

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 1 March 2017

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE LEUNG YIU-CHUNG

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

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

PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P.

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

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

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

THE HONOURABLE CHAN HAK-KAN, B.B.S., J.P.

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

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

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

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

THE HONOURABLE CLAUDIA MO

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

THE HONOURABLE STEVEN HO CHUN-YIN, B.B.S.

THE HONOURABLE FRANKIE YICK CHI-MING, J.P.

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING, B.B.S.

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.

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK WING-HANG

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, 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.

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

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

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE ALVIN YEUNG

THE HONOURABLE ANDREW WAN SIU-KIN

THE HONOURABLE CHU HOI-DICK

THE HONOURABLE JIMMY NG WING-KA, J.P.

THE HONOURABLE HO KAI-MING

THE HONOURABLE LAM CHEUK-TING

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-FAI

THE HONOURABLE SHIU KA-CHUN

THE HONOURABLE WILSON OR CHONG-SHING, M.H.

THE HONOURABLE YUNG HOI-YAN

DR THE HONOURABLE PIERRE CHAN

THE HONOURABLE CHAN CHUN-YING

THE HONOURABLE TANYA CHAN

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE HUI CHI-FUNG

THE HONOURABLE LUK CHUNG-HUNG

THE HONOURABLE LAU KWOK-FAN, M.H.

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE KWONG CHUN-YU

THE HONOURABLE JEREMY TAM MAN-HO

DR THE HONOURABLE YIU CHUNG-YIM[#]

DR THE HONOURABLE LAU SIU-LAI[#]

MEMBERS ABSENT:

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

THE HONOURABLE LEUNG KWOK-HUNG[#]

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

DR THE HONOURABLE JUNIUS HO KWAN-YIU, J.P.

THE HONOURABLE KENNETH LAU IP-KEUNG, M.H., J.P.

THE HONOURABLE NATHAN LAW KWUN-CHUNG[#]

[#] According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.

PUBLIC OFFICERS ATTENDING:

MR YAU SHING-MU, J.P.

SECRETARY FOR TRANSPORT AND HOUSING

PROF THE HONOURABLE K C CHAN, G.B.S., J.P.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE RAYMOND TAM CHI-YUEN, G.B.S., J.P.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE LAI TUNG-KWOK, G.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 STEPHEN SUI WAI-KEUNG, J.P.

SECRETARY FOR LABOUR AND WELFARE

MR JAMES HENRY LAU JR., J.P.

UNDER SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

CLERKS IN ATTENDANCE:

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

MISS ODELIA LEUNG HING-YEE, DEPUTY SECRETARY GENERAL

MS ANITA SIT, ASSISTANT SECRETARY GENERAL

MS DORA WAI, 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)

(While the summoning bell was ringing, some Members stood and talked among themselves)

PRESIDENT (in Cantonese): Will Members please sit down.

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 2017	26/2017
Allowances to Jurors (Amendment) Order 2017.....	27/2017
Control of Obscene and Indecent Articles (Amendment) Regulation 2017	28/2017
Copyright Tribunal Rules	29/2017

Other Papers

- No. 71 — Estimates
for the year ending 31 March 2018
General Revenue Account
- Consolidated Summary of Estimates
- Revenue Analysis by Head

No. 72 — The Lord Wilson Heritage Trust
Annual Report 2015-2016

Report No. 12/16-17 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

Report of the Bills Committee on Fire Services (Amendment) Bill 2016

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

The 2017 Chief Executive Election

1. **MR KWONG CHUN-YU** (in Cantonese): *President, Article 45 of the Basic Law provides that the Chief Executive ("CE") of the Hong Kong Special Administrative Region ("HKSAR") shall be selected by election or through consultations held locally and be appointed by the Central People's Government ("CPG"). The 2017 Chief Executive Election will be held on the 26th of this month. However, it has been reported that a candidate remarked during a tea reception with the senior staff of the media industry in January this year that the worst-case scenario for this election was that it was won by a person whom CPG would not appoint, which would result in a constitutional crisis, and it was her responsibility to prevent the occurrence of such a scenario. Besides, it has been reported that some CPG officials met with some Election Committee members earlier in Shenzhen telling them clearly that the said candidate was the only candidate whom CPG supported. A senior adviser of that candidate advised last month that if this report was true, the State President must have been involved in making such an important decision. Some members of the public consider that certain people making the aforesaid remarks have the intention of exerting pressure on Election Committee members, making people query whether this CE election could be conducted in a fair and just manner. In this connection, will the Government inform this Council:*

- (1) *whether it has approached CPG to gain an understanding of the circumstances under which the winner of a CE election will not be appointed as CE by CPG; if so, of the details; if not, the reasons for that;*
- (2) *whether it has studied if the remarks, made by any person shortly before a CE election, that the intention of a person to run for the election is to prevent the occurrence of a constitutional crisis and that CPG only supports a particular candidate are in breach of the relevant electoral legislation and Article 22 of the Basic Law (which stipulates that no department of CPG ... may interfere in the affairs which HKSAR administers on its own in accordance with the Basic Law); if it has studied, whether it will relay the results of such a study to CPG; if so, of the means by which and the CPG officials to whom the Government will relay the results; if not, the reasons for that; and*
- (3) *whether it has assessed if the aforesaid remarks have caused the public to lose confidence in the fairness of this CE election; if it has assessed and the outcome is in the affirmative, of the Government's measures to restore the confidence of the public; if the assessment outcome is in the negative, the reasons for that?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, my reply to the Member's question is as follows:

On part (1) of the question, regarding the method for selecting the Chief Executive, Article 43 of the Basic Law specifies that "[t]he Chief Executive of the Hong Kong Special Administrative Region shall be the head of the Hong Kong Special Administrative Region and shall represent the Region. The Chief Executive of the Hong Kong Special Administrative Region shall be accountable to the Central People's Government and the Hong Kong Special Administrative Region in accordance with the provisions of this Law."

Besides, Article 15 of the Basic Law clearly states that "[t]he Central People's Government shall appoint the Chief Executive and the principal officials of the executive authorities of the Hong Kong Special Administrative Region in accordance with the provisions of Chapter IV of this Law." In addition,

according to Article 45 of the Basic Law, "[t]he Chief Executive of the Hong Kong Special Administrative Region shall be selected by election or through consultations held locally and be appointed by the Central People's Government."

Before the selection of the Chief Executive by universal suffrage is attained, in accordance with the Basic Law, the Chief Executive shall be elected by a broadly representative Election Committee ("EC") in accordance with the Basic Law, and appointed by the Central People's Government ("CPG"). According to Annex I of the Basic Law, EC is responsible for nominating candidate(s) for the office of Chief Executive and each EC member may nominate only one candidate. EC shall then elect the Chief Executive designate by secret ballot on a one-person-one-vote basis.

Based on the provisions of the Basic Law quoted above, the method for selecting the Chief Executive involves three steps in total, namely, nomination, election and appointment. As we have clearly stated in the past discussion on constitutional development, under the constitutional and legal framework, the powers of nominating, electing and appointing the Chief Executive are substantive. After a candidate is returned by the Chief Executive election, the whole procedures will only be completed upon CPG's appointment of the Chief Executive designate. The Hong Kong Special Administrative Region ("HKSAR") is a local administrative region directly under CPG. The Chief Executive shall be accountable to CPG in accordance with the requirement under the Basic Law and thus the Chief Executive must be appointed by CPG substantively in order to reflect the sovereignty of the State.

In the Explanations on the Draft Decision of the Standing Committee of the National People's Congress on Issues Relating to the Selection of the Chief Executive of the Hong Kong Special Administrative Region by Universal Suffrage and on the Method for Forming the Legislative Council of the Hong Kong Special Administrative Region in the Year 2016 issued in 2014, it was clearly stated that, "[t]he central authorities, in formulating the basic policies with respect to Hong Kong and the Hong Kong Basic Law, already clearly pointed out that the power of the Central People's Government to appoint the Chief Executive of the Hong Kong Special Administrative Region is a substantive one. The Central People's Government has the right to make the final decision on whether to appoint or not to appoint the Chief Executive returned by election held locally in Hong Kong."

CPG will make a comprehensive assessment in considering whether to make an appointment of the Chief Executive. Where necessary, CPG may state its views on the factors to be considered by CPG regarding the appointment of the Chief Executive through various channels. It is indeed inappropriate for the HKSAR Government or any principal officials to state the factors to be considered in appointing the Chief Executive on behalf of CPG.

As for parts (2) and (3) of the question, the HKSAR Government is not in a position to comment on the remarks of any individual candidate and the anecdotal and unverified reports in the press. However, as stated in my reply for part (1), CPG has substantive power to appoint the Chief Executive. CPG has the power to appoint or not to appoint the Chief Executive designate. From different provisions of the Basic Law, it can be seen that the method for selecting the Chief Executive does not purely fall under the category of affairs which HKSAR administers on its own in accordance with the Basic Law. CPG does have its constitutional role, power and responsibility in the appointment of the Chief Executive.

The 2017 Chief Executive Election will be held on 26 March this year. The Electoral Affairs Commission ("EAC") is responsible for conducting and supervising the election. Over the years, each and every public election was conducted in accordance with the law and the principles of openness, fairness and honesty. The fairness and impartiality of the elections are also evident to all. The Government has been working closely with EAC as always to ensure that the 2017 Chief Executive Election is conducted in a fair, open and honest manner in strict accordance with the relevant legislation. Upon receipt of any complaints, EAC will take follow-up actions in accordance with established procedures and, where necessary, refer it to the relevant law enforcement agency for handling.

MR KWONG CHUN-YU (in Cantonese): *President, the Secretary has not given a direct reply to my question. The problem is: is it appropriate for anyone to make such remarks on behalf of CPG concerning the appointment or non-appointment of the Chief Executive designate? CPG can of course discuss issues concerning the matter, but how can anyone be so irresponsible and try to use such remarks to intimidate EC members, or blatantly deepen the impression that CPG has already pre-ordained the next Chief Executive? I would like to ask the Secretary whether actions will be taken against the spreading of such*

remarks, particularly in view of the need to safeguard "one country, two systems"?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, under the electoral legislation of Hong Kong, especially section 26 of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554), "[a] person engages in illegal conduct at an election if the person publishes a materially false or misleading statement of fact about a particular candidate or particular candidates for the purpose of promoting or prejudicing the election of the candidate or candidates." Section 13 of the Ordinance also stipulates that a person engages in corrupt conduct at an election if the person uses or threatens to use force or duress against electors. Under section 2 of the Ordinance, "force—(a) includes any form of violence or restraint; and (b) in particular, includes—(i) inflicting harm on a person (whether physical or mental); and (ii) causing damage to, or destruction of, a person's property", while "duress includes causing financial loss to a person by duress".

Therefore, any electors who consider that the above provisions of the Ordinance has been violated may lodge a complaint to EAC and the relevant law enforcement agencies. The case will definitely be followed up and investigated strictly in accordance with the law by EAC and the relevant law enforcement agencies, especially the Hong Kong Police Force ("the Police") and the Independent Commission Against Corruption ("ICAC"), and legal actions will be taken accordingly.

