario where the Minimum Wage Commission cannot reach a consensus on the minimum wage rate, we do not know how the Government will handle the case. Therefore, we consider that the only solution is to provide a reasonable minimum wage rate for the elementary workers, so that they can feed their families and be lift out of poverty. On the other hand, the provision on the biennial review must be amended to provide for an annual review. Lastly, I have to say that Mr Tommy CHEUNG should stop saying that the minimum wage will destroy economic development, for he is being mean to Hong Kong workers in making that claim.

Thank you, Deputy President.

MR POON SIU-PING (in Cantonese): Deputy President, the statutory minimum wage rate recommended by the Minimum Wage Commission (MWC) will be increased from \$30 to \$32.5. In retrospect, labour groups were demanding a minimum wage rate of around \$33 to \$35 before the enactment of legislation on minimum wage. After four years, however, the current adjustment still fails to reach the minimum rate originally demanded by the labour sector. I have to admit that the labour sector is disappointed at the current adjustment.

The inflation rate of 2014 was 4.4% while that of 2013 was 4.3%, amounting to an accumulated inflation rate of 8.7% for these two years. This is even higher than the current minimum wage adjustment of 8.3%. It is therefore evident that the grassroots will probably face a situation where their wages have seemingly increased but their actual purchasing power is smaller than before, leading to a more difficult life. The Federation of Hong Kong and Kowloon Labour Unions to which I belong demanded that the minimum wage be increased to \$37, which is a very reasonable proposal. Unfortunately, after taking into account the so-called basket of factors, the MWC has once again sacrificed the rights and interests of elementary employees.

Ever since the enactment of the Minimum Wage Ordinance, the labour sector and people who are concerned about the rights and interests of labour have been demanding an annual review of the minimum wage so as to improve the situation where adjustments to the minimum wage are lagging behind. Let me take the current minimum wage review as an example. The minimum wage rate currently recommended by the MWC is formulated by making reference to the 2013 Report on Annual Earnings and Hours Survey released in March 2014. It means that the current adjustment to be made in May 2015 is, in fact, merely reflecting the situation in 2013. A biennial review implies that the minimum wage will only reflect the situation in 2013 until 30 April 2017, with a time lag of four years in total.

As the MWC did not regard the factor of "adjustment to the wage must not be smaller than the inflation rate" as the prime consideration when making an adjustment to the minimum wage and a review is conducted only once every two years, the minimum wage fails to adequately protect the livelihood of elementary employees. The business sector has all along opposed setting a minimum wage on grounds of rising costs and operating difficulties. However, the MWC report indicated that under the minimum wage test level of \$37 per hour, the impact on

low-paid industries was 1.6% or below on average, which is utterly trivial when compared with the impact of rent. Employer groups have been citing various reasons to oppose setting a minimum wage, claiming that it would not only result in rising costs, but also waves of business closures, a surge in unemployment rate, and so on. These problems did not occur in the end. Facts speak louder than words.

Deputy President, to the grassroots, every single dollar counts. This is especially so in view of the general price hike now. Recently, the media reported that there is a "sub-divided unit inside a toilet". For a society with a level of economic development that ranks top in the world and a Gross Domestic Product of over a thousand billion dollars, this is actually a shame which is unacceptable. If the Government does not improve the lot of the grassroots in a practical way, the accumulation of social grievances will only get even worse. I hope the Government can shorten the interval of review of the minimum wage as soon as possible in order to reduce the lag in figures and help the grassroots in a more practical way.

Deputy President, I so submit.

MR TOMMY CHEUNG (in Cantonese): Just now Mr LEE Cheuk-yan said — now he has left the Chamber — that I am mean. I would like say a few words in response. I have known Mr LEE Cheuk-yan in the Legislative Council for some 10 to 20 years. Apart from mocking people and making personal attacks, he does not have any other new ideas. When he continues to serve as a Member in the days to come, he may need to think about whether he could speak in a more rational manner and stop making sarcastic comments against individuals during our debates in the Council. He calls me "Doomsday CHEUNG". Actually I think the name "Doomsday CHEUNG" suits Secretary Matthew CHEUNG better. What he meant was that I often refer to doomsday. However, in my opinion, Secretary Matthew CHEUNG is pushing our long-term economy, an economy which is potentially competitive and has been doing well for years, towards doomsday. For this reason, I consider that the name "Secretary for damaging our long-term economic development" which I gave Secretary Matthew CHEUNG, together with the nickname "Doomsday CHEUNG" created by Mr LEE Cheuk-yan, fits him better.

Deputy President, in discussing how to determine the minimum wage rate, the Minimum Wage Commission (MWC) will draw reference to a host of data. However, years ago, I already said that the data provided by the authorities were often misleading and outdated, thus affecting the determination of the MWC.

For instance, in this adjustment exercise, the MWC has drawn reference to the statistics in the Annual Earnings and Hours Survey in 2013 — I am talking about 2013. The survey period was May to June 2013. At that time the minimum wage rate had just increased from \$28 to \$30 an hour since 1 May 2013. The wages in the market were not yet able to fully reflect the ripple effect of the minimum wage.

I asked the authorities why the reference period of the relevant survey was set at May to June in the second quarter of the year. According to the authorities, it was worried that the wage levels in the first and fourth quarters each year would be affected by bonuses, which would give rise to greater fluctuations in the annual comparison of the wage levels. Actually there was relatively no fluctuation, but the authorities spoke of greater fluctuations, while the wage level in the third quarter was usually affected by the wages of summer interns. This explanation given to me by the authorities is rather far-fetched because if only the authorities selected September to October as the reference period, it could readily avoid the two problems mentioned just now and accurately reflect the impact of the revised statutory minimum wage (SMW) level on staff costs.

It should be noted that the adjustment to the SMW is made on 1 May each year. It will take at least several months to fully reflect the ripple effect arisen in different industries which cannot possibly be shown by the figures collected by the authorities in May and June.

It is often said in the industry that the data cited by the authorities fail to reflect the actual situation of wage payments. For instance, the hourly wage in the Annual Earnings and Hours Survey shows only the employees' pay for their hours worked but not the pay they enjoy during their leave. Time and again, there are situations where someone with a lower hourly wage has a higher monthly salary. As a result, a person's hourly wage alone cannot reflect his actual remuneration.

As a matter of fact, the hourly wage rates of most employees in the catering industry far exceed \$30. Given the acute manpower shortage, the pay of many elementary employees has been spiralling. In other words, the objective of protecting elementary workers and preventing excessively low wages has already been achieved. The Government really should not increase the rate simply for the sake of having an increase, which will undermine the competitiveness of the catering industry again.

Deputy President, labour unions often quote the Government's estimated increase in staff costs resulting from the minimum wage, which has also been mentioned a number of times earlier, claiming that the impact will be minimal. The MWC also advised that this time, the relevant figures have included the element of pay hierarchies, and it is estimated that the additional payroll expenses in the catering industry, calculated on the basis of different modes of operation, will increase about 0.3% to 0.6%. I have great misgivings about the relevant figures because the authorities have made wrong estimates every time, and they always underestimate the figures. Even though the estimation has taken the pay hierarchies into account, it is still too conservative.

Just look at the annual reports of the two major fast food groups in Hong Kong, namely, Café de Coral and Fairwood. Since 1 May 2013, the minimum wage rate has increased from \$28 to \$30. As at the end of March 2014, their payroll expenses had respectively increased about 10.7% and 5.8% over the previous year, which differ greatly from the authorities' original estimation of the growth in the relevant expenses in the catering industry, which was only 1% to 1.5%.

Besides, the labour unions often try to divert people's attention by claiming that rent has a bigger impact on the industry than wages. Deputy President, the catering industry has never denied the pressure of rent. However, we must clarify that wages account for the biggest proportion in the expenditures of the catering industry. Rent usually takes up 15% of our business receipts, which is concurred by the Government, while wages take up more than 30% of our business receipts. The MWC has also quoted these figures of the Census and Statistics Department (C&SD) in its report, stating that compared with 2010, the increase in wages in the catering industry accounted for the biggest proportion in the operating cost among all industries in 2012.

It should be noted that given the prolonged labour shortage in the market, every time the minimum wage rate is adjusted upward, it will induce the ripple effect on the pay hierarchies. In addition, the low-skilled trades and industries have pushed up each other's wage level, and the subsequent pay rise particularly deals a blow to the labour-intensive catering industry, greatly aggravating the ripple effect of the minimum wage. Consequently, the resultant increase in payroll expenses is often many times of the expected amount.

The figures collected by the C&SD also indicate that since the implementation of the minimum wage, the proportion of the overall payroll costs to the total operating expenses in the catering industry has been on the rise, having increased from 46.3% in 2010 to 48.3% in 2012. Hence, payroll cost is the biggest expenditure of the catering industry, and it will keep rising. Every upward adjustment of the minimum wage will bring a heavy burden to bear on the catering industry.

A labour union, citing the figures of the authorities, tried to point out that the number of restaurants has increased rather than decreased. Compared with March 2011, the number of establishments in the catering industry is up by 830 in September 2014, representing an increase of about 5.9%. Actually it is meaningless to merely look at the matter this way. How many of these establishments are chain stores? Has the overall business area in the catering industry decreased? When we read the figures, we cannot just look at part of them, especially when these are the figures which union representatives love to mention, and the Government is the one that started all this. As indicated by the actual figures collected by the Government from the enterprises, the total business receipts for restaurants have dropped in real terms for three consecutive years from 2012 to 2014, which shows that prices have gone up while real profits have gone down. Discounting the impact of changes in price, the revenue of restaurants have actually been declining. In other words, the "pie" has become increasingly smaller. If there are more restaurants to share the "pie", that is not something desirable because the share of the "pie" which each restaurant can get is smaller than before. For this reason, we cannot conclude that there is no problem with the economy from the mere observation of an increase in the number of enterprises. The lack of growth in profits overall has in fact raised the alarm in the market. Hence, the industry is particularly opposed to minimum wage rates that will stifle small and medium enterprises (SMEs). It objects to excessively high minimum wage rates that will undermine the competitiveness of SMEs. In the long run, this will only make the market more and more tilted and reduce the opportunities of upward mobility in society.

In fact, as we could see, downside risks in the economy are growing, and Hong Kong's overall economic growth has slackened from its boom in 2010. Following the signs of reduction in the number of visitors under the Individual Visit Scheme this year, the domestic demand has also fallen as a result of such influence, which has further worsened the situation. Moreover, during the Occupy action, the business of some restaurants was seriously affected. The Government really should not impose any more administrative measures which will make the operating costs of the industry heavier. The industry considers that further upward adjustments in the minimum wage mean further pushing up inflation, which also means further weakening the spending power of members of the public. As regards the prospects of the industry, they are rather pessimistic, especially because all the operating costs have now surged to a high level. They question whether the industry can transfer the costs in view of the high inflation in a vicious cycle. In addition, the present competitiveness of enterprises has substantially dropped. In particular, almost all the small and medium-sized restaurants simply seek to survive rather than compete with others. The industry is worried that once the market situation reverses and goes down, the resilience of the industry will be very weak. In fact, an increase in the minimum wage will not only trigger the ripple effect in the pay hierarchies but also result in a knock-on effect of causing other costs to rise. Various types of charges which are more closely related to wages, including labour insurance fees, delivery and transportation fees, laundry fees and management fees, will drastically increase. A series of rising costs will weigh down the business operators.

Deputy President, in the past few years, more and more small and medium-sized restaurants, dispirited because of difficulties in running the business, closed down and withdrew from the market. One of the major reasons is the acute shortage of manpower, whereas an upward adjustment of the minimum wage will only add fuel to the flame. As a matter of fact, having only the existing pool of workers with no new entrants, enterprises generally face the problem of labour shortage and vie to recruit hands, among which obnoxious jobs such as washing dishes are the "stricken areas". Many employees at the middle and senior levels as well as the proprietors have to concurrently attend to the dish washing work. As far as I know, large and medium enterprises have tried methods such as centralized kitchens and condensed work processes to alleviate the manpower shortage. They even contract out all the dish washing work. Small and micro enterprises, however, have their hands tied. They can only struggle for survival, yet the minimum wage has made it harder for them to compete with the chain enterprises. Hence, the industry hopes that the Government will expeditiously resolve the relevant problems rather than pushing

up the minimum wage to let the problems continue to exacerbate. After all, the purpose of setting the minimum wage is to protect low-income employees and prevent excessively low wages. On a broad view of the situation in Hong Kong in recent years, the wages of many low-skilled workers with low qualifications have risen substantially through free adjustment of the market. As a result, I do not see the need to further adjust the minimum wage upward. Hence, I object to this amendment exercise which raises the minimum wage rate by \$2.5 to \$32.5 an hour.

Lastly, I would like to say a couple of words in response to the continuous request made by various labour unions for annual review of the minimum wage. The industry and I strongly object to having an annual review. Moreover, we consider that we should not rigidly require the review to be conducted once every two years. Instead, it should be conducted only when there is such a need. Otherwise, it will become a mere routine which will artificially push up inflation. Being unable to resolve the poverty problem, it will, on the contrary, make the prices of everything soar high.

Deputy President, I so submit.

MR SIN CHUNG-KAI (in Cantonese): Deputy President, the Democratic Party supports this motion which cannot be opposed. It is because the Ordinance, stipulates that the Minimum Wage Commission (MWC) shall make a recommendation to the Chief Executive, and with his consent it will be referred to the Legislative Council for passage or disapproval. If we negative the motion, the minimum wage will revert from \$32 back to \$30. The Democratic Party has indicated its hope that the minimum wage will be \$37 and the review be conducted on an annual basis system-wise, which is conducive to reducing each increment and staying tagged to the market changes.

Deputy President, in the past few years we have seen that the Government has implemented some policies which are somewhat related to the minimum wage. The ones that we know include the Work Incentive Transport Subsidy (WITS), Low-income Working Family Allowance (LIFA), as well as the minimum wage which is under discussion today. Moreover, the Mandatory Provident Fund (MPF) System has requirements for the minimum employee contribution and a ceiling for employer contribution. And there is also the Comprehensive Social Security Assistance (CSSA) Scheme. All these measures

are indeed interconnected. Everyone knows that CSSA is the most important security for the grassroots and the underprivileged. Theoretically, comparing CSSA and the minimum wage, the minimum wage must be higher than CSSA, otherwise no one will work and everyone may as well just receive CSSA. But as CSSA is linked to the minimum wage, as we all know, it is also connected to the WITS and the LIFA.

Recently, the Mandatory Provident Fund Schemes Authority (MPFA) has conducted a consultation. The MPFA hopes to find a formula to calculate the amount of employee contribution, which is suggested to be 55% of the median wage, subject to automatic adjustment every two years. One of the reasons for making an adjustment every two years is that the minimum wage is also adjusted every two years. They are interrelated. Actually CSSA, WITS, LIFA, the minimum wage and the minimum MPF contribution as I just mentioned are all related — of course, the maximum employer contribution does not relatively bear any strong relevance to the minimum wage as it is at the 80th or 90th percentile of wages. I hope the Secretary, among other tasks in his portfolio, can take care of the interrelations of all the policies. After so many reviews and various policies undertaken in a period of time, we can see that they are indeed closely linked to each other. Are there ways to reduce disputes in the market or society?

Let me cite an example. Now the authorities are considering using 55% of the median wage as the basis to calculate the amount of an employee's minimum MPF contribution. It is based on a formula, which is one way to reduce disputes. Such a formula, given mutual agreement, can really become an adjustment mechanism. It means if the overall wages shrink, the amount of contribution may be lowered. On the contrary, if wages increase, the minimum requirement for employee contribution may be turned up accordingly. Such kind of interaction, in my opinion, is worth the attention of the Secretary who should take a macro perspective in looking at the interrelations of several policies, so as to at least figure out a clearer picture. Understandably, the MWC may have certain political considerations or has to foster a compromise between employees and employers when making a decision. However, the minimum wage is closely related to the WITS, LIFA, as well as CSSA. I hope the Secretary will have enough time — there are about two years left in his term — to study if it is possible to achieve a formula-based calculation to deal with these few policies.

Of course, some people have proposed to calculate how much minimum wage is enough to meet a family's expenses based on the size of the family. This is one of the possibilities. As the minimum wage can facilitate and affect — or we may say the CSSA line can affect the minimum wage, or *vice versa*, and the minimum wage can also affect the LIFA indirectly and the minimum MPF contribution directly — I wish to emphasize that I hope the Secretary can, amid his heavy workload and huge portfolio and through regular reviews, harmonize these few policies or clear up their relationships and study how best some appropriate formulas can be developed in view of the interactions and what formulas should be used. The new practice of the MPFA is actually restrained by the minimum wage. Why is it reviewed once every two years? It more or less is because the minimum wage is reviewed once every two years. If the minimum wage is reviewed annually the MPFA may do an annual review as well. The adjusted minimum wage will affect the amount of employee contribution. I hope the Secretary can take an overall look at these few policies and straighten out their interrelations.

We support this resolution though the minimum wage of \$32.5 is still low and lags behind the market rate. I believe the current real minimum wage is above \$32.5.

MR FREDERICK FUNG (in Cantonese): Deputy President, I remember that this minimum wage policy was formally implemented on 1 May 2011 by way of the Minimum Wage Ordinance ...

(Mr Frederick FUNG forgot to clip his microphone on)

Sorry about that.

Deputy President, the Minimum Wage Ordinance (MWO) formally came into effect on 1 May 2011. At that time, the first minimum wage was set at \$28; on 1 May 2013, it was increased to \$30 and now, it is said that it will be increased to \$32.5. However, when a minimum wage was under discussion, apart from the fact that workers' groups in society had lobbied for it for a long time, in fact, when discussing the MWO and passing the legislation, the Hong Kong Association for Democracy and People's Livelihood (ADPL) and workers' groups

all proposed that \$33 should be set as the starting point because at that time, we also did some calculations and found that for a wage earner, in particular, one with a family, basically, at least \$33 is needed to meet one's own needs and those of his family. However, it has never occurred to us that after four or five years, the present minimum wage still remains at \$32.5, a level that is still below the \$33 proposed by us back then in 2011.

Deputy President, in fact, the proportion of the people in the labour market to the population in Hong Kong is now close to 1:2. Our population stands at 7 million people, whereas there are a little more than 3.5 million people in the labour market, so this is roughly equivalent to one wage earner supporting two people. In other words, can setting the minimum wage at \$32.5 really meet the minimum monthly living expenses of two people? It is clear that according to this calculation, it does not suffice.