MR STEVEN HO (in Cantonese): *President, the situation of Hong Kong is relatively special. In comparison, while either an election or an appointment system is adopted in other places in the world, Hong Kong has adopted an election cum appointment system, and this is what makes our system unique. Hence, I would like to ask the SAR Government how much work it has done in the past to clarify the misunderstandings of Hong Kong people about the system? Besides, under the system, CPG definitely needs to and will surely participate in the electoral matters of Hong Kong. Has the Government communicated with CPG on the level of its participation, and what mechanism and procedures are adopted for the purpose?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the point raised by Mr HO in the first part of his supplementary question about the adoption of an election cum appointment system is correct. As a matter of fact, based on the provisions of the Basic Law and as I have explained in the main reply, the entire design of Hong Kong's political system, the method for selecting the head of SAR (that is, the Chief Executive) in particular, involves the three steps of nomination, election and appointment. The procedures on nomination and election are carried out in HKSAR, and currently by EC, while the appointment is made by CPG.

The spirit or legal justifications behind the system can be found in the second paragraph of Article 43(2) of the Basic Law, which stipulates that "[t]he Chief Executive of the Hong Kong Special Administrative Region shall be accountable to the Central People's Government and the Hong Kong Special Administrative Region in accordance with the provisions of this Law." Since the Chief Executive shall be accountable to HKSAR, the Chief Executive shall be selected through election in HKSAR. In the meantime, as the Chief Executive shall also be accountable to CPG, the procedures shall be completed with the step of substantive appointment by CPG in order to reflect the Chief Executive's accountability to CPG. Hence, as the Chief Executive shall be accountable to both HKSAR and CPG, the method for selecting the Chief Executive shall reflect the spirit of "one country, two systems", and can even be described as the epitome of "one country, two systems".

MR CHAN HAK-KAN (in Cantonese): *President, the power of CPG to appoint the Chief Executive is substantive, meaning that CPG has the power not to appoint a person returned by election as the Chief Executive. Therefore, if it really turns out that CPG has decided not to appoint the Chief Executive designate, how will the Government handle and respond to the case? If CPG has really decided not to make the appointment, are there clear provisions and mechanisms in the existing legal and political systems in Hong Kong to follow up and execute the CPG's decision of not to make the appointment?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, such a situation has never occurred in the past, but we have already foreseen all the possibilities in our legal and political systems, and provided for different scenarios. It is stipulated in section 11(3) of the Chief

Executive Election Ordinance (Cap. 569) that "[i]f the candidate returned at an election for appointment to fill the vacancy in the office of the Chief Executive—(a) that will arise under section 4(a) cannot assume the office of the Chief Executive on the day on which the vacancy arises, the new polling date shall, where the 120th day after the expiry of the term of office of the serving Chief Executive—(i) is a Sunday, be that Sunday; or (ii) is not a Sunday, be the Sunday immediately following that day".

Simply put, if we try to explain the case in non-legal language, section 11(3) of the Chief Executive Election Ordinance actually refers to the scenario under which a candidate has already been elected in an election as the Chief Executive designate to fill the vacancy in the office of the Chief Executive that will arise on the expiry of the term of office of the Chief Executive, but the Chief Executive designate cannot assume the office of the Chief Executive on 1 July (such as 1 July this year) due to various reasons, including the non-appointment by CPG. Hence, a vacancy in the office of the Chief Executive will arise, and a new election will be held on the 120th day after the vacancy has so arisen on 1 July to elect a new Chief Executive.

In other words, if this is really the case, the procedures of nomination and election will start all over again from 1 July onwards, and an election will be held on the 120th day after that day. In the interim, the serving Chief Executive will not be able to discharge the duties of the Chief Executive as the term of his/her office has already expired, while a new Chief Executive has not yet been elected. Under the circumstance and in accordance with the provisions of another article of the Basic Law, such duties shall temporarily be assumed by senior officials including the Chief Secretary for Administration in a prescribed order of precedence during that 120 days when a vacancy in the office of the Chief Executive has arisen.

MR HUI CHI-FUNG (in Cantonese): *The Chief Executive election is in itself a ridiculous small-circle election, where members of the general public are just onlookers who have no right to vote, and only 1 200 EC members can actually participate in voting. However, even these 1 200 EC members are now deprived of the opportunity to vote in a fair and just manner, and someone has even tried to influence the voting result by claiming that CPG would not appoint a candidate even though he has won the election. In short, this is only an attempt to promote the culture of pre-ordaining election candidates in a most naked*

manner. If the Government fails to make it clear that the remarks are incorrect and will undermine the fairness and justness of the Chief Executive election, is it not tantamount to encouraging or harbouring this election culture of pre-ordaining a particular candidate? Will the Government take additional actions to advise Hong Kong people that these are all rumours and incorrect remarks?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): It can be clearly noted from all kinds of open remarks that never has anyone, who called himself/herself a CPG official, indicated openly his/her support for a particular candidate or pre-ordained a particular candidate as suggested by Mr HUI. On the contrary, as far as open remarks are concerned, Mr WANG Guangya, the Director of the Hong Kong and Macao Affairs Office ("HKMAO") of the State Council, is so far the only official who mentioned in an interview report published in the *Bauhinia Magazine* a few months ago that in handling issues concerning the expectations for the Chief Executive, CPG would take a number of factors he cited into consideration. There is nothing more than this.

As I have mentioned in my reply just now, Hong Kong is a densely populated city and there are a lot of rumours spreading every day. It would not be possible for the SAR Government to comment on unverified remarks, and this is also the usual stance we adopt. However, if a complaint is lodged, for example, by any person (not confining to EC members) who considers that certain people have published a materially false or misleading statement of fact that would prejudice the election result, and have thus violated the provisions under the Elections (Corrupt and Illegal Conduct) Ordinance, ICAC may initiate an investigation and take legal actions to follow up on the case.

Therefore, I would like to give a piece of advice to millions of people in Hong Kong as well as to certain people, especially those who enjoy a more important status, that it may be necessary for them to be prudent and discreet in both words and deeds, because all elections should be held in an open, fair, just and honest manner. Moreover, we have very stringent electoral legislation in place, and ICAC will certainly take strict follow-up actions in accordance with the law against anyone who has violated the relevant provisions under the law.

DR HELENA WONG (in Cantonese): *President, as stated just now, the method for selecting the Chief Executive involves three steps, namely, nomination, election and finally appointment by CPG. However, I would like to point out that CPG's final power of appointment does not necessarily rationalize its participation in the nomination and election process. It is noted that CPG, the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region ("LOCPG") or the Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference have blatantly and obviously manipulated the whole process behind the scene during the nomination and election of the Chief Executive. Can the Secretary tell us whether CPG's final power of appointment implies that it does have a role to play during the nomination and election process? Is it a breach of law in doing so, and whether this can achieve the objective of ensuring a fair and just nomination and election process?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I have raised two points in the main reply just now. Firstly, in accordance with the Basic Law, CPG has its own constitutional role, powers and responsibilities under the method for selecting the Chief Executive, and it will thus choose to adopt an arrangement which is constitutional and which could conform with the Basic Law and the laws of Hong Kong to express its views as it deems necessary. As I have pointed out earlier, Director WANG Guangya of HKMAO has talked about some very general and major principles in an interview published in a magazine, and cited without showing favouritism to any specific candidates the factors that CPG will take into consideration as far as the expectations for the Chief Executive are concerned.

Secondly, the whole process in the method for selecting the Chief Executive involves three steps, namely, nomination, election and appointment. In particular, as far as the part on election is concerned, I have already pointed out that according to Annex I of the Basic Law, EC members shall cast their vote in secret, that is, elect the Chief Executive by secret ballot. Moreover, EAC will also adopt various measures to ensure that all EC members will enjoy the substantive power of election. In other words, all EC members shall be free from disturbances and have their own independent thinking to determine which candidate they shall vote to support. Double efforts will be made to enhance the on-site layout, security arrangements and workflow of polling stations as well as the designs of ballot boxes and polling booths in order to ensure that the election

of the Chief Executive by secret ballot will be conducted in a completely and absolutely secret manner, so that no one knows which candidate each EC member has voted in support of, thereby guaranteeing that all EC members enjoy the substantive power of election by secret ballot. I consider this an effective step to provide greater protection to EC members in exercising their substantive power of election.

DR HELENA WONG (in Cantonese): *President, the Secretary is beating around the bush without answering my supplementary question. I was asking just now whether CPG or LOCPG should have a role to play legally during the process of nomination; and if so, whether this is a violation of the principle of "Hong Kong people administering Hong Kong"?*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, EC members are vested with the power of nominating a candidate for the office of the Chief Executive, and the power shall be exercised openly. Hence, I believe all EC members will have their own factors to consider when exercising the substantive power of nomination. Let me reiterate once again that if any EC member considers that he/she has been subject to undue pressure, influence, intimidation or seduction, such that he/she has to nominate, elect or vote involuntarily, he/she may report the case to ICAC. No matter who such illegal acts involve, and whether the acts are committed in Hong Kong or outside Hong Kong, ICAC definitely has the power to investigate into and follow up on the case under the local electoral legislation.

Therefore, let me now appeal to the public once again to take the following two measures: Firstly, all Hong Kong people should help to ensure that the Chief Executive election is held in an open, fair and honest manner. Secondly, Hong Kong people should try their best to report all suspected illegal acts as far as possible, so that ICAC could follow up through investigation and legal actions.

DR KWOK KA-KI (in Cantonese): *President, what a great sense of awe-inspiring righteousness in the reply given by the Secretary! This*

small-circle election is in itself an election controlled by the Mainland, and it is by no means a genuine election but a game. However, it would be much appreciated if the Secretary could take the matter so seriously.

It is clearly stipulated in Article 22 of the Basic Law that no department of CPG, including LOCPG, may do anything illegal during the Chief Executive election. However, as a matter of fact, according to some news reports, quite a number of EC members from the pro-establishment camp have indicated that frequent telephone calls were received, and the callers were forcing, hinting or explicitly requesting them to nominate a particular candidate, who is now regarded a major contender in the upcoming election.

If the Secretary really thinks that it would be very important to conduct the Chief Executive election in a fair and just manner, he should take the initiative to ask EAC and ICAC to investigate into the roles played by LOCPG, ZHANG Xiaoming and his subordinates, and identify how they forced EC members from the pro-establishment camp to nominate that female candidate. Otherwise, although the Secretary has said earlier that he could not say anything on behalf of CPG, I think he should be honest and tell us directly on behalf of CPG which candidate shall we vote for. Is it not better for him to do so? No more hinting and explicit request will be required, and LOCPG will no longer be forced to violate the law. Would you please just tell us directly: Who do you think is the suitable candidate for the job?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Most regrettably, I am not an EC member and have no right to vote, otherwise I will probably make a choice in this regard. Anyway, let us come back to the subject under discussion. As I have repeatedly emphasized just now, rumours are after all rumours, and for those remarks that cannot be verified, it would be necessary for the persons involved to provide further information to the relevant law enforcement agencies. Hence, EAC, the Police and ICAC would of course watch out for any possible illegal acts in the society every day, and take investigative and legal actions to follow up accordingly, but just like how all other cases are handled, cooperation of the persons involved would be needed for following up cases in this respect.