(THE PRESIDENT resumed the Chair)

President, the minimum wage has actually made the greatest contribution to dealing with the problem of low income and poverty. Last year, the Commission on Poverty (CoP) conducted a survey to understand the effects of the various policies introduced by the Government on poor people. The results of the survey conducted by the CoP showed that there were two very important policies for helping the poor, one being public housing because after a family has moved into public housing, the money at its disposal will increase substantially, since compared to the rent for private housing, the rent for public housing is lower and more reasonable.

The second policy is the minimum wage. I believe that the Secretary, as the Vice-chairperson of the CoP, also knows that the minimum wage has helped more than 10% of the poor people extricate themselves from poverty since its introduction. That means given the economic conditions of Hong Kong now, it is possible to adopt such effective approach as a minimum wage to bring about poverty alleviation. In that case, why can we not do more? I say this right from the start because Hong Kong is an affluent society and as we all know, at present, the GDP per capita of Hong Kong people is quite high. It was probably

US\$33,000 annually for the year before, that is, about \$30,000 monthly for each person. In other words, in such an affluent society, is it excessive to direct our financial means to wage earners? Is it asking too much to use it on their wages, so that they can feed their families? This is by no means excessive.

In fact, recently, as we can all see, and as pointed out by some economists in Western countries last year, some places practising free market economy have seen increasing wealth disparity on account of their economic systems because the wages of some people are rising by geometric progression, while the wages of other people are rising by arithmetic progression but the wages of some people have not increased but even decreased instead. In the same vein, in Hong Kong, if wage earners are divided into 10 groups, for the two groups of wage earners with the lowest incomes, their wages have been on the decline in the last couple of decades. In other words, if the Government, as the butler, wants to manage society well, in such an affluent world city, should it exercise its powers appropriately to adjust wages, so that Hong Kong people — particularly given that they are playing a part in all the economic efforts in Hong Kong — and receive reasonable returns? They go to work for eight hours or 10 hours, so should their wages not be sufficient to support themselves and their family members?

President, the Government often uses some ambiguous principles in reviewing the level of minimum wage, for example, such principles as preventing wages from becoming excessively low — that is, the minimum wage is designed to forestall excessively low wages, wages that are so low as to be unreasonable — but at the same time, the loss of low-paid jobs has to be minimized and Hong Kong's economic growth and competitiveness have to be sustained, so the level is set at \$32.5. In fact, in the final analysis, the distribution of fruits yielded by the Hong Kong economy rests in the hands of the Secretary. The overall result of his way of distribution, which cites the three ambiguous principles mentioned just now as the grounds, is a skew towards the business sector or the interests of the business sector. In order to ensure that the interests of employers are maintained, workers' rights are set aside and the original goals and results that a minimum wage should lead to are also missed under this kind of policy decisions.

President, each time when the MWC proposed a wage level, in fact, we would always fall into the impasse of disputes and wrangles over figures. The views of the Government and civil society were totally different with regard to

the basis for setting the level and the conclusions reached were also different. Does the Government think that there is no need to make reference to the problems as perceived by or faced by elementary workers and the figures so derived by them, and that no reference should be or can be made to them?

President, as I said just now, I believe that according to the general basis established by me, that is, the need of a wage earner to support two persons, the basic function of a minimum wage is to enable a wage earner to support himself and his family after working full time. Otherwise, as an affluent world city, Hong Kong has really done them injustice.

President, when it comes to the issue of the minimum wage, in fact, a Member also said just now that there were several policies similar to the minimum wage, one being the Low-income Working Family Allowance that may be introduced one and a half years later, and the other being the Work Incentive Transport Subsidy Scheme being implemented now. The Government put forward these two types of subsidies because the incomes of some people are rather low. However, can their low incomes be attributed to low wages? If their low incomes are the result of low wages, the Government should not use some excuses to subsidize workers because these subsidies have subsidized employers instead. With these subsidies, employers are no longer subjected to any pressure and have no need to raise the incomes of their employees, so that the latter can earn enough income to support themselves and their families. When workers have difficulty even in supporting themselves and their family members, obviously, the relationship between workers and their employers will be bad. Such a relationship and whether or not workers would work very hard for their employers are the responsibility of employers rather than the Government. Of course, if employers are unwilling to do anything in this regard and the Government also condones employers by adopting other ways to remedy the problem, then this policy which is superficially intended to assist low-income people is in reality helping employers.

President, the second point that I wish to talk about is the problem of lag. I believe many Honourable colleagues have mentioned this before, so there is no need for me to analyse and discuss it in detail. However, I only wish to point out that at present, a review is conducted once every two years but two years, that is, 24 months, are far too long a time. Be it due to inflation or the present housing problem — particularly given the sharp rise in rents in Hong Kong in the

last couple of years — if a review is conducted once every two years, for one thing, given the incomes that wage earners make, basically, they utterly have difficulty in coping with their living; for another, since a review is conducted once every two years, it means the figures carry a lag. Even if the figures are only those of a year ago, if you provide them to me only now, that means I am using them only one year later. That means in the next 24 months, I will use the figures of one year ago as the basis. That also means that the more outdated the figures used are, the more unjust it is and it is also a kind of exploitation. In fact, the consensus of all parties now is that the review should be changed to an annual one. Although the legislation specifies that the longest period can be two years, it can also be one year. However, you chose not to adopt an annual review and herein lies the problem because the Secretary would never — at least so far — accept an annual review as permitted by law. Why does the Secretary not do so?

President, on the issue of minimum wage, I do not agree with the level of \$32.5 because it is on the low side. On the issue of minimum wage, \$32.5 cannot help a person working full time because he cannot make enough money to support himself and his family. Since Hong Kong is such an affluent world city, \$32.5 is a disgraceful figure. However, what is even more disgraceful is that under the system, we cannot make any amendment and to put it another way, we cannot voice any opposition because if we do, we cannot even have \$32.5 but \$30 instead. Therefore, the Government is using this system to oppress people who voice disagreement over as well as resentment and protest against the level of \$32.5 set by the Government, so that they cannot express their views in the legislature.

President, be it in terms of the economy, people's livelihood or politics, each policy decision will ultimately have its corresponding effect and such an effect will be reflected in social incidents. When a policy formulated is undesirable, it will only intensify the discontent with and grievance of the people affected against the Government in a particular area. When some incidents happened, you will wonder why, in a snap, people are surging forward from all quarters to oppose the Government. This is because the Government's policies in various areas have caused a lot of grievances and this is one of the reasons.

Thank you, President.

MR KWOK WAI-KEUNG (in Cantonese): I believe those Honourable colleagues with a better memory will remember that when the minimum wage rate was first fixed in 2009, the Hong Kong Federation of Trade Unions (FTU) already proposed \$33. Today, six years down the line, the minimum wage rate though having been adjusted thrice is nonetheless still below the rate proposed by us in 2009. Now it is only \$32.5. It is natural for the business sector to haggle over every penny. But why do we need to mention these figures? Especially in 2014, the FTU proposed that the new minimum wage rate which will take effect this May should be \$39.7.

In terms of figures, we can see that there is a difference of some \$9 between \$39.7 and \$30. But the problem lies in the figures. The FTU has long since been using a formula based on the income level of Comprehensive Social Security Assistance (CSSA) households: Take the amount of CSSA payable to a four-member household as the basis, and then consider the scenario in which two members of this four-member household have a job to see how much they need to earn a day in order to feed the family. Certainly, it carries substantial implications. First, money earned through labour must ensure a dignified living, and dignity is defined by purchasing power and the ability to feed the family; and in the long run, whether the wage is able to catch up with inflation year on year.

As mentioned by a colleague earlier on, the benefit of implementing the minimum wage is an increase in the employed population because more people will choose to get a job instead of receiving CSSA, thus preventing abuse of CSSA. As we know, the number of CSSA cases has actually decreased. At the same time, we have to tell the community that this figure comes from careful calculation. We have no intention to draw more attention by quoting exaggerated figures. We are really worried about what amount of resources allocated to welfare will be regarded as enough without the minimum wage. Certainly, the minimum wage has now created an effect, and that is, a reduction of the overall CSSA caseload, coupled with an increased employed population and improved economy. But why does the business sector still say that the minimum wage will not work? It has already worked. Why do they still say that it will not work? It is really strange.

Moreover, in respect of the minimum wage rate which will soon take effect in May, the Minimum Wage Commission proposed to increase it by 8.3%, that is, an increase from \$30 to \$32.5. In fact, the hourly wage has only increased by \$2.5. For a property management practitioner who works 12 hours a day, the

daily wage has just increased by \$30. Nevertheless, I do not know whether the cost of a daily meal has increased by \$30 only. It is probably more than that. Earlier on, Mr CHEUNG mentioned that chain fast food restaurants may effect a price rise twice a year. They can increase the prices as they wish by several dollars, 10% or as much as 20% without giving any notice to customers, and they are not subject to legislative regulation or approval of the Legislative Council either.

If we compare this 8.3% increase with the Consumer Price Index (A), an indicator of the living costs of grass-roots people in the same period, it is actually lower than the inflation rate. It is because the Consumer Price Index (A) has increased by 9.3% in the same period. That is, even if it is increased by \$2.5, it still fails to catch up with the accumulated inflation. Given the soaring commodity prices, this is actually a clear sign that the grassroots' standard of living has not improved due to the \$2.5 increase, just that they are less miserable.

Hence, this precisely explains why we have to propose the rate of \$39.7 ...