Therefore, I appeal to all EC members that if they consider that they have been subject to undue disturbances during a certain period in the past, and that this has already led to a violation of law as I suggested earlier, they should lodge a complaint to EAC and the relevant law enforcement agencies so that strict follow-up actions could be taken in accordance with the law.

DR KWOK KA-KI (in Cantonese): *President, I have asked the Secretary very clearly that whether he, as the Bureau Director, would take the initiative to ask for an investigation, in order to ascertain if LOCPG has committed such illegal acts as forcing, explicitly requesting or hinting EC members to nominate a particular candidate, and making frequent telephone calls to EC members? Will the Secretary do so?*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): I have already made it clear that if anyone violates the provisions under the local electoral legislation in Hong Kong or outside Hong Kong, EAC and the relevant law enforcement agencies will definitely take follow-up actions in accordance with the law.

PRESIDENT (in Cantonese): Second question.

Handling of unexpected incidents inside railway stations and trains

2. **MR KWOK WAI-KEUNG** (in Cantonese): *President, the MTR South Island Line ("SIL") was commissioned on 28 December last year. However, a power remote control device at the Wong Chuk Hang Depot malfunctioned right on the following day, affecting the power supply of five railway stations along SIL. On the 14th of last month, South Horizons Station of SIL was closed for four hours due to serious flooding. Some members of the public have relayed to me that the aforesaid incidents have caused inconvenience to them and aroused concerns over the ability of the MTR Corporation Limited ("MTRCL") in*

handling unexpected incidents inside railway stations. In this connection, will the Government inform this Council:

- (1) as the Water Supplies Department has indicated that the aforesaid flooding incident was caused by leakage of water from a cracked fresh water main near South Horizons Station following its dislocation due to loosened support, and that the water main had been relocated during the time when the works of SIL were carried out, whether the authorities know the outcome of the investigation of the incident carried out by MTRCL, including whether the structure of the railway station has been affected;*
- (2) whether the authorities know if MTRCL has, in the light of the aforesaid flooding incident, examined the structural conditions of the water mains near the various railway stations along SIL, and re-examined the water main alignments near the various railway stations under construction, so as to prevent the reoccurrence of flooding incidents in railway stations; given that flooding inside railway stations can cause electricity leakages, thereby endangering the safety of railway staff and passengers, whether the authorities know if MTRCL has formulated safety guidelines for handling flooding incidents inside railway stations; and*
- (3) given that as SIL is plied by unmanned trains and covers the Nam Fung Tunnel which is as long as 3.2 km, MTR staff can only provide support at the next station should an unexpected incident occur in a train passing through the tunnel, whether the authorities know if MTRCL has formulated contingency plans for handling unexpected incidents that occur in trains passing through tunnels along the various railway lines, and whether MTRCL will conduct the relevant drills?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, after the commissioning of the South Island Line ("SIL") on 28 December 2016, it on the whole operates smoothly. The MTR Corporation Limited ("MTRCL") already reported in detail the power outage incident on 29 December 2016 to the Subcommittee on Matters relating to Railways on 17 January 2017, and it would not be covered here.

For the question raised by Mr KWOK, I reply as follows:

- (1) After the flooding incident at South Horizons Station at the night of 14 February this year, MTRCL carried out inspection immediately and found that the connection of a fresh water pipe, of about 250 mm (about 10 inches) in diameter and outside the station, was loosened. Fresh water was ejected and damaged part of the roof of Entrance/Exit B constructed by fire resistance board. Water then flowed into the concourse from the damaged roof. MTRCL sought assistance from the Water Supplies Department ("WSD") immediately and the Department fixed and strengthened the supports of the pipe shortly that night. After confirming the structural safety of the station was not affected, MTRCL resumed the services of the Station at around 12:25 am the next day. It is confirmed that the water pipe concerned was reprovisioned when constructing the SIL (East).
- (2) In general, MTR underground stations buried in soil or rock are constructed using concrete structure and with waterproof layer to prevent ingress of water into stations. Nevertheless, as Entrance/Exit B is protected by the structure of the existing underground void and restricted by the space of that void, its design is rather special, and fire resistance boards are used for constructing its roof (the design of Entrance/Exit B is at Annex). After the incident, MTRCL has reviewed the station design and alignments of nearby underground pipes of SIL and other stations under construction, and confirmed that their designs are different from that of the Entrance/Exit B of South Horizons Station. MTRCL has been investigating this flooding incident in depth with the Highways Department and reviewing the other utilities within the void that is accommodating the Entrance/Exit B, in order to ensure these utilities would not impose risks to Entrance/Exit B. Before completing the review, MTRCL already installed additional supports for stabilization such that the risk of loosening at the connection of the pipe was lowered, and temporarily mended the damaged part of the roof. In order to prevent similar occurrence in future, the installation of steel plates at the location concerned is being studied for further separating the structure of the station and the other underground utilities.

According to MTRCL, the possibility of flooding in stations has been taken into account when designing all MTR stations. Arrangements have also been made to minimize the impact on the important electrical and mechanical equipment of stations in the event of flooding. As mentioned above, there are various measures in stations to prevent water seeping from the roof, wall and floor. Kerbs of 20 cm in height are installed on the floor at the entrances of station rooms containing electrical and mechanical facilities, to reduce the chance of water influx. Individual important electrical and mechanical facilities are installed slightly elevated to avoid being flooded. The stations are also equipped with drainage systems, which can drain the water in a rapid manner.

MTRCL has all along put in place operational and safety manuals, covering the contingency arrangements for various incidents (including flooding). In the case of flooding, MTRCL will fence off the affected areas as necessary and deploy additional manpower to assist passengers, while finding out the causes of flooding as soon as possible. If the affected areas cover electrical and mechanical facilities such as escalators and lifts, operation of these facilities will be suspended to ensure passengers' safety. If the incident is serious, MTRCL will consider closing individual entrances/exits, or even the whole station. If train service is affected, MTRCL will follow the established mechanism to disseminate information to the public through various means. When the water is drained, MTRCL will examine the affected facilities in detail and will only reopen them after confirming that they are safe for use.

- (3) MTRCL has to consult government departments when preparing safety manuals and contingency arrangements. These safety manuals are applicable to all railway lines, including fully automatic operation ("FAO") trains. On FAO trains, passengers may get in touch with the Operations Control Centre ("OCC") directly by activating the emergency call systems in trains. OCC can obtain real-time information on train operation and situation in trains, and communicate with passengers on board directly. Generally speaking, if an incident occurs in an operating train, the train will continue its journey to the next station, because there is more space in a station to facilitate smoother evacuation, and more staff will be available to offer assistance. If the situation does not allow the

train to continue its journey to the next station, emergency evacuation in the tunnel will be arranged. There are sufficient instructions, emergency lighting and ventilation in tunnels to allow passengers to evacuate orderly to a place of safety under the instruction of MTRCL staff. During its early stage of commissioning, an MTRCL staff is currently deployed to assume duty in the FAO trains of SIL.

MTRCL conducts 12 to 15 drills with the Hong Kong Police Force and Fire Services Department jointly every year to simulate emergency situation and major incidents (including the situation when passengers need to evacuate in tunnels). The Government and MTRCL jointly conducted a drill in a tunnel in November last year (i.e. one month before the commissioning of SIL).

Annex

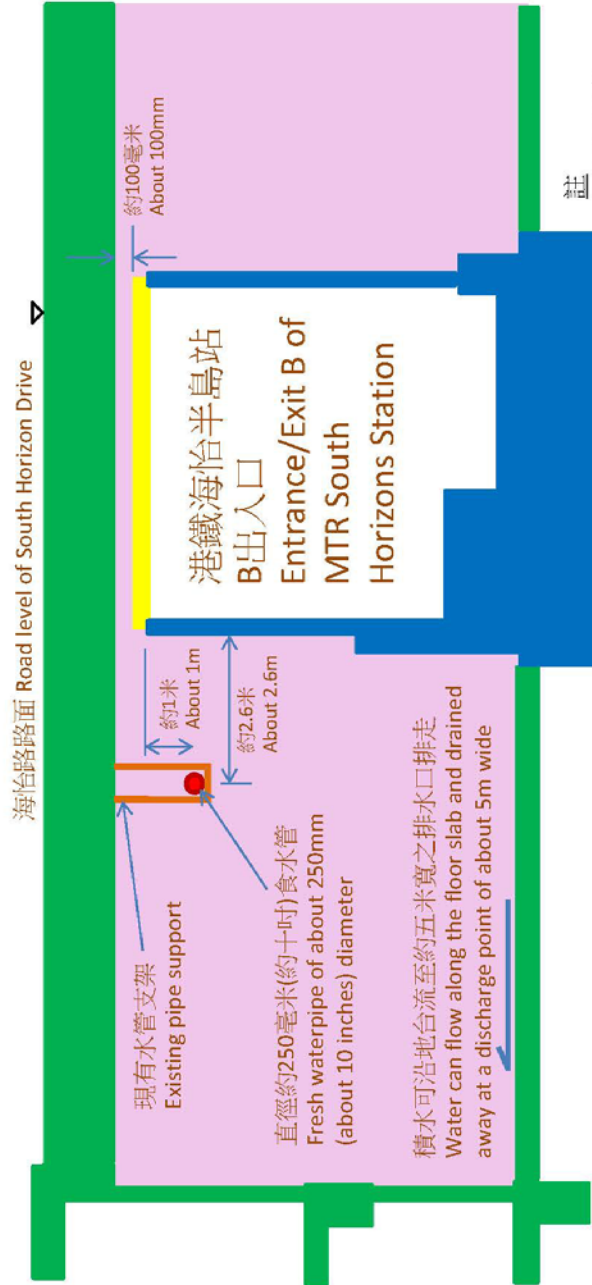
Design of Entrance/Exit B of South Horizons Station

In general, MTR underground stations buried in soil or rock are constructed using concrete structure and with waterproof layer to prevent ingress of water into stations. Nevertheless, as Entrance/Exit B is protected by the structure of the existing underground void and restricted by the space of that void, its design is rather special, and fire resistance boards are used for constructing its roof. According to the clarification by MTRCL, the portion of the Entrance/Exit B of South Horizons Station, which is adjacent to the concourse, was located within a void surrounded by concrete structure for placing underground utilities underneath the road level of South Horizon Drive. (Indicative diagram showing the positions of Entrance/Exit B of South Horizons Station and the fresh waterpipe concerned at Appendix) That concrete structure (coloured in green at Appendix) is owned by the South Horizon. As that void (coloured in pink at Appendix) is completely isolated, it would not be affected by underground water or rain. Hence, the roof of Entrance/Exit B (coloured in yellow at Appendix) could be constructed using thinner fire resistance board.

In the incident, part of the fire resistance board of the roof was damaged by the fresh water ejected from the water pipe. The fresh water then flowed into the concourse from the damaged part.

海怡半島站B出入口與涉事食水管位置的示意圖
 Indicative diagram showing the positions of Entrance/Exit B of South Horizons Station and the concerned fresh waterpipe

(以切面圖展示 Shown in Sectional View)



- 註
1. 不按比例
 2. 為清晰示意，只展示涉事的事物

Remarks

1. Not to scale
2. For clarity, only concerned subjects are shown

圖例 Legend

- B出入口的混凝土結構 Concrete Structure of Entrance/Exit B
- 海怡半島現有的混凝土結構 Existing Concrete Structure of South Horizons
- 以防火板建成的B出入口頂部 The roof of Entrance/Exit B constructed by fire resistance board
- 海怡路以下的現有空間 Existing void underneath South Horizon Drive

MR KWOK WAI-KEUNG (in Cantonese): *President, Entrance/Exit A and Entrance/Exit B were both flooded on the day of the incident, and the water supply for individual South Horizons households was suspended. The special design there shows that problems are bound to arise, and the drainage system is also defective. As reported, the water pipe in question belongs to the private housing estate, but it was reprovisioned during the construction period by MTRCL and is therefore liable to cracking. May I ask whether MTRCL needs to bear the responsibility and make compensation? What is the delineation of right and responsibility between MTRCL and the stakeholders concerned?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): *President, regarding Mr KWOK's supplementary question, I wish to point out that the affected water pipe at the site belongs to private property owners, but MTRCL will undertake the repair or restoration of the water pipe and meet the costs incurred, because the water pipe was reprovisioned by MTRCL in 2013 during the construction period, and MTRCL has since been responsible for its repair and maintenance. But concerning the further issue of claims for damages, it will not be possible to ascertain who should be held responsible until after MTRCL has completed its study, inquiry and review to identify the actual causes and sort out all the related issues.*

MS TANYA CHAN (in Cantonese): *President, I met with MTRCL on Monday night, so I know that the question of responsibility mentioned just now has not yet been discussed. But here in this Council, I must voice the residents' concern on their behalf because if this incident did lead to any losses on the part of any shops, then what is involved will be legal responsibility, and this must be ascertained as soon as possible.*

My supplementary question centres around part (3) of the main question. Despite the contingency arrangements and drills of MTRCL, an unfortunate incident of suspected arson which we hate to see still occurred on 10 February 2017, four days before 14 February. People can see from some video clips that the response of MTR staff to this emergency was not up to professional standards, and they did not know how to handle the situation and use a fire extinguisher, even. I of course know that all SIL trains are fully automatic ones. But on the train involved in the suspected arson case that day, a train captain was on duty and there were many MTR staff members at the station. May I ask what kinds of

emergency situations are covered in their training? Following the incident on 10 February, will they step up training on some specific situations or aspects in the light of their investigation findings and observations?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, Ms CHAN's supplementary question involves two issues, namely the flooding incident and the handling of the suspected arson case on 10 February. Concerning the handling of the suspected arson case, in my reply to Written Question Number 19 put by Mr WU Chi-wai today, I have described in detail how we handled the incident that day and what MTRCL actually did in the entire process of dealing with the emergency. Understandably, in the whole set of contingency procedures, one part is on handling fire emergencies, and the other is about the handling of other general emergencies, including possible flooding.

As regards the adequacy of training, MTRCL has, after the occurrence of the suspected arson case, decided to set up a high-level review committee chaired by the Operations Director and Engineering Director of MTRCL, with members who are either MTR technical staff or people from the wider community (e.g. the Vice President of The Hong Kong Polytechnic University and an overseas expert). They will conduct an integrated review of the incident, covering various aspects like the safety procedures of handling the situation that day, possible areas of improvements and the adequacy of manpower and training. All such matters will be reviewed. I trust that following the review, they will be able to say more to the public on their overall response to the emergency situation.

The flooding that day, on the other hand, was actually caused by the very special structure of the Entrance/Exit of South Horizons Station. MTRCL has also done a check and found out that this special structure is unique to South Horizons Station of SIL, and the structure of all other MTR stations is different. Hence, instances of cracked water pipes causing flooding and inconvenience will not occur often.

MR CHAN CHUN-YING (in Cantonese): *President, I am likewise concerned about the ability of MTRCL to handle emergencies. The main reply mentions that MTRCL conducts 12 to 15 drills in conjunction with the Hong Kong Police Force and the Fire Services Department every year. Do such drills contain any*

elements of dealing with terrorism attacks or other attacks? What kinds of simulated scenarios are used in such drills. Or, are such drills only ordinary fire drills and flood drills?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the 12 to 15 drills are basically based on simulated scenarios of some specific kinds of emergencies in the past, such as fire, casualties, or train accidents. Through such scenario-based training, the relevant staff can learn how to get quick rescue for trains and the passengers on board, and how to arrange evacuation afterwards. They can also learn how to put out fire and coordinate the support of other transportation modes in case of fire or other emergencies. The contents of the drills are about these things mainly.

But of course, if the Police see any need to introduce more security elements to certain segments of the drills (e.g. counter-terrorism attacks elements), they may make suggestions. Arrangements will then be made to accommodate these suggestions and add in the appropriate elements in the design of scenarios.

MR CHEUNG KWOK-KWAN (in Cantonese): *President, in the main reply, the Secretary points out that in general, MTR underground stations are constructed using a concrete structure and with a waterproof layer to prevent ingress of water into stations. He has also mentioned just now that as Entrance/Exit B is protected by the structure of the existing underground void and restricted by the space of that void, fire resistance boards are specifically used in its design, thus resulting in such a flooding incident. He also says that after the incident, MTRCL has reviewed the station design of nearby underground pipes of SIL and other stations under construction, and confirmed that their designs are different from that of the Entrance/Exit B of South Horizons Station. President, many of the MTR lines under construction may be in a situation similar to that of SIL, I mean they may also run through old districts with long history (e.g. To Kwa Wan Station and Kai Tak Station). Will the Government inform this Council whether any of those stations presently under construction also has a special design like that of South Horizons Station? What I mean is not the design using fire resistance boards but a special design adopted specifically for an old district, thereby increasing the risk of future incidents.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I find it quite difficult to provide a simple answer to Mr CHEUNG's supplementary question here because risk estimation is no easy task at all. Yet, Members can take a look at the indicative diagram in the Appendix to my main reply. As we can see, the fresh water pipe has been fixed onto the hanging pipe support at the entrance of the station and above is the top of the concrete structure. It can be seen in the diagram that the water pipe is lower than the isolation wall coloured in blue. Under normal circumstances, even in case of water seepage or leakage, the water level will not exceed the height of the isolation wall and flow into the station. For this case, however, flooding was caused by the cracked water pipe from which fresh water under high pressure ejected and damaged the roof made of fire resistance board (i.e. the part coloured in yellow) and flowed into the concourse subsequently. Yet, this did not occur at other entrances/exits.

As to whether any entrance/exit is of such a special design or associated with other risks, we have asked MTRCL to make special reference to this very experience so as to prevent and avoid the reoccurrence of such incidents.

MR LUK CHUNG-HUNG (in Cantonese): *MTRCL has, within a short span of two months, experienced three major types of emergencies associated with water, fire and electricity. Great inconvenience was caused to the public while frontline MTR staff were under tremendous pressure. The Hong Kong Federation of Trade Unions is aware that many MTR stations are built along new rail lines at present, but the manpower establishment of MTRCL has been shrinking, while its numbers of outsourced workers and part-time staff are growing. Is it probable that such staff are not given adequate training or do not have enough experience? Concerning the fire that broke out inside a compartment of an MTR train, we can see that all those who took part in putting out the fire were brave passengers. My question is: Will MTRCL take the initiative to conduct reviews, or will the Transport and Housing Bureau request MTRCL to review its existing manpower establishment and consider increasing its manpower and minimize outsourcing, so as to enhance the capability of its staff in handling emergencies and reduce their workload?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, we understand that the MTRCL management have already met with the frontline staff probably due to the short intervals between the several recent incidents. As far as I know, the frontline staff have already reflected to the

management the views put forth by Mr LUK just now. After the suspected arson case on 10 February, MTRCL has set up a high-level review committee which I have mentioned just now to gather views from various parties. I trust that the views of frontline staff can also be brought forward to the management as well as the review committee. Members have voiced their concerns over manpower and training, and I think frontline staff will also relay such concerns to MTRCL management for their comprehensive consideration. The management will then decide which aspects shall need further improvements and take actions accordingly. And likewise, the views that I have listened to at this Council will also be conveyed to MTRCL.

PRESIDENT (in Cantonese): Third question.

Prevention of divulgence of government confidential information during the 2017 Chief Executive Election

3. **MR DENNIS KWOK** (in Cantonese): *President, it has been reported that during the 2012 Chief Executive Election, a candidate who was a former Member of the Executive Council ("ExCo") allegedly violated ExCo's principle of confidentiality by divulging at an election forum the deliberations of ExCo. The incident aroused wide public concern at that time. The 2017 Chief Executive Election will be held on the 26th of this month and the nomination period will end today. Persons seeking nomination include several former ExCo Members who are also former Secretaries of Department or Directors of Bureau. Besides, among such persons' electioneering team members and advisers, quite a number of them are holding or once held public offices. In this connection, will the Government inform this Council:*

- (1) *whether it has put in place measures to prevent candidates of the 2017 Chief Executive Election as well as their electioneering team members and advisers from divulging government confidential information to which they have/had access due to their public offices; if so, of the specific measures; if not, the reasons for that; and*
- (2) *whether it has studied, where there has been such divulgence of government confidential information as mentioned in (1), which*

ordinance(s) and regulation(s) that the Government may invoke to hold the parties concerned responsible, as well as the penalties concerned; if so, of the details?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, with regard to Member's question, after consulting the relevant offices and bureaux, I am providing a consolidated reply as follows:

The Government has set very stringent rules to prevent any leakage of classified information. Under Part III of the Official Secrets Ordinance (Cap. 521) ("the Ordinance"), politically appointed officials ("PAOs") and civil servants both fall within the definition of "public servants" and must therefore abide by the provisions therein applicable to "public servants". Pursuant to the Ordinance, a public servant commits an offence if, without lawful authority, he makes a damaging disclosure of any information, document or other article relating to security or intelligence that is or has been in his possession by virtue of his position, and shall be liable to a fine of up to \$500,000 and imprisonment for two years. PAOs or civil servants may also be subject to the common law offence of Misconduct in Public Office if the act of unauthorized disclosure of government information constitutes a misconduct of their public office.

Besides, it is set out in paragraph 3.4 of the Civil Service Code that civil servants shall use information gained by virtue of their official position for authorized purposes only. They shall not disclose documents, information or knowledge received in confidence from others in the course of their duties or by virtue of their official position. Civil servants are also required to observe administrative regulations and instructions, binding them through their employment contracts. Civil servants who have disclosed classified government information without authority is liable to disciplinary proceedings, and criminal prosecution in certain circumstances.