(Mr WONG Yuk-man raised his hand in indication)

MR WONG YUK-MAN (in Cantonese): There are only two persons in the Chamber ... three persons.

MR KWOK WAI-KEUNG (in Cantonese): Thank you, Mr WONG.

MR WONG YUK-MAN (in Cantonese): We are now discussing the issue of grass-roots workers, and there are only three persons here.

(Mr WONG Yuk-man indicated his intention to request a headcount)

PRESIDENT (in Cantonese): Will the Clerk please ring the bell to summon Members back to the Chamber.

(After the summoning bell had been rung, a number of Members returned to the Chamber)

PRESIDENT (in Cantonese): Mr KWOK Wai-keung, please continue with your speech.

MR KWOK WAI-KEUNG (in Cantonese): President, I would like to thank Yuk-man for helping me to summon colleagues back to the Chamber to listen to my speech. Just now, I mentioned the rate of \$39.7. I arrived at this rate on basis of some accurate figures and using a reasonable formula, and I had made no addition or deduction out of personal preference. Regrettably, the proposal was not accepted.

President, the minimum wage has been implemented for four years. It is obvious to all that the wage level of elementary wage earners has been improved. As many colleagues said, the issue is brought up again today to strive for an annual review, so that the minimum wage rate can be increased slightly every year to catch up with inflation, for the present wage rate is already lagging behind the inflation rate.

We may now look at the situation of the business sector. Mr CHEUNG said earlier that the business sector was vulnerable, and that they were facing difficulties and a challenging operating environment. In fact, back in 2009, they said if a minimum wage was implemented, they could not survive, they could hardly operate and many businesses would close down. They said that their world would collapse and no one would do business in Hong Kong. But the reality tells us that this is not the case. Why do they still make such claims? The spree of unemployment and closure has never occurred, and there is no sign that this will occur. On the contrary, there has been an increase in working population. Why can they not face the actual figures squarely?

In fact, before the implementation of the minimum wage, that is, in the first quarter of 2011, the working population was less than 3.6 million. But now, it has reached 3.7 million, which means the working population has increased rather than decrease. The unemployment rate has dropped to 3.3% and the underemployment rate is only 1.5%. These figures illustrate that the minimum wage has brought positive effects and given impetus to the steady development of the labour market.

Certainly, I would like to redress the blame wrongly apportioned to the minimum wage. I often attend meetings of owners' corporations. Recently, I had attended the owners' corporation meeting of a housing estate. The

management company said that due to the increase in minimum wage from \$30 to \$32.5 in May this year, the expenditure on wages of security guards would increase by 20%, from \$200 000 to \$250 000 — since this is a large housing estate, a large number of securing guards are employed. Some residents who had a clear mind asked why the increase in salary would be 20% when the increase in minimum wage was only around 8%. I then asked the chairman and the chairman said, "It is because of the increase in the minimum wage." I said, "Are you sure about that, as there is only an increase of about 8% in the minimum wage, why would the expenditure have increased by 20%?". I then raised my hand to ask a question again and the management company said that apart from the increase of the minimum wage from \$30 to \$32.5, many sundry expenses would also be increased, including those on insurance and relief staff, and since there was a shortage of manpower, the company might have to offer a higher wage rate to scramble for manpower. As some colleagues said earlier, not many workers are getting an hourly wage of \$30 at present. Those getting \$32.5 per hour are also in the minority, for workers in general are paid at \$33, \$34 or \$35 per hour. In the midst of a tight labour market, wages have increased.

The management company also said that it had to increase its profit, for the management staff also need a pay rise. In fact, the management staff are not paid at the minimum wage rate, but with their pay rise and other increases, the increase in total expenditure will add up to 20%. I really need to seek vindication for the minimum wage, for workers are not getting such a rate of increase in wages. However, the management or employers will include increases in sundry items in the calculation and attribute the unreasonable increase in prices of all other goods to the implementation of the minimum wage. They claim that the 10%, 20% or 30% increase is driven by the increase in the minimum wage, but it has nothing to do with the minimum wage indeed. I must make this fair comment for the minimum wage.

President, just now, many colleagues have mentioned that the legislature as a whole is concerned about the review of minimum wage rate, which is done once every two years, for there is a serious mistake with the system. President, the first adjustment of the minimum wage rate was made in May 2013, when the hourly rate of \$28 was increased to \$30 with effect from 1 May 2013. There was an increase of 7%, which was 3.5% per annum. However, the annual inflation rate for the year 2011 was 5.3% and that for 2012 was 4.7%, and the accumulated inflation for the two years was 10% in total. The effect of the minimum wage is indeed minimal. It can in no way influence the market like a

scourge as chain groups claimed earlier, nor can it trigger the closure of business and create an adverse operation environment. As the wages for elementary workers are increased once every two years, should this be made in a high profile? I wish to point out that an increase in rent often comes in 10% or 20%, and now the increase may be one time to two times of the original, and sometimes, it may even be five times of the original. I seldom hear owners say that they will increase rent by 7.1% or 8.3%. I have never heard that.

However, employers have not expressed any opinions against rent increases, why? Do they think that it is easier to bully wage earners? Does it mean that they will bully the good people and fear the bad ones? Does it mean that they will only wield their axe at employees? In the midst of the surge in rents, these employers still manage to run their business, but when it comes to the meagre increase in workers' wages, they become vulnerable. Is this really the case? To put it the other way round, had not the increase in rents been so rampant, would there be more room for a wage increase for elementary wage earners?

President, we propose that the MWC should review the minimum wage rate once a year. In the annual review of the minimum wage rate, it is necessary to give regard to the social security level and the basic needs of workers and their dependent families, thus these factors should be included as factors for consideration in the adjustment of minimum wage. The minimum wage rate must be set at a specific level to fulfil its function of encouraging employment. If Members and friends of the business sector continue to suppress the wages of workers on the grounds that it will increase their operating costs, it will not only affect the income of employees but also hinder the development of the industry as a whole.

Lastly, I have to reiterate here that the rate of \$32.5 is far below the expectation of wage earners and lagging far behind inflation — some colleagues have already mentioned this earlier. The improvement in living standard brought about by the present increase of \$2.5 is indeed in negative terms. As I said earlier, since the increase cannot catch up with the inflation rate, the increase is in negative terms.

However, I think we have to accept this rate of \$32.5 in the end, for there is utterly no room for opposition. If we oppose it, workers will have to put up with the rate of \$30 in the next two years. Therefore, in the absence of any

alternative, we cannot but "pocket it first". This is the reality. Certainly, we hope to tackle the problem at root, which means we have to reform the system as a whole, so that the wage rate of wage earners will not be crippled by a serious lag, thus failing to cope with the expensive costs of living. I hope the Government will care about the plights and family pressure faced by elementary workers on the front line sincerely, and it will implement the annual review as soon as possible. Thank you, President.

MR WONG YUK-MAN (in Cantonese): President, I have recently noted a newspaper report in Taiwan in early March. Let me relay it here for the Secretary's reference. The wage level of workers in Taiwan remains low long term. In Taiwan, many people consider it on the low side. What is their current minimum wage, which they call the basic wage? Secretary, do you have any idea? It is NT\$120. Before our minimum wage rate was raised, it was \$30, equivalent to NT\$120. The per capita income in Taiwan is US\$23,000, whereas ours is US\$40,000, excluding the fact that the rents and cost of living there are lower than ours. In other words, the so-called minimum wage currently in effect in Hong Kong is worse than that in Taiwan. However, the present minimum wage rate of NT\$120 in Taiwan is already subject to fierce criticism.

It is reported that considering workers' wages have remained low for years, the people in Taiwan requested the enterprises to increase their pay and raise the basic wage (that means the minimum wage) rate, but the entrepreneurs had very strong objection, just like the industrial and business sectors in Hong Kong. As such, Paul KRUGMAN, who was awarded the Nobel Prize in Economics, said that wages are determined not by the market alone. Unfairness in workers' wages is the result of choices made by political and social forces. KRUGMAN pointed out in his column in the *New York Times* that from the traditional viewpoint, wages, like commodities, are controlled by an "invisible hand" and determined by supply and demand in the labour market. According to this viewpoint, so long as a minimum wage rate is put in place or labour organizations and unions are encouraged to bargain with enterprises, enterprises will be under pressure to raise wages, thus leading to a reduction in the number of job openings, surplus labour and an increase in the unemployment rate. These are what Members often mention. However, according to this Nobel Laureate in Economics, supply and demand in the market will certainly affect the wage level, but since people are not commodities, social and political forces are the important

factors in determining the wage level. This economist cited an example. Under huge political pressure, Walmart in the United States announced offering a pay rise to its 500 000 employees. In this scholar's opinion, it reflects that a pay rise is actually also a political choice. A pay rise indeed has its merits. Not only can it reduce workers' turnover rate and boost staff morale, it can also stimulate productivity.

The minimum wage rate of each state in the United States varies. As the situation in each state is different, it does not apply across the board. The "invisible hand" and the unobservable market force mentioned by me are phoney. Basically, the overall economy in Hong Kong is tilted towards big businessmen and real estate developers, while the Government also plays a part in real estate hegemony. A simple illustration is that the Government did not talk about rents and the cost of living index. In the example of Taiwan cited by me just now, even the basic wage rate of NT\$120 is ferociously criticized by members of the public who almost have to duel the Government as though it is a matter of life and death, while the Government also faces immense pressure from the enterprises. Yet their per capita income is US\$10,000 less than ours, Secretary, and the rents in Taiwan are also lower than ours. Hence, this is basically shameful.

When we began to strive for legislation on minimum wage in 2008, we requested \$33. In 2010, we debated on the minimum wage in the Legislative Council. I have recently watched the video clip of my earlier speech. Someone has uploaded the video on our discussion over the minimum wage onto YouTube, which has received more than 700 000 hits in total. Watching it again, I felt ashamed. The same matters have been discussed over and over again without the slightest improvement. Years have passed. At that time, our request for \$33 was deemed to be an asking price which was too high. We have endured up to the present moment. Seven years have passed since our work started in 2008. Even if it is counted from the commencement of the legislative work, five years have passed, but the rate has increased only \$4.5. If foul language is allowed here, I would definitely swear. It has only increased by \$4.5, President. It is going to increase from \$30 to \$32.5, up by merely \$2.5 when compared with the last occasion. Why is it not \$2.1, Secretary? Why not increase it by \$2.15 or \$2.25 to make it \$32.1 or \$32.2? Why does it have to be \$32.5? This is despicable. Why set it at such an odd figure, calculating everything harshly and haggling over every penny? Why is it not \$33? Actually we will not be satisfied with \$33 either. Several years ago, we

requested \$33. Now, if it is raised to \$33, it will be slightly better than the shameless increase to only \$32.5 today. If it can be \$32.5, why is it not \$32.1, \$32.7 or \$32.45? President, if foul language is allowed, how can one not swear?

The issue of annual review has been discussed umpteen times. It had already been raised when legislation was introduced on the last occasion, but the Government could not care less. I remember that at that time the Secretary did not make any categorical conclusion. He said that a review would definitely be conducted every two years, but he did not completely rule out the possibility of conducting a review every year. Am I right? However, has he ever done that over the past few years? Has he ever conducted an annual review? No. He is such a liar. Back then, when he wished to get the legislation passed, he said the issue of having a review once every two years was not entirely inflexible. Does the Secretary remember what he said? So far, has he ever thought about the possibility of conducting an annual review? After we have talked about it umpteen times, he remains unmoved.

At a subcommittee meeting concerning the minimum wage in mid-February, Mr TANG Ka-piu told the Government that it was necessary to examine an annual review of the law, as well as the impact of the statutory minimum wage and minimum wage level on Hong Kong's employment and economy. He said it should be carried out once a year. Prior to that, Mr WONG Kwok-hing had proposed an amendment in the legislative exercise, right? The Government's response was, as the minimum wage had been implemented for only a few years, the experience accumulated was limited, so the prevailing flexible arrangement of reviewing the statutory minimum wage at least once every two years should be maintained. Basically, such logic is confused. If the experience accumulated is limited, it is all the more appropriate to conduct a review every year. Buddy, is that right? It will also make the business sector more convinced. They keep saying that since the implementation of the minimum wage, their operating costs have increased. In that case, let us conduct a review once a year!

Regarding the review which is conducted once every two years, under the present circumstances where prices are skyrocketing and transport costs keep rising, the Government's calculation is entirely different from ours. I feel angry every time I think of it. Having made a profit of \$15.6 billion, the MTR Corporation Limited will allocate only \$200 million as the rebate of 10% discount

for the same-day second trip. It has reaped \$15.6 billion, but it is still going to raise the fare by more than 4% under the mechanism this year. Buddy, is there justice in this? Having made a profit of \$15.6 billion, it will allocate just \$200 million as fare rebate and then continue to raise the fare in June this year. What kind of government is this? How are wage earners supposed to manage? How much does it take to rent a flat now? How expensive are the transport costs? Does Matthew CHEUNG know how much a bowl of rice with barbecued pork costs at the minimum in Sham Shui Po? Sometimes I wonder how dreadful it is to have these people who are paid several hundred thousand dollars a month calculate the minimum wage for those who live with constant worries about their livelihood. They are divorced from the human world.

The Government always says that with regard to the requirements of the Minimum Wage Ordinance, the MWC has to strike a balance between the objectives of forestalling excessively low wages and minimizing the loss of low-paid jobs in performing its function. The view of the Nobel Laureate in Economics introduced by me just now is exactly the opposite to the claim made by the Government. Secretary, an increase in wages will facilitate better development of enterprises. An increase in wages will facilitate a genuine balance between the so-called loss of low-paid jobs and excessively low wages. Wages for the civil service are high, are they not? Yet they follow the market. How over board indeed.

The concept of minimum wage actually needs further clarification. Let me tell him some academic theories. Under the principle of the social contract theory, the existence of a state or a government is to make citizens more secure and free. For this reason, citizens agree to yield some power to the Government. If the Government does not work to this end and holds onto the power, that is abuse of power. I yield some power to the Government to facilitate its enforcement of public policies on the principle that the Government will make citizens more free and secure. Hence, the minimum wage is not about economic development. Rather, it is the meaning and purpose of the Government's existence. Similar to the economist's view quoted by me earlier, it is determined by politics and society.

The business environment of small and medium enterprises (SMEs) is poor and costs are rising. How does that have anything to do with the labour issue? Are they necessarily related? Why did the Government not talk about the rental

issue? For instance, the recent anti-parallel trading protests are slammed by some people, including those in the pro-democracy camp, who allege that the actions were violent. How violent were they? Knocking down a couple of suitcases and making a child cry were violent? However, come to think about this. The biggest violence is inflicted by the Government. The Government is shielding those people. For example, the rent for a shop in the New Territories has risen from \$7,000 to \$70,000. There is basically no way for the small business to run. Yet such things are not taken into consideration.

Society runs as a whole. The minimum wage will affect a lot of people. Many people comment that it will lead to confrontation between employers and employees. The Government should work out solutions to enhance the competitiveness and added value of SMEs. This is what the Government should do instead of creating confrontation between employers and employees through increasing or reducing the minimum wage rate or offering just a tiny increase when making an upward adjustment to the minimum wage. In theory, the Government must serve as an intermediary, that means a middleman between the business sector and the labour sector, but the Government does not do so. It is tilted towards the business sector. This Government is incapable of making citizens more secure and free. As such, what use is this Government to me?

Just now I mentioned that the minimum wage in Hong Kong lags behind that in Taiwan. The fact that it lags behind Taiwan is already outrageous. Secretary, in comparison, the weighted average minimum wage in Japan is ¥780, equivalent to HK\$50-odd, which is \$20 higher than that in Hong Kong. The wage level of people who work in the rural areas in Japan is even higher than the wage level in Hong Kong. Hong Kong, whose economic strength is on a par with advanced countries in the world, is on the list of the so-called developed regions, but its wealth gap is similar to those of the third world countries in Africa. The reason is simple. The Government's distribution of wealth is totally imbalanced.

It costs some \$140 billion for the Government to construct the runway. Saying that there is no need to pay it with public coffers, the Government has bypassed the Legislative Council. How will it not be paid with public coffers? Are the \$60 billion dividends which will not be distributed not public coffers? How outrageous. The cost will be passed onto passengers who already have to pay the departure tax. Now it is going to impose an airport construction fee.

Then it will levy a charge on the airlines. Consequently, the airlines will increase their airfares. After all, we are the most miserable, having to foot the bill for the Government. That is always the case. At the end of March this year, the Hong Kong Government's fiscal reserve already amounted to some \$800 billion. What kind of government is this?

Now the public power rests in the Government's hands. When the Government set the minimum wage, it said that the MWC was in place. Yet, buddy, who makes the final decision? How brazen is he in mentioning \$32.5. He is not even willing to pay \$33 though it is only 50 cents more. I should change for some 50-cent coins to hurl at him. If I change \$10,000 for 50-cent coins, I could hurl the coins at him and make his head black and blue, and I could hurl them for quite a long time, right? Fifty cents. Let me tell him, I should change for some 50-cent coins and hurl them at him.

For all of these reasons, speaking of this matter, I cannot but sigh. Alms are given as though they are bestowed out of pity. That is the case for every measure, whether it be the disability allowance, transport subsidy, Old Age Living Allowance or Old Age Allowance. All of them are like that. Every penny is counted to the full. Yet the Government does not lack money, does it? We cannot make bricks without straw. When the economic situation is poor, we should tide over the difficulties together, but buddy, as at 31 March this year, the Hong Kong Government's fiscal reserve was \$800-odd billion. This is really a joke. \$800-odd billion. What kind of concept is it?

Hence, some fellows in the Hong Kong Federation of Trade Unions and other people remarked that after all, this is better than nothing. This rate of \$32.5 is not too bad, and they will reluctantly take it. I will not accept it. I will vote against it for sure.

DR KWOK KA-KI (in Cantonese): President, the situation today is rather ironic because while our discussion on the minimum wage was still going on, a bomb was tossed by the Minimum Wage Commission (MWC), stating that the stipulation of wages in contracts will be acceptable in the future. This is tantamount to not prescribing standard working hours. It would be like asking workers at knifepoint whether or not they wish to keep their jobs, or else they would be sacked. Standard working hours, a most humble request stained with

blood and tears, is made by employees at the lowest tier of the hierarchy. It appears that standard working hours are "losing shape" and the MWC will eventually default on honouring its promise, whereas the minimum wage rate is now set at \$32.5 only.