With respect to PAOs, it is set out in the Code for Officials under the Political Appointment System that all classified information, documents or other articles protected against disclosure by the Ordinance which has come into the PAOs' possession as a result of their appointment in the Government, remain to be covered by the Ordinance after their stepping down from office and may not be disclosed. In other words, PAOs should still observe the relevant provisions of the Ordinance after they have stepped down from office.

As regards the mechanism on confidentiality of the Executive Council, under Article 54 of the Basic Law, the Executive Council is an organ to assist the Chief Executive in policy-making. The Executive Council Members are obliged to comply with this principle. According to section 18 of the Oaths and Declarations Ordinance (Cap. 11), a person shall take the Oath of Fidelity before he/she becomes a Member of the Executive Council, pledging that "I will not, except with the authority of the Chief Executive, reveal the agenda or proceedings of the Executive Council, or any document communicated to me or any matter coming to my knowledge in my capacity as a Member of the Executive Council; that I will not seek to make or assist others to make any personal gain through the exercise of my official duties and I will be bound by and be collectively accountable for the decisions of the Executive Council."

The principle of confidentiality is to ensure that the Executive Council Members, without any pressure, speak freely and honestly in giving advice to the Chief Executive, thereby enabling the Chief Executive to listen to different views fully when assessing the pros and cons of policies. In other words, the principle of confidentiality underscores the effective operation of the Executive Council, and must be sternly upheld and respected. In case of an Executive Council Member violating the principle of confidentiality, the Chief Executive may, depending on the circumstances, take appropriate action including issuing an advice, a warning, removing him from office, or taking legal action. If any Executive Council Member discloses classified government information without authority, he/she may be liable for breach of confidence in tort, as well as the common law offence of Misconduct in Public Office.

Regarding the electoral legislation, under section 26 of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554), a person engages in illegal conduct at an election if he/she publishes a materially false or misleading statement of fact about a particular candidate or particular candidates for the purpose of promoting or prejudicing the election of the candidate or candidates. On conviction, such person shall be liable to a fine of up to \$200,000 and imprisonment for three years.

In the event of any of the above regulations and legislation being breached, the relevant authorities and the Electoral Affairs Commission will take appropriate follow-up action, and where necessary, refer such cases to law enforcement agencies for investigation.

MR DENNIS KWOK (in Cantonese): *President, the Secretary has mentioned a very important basis of the confidentiality principle in paragraph 6 of the main reply. Can I ask whether the Secretary can make any specific undertaking or devise any specific measures to ensure that every single member of the Election Committee ("EC member") can vote in the upcoming Chief Executive Election under the principle of absolute confidentiality?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, allow me to illustrate this more specifically, although I have already mentioned this briefly in the main reply.

First, the Election will be held on 26 March at the Hong Kong Convention and Exhibition Centre ("HKCEC"), and the Grand Hall on the third floor is designated as the main polling station. Anyone entering the area must go through security check, and only persons wearing a name card will be allowed to enter a specific zone, while only EC members and authorized personnel will be allowed in polling zones. Certain security measures will be applied in the Grand Hall, but of course it is not appropriate to disclose all the arrangements for security reasons. However, we will make reference to the practices five years ago and adopt a few measures. For example, the site in HKCEC is itself equipped with close-circuit television cameras, and rather than just turning away their viewfinders like what we did last time, we will simply remove the cameras altogether.

Moreover, on our request, security personnel from HKCEC and police officers will stay in the control room to prevent any unauthorized entry.

There will be several dozen voting booths separated by partitions each measuring 2 m in height, and each booth will be sealed on its top to ensure that no others can know where EC members have affixed their chops. When issued ballot papers, EC members will place them face down on the cardboards, so no one will know where they affix their chops. Under the law, devices with video or audio recording functions, including smart phones or mobile phones, must not be used in voting booths. Anyone taking out any such devices in the voting booths will immediately be "ordered" by polling staff to stop. Please pardon me for using this word because doing so is against the rules.

As there will be at least two ballot boxes at the venue, EC members can randomly insert their ballot papers into any one box after leaving the voting

booths. The ballot boxes are quite large in size. President, ballot papers themselves are not very large, just about this big (*the Secretary used his hands to show the size of a ballot paper*), and a ballot box can at least hold more than 1 000 ballot papers. So, we can imagine what will happen. At least two ballot boxes will be available. EC members can randomly put their ballot papers in any such boxes and they will also vote in a random order. So, rather than piling up in any traceable sequence, their ballot papers will be mixed together in no particular order. Then, under the witness of the relevant parties on site, we will seal all the ballot boxes, open them again at counting stations and mix all the ballot papers from different boxes before counting the votes.

President, why have I explained all this in such detail? It is because I want to show that our procedures can ensure that only EC members themselves know their own voting decisions, and no others will know which candidates they have voted for. It is only in this way that we can satisfy the requirement stipulated in Annex I to the Basic Law, that is, the Chief Executive Election held by the Electoral Affairs Commission ("EAC") must be based on secret ballots. We will adopt all these extra security measures.

There are still three or four weeks to go before the Chief Executive Election, and I will continue to hold working-level discussions with HKCEC, the Police and EAC, so as to ascertain if any further security and confidentiality measures are required. Apart from the measures I have mentioned, I also welcome all further advice from Members in case they have any. Five years ago, for example, some Members asked me if it was possible to seal the tops of the voting booths. So, one or two days before the election, at the last minute, I asked EAC to seal the tops of the voting booths, just to put everybody's mind at rest. In this upcoming election, the tops of the voting booths will also be sealed to ensure no peeping can be possible.

DR CHIANG LAI-WAN (in Cantonese): *President, the Secretary has given a very clear description, and it looks like all the procedures will be very strict and stringent. But I cannot help thinking of the Oscar Academy Awards Ceremony. Their procedures of awards presentation are likewise very strict and stringent, yet they still made a mistake about the award-winning film at the point of announcement. I hope we will not make a similar mistake about who the successful candidate is. Otherwise, there will be big trouble.*

President, the question I want to ask the Secretary is about public officers' participation in election activities. I hope the Secretary can clarify if civil servants and accountability officials can take part in any election-related activities at present? If yes, are they actually only allowed to take part in some parts and barred from participating in other parts of such activities? Under the existing system, are there any laws and regulations in this regard to avoid conflicts of interests?

PRESIDENT (in Cantonese): Dr CHIANG, your question strays too far away from the main question. I cannot allow you to raise this question.

DR CHIANG LAI-WAN (in Cantonese): *President, perhaps you can ask if the Secretary is willing to answer my question.*

PRESIDENT (in Cantonese): Your question digresses too far away from the subject of the main question.

DR CHIANG LAI-WAN (in Cantonese): *President, in that case, please disregard this question and do not count it as a supplementary question raised by me.*

PRESIDENT (in Cantonese): Please sit down and wait for your turn to ask again.

MR MICHAEL TIEN (in Cantonese): *President, the Secretary has indicated in the main reply that the Chief Executive may, depending on the circumstances, take appropriate actions, including issuing an advice, a warning, removing the person concerned from office, or taking legal actions. Secretary, in the case of those who have already left office, legal actions are of course the most effective step. Is the Chief Executive the only person who can take legal actions, may I ask? If yes, once a person divulges any confidential information during the Chief Executive Election, the Chief Executive will then have to sue this person. However, if actions are delayed until after that person has won the Election and become the Chief Executive, then that person will have to sue himself. In this case, does the Secretary think that this mechanism is actually of no real use?*

Should we give the task to someone else whose capacity will not be affected by the change of Chief Executive? But, sorry, I cannot really think of anyone qualified for this task. So, will the Secretary confess that the principle of confidentiality concerning the Chief Executive Election is simply an embellishment of no actual use?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I believe I have responded in the main reply that the Chief Executive may take appropriate actions, including issuing an advice, a warning, removing the person from office, or taking legal actions. Also, I have pointed out in the main reply that if any Member of the Executive Council discloses classified government information without authority, the Executive Council Member may be liable for breach of confidence in tort, as well as the common law offence of Misconduct in Public Office. I trust that, under the Basic Law, the Department of Justice will certainly follow up any of the unlawful acts above and properly initiate prosecution.

MR MICHAEL TIEN (in Cantonese): *President, let me put my supplementary question that way. If the accused becomes the Chief Executive, there will be a new Secretary for Justice. Which Secretary for Justice will then follow up the case under the new Government? Is the new Secretary for Justice supposed to sue the Chief Executive?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the Basic Law stipulates expressly that the Department of Justice shall control criminal prosecutions, free from any interference. This is clearly written in the Basic Law.

DR KWOK KA-KI (in Cantonese): *President, the Secretary has spent a long time in a bid to convince us that the voting procedures are secure. However, rumours are spreading that EC members from the pro-establishment camp ...*

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, your question is unrelated to the main question raised by Mr Dennis KWOK. Please raise a supplementary question related to the main question.

DR KWOK KA-KI (in Cantonese): *Alright.*

President, there are two things that worry us. First, the divulgence of confidential information by the Executive Council Members will have immense impact on the Chief Executive Election. This actually violates the principle of confidentiality. This is one thing. Another thing is that this will ruin the code of conduct for the Executive Council as a politically appointed institution. The Secretary's reply just now shows that there is no mechanism for punishing or disciplining those who divulge confidential information for personal benefit. Everything must be kept secret under the system of confidentiality. In other words, such divulgence of confidential information can never be exposed unless an Executive Council Member is willing to act as the whistle-blower and accuse another Executive Council Member, or unless the Chief Executive does so, as pointed out by the Member just now. Both scenarios will not happen, or are unlikely to happen, because there can hardly be any such whistle-blowers, and the new Chief Executive will not report his or her own deeds.

If the existing system cannot effectively uphold the principle of confidentiality, should the whole set of minutes of Executive Committee meetings be handed over to an independent individual, such as a Judge, for determining if anyone has violated the principle of confidentiality? In case of any violation, the Judge can pass the case to the Secretary for Justice at the time for initiating prosecution. Is this a more secure way than the present practice of relying on a whistle-blower or someone who may be elected as the Chief Executive to institute prosecution?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I can only answer in broad generalities. The Court and prosecution authorities responsible for the relevant prosecution and judicial procedures have handled many cases of divulging confidential information or documents involving different circumstances. We have already fully grasped the jurisprudence of such cases, meaning that we now have a big stock of precedents and previous practices for reference. I believe that we have by now established a very clear set of procedures to deal with cases of divulging confidential information. The relevant laws, such as those that I have referred to, and especially the Ordinance, all set out the scope of protection for different types of confidential information under different circumstances, together with the follow-up procedures. I am not going to make any repetition as all these are stated in the Ordinance.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

DR KWOK KA-KI (in Cantonese): *The Secretary has not given any answer on one thing. As the mechanism does not work, we need an independent Judge to make prosecution-related decisions, and as all the persons concerned will not initiate any prosecution due to conflicts of interests, they will not ...*

PRESIDENT (in Cantonese): You have already pointed out the part which has not been answered. Please sit down. Secretary, do you have anything to add?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): I do not think Dr KWOK has been able to give any examples which can support his remark that the existing system is not effective. I think the opposite should be the case, as I believe we already have sufficient legislative provisions and precedent cases to help us deal with such cases.