President, the situation today is actually most ironic, especially if the data quoted by the Government came from the Commission on Poverty (CoP). According to the CoP, the minimum wage has proved to be the most helpful initiative in alleviating poverty over the past many years. Actually, the Government knows it very well that the minimum wage can help resolve the poverty problems, but it has let elementary employees down by setting the statutory minimum wage (SMW) rate at \$32.5. President, let me show Members some figures. Quite many grass-roots people living in remote areas, such as Tung Chung — Members should know that there are inadequate employment opportunities in poor or low-income districts such as Tung Chung and Tin Shui Wai — have to go to work in urban areas, but a single trip and a round trip can cost them \$30 and \$60 respectively. If the SMW rate is used as the basis for calculation, the wages for two hours will have to be used to meet travelling expenses (without taking into account the fares for journeying between mass transit railway stations and housing estates). As a result, many people choose to walk even in the scorching sun. But then breakfast will cost them an hour's worth of wages. Since all the chain fast food restaurants are now affected because of the permissive attitude taken by the Government towards real estate developers and real estate hegemonists, the rates of increase by these restaurants are, unlike the single-digit wage increases, in double digits such as 10% or 20%. Donald TSANG once said that he had no idea of the price of a plate of rice with garoupa cutlets in sweet corn sauce. We should ask Secretary Matthew CHEUNG the same question, too. If a worker has to work 1.5 hours to cover the cost of a plate of rice with garoupa cutlets in sweet corn sauce for lunch, this would mean that three to four hours' worth of his wages would be gone. So, how much wages can he bring home if he works eight hours a day?

As pointed out by Members just now, with a fiscal reserve of \$3,100 billion, the Government is so fat that it cannot even pull up its socks. Moreover, the real estate and retail sectors, supermarkets, buses, electricity and telecommunications sectors are now monopolized by consortia and real estate hegemonists, who can reap tens of billion dollars in profit. As a result, they get so fat that they cannot even pull up their socks. In spite of this, representatives

of the business sector still insist that there is no room for discussion. They would rather dump the food they cannot take anymore into the sea than let the public eat it. The Government is their accomplice because the setting of the SMW rate is unfair. It has not taken into account that the waiting period ranges from three to seven years before many elementary workers can be allocated a public rental housing flat, and they are now still living in "sub-divided units".

Yesterday, some kaifongs in Tsuen Wan rang me up, saying that they were compelled to move from "sub-divided units" in industrial buildings into interim housing. These people are minimum wage earners. Where can they live if they do not opt for illegally converted units in industrial buildings? If an hourly rate of \$32.5 is used as the basis for calculation, even if they work 12 hours a day, they can only earn \$300 or so a day, but they have to feed an entire family. The SMW is indeed shameful. However, the SMW rate will remain at a level lower than \$32.5 should the Legislative Council vote against the SMW rate now proposed by the Government.

We all understand that a fair government should appreciate the problems facing the public with a neutral attitude. Now that universal retirement protection has yet to be implemented, the needy must be in a state of abject poverty before they can apply for the Old Age Living Allowance or the Low-income Working Family Allowance. Although we now have the opportunity to assist the Government in solving poverty problems, it is reluctant to do so seriously.

Hong Kong's Gini Coefficient is indeed shameful. Although our economic benefits rival those of the most developed countries, we have the worst Gini Coefficient, the most serious wealth gap and the most unfair society. As we all know, the exorbitant rents and property prices in Hong Kong are among the top in the world. It is simply impossible for the grassroots to buy a flat — they can hardly buy a flat even after toiling a lifetime — most of those who are still waiting for public housing are either living in badly ventilated substantially-divided flats or risking their lives in living in converted units in industrial buildings. How many more years do they have to wait? Struggling for survival in these conditions, they can see no hope at all. This is why we hope that the Government can change its existing practice and conduct a review once a year. However, the Government still insists that an annual review is infeasible.

If we propose that the review of their pay adjustments should be changed from once a year to once every two years, civil servants will definitely protest immediately because they believe they are holding an iron "rice bowl". If we request major landlords to refrain from increasing rents or wait until after the minimum wage has been adjusted, they will definitely not heed us. Neither will anyone heed us if we request fast food shops and chain shops to refrain from increasing prices this year or adjust the prices of breakfasts two years later after the minimum wage rate has been raised. The Government is now behaving like a corrupted referee. Not only are ordinary people unarmed, but they are also without power and influence. Although there is a large number of business representatives in this Council, they will not speak for ordinary citizens. They will only relay the views of those in the upper classes of society and refrain from speaking for others.

Hence, the Government ought to help the underprivileged get rid of poverty. Many of them are not reluctant to work, but they have to overcome many difficulties before they can leave behind their family members at home and take a one-hour ride from such remote districts as Tin Shui Wai or Tung Chung late at night in order to go to work. Not only do they have the desire to advance, but they are also willing to labour for Hong Kong. However, their efforts are not appreciated by the Government.

When people living in these remote places asked the MTR Corporation Limited (MTRCL) whether or not it could give them a helping hand on the ground that the Government was its major shareholder, the answer given was a categorical "No" because the profits made by the MTRCL would be credited to another account. But it turned out that nearly all the profit originally made by the airport would be dumped into the sea because of a "white elephant" project to be undertaken by the Government. Even though the issue of airspace has yet to be resolved, the Government is still adamant in injecting \$141.5 billion into this project. Our Government is indeed suffering from schizophrenia. We in this Chamber are sometimes driven by the Government to the point of suffering from the same disorder because we have to let these motions passed, even though they are obviously "eating people" and exploiting the working class.

Had the pro-Government camp and representatives of the commercial and industrial sectors not stood in the way here today, I believe there would still be room for discussion, but there is no leeway to do so now. Since all items tabled by the Government to the Legislative Council have to be passed, this Council is

designed specifically for the commercial and industrial sectors. These people will also become members of the Election Committee, the future nominating committee, and even the Legislative Council. People who are in the most miserable situation are the general public, for they have to bear with the shameful minimum wage. We hereby pay tribute to the toiling public who must toil extremely hard for survival without receiving any assistance from the Government. Meanwhile, we express great regret for this shameful government and its minimum wage policy.

I so submit. Thank you, President.

MR WONG KWOK-HING (in Cantonese): President, Mr TANG Ka-piu and Mr KWOK Wai-keung, two colleagues from the Hong Kong Federation of Trade Unions (FTU), have elucidated our proposals and the grounds for making such proposals in the capacity of Members of the Legislative Council elected by the labour sector. As such, I will not repeat the opinions already expressed by them. I will speak mainly on the review system and urge the Secretary to implement the annual review by all means within his tenure. Regarding the subject of today's debate, we have explained in detail the required increase in the minimum wage rate. No matter how, since this motion will not be put to vote, I think the Government should endeavour to improve the system.

Concerning the improvement of the system, I think the implementation of an annual review is in line with the objective principles. Besides, the system will bring many benefits and I think all sectors or political parties and groupings will not deny this. In my view, an annual review will minimize the disputes between employers and employees. If an annual review is adopted, the statistics of surveys and other objective criteria will form the basis for adjustment. Why do we have to make up for the lag in figures accumulated for the past two years? Will such a practice alleviate or intensify the conflicts? Any man is his right mind will understand that when figures for the past two springs, summers, autumns and winters are used, the entanglement involved will become more complicated, and it will be more difficult to untie.

According to the established practice, the Government will publish the Budget, discuss the issue on pay rise and collect figures on inflation every year. If the system is applied according to objective statistics, it will be most desirable. When the adjustment is made according to this approach, the annual review will

minimize the incidence of disputes between employers and employees, for this will at least spare them from the argument over figures. I thus hope that the Government will consider its governance approach from this perspective and identify ways to promote social harmony, reinforce social stability and facilitate co-operation between employers and employees. To foster harmony in society and to enhance co-operation between employers and employees, we should work as one and focus our efforts on improving the social environment and developing the economy, and so on. I think it will benefit all when we do so, will it not? The Government will surely face less difficulty as an administrator. We can see that there are many merits and no disadvantage in implementing an annual review.

Secretary, I think you should work hard in this direction in your remaining tenure. I do not know whether you will set it or consider setting it as the target. If the Secretary has the time to respond to this later on, I hope he will do so.

In his earlier speech, Mr Tommy CHEUNG who represents the business sector and the catering industry has stated clearly his opposition to the implementation of an annual review and insisted on keeping the biennial review. However, the reasons he cited are somehow laughable at times. In fact, he is being self-contradictory, and I wonder if he has noticed that. Although Mr Tommy CHEUNG is not in the Chamber now, I believe his colleagues will listen to my views on his behalf. Mr CHEUNG's mention of the influence of the economic cycle is a case in point. Indeed, the influence of the economic cycle is a reason for the adjustment not to be based on figures accumulated over two years. If a review is conducted every year, the figures can promptly reflect the situation of the economic cycle. This is the first point. Second, Mr CHEUNG cited the significant impact on the industry inflicted by the 79-day unlawful Occupy action last year. Yet, this is another reason for the review to be changed from once every two year to once a year. For it is by doing so that we can respond to the social and economic situation of society at the time, the livelihood needs and the objective environment faced by operators. This is indeed a reason for conducting an annual review. Hence, the examples cited by Mr Tommy CHEUNG actually justify the need for an annual review.