MR PAUL TSE (in Cantonese): *President, according to some news commentators—I do not intend to discuss the truth of the comments here—when someone was a Secretary of Department, he or she asked for "call return" through his or her office, requiring officials from various departments to put forward initiatives concerning the Policy Address as soon as practicable. Some of these initiatives are found, or alleged to be found, in the political platform of a certain Chief Executive Election candidate. These commentators query whether this involves any violation of the confidentiality requirement and any divulgence of insider information, something which enables people who are not Executive Council Members or politically appointed officials to have easier access to such information and helps them formulate their political platforms.*

I would like to hear the Secretary's opinion on this. After all, does this violate any provisions or practices mentioned by him just now? Are there any measures on punishment and prevention?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, of course this depends on individual cases. If the specific confidential information is covered by the Ordinance, Mr TSE, the Ordinance has

expressly listed five or six examples. However, in case the information is not the specific or sensitive information under the scope of the Ordinance, then generally speaking, as pointed out in the main reply earlier, if the information relates to the classified information obtained by public officials during their terms of office, including documents and files, and so on, they must still abide by the Ordinance after leaving office. Therefore, we have sufficient legal protection in this respect.

That said, some cases may not necessarily involve "confidential information", but only policy directions instead. For example, regardless of whether it is the last or the current SAR Government, both of them wish to devote more efforts to support the grass roots and alleviate poverty. As regards the actual amount of efforts, this is an issue of policy direction. If a candidate includes these subject and idea in the manifesto, I believe this does not have anything to do with the confidential information gained during his term of office. This is probably an idea regarding the policy direction. So, I believe our mechanism may not be applicable to this situation.

However, I merely mean to give an example above. Overall speaking, we must still look at the individual circumstances of different cases in order to judge if the confidential information falls under the scope of protection. We will then decide if the so-called act of "divulgence of confidential information" constitutes a breach of legislation in accordance with the circumstances surrounding each case. As illustrated in the Rules of Procedure, it is difficult for us to seek relatively abstract legal opinions on a hypothetical proposition.

MR PAUL TSE (in Cantonese): *President, as public officers and legislators, we will have contacts with certain departments and have access to certain documents. But those information is at least published. However, at the level of government leader, or even Secretaries of Departments or the Executive Council, some people may have access to certain undisclosed information, and in this case, we can only rely on a whistle-blower to uncover any misconduct, as mentioned by Member just now. In terms of our system, it seems like we totally cannot prevent or penalize anyone from committing an act mentioned just by me, that is, drafting a manifesto using some confidential information or information exclusive to him in violation of a declaration of confidentiality or confidentiality requirement, which is detrimental or unfair to other candidates.*

Does the Secretary has anything to add in this respect?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the question is still based on assumption. I believe it depends on individual cases, otherwise we cannot discuss further. As pointed out by me just now, there is a specific scope of protected information listed under the Ordinance. However, confidential information in general is protected too, including documents or other information. Even officials or public officers who have left office are regulated in this regard.

In my opinion, if any former colleagues are foolish enough to breach the provisions which lead to legal punishment, they really have to think twice. Regardless of incumbent or former public officers, they should exercise extra care in handling these issues, and even have to avoid any suspicion. However, as I have pointed out, we can only specifically follow up on matters concerning legal responsibility depending on individual cases.

PRESIDENT (in Cantonese): Fourth question.

Retrofitting air-conditioning systems for public markets

4. **MR WILSON OR** (in Cantonese): *At present, where the management consultative committee and a specified percentage of the tenants ("the threshold") of a public market (including cooked food centre) under the Food and Environmental Hygiene Department ("FEHD") have pledged their support for retrofitting an air-conditioning system at the market, FEHD will conduct a technical feasibility study on the relevant works. The threshold was lowered from 85% to 80% in July 2015. Shui Wo Street Market Cooked Food Centre had obtained a tenant support rate of not less than 85% before the threshold was lowered, and Ngau Chi Wan Market Cooked Food Centre and Ngau Tau Kok Market Cooked Food Centre have already obtained a support rate of 100% and 90% respectively. The tenants of these markets have complained about the slow progress of the air-conditioning system retrofitting works. They are worried that the hot and stuffy environment of the markets during summer time will deter customers from visiting the markets, thus affecting the livelihood of the tenants. In this connection, will the Government inform this Council:*

- (1) *of the latest progress of the works for retrofitting air-conditioning systems at the aforesaid three market cooked food centres; whether there are specific implementation schemes; if so, of the*

arrangements, costs, implementation schedules and anticipated completion dates of the works; if not, the reasons for that;

- (2) *according to the authorities' latest assessment, whether the aforesaid three market cooked food centres need to be closed partially or completely for the works to proceed; of the measures in place to reduce the impact of the works on the tenants; whether it will provide assistance or compensation to the tenants during the period when the works are carried out; if so, of the details; if not, the reasons for that; and*
- (3) *whether it has reviewed the reasons for the slow progress of the air-conditioning system retrofitting works at some markets, and of the measures that may expedite the progress of the works?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, according to the established mechanism, when there is a request from market tenants for the retrofitting of air-conditioning facilities at a public market, the request will first be discussed at a meeting of the relevant Market Management Consultative Committee ("MMCC"). Where a consensus is reached by MMCC that the request should be further explored, the Food and Environmental Hygiene Department ("FEHD") will conduct a questionnaire survey to gauge the extent of support from market tenants. If there is sufficient tenant support, a technical feasibility study will be conducted. Taking into consideration factors such as the findings of the technical feasibility study, extent of works required, cost effectiveness, impact on business and market operation, and whether the implementation details are acceptable to the tenants concerned, the authorities will decide whether there is a case for seeking funds to carry out the works for retrofitting air-conditioners.

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

- (1) and (2)

Shui Wo Street Market Cooked Food Centre started its operation in May 1988. It had already obtained sufficient tenant support for the retrofitting of air-conditioning facilities before the lowering of the threshold on 1 July 2015. However, there is insufficient electricity supply to operate the proposed air-conditioning system. After

preliminary assessment, it was proposed to permanently close some stalls to free up space to install the required electrical facilities, and to temporarily close the entire cooked food centre for carrying out the relevant works. The proposal was strongly objected by the tenants. In the meantime, FEHD had installed 14 evaporative air coolers in the cooked food centre to improve the ventilation. After various rounds of discussion between FEHD and the tenants, the Architectural Services Department ("ASD") later made site visits with the China Light and Power Company Limited in August and September 2016. Based on a preliminary assessment, it is anticipated that the works will involve the permanent removal of four stalls for building a new plant room. FEHD consulted the relevant MMCC on 28 December 2016 and will continue to liaise with the tenants to gauge their views.

Ngau Tau Kok Market Cooked Food Centre had already obtained sufficient tenant support for the retrofitting of air-conditioning facilities after the lowering of the threshold on 1 July 2015. ASD already commissioned a preliminary feasibility assessment on the retrofitting of air-conditioners, and the consultancy's initial assessment report was submitted in December 2016. FEHD is now examining the report with a view to consulting the relevant MMCC in the first quarter of 2017.

Ngau Chi Wan Market Cooked Food Centre had already obtained sufficient tenant support for the retrofitting of air-conditioning facilities after the lowering of the threshold on 1 July 2015. However, the support rate of the market on G/F and 1/F could not reach the threshold. FEHD has started following up the proposed retrofitting of air-conditioning facilities in the cooked food centre. As the relevant MMCC had passed a motion in October 2016 calling for a new round of questionnaire survey on the retrofitting of air-conditioning facilities on G/F and 1/F, FEHD conducted another survey in December 2016. The questionnaires collected are now being processed. If the overall support tenant rate (including the market and the cooked food centre) reaches 80% or above of the threshold, FEHD will liaise with ASD to conduct a preliminary feasibility assessment for the market and the cooked food centre, and will consult the relevant MMCC in due course. Moreover, we are

of the view that, if the overall support rate exceeds the threshold, carrying out the retrofitting works for the market and cooked food centre concurrently instead of separately will enhance effectiveness and cause less disruption to tenants.

In general, if it is decided that the proposed air-conditioning retrofitting works should proceed, we will, in the light of the possible temporary suspension of business of individual tenants arising from the works, consider providing support as appropriate, for example rental waiver during the temporary suspension of business.

- (3) Since the establishment of FEHD, the air-conditioning retrofitting works of four markets and cooked food centres have been completed. The duration of these retrofitting works in those days was about 12 months. The steps taken prior to commencing the works included:
- (a) conducting technical feasibility studies, carrying out overall assessments of the retrofitting works, and seeking funding for the works; and
 - (b) coordinating views and consensus of tenants, so as to strike a balance among the interests of various stakeholders, including those who are not in favour of the proposal.

Moreover, the technical considerations vary greatly among individual public markets, cooked food centres and cooked food markets, for example, whether the existing design and layout allow sufficient space and headroom for the new plant rooms, allow sufficient structural loading of buildings, and allow the installation of transformer rooms and relevant ducting, and whether the retrofitting works are cost-effective. Besides, another consideration is whether other implementation details (such as the duration of market closure due to retrofitting works, the number of stalls that may have to be removed, business disruption to tenants due to the works involved, and so on) are acceptable to the tenants concerned. The above factors are all crucial for determining whether the retrofitting works can be commenced and whether more time is required for completion of the works.

FEHD will continue to study with ASD the feasible options for shortening the lead time required for the air-conditioning retrofitting works.

MR WILSON OR (in Cantonese): *President, I am disappointed at part (3) of the Secretary's main reply because the Bureau has failed to squarely address the communication problem among the departments involved. This has led to slow progress in the installation of air-conditioning systems in markets.*

President, I want to ask the Secretary one question. In the previous cases of retrofitting air-conditioning systems in old markets, how long is the process from meeting the threshold, conducting a technical feasibility study to the eventual completion of retrofitting an air-conditioning system? Which of these segments can be expedited through this question, so that the entire works progress can be speeded up?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I already gave several examples in the main reply just now. Since its establishment, FEHD has successfully undertaken the air-conditioning retrofitting works for four markets initially without any such systems. As shown by these examples, the works process generally requires around 12 months. But as far as my understanding goes, this does not include the time for conducting a feasibility study and consulting MMCC beforehand.

I hope the Honourable Member can understand that generally speaking, we must communicate with MMCC and explain to tenants the difficulties involved in the whole process, the works period and the possible impacts on them (including business disruption). In most cases, the time taken for these tasks may be longer than the actual works period, and this is totally beyond the Government's control. That said, FEHD will discharge its duty and maintain close communication with all the relevant government departments as far as possible. This will not increase or affect the works period. As I said just now, the works period is roughly 12 months.