Mr Tommy CHEUNG has also pointed out that the biennial review suits the needs of SMEs better, and an annual review will increase their burden. This is another untenable argument. I thus implore Mr CHEUNG to stop opposing merely for the sake of opposition. He must defend his opposition with reasons

and justifications. Some colleagues mentioned the example of the tendering system adopted in building management. In fact, for these general operations and management of a mini scale, it is more desirable that the review of the minimum wage rate is conducted annually, pre-empting the factor of cumulative effect. Otherwise, many serious problems may arise, and it will be more difficult to balance the various factors involved.

Earlier on, Mr KWOK Wai-keung and Mr TANG Ka-piu have put forth the relevant justifications, so I will not repeat them here. I have brought up these points to implore Mr Tommy CHEUNG, representative of the catering industry, not to oppose for the sake of opposition. I would also like to take this opportunity to implore Members of this Council representing the business sector to take a positive, open and unbiased attitude towards the implementation of an annual review. An unbiased attitude is extremely important. They should not predispose that the labour sector only have their own interest in mind when they strive for an annual review. It is true that we are concerned about the interest of workers, yet we also aspire to seeing advancement in society as a whole, and see if our society should adopt more civilized and objective principles. No matter how, the annual review will bring forth positive effects, and both employers and employees, as well as the Government, will benefit. All three parties will stand to benefit from it. This will create a healthy economic cycle, facilitate employment, reduce population in poverty, foster harmony in society and stimulate consumption. I hope members of the business sector will not take on a negative attitude and oppose the aspiration for an annual review. This is comparable to the case of running a business, for those in the business sector will finalize their accounts and file tax returns every year. Am I right? Just like a man who needs to rest, eat and work, this should be a continuous cycle.

Therefore, I hope members of the business sector will adopt an open and unbiased attitude towards an annual review, and I hope they will take on a long-term and objective perspective. The early implementation of an annual review for the minimum wage rate will enable employers and employees in Hong Kong to maintain a relatively stable, sustained and balanced relationship on this issue. Society as a whole will benefit, for this can foster harmony and minimize conflicts and unnecessary confrontations. Hence, I think this is a crucial system that has positive effects in improving employer-employee relationship. I hope the Secretary will consider it seriously.

Secretary, honestly, the implementation of an annual review for the minimum wage will be conducive to a good employer-employee relationship and the stability and harmony in society. To the Government, it will be conducive to governance, will it not? By then, the Secretary does not need to spend too much time on this issue, and he can spare the time to handle issues of greater importance. The legislative amendment this time around is a case in point. It has been learnt that on the increase of minimum wage rate by \$2.5, the MWC has had a heated and fierce discussion and members have come close to snapping the table, dropping the issue and leaving — I only heard that it was the case for I am not a member of the MWC. It was after several rounds of negotiation that an agreement was reached. In view of this, it is better to conduct the review every year to identify the objective factors, and the authorities will only need to follow the system by then? This will at least save Mr WONG Yuk-man the effort to bombard the authorities with foul language — though he has not done so in reality. The annual review will at least produce this desirable effect. Besides, the Government will no longer be criticized for being partial to the business sector. All these are the primary merits of implementing an annual review, are they not?

From this perspective, I would like to talk about the governance mindset of the current-term Government — I am using the term "governance mindset". In the capacity of an administrator or governing authority, the Secretary should find a solution to the problem once and for all, so that employers and employees can maintain a harmonious and sincere relationship in co-operation. Or should the Secretary allow employers and employees to come into disputes every 10 months, facing opposition and confrontation and ending with hard feelings? The Government is subject to severe and harsh criticisms even when it offers a pay rise. What is the point of doing so? Why not adopt an annual review system? I am reasoning and discussing the governance mindset with the Secretary about how the Government can sustain long-term and far-reaching development and foster a stable, harmonious, friendly, co-operative and conciliatory employer-employee relationship. Is this not a question worthy of consideration? From this perspective and stature, during his remaining tenure of two years or so, will the Secretary bring all his skills and talents into full play to convince the business sector that the annual review approach is an all-win solution to benefit all parties, so as to remove this passive resistance conviction of the business sector? Will the Secretary lead the business sector to handle this issue with a relatively long-term and open attitude?

Although I know that this Council will not put this motion to vote, I would like to take this opportunity to sincerely implore the Government to work harder and think harder in future in persuading the business sector and employers to accept the annual review approach (*The buzzer sounded*) ... it will be a great service ...

PRESIDENT (in Cantonese): Mr WONG, your speaking time is up.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

MISS CHAN YUEN-HAN (in Cantonese): President, I have been listening, and I found that other Members have not mentioned the issues that I wish to talk about and so, I would like to express my views. It is impossible not to be criticized in this Council. We always stand in different positions and express our views from different angles. I think this is how a representative assembly is made up, and given various interest blocs with diversified interests and different political positions, I think this is bound to happen. What I wish to say is that the Government must have the breadth of mind to face criticisms, and this is most important. It is in this process that you can listen to the views of various parties and then deal with them one by one. But the problem is that from what I have often seen — I also agree with the point made by colleagues — that is, I have seen time and again that in the last few years, I found that after views were expressed, everybody continued to stand still, which is most distressing. Despite the fact that there are different views and opinions, it is eventually necessary to find ways to distinguish between right and wrong and then deal with these views one by one. But much to our regret, when the entire Government deals with similar issues, such as this issue relating to employers and employees under discussion today or issues relating to the middle class, we will have different points of view, and we also have different opinions politically.

Therefore, in the course of deliberations in this Council, the Government has to listen to these views and make decisions after listening to the views, unless you think that the views of every one of us here are just nonsense and you are not going to listen to us anyway. If the Government is prepared to listen to us, I think what many Members have said are actually views repeatedly expressed by

them over and over again, which means that the Government has not addressed and responded to these issues. I hope the Secretary will give us an explanation in his response later. Why is it that on the question of conducting a review once every year, which has been discussed for so long, the Government still maintains that no amendment or change should be made? I think you must give us an answer later. You must tell us your rationale and reasons.

Employees get a pay rise once a year; so do the civil servants. Why is it not taken into consideration? If you think that we are wrong, you can rise to debate with us but you did not. More often than not, your remarks were ambiguous and devoid of substance. What will happen then? I wish to mainly talk about the representatives of employers and employees on the Labour Advisory Board. Both sides are also involved in the Minimum Wage Commission (MWC) but I do not know why the labour representatives always have strong views every time when these various issues are discussed.

I think the Secretary will recall that apart from LAU Chin-shek who is still a member of the MWC now, the labour representatives in the last term also included LI Kai-ming and KWONG Chi-kin. Secretary, both of them have resigned now. The reason is that if the Government had addressed our views one by one, they could give themselves some recognition, but whenever they were asked to sign — I wish to tell colleagues here that when both sides, after arguments, had to sign to agree on a certain amount, they put down their signatures most reluctantly, and I can bear witness to this. But if they refused to sign it, everything would go back to square one. So, they got worked up over and over again, and the incumbent members have lost their temper, too.

I think the Government must think about this. If they got worked up only to make a show of their feelings, you may not need to pay attention to them, but this is not the case, for they want you to set the rules. Why can you not conduct a review once every year? Why do you still maintain that a review be conducted once every two years in the face of inflation, resulting in the wages not being able to catch up with inflation? These are simple questions and you must give us answers. So, both sides had heated arguments in the MWC every time. I wish to tell all colleagues here that in the end, we all felt helpless and this is why those two experienced labour members in the last term considered it unacceptable.

Colleagues, I have given an account of what happened in the hope that when you make criticisms, you will not only pass strictures on other people. I understand that the labour members are actually very concerned about the views in the community. In this connection, as Mr TANG Ka-piu said in the beginning of his speech earlier on, we must thank those people who voiced the views of the labour sector in the process, including the three labour members of the MWC who have exerted their utmost. But what have they achieved in exerting their utmost? It turned out that they ended up getting nothing. They were greatly dissatisfied with the figure, just that they helplessly faced a situation and that is, should they take it or leave it? May I ask how you would make a choice? Faced with those people waiting for a pay rise and those longing for the protection of minimum wage, how would you make a choice? So, while you hurl criticisms at them, I must give a response on their behalf.

I remember that on one occasion when some people outside the labour sector levelled unreasonable criticisms at them, some labour representatives came to me right away and asked me to help refuting these criticisms. I can fully understand them. So, when we have been promoting collective bargaining and when the more liberal members of both the pro-establishment and pan-democratic camps support these efforts, we have to think about the situation of these people representing different interests as they sit on the MWC. You can say that you do not trust them, but these people are practically representing three medium-sized labour organizations in the MWC and as such, I hope colleagues will get to know more about the situation before making criticisms, rather than taking people to task causally.

Frankly speaking, had you personally been involved in this process of a perpetual tug-of-war with the employers' representatives until the last moment when they had to put down their signatures — I feel very sad every time I visualize this scene. They asked us, "Do you want it or not?" When it comes to consultation, I think it is necessary for both sides to play a part in it and come up with a result after consultation. If, during consultations, both sides just entirely insisted on their respective positions, then, the party in the middle would become very important. Who is in the middle? The Government. In view of disputes in the MWC, the Government must stand in a fair position during consultations. However, when they came out, these representatives unanimously said that the Government was unfair.