MR JEREMY TAM (in Cantonese): *President, many markets have already reached the required 80% threshold. In particular, over 80% of the tenants in Shui Wo Street Market have agreed to install an air-conditioning system. But*

the problem at stake is that the installation of an air-conditioning system will necessitate the permanent removal of four stalls in its cooked food market. Have the authorities formulated any compensation proposal for these four stall tenants? It looks like the authorities have not done so under the existing policy. May I ask the Secretary whether the authorities will consider the formulation of any compensation proposal for stall tenants who must permanently give up their stalls and move out from the market due to the installation of an air-conditioning system?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, speaking of the case in Shui Wo Street Market as mentioned by Mr TAM, I wish to say that FEHD is still discussing with ASD the proposed number of stalls that must be removed due to the relevant works. Actually, we have already come up with a rough figure. But we still have room for further discussion with ASD. We will communicate with the tenants involved in this particular case as far as possible when we have a final decision on the number of stalls that must be permanently removed. If certain tenants want to cease their business in the market due to the air-conditioning works, we may terminate their tenancy agreements. Vacant stalls in other public markets will be put up for auction from time to time for rent by tenants (including the tenants of stalls which must be removed due to the air-conditioning works).

MR JEREMY TAM (in Cantonese): *This is unrealistic. Why? If other stalls ...*

PRESIDENT (in Cantonese): Mr TAM, this is not a debate session.

MR JEREMY TAM (in Cantonese): *I am not trying to start a debate. What I mean ...*

PRESIDENT (in Cantonese): You only need to point out the part of your supplementary question which has not been answered.

MR JEREMY TAM (in Cantonese): *The Secretary has not given a reply on the formulation or otherwise of any compensation proposal. I did not ask him whether any other markets were available as options for such tenants. Do the authorities intend to formulate any compensation proposal? The reason I ask this question is that they will have to give up their stalls and business, President.*

PRESIDENT (in Cantonese): Mr TAM, please sit down. Secretary, do you have anything to add?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as I said clearly just now, vacant stalls in FEHD markets will be put up for auction from time to time for rent by such tenants. I think the best arrangement to tenants ... Generally speaking, if tenancy matters are involved ... If certain stalls in a market must be removed without any other alternatives, we will seek to enable the relevant tenants to rent the vacant stalls in that particular market or other markets.

MR HO KAI-MING (in Cantonese): *President, we very much welcome any environmental improvement initiatives which can foster competition between public markets and markets under private management. I want to ask the Secretary about the determination of this 80% threshold. Certain markets may just come close to reaching this threshold. So, do the authorities have any room for enabling more public markets to install air-conditioning systems for the purpose of improving their environments? I hope the Secretary can give a reply.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the Government needs to balance the interests of stakeholders from two sides in determining the stringency of this threshold. On the one hand, some tenants are eager to enjoy the benefits of installing an air-conditioning system and are ready to accept the consequences, such as increases of electricity tariffs or the impacts on them in the course of retrofitting an air-conditioning system. We must balance the interests of two sides. Some stall tenants are ready to accept such impacts, hoping to enjoy the comfort of air-conditioning and also the benefits to their business and operation. But after weighing the pros and cons, a minority of tenants in other places may not be willing to accept such benefits. If the

threshold is set too high or too low, the interests of stakeholders from these two sides may be compromised to some extent. So, the threshold aims to strike a balance.

The Government set the 80% threshold at the outset because it hoped that the works could commence based on the agreement of an overwhelming majority of tenants. Speaking of the remaining minority of tenants, since they reject the air-conditioning installation works and are reluctant to accept the associated impacts, they may put up strong resistance. If the percentage is lowered, the proportion of tenants opposing the relevant arrangement will rise. We cannot afford to totally disregard the wills of these tenants who are in the minority because their interests will indeed be affected.

As to the Honourable Member's question about any room for lowering the 80% threshold, my reply is that this depends on needs. Why? If the threshold is set at 85%, then in most cases, the relevant arrangement can hardly be passed. But after the threshold is lowered to 80%, totally 11 markets and cooked food centres (including those with a support rate of 85% or 80%) are now awaiting the authorities' consultation with MMCC and conduct of a preliminary feasibility assessment.

MR KWOK WAI-KEUNG (in Cantonese): *The mere mentioning of the Link Asset Management Limited ("the Link") will definitely lead people to conjure up pictures of consortia's monopoly and expensive food materials. That said, it is worthwhile to learn from the Link's effectiveness and efficiency in improving market facilities and market renovation. For example, the renovation of Siu Sai Wan Market was completed in merely three months. They recruited large numbers of workers to work day and night, so the works period could be shortened.*

Last week, FEHD officials and I held a meeting concerning the retrofitting of an air-conditioning system in Aberdeen Market. It was a result of concerted efforts from WONG Kwok-hing, a former Member, and me. As we learnt, ASD will need one and a half year or two years to complete the relevant works. But this works period is honestly too long, and in the interim, the whole market must be closed in order to conduct the works.

May I ask the Secretary whether they have reflected to ASD one question, the question of how to draw reference from certain effective and efficient works measures for the purpose of shortening the works period, rather than mechanically determining that the works are due to complete within one and a half year or two years?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as I said in the main reply just now, we will sustain our ongoing efforts of identifying various proposals with ASD or the relevant departments, with a view to shortening as much as possible the time required for retrofitting air-conditioning systems in various markets. But we must take into account the specific circumstances of individual markets, including headroom and spatial capacity. Many technical considerations are actually involved.

MR PAUL TSE (in Cantonese): *President, the passage of any constitutional reform proposal requires the support of two thirds of all Members; any amendment of the Rules of Procedure shall pass through separate voting. These requirements are already very difficult to meet. Even if the threshold is lowered from 85% to 80%, it is very high all the same.*

The Secretary made repeated reference to stakeholders just now. The views of market stall tenants are honestly very important. But they are not the only stakeholders. If we look at the focus of the question (namely, cooked food centres), we will realize that customers are likewise stakeholders, and they also play an important part. Customers' comfort and the hygiene conditions in markets should also be taken as factors for consideration. Have the authorities given adequate consideration to overall planning, rather than merely confining themselves to a certain percentage of tenants supporting or opposing the works?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as I said a moment ago, we will consider the interests of various stakeholders, including people who patronize the relevant cooked food centres or markets. They are also stakeholders, and we need to take account of their interests. But I believe Members will understand one point, the point that the livelihood and business of tenants, and also the impacts on them, should carry more weight than customers

in our consideration. The reason is that customers can choose to patronize the relevant places or not.

Speaking of this percentage, I have already said that we did not hold any absolute criteria in setting this percentage. We merely wanted to strike a balance with this threshold. We wanted to ascertain which percentage could truly ensure that an overwhelming majority of stakeholders gave their agreement before works commencement. By this, I mean we hoped to obtain a higher degree of agreement before proceeding with the works. Let me give an example. Earlier on, we came to realize that this 85% threshold had reduced the number of markets where the works could be conducted. That was why we lowered this percentage. After the threshold has been lowered, 11 markets are now waiting for their turns to conduct the works. For the time being, we will focus on these 11 markets where the relevant works will be conducted.

PRESIDENT (in Cantonese): Fifth question.

Pardoning persons convicted of criminal offences related to the occupation movement or commuting their penalties

5. **DR CHIANG LAI-WAN** (in Cantonese): *It has been reported that quite a number of heads of states or regions exercise from time to time their powers to pardon prisoners. For example, at the end of last year, the French President pardoned a woman who had shot her husband to death because she had been subject to years of serious and physical abuse by her husband. During his eight-year tenure, the last President of the United States pardoned a total of 1 385 prisoners, 395 of whom being prisoners sentenced to life imprisonment. Article 48(12) of the Basic Law also provides that the Chief Executive ("CE") may exercise his powers and functions to "pardon persons convicted of criminal offences or commute their penalties". On the other hand, as at the end of January this year, a total of 1 003 persons were arrested by the Police during and after the occupation movement in 2014, and 216 arrestees have undergone or are undergoing judicial proceedings. Among them, 123 persons have to bear legal consequences (i.e. 81 were convicted and 42 were bound over). There are views that quite a number of young people participating in the occupation movement have inadvertently broken the law in pursuit of their ideals, and a small number of law enforcement officers were convicted because they had treated arrestees in*

an improper manner while they were under provocation. In this connection, will the Government inform this Council whether CE will follow the practice of the heads of other places to pardon some of the aforesaid persons or commute their penalties; if so, of the details; if not, the reasons for that?

SECRETARY FOR SECURITY (in Cantonese): President, under Article 48(12) of the Basic Law ("BL 48(12)"), the Chief Executive shall exercise the power and function to pardon persons convicted of criminal offences or commute their penalties. Such power is commonly referred to as "prerogative of mercy". The Basic Law does not prescribe in detail the circumstances under which such power may be exercised. However, as the exercise of such power will in effect alter the sentence passed by the Court, the Chief Executive would prudently and thoroughly consider all the relevant factors before deciding whether to pardon or commute the penalties. I will briefly describe some circumstances hereafter.

First, the Chief Executive may decide to commute the penalties based on the recommendations by the Long-term Prison Sentences Review Board ("the Board"). The Board is an independent statutory body established pursuant to the Long-term Prison Sentences Review Ordinance, Laws of Hong Kong (Cap. 524) ("the Ordinance"). Its main functions include reviewing the indeterminate sentences or long-term prison sentences of 10 years or more of persons in custody ("PICs") and the determinate sentences of PICs who were under the age of 21 at the time of conviction. Under section 6 of the Ordinance, the Board shall consist of 8 to 11 members appointed by the Chief Executive. The President and Deputy President must be Judges or former Judges of the Court of First Instance. Other members include persons with expertise and experience in various disciplines such as psychiatry, psychology, social work, law, education, commerce and industry, etc. Under section 11 of the Ordinance, the Commissioner of Correctional Services shall refer cases of PICs serving the aforementioned sentences to the Board for sentence review in accordance with the stipulated review schedules. The Board would review each case prudently and consider in detail all the relevant factors, including the nature of the offence committed by the PIC, the length of the sentence already served, whether the PIC has repented his wrongdoing, and the possible impact on public safety, etc. Where sufficient justifications have been found after a thorough consideration of all the relevant factors, the Board may recommend to the Chief Executive that a determinate sentence be commuted, or an indeterminate sentence be substituted

by a determinate one. The Chief Executive will consider prudently and in detail the recommendation by the Board and decide whether to commute the penalties in accordance with BL 48(12).

In another possible circumstance, under Rule 148(2) of the Prison Rules (Cap. 234A), and I quote: "The Medical Officer shall make his recommendations in writing to the Commissioner for transmission to the Chief Executive whenever he is of opinion that the life of any prisoner will be endangered by his continuance in prison, or that any sick prisoner will not survive his sentence, or is totally or permanently unfit for prison sentence." Under this circumstance, the Chief Executive would consider whether or not to exercise his power under the said provision under the Basic Law.