On the question of conducting a review once every year, has it not been argued profusely? Every time we had to argue over the figure and we had to fight over each cent. Mr WONG Yuk-man suggested earlier that we should change for some 50-cent coins and hurl them at you, and if we could do it, I think it would be quite happy news to all the people, and of course, the President will not allow us to do so. So, this is what happened. We had to argue over each cent. I wonder if Members understand it? Do Members know it? In the course of argument, they found that even the Government did not take any attitude, and this is most tragic. Even if both sides are at loggerheads, it does not really matter, for the Government can present the principles, pointing out that even in the case of conducting a review once every two years, the wage should at least catch up with inflation, and the Government can also suggest a small increase in the wage amount or ask the employers to make consideration along this line of thinking. It did not do so. I have heard many voices accusing the Government of not providing any assistance in these respects. Therefore, in its very important position the Government has not duly played its most basic role in upholding justice.

President, there is a joke today, though it has nothing to do with my speech here. Yesterday, in the Panel on Manpower, we kept asking the Secretary when the paper on standard working hours would be released and he said that it would be ready only a year later. Today, we have seen some dramatic developments as the Standard Working Hours Committee has suddenly put forward the proposal of specifying hours of work in employment contracts, meaning that each company will decide on its own the hours of work and the arrangement for overtime compensation. I wish to ask: What basis will be adopted for setting the hours of work? If it is based on the standard working hours that we have been demanding, that is, 44 hours a week, and if legislation is enacted on this basis or principle, then, the employees of each company can bargain with the employers. Otherwise, objectively speaking, if an employee has to go to the boss personally and say, "I am not happy because you ask me to work 12 hours a day", I think the employee would only end up losing his job. All these are the facts, Secretary. The proposal put forward today is said to be like a solution to the issue of standard working hours. I think this is quite dramatic, and it is going too far in fooling us. If the entire Government still does not take an attitude, similar farces will come on stage continuously.

Therefore, I very much hope that the Secretary can understand that it is impossible to expect no criticisms in this Council; and it is also impossible that nobody will defend the Bureau. The point is that the Secretary must tell us where he stands insofar as justice is concerned. Where does he stand on issues of principle? The Government has not in the least played its role properly and as a result, all of us in the labour sector basically do not trust you. Let me cite another case to explain why we have gone so far as to not trusting you. It is because on issues involving employers and employees, the Government is completely tilted to the employers. If you do not take any view, it means that you are skewed towards them; if you do not hold any view, the labour representatives will have to struggle hard; if you do not have any view, many people will find it difficult to further believe in the so-called collective bargaining system over which we have sought the support of all sides after making painstaking efforts. I think the Secretary has to convey to Members of the Executive Council and the Chief Executive that it is downright nonsense to say every time that stipulations will be made after a consensus is reached between both sides. The Secretary can later go to LAU Chin-shek, who is kind enough to sit on the MWC, and ask him what is on his mind. The Secretary can also go to the other two labour members in the MWC and ask them about their feelings.

I have said all this in the hope that the Secretary or the Government can further think about this: Regarding the current approach which is similar to collective bargaining, what can we do for it to be considered a good thing by all sides? It is most important that when the two sides are engaged in endless contentions, the Government must not shift the responsibility to them but should pluck up the courage to do justice. Otherwise, given this conflict between us, we in the labour sector will oppose whatever the Secretary does. We will oppose the Secretary even though he may have some reasons for what he is doing. This is what we will do, and we will not budge an inch. If you do not make any concession, we do not make any either. If you do not listen to our views, we do not listen to yours either, Secretary, and this is how contradictions or conflicts are resulted. This is why I have to rise to speak, because it is normal for this Council to have opinions and different views. Insofar as labour issues are concerned, it is normal for employers and employees to hold different views, and even on the issue of constitutional reform under discussion recently, it is also normal to have different opinions. The point is how the difference can be narrowed. If the difference is not narrowed but widened ... The Government

is precisely widening the difference on the issue of minimum wage now. It is entirely widening the difference between both sides. This is why I very much admire the several members who still sit on the MWC.

So, I would like to tell colleagues to stop chiding these people. These people have done a lot for our elementary workers, and we cannot just ignore it as if nothing has happened. The problem is that the Government has failed to preside over the entire process of consultation, and this is important. I think we are conservative to the extent of being even more conservative than many other places, including our country. Some people do not understand the Mainland. I have just returned from the Mainland after attending sessions of the Chinese People's Political Consultative Conference and the National People's Congress and in the process, they strongly emphasized democratic consultation — Mr WONG Yuk-man certainly would not listen, for this is said by the Communist Party of China, so he would not consider this pleasing to his ears — But I would say that the State is advancing as it wishes to listen to opinions and balance the interests of various members of the community in order to achieve steady development. So, we can see that there are now a lot of conflicts, and when the labour sector is discontented with the Government and you are saying this and that, I think the question is whether the Government has done its part to reconcile the conflicts. No, it has not. On the contrary, let us look at the neighbouring regions, and they are actually doing this now. So, this point has not been mentioned in this debate today, and that is, when the two sides to the negotiation hold different views, it is necessary to encourage both sides to narrow their difference in the end, and the Government can play a vital role in this. The Government is also important in consultation. If, in the course of consultation, the Government does not adopt the angle of fairness and justice, it would only end up achieving nothing except widening the conflicts and divisions continuously. If such being the case, we would oppose whatever the Government says.

President, I hope that the Secretary can answer these questions from me later on. How can we ensure the smooth operation of an initial model of collective bargaining which has been put in place after a lot of hard work and which has commanded the support of various parties, so that this situation will not arise every time? I hope the Government can make greater commitments in this respect, rather than shifting all the responsibilities to the workers and certain

people. It should practically take actions to solve problems. Otherwise, frankly speaking, it would definitely be impossible for these conflicts to be resolved.

President, I so submit.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until 9 am tomorrow.

Suspended accordingly at 7.58 pm.

Annex I

Securities and Futures and Companies Legislation (Uncertificated Securities Market Amendment) Bill 2014

Committee Stage

Amendments moved by the Secretary for Financial Services and the Treasury

<u>Clause</u>	<u>Amendment Proposed</u>
1	By deleting subclause (2) and substituting— “(2) Subject to subsection (3), this Ordinance comes into operation on the day on which it is published in the Gazette. (3) Section 2(2) and (3), Part 2 (except section 17(7)) and Parts 3 and 4 come into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette.”.
12	In the proposed section 101AAO(2)(k), by adding “and of persons who are system participants” after “(j)”.
12	In the proposed section 101AAO, by adding— “(2A) Without limiting subsection (1), rules made under that subsection may also— (a) provide for a court’s functions in relation to any of the activities or matters mentioned in subsection (1) or (2); and (b) provide for activities and matters that are related or incidental to any of the activities, matters or functions mentioned in subsection (1) or (2) or paragraph (a).”.
New	In Part 4, by adding— “Division 4A—Amendment to Electronic Transactions Ordinance (Cap. 553)

60A. Schedule 1 amended (matters excluded from application of sections 5, 5A, 6, 7, 8 and 17 of this Ordinance under section 3 of this Ordinance)

Schedule 1, section 4—

Repeal

“other than a contract note to which an agreement under section 5A of that Ordinance relates.”

Substitute

“, other than—

- (a) a contract note to which an agreement under section 5A of that Ordinance relates; and
- (b) a contract note that is to be stamped under section 5AA(2) of that Ordinance.”.”.

Annex II

Veterinary Surgeons Registration (Amendment) Bill 2014

Committee Stage

Amendments moved by the Secretary for Food and Health

<u>Clause</u>	<u>Amendment Proposed</u>
3(3)	In the proposed definition of <i>assessor</i> , by adding “or 17B(2)” after “17A(2)”.
9(2)	By deleting “17D(3)” and substituting “18(1A)”.
11	In the heading, by deleting “ 17D ” and substituting “ 17E ”.
11	By deleting the proposed section 17D(3).
11	In the proposed section 17D, by adding— “(3A) The committee may decide whether or not to refer the complaint to an inquiry committee. (3B) However, a decision under subsection (3A) must be unanimous. (3C) If the committee fails to make a unanimous decision under subsection (3A), it must refer the complaint to the Board.”.
11	By adding— “ 17E. Complaints referred to the Board under section 17D(3C) (1) If a complaint is referred to the Board under section 17D(3C), it may decide whether or not to refer the complaint to an inquiry committee.

- (2) If the Board refers the complaint to an inquiry committee, the Secretary must, as soon as practicable, send to the registered veterinary surgeon being complained of (*subject person*)—
 - (a) a notice of the referral; and
 - (b) a statement of the substance of the complaint.
 - (3) The notice and statement must be sent by prepaid registered post to the last known address of the subject person.
 - (4) If the Board decides not to refer the complaint to an inquiry committee, the Secretary must, as soon as practicable, notify the complainant of the decision by prepaid registered post.”.

- 12(2) In the proposed section 18(1A), by deleting “17D(3)” and substituting “17D(3A) or 17E(1)”.

- 12(6) By adding “or 17E(2)” after “section 17D(4)”.

- 16 By adding before subclause (1)—
 - “(1A) Schedule 1, heading—
Repeal
“and its Members”
Substitute
“, its Members and Assessors”.”.

- 16(3) In the proposed section 2C(1)(d), by adding “or 3D(2)” after “3A(1)(b)”.

- 16(3) By deleting the proposed section 2E(1)(d) and substituting—
 - “(d) (if the assessor is appointed under section 17A(2) or 17B(2) being a registered veterinary surgeon or

a person of a category under section 17A(3)) the assessor ceases to be a registered veterinary surgeon or a person of that category;”.

19 By deleting “17D(3)” and substituting “17D(3A)”.