A third possible circumstance concerns petitions by PICs to the Chief Executive seeking pardon or commutation of penalties. Upon receipt of a petition, the Administration will seek legal and professional advice, including the advice of the Solicitor General of the Department of Justice and other relevant government departments, and then submit to the Chief Executive for his prudent and detailed consideration of whether to pardon or commute the penalties in accordance with BL 48(12). In the past, the grounds on which PICs who petitioned have invoked include humanitarian grounds, or that the PIC had given substantial assistance to the prosecution while serving his sentence, etc.

As for the Member's concern on whether the Chief Executive will pardon or commute the penalties of the individuals mentioned in the question, as I have just said, the Chief Executive will independently consider each case prudently and in detail. However, the Government will not comment on individual cases. Besides, according to past practices, the Chief Executive would not exercise his power and function to pardon persons convicted of criminal offences or commute their penalties prior to the completion of all judicial proceedings for a case.

DR CHIANG LAI-WAN (in Cantonese): *President, what the Secretary has just mentioned is only past practices, and this does not mean that a pardon is certainly impossible. As we all know, it takes a long time for an appeal to be set down. Sometimes, an appeal cannot be set down even after the imprisonment sentence has been served out. The seven police officers have been sentenced to two years' imprisonment, and the community generally thinks that the penalty is too harsh. I believe the Secretary also shares this view. We have looked up*

similar cases in the past and notice the penalty was only a few months' imprisonment.

According to the Secretary's main reply, after all, the Chief Executive has the power to pardon any prisoners or commute their penalties. Therefore, as the head of these seven police officers, will the Secretary advise the Chief Executive to pardon them or commute their penalties?

SECRETARY FOR SECURITY (in Cantonese): President, I have already described in detail the relevant powers entrusted to the Chief Executive under the Basic Law. At present, the judicial proceedings are still in progress. I have made my point all very clear, especially in the last paragraph of the main reply. This is my view.

MS STARRY LEE (in Cantonese): *President, the seven police officers were given a heavy prison sentence of two years, and this has led to huge public outcries. Many people think that the penalty is much too heavy and unfair, unable to manifest justice. It is particularly worth pointing out that the instigators of the Occupy Central movement have still not been punished for their crimes to date, with the result that they can continue to stir up trouble in society. A big contrast can be seen in the penalties for Occupy Central participants. For those who caused serious bodily harm to police officers, the heaviest penalty is only 10 months' imprisonment, and in other cases the penalty is only a community service order or a mere fine. Many people think that these penalties simply cannot manifest the principle of "equality for all before the law", nor uphold justice and fairness before the law.*

Although I know that an appeal on the case has been filed, I still want to ask the Secretary ...

(Mr Paul TSE made an indication)

PRESIDENT (in Cantonese): Ms Starry LEE, please hold on. Mr Paul TSE, do you have a point of order?

MR PAUL TSE (in Cantonese): *I do not object to the remarks of the two Members just now, but I must still advise caution here, especially at this very time when the seven police officers have already lodged their appeals, because the Rules of Procedure contains a clear provision on opinions that involve cases awaiting adjudication in a court of law. I hope that the President can give appropriate guidance in this regard and tell us how to deal with the situation. Or will it be fairer if we simply stop discussing this case?*

PRESIDENT (in Cantonese): I think Mr Paul TSE's reminder is right. I hope that Members can be more cautious in their remarks, refraining from commenting on any cases awaiting adjudication.

MS STARRY LEE (in Cantonese): *President, I know that the various cases are in the process of appeal. However, can I still ask the Secretary whether he agrees that such sentences cannot make the public see that justice and fairness are done before the law, and will instead deal a severe blow to the morale of disciplined services?*

SECRETARY FOR SECURITY (in Cantonese): President, I believe that as Mr Paul TSE said just now, it is not appropriate for us to make any comments on individual cases in this Chamber. As I have already said very clearly in response to media questions on different public occasions, all the accused persons in this case have applied for leave to appeal. Since the appeal procedure will soon commence, I will not give any comment in this regard.

MR DENNIS KWOK (in Cantonese): *President, in spirit, the rule of law requires one to refrain from any indiscriminate use of entrusted power and to act within reasonable parameters. The Chief Executive is indeed entrusted with this power. But can the Secretary tell me whether any Chief Executive has ever invoked his power under BL 48(12) to pardon any public officers already convicted by the Court since the reunification and the establishment of the Hong Kong Special Administrative Region in 1997? Has any Chief Executive ever done so? Are there any precedents?*

SECRETARY FOR SECURITY (in Cantonese): President, I do have some information here, and I do not know whether the information can answer the question of Mr Dennis KWOK.

During the period from 2012 to 2016, the Chief Executive did exercise the power and function to "pardon persons convicted of criminal offences or commute their penalties" under BL 48(12), and a total of 98 cases were granted commutation of penalties. In 58 cases, the Chief Executive exercised his power to commute the penalties based on the recommendations to him by the Board after it had reviewed the cases with long-term prison sentences. In 31 cases, the power was exercised after considering the recommendations made by medical experts. In nine cases, the persons in custody submitted petitions to the Chief Executive seeking commutation of penalties, and the power was exercised after the Chief Executive had consulted and prudently considered legal and professional advice, including the advice of the Solicitor General of the Department of Justice and other relevant government departments. For these petition cases, they are usually submitted by PICs seeking commutation of penalties on grounds such as the substantial assistance given to the prosecution while serving the sentence, and the long-established principles adopted in sentencing by the Courts in Hong Kong will also be invoked.

DR PRISCILLA LEUNG (in Cantonese): *President, there must be an end to all enmity and revenge. The Occupy Central movement is a massive political incident which has torn our society widely apart, and the Police Force is sadly treated as a punching bag. I think our society really needs a total reconciliation. Indeed, the Chief Executive may exercise his power and function to pardon prisoners or commute their penalties under BL48(12) in some important cases.*

First of all, a commutation of penalties or pardon does not mean that what they did is right. The law is the law and what is wrong is wrong. However, to lodge an appeal is a right under the law. If someone lodges an appeal, the Court must deal with it. On the other hand, given the general political climate, a pardon can still be considered for political reasons and public interests.

This recent case aside, there are as many as a thousand other cases in the wake of the Occupy Central movement. In certain special cases where some young people broke the law out of ignorance and their future studies may thus be affected ...

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, please raise your supplementary question.

DR PRISCILLA LEUNG (in Cantonese): *President, you have to let me finish my question.*

Or in other cases where certain personnel enforcing the law were provoked by others with political motives in the process, I think the Government may look at these young people and personnel and their circumstances with a more liberal mindset, and consider whether the power and function under BL 48(12) can be invoked. To be fair, the two sides may both be qualified for a pardon in view of public interests under the general political climate ...

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, please raise your supplementary question.

DR PRISCILLA LEUNG (in Cantonese): *I have already raised my supplementary question. I ask the Secretary to reconsider the idea of advising the Chief Executive to invoke BL 48(12) for the purpose of granting a pardon or commutation of penalties concerning certain adjudicated cases, for reasons of public interests under the general political climate.*

SECRETARY FOR SECURITY (in Cantonese): My main reply has already stated in detail the legal provisions and the steps adopted by the Chief Executive in dealing with this kind of petitions. I do not have any further information to add here.

MR PAUL TSE (in Cantonese): *President, we understand that prior to 1997, there was more flexibility in the power to grant a pardon. The Crown or her representative in Hong Kong might grant a pardon in various circumstances under the Royal Prerogative and the provisions of the Hong Kong Letters Patent, or by convention.*

Nevertheless, after 1997, it seems that under BL 48(12), there is no more room for granting a pardon apart from the three circumstances, the three special circumstances, previously mentioned by the Secretary: PICs with long-term prison sentences or indeterminate sentences, sick prisoners and special witnesses who gave assistance to the prosecution.

In this aspect, can the Secretary clarify whether there is any difference in the power to grant a pardon in Hong Kong before and after 1997? If yes, is there any policy to ensure that this power to grant a pardon can be exercised flexibly in Hong Kong?

SECRETARY FOR SECURITY (in Cantonese): *President, I have already made it very clear in the main reply. Concerning the question of Mr TSE, I understand that before the reunification, the Governor could indeed grant a pardon by invoking the relevant provisions of the Hong Kong Letters Patent, but there was no statutory board to consider such applications. After the reunification, as Members can also understand, we have a new constitutional order with the implementation of the Basic Law. Therefore, after the reunification, we have a new law to set up the Board I mentioned earlier, and to provide for the types of cases to be handled through statutory law. As the relevant provisions of the Basic Law do set out the specific types of cases, I have thus set out the usual circumstances in the main reply for Members' reference.*

MR PAUL TSE (in Cantonese): *In the light of the facts or background mentioned earlier, will the authorities seriously consider the implementation of a specific policy or the enactment of local legislation as a means of implementing BL 48(12)?*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR SECURITY (in Cantonese): President, as I have already said, after the Chief Executive has received the petition from a PIC, he will consider it in detail and will then of course need to decide whether to exercise the power concerned.

MR CHAN HAN-PAN (in Cantonese): *President, in this massive, socially divisive and downright unlawful incident called the Occupy Central movement, only 1 003 persons were arrested by the Police. To date, judicial proceedings are still underway for 216 persons, and 123 persons have been held liable under the law. In fact, only 10% of the arrested persons need to bear legal responsibility. Why did these young people make the mistake of breaking the law? And, why did a handful of them even dared to provoke law enforcement officers? The main reason is that they thought they could hide their identity by wearing a face mask. The Government is so conservative with granting a pardon, and judicially, it has also disappointed the public. May I ask whether the Bureau will adopt any measures to restore public confidence in public order and the judicial system? Will the Bureau consider our proposal of enacting an "anti-mask" law? If yes, when will it put forward a legislative proposal?*

PRESIDENT (in Cantonese): This question is not related to the main question. Please consider how to rephrase your question appropriately.

DR ELIZABETH QUAT (in Cantonese): *President, I believe many Hong Kong people actually hate to see the occurrence of the Occupy Central movement. More than two years have passed and many people have been arrested, but the instigators and ring-leaders have not yet been prosecuted. This incident has seriously split our society, so in the presence of the Secretary now, I must naturally express the hope that he can once again urge the Secretary for Justice to institute prosecution against the instigators of the Occupy Central movement as soon as possible.*

Let me now return to the main question. This incident was actually instigated by some people who propagated violence and unlawful tactics (or civil disobedience, in their words) as a means of fighting for what they called freedom and democracy. Some young people were inevitably misled or incited to make the mistake of breaking the law. Some were even induced to provoke the Police on purpose, causing individual police officers to break the law under such provocation. We surely do not think that there should be a general pardon. But this is indeed a very serious incident that has heavily impacted our society and caused serious social division. In view of the uniqueness of the incident and for the purpose of healing the wound of our society, I wonder if the Secretary can consider commuting the penalties for those arrested and convicted as a result of the Occupy Central movement. Can the Secretary respond whether he thinks that this is also a feasible approach?

SECRETARY FOR SECURITY (in Cantonese): President, I have already made a detailed reply in regard to these situations in the main reply, and I do not have any further information to add here.

PRESIDENT (in Cantonese): Last oral question.

Regulation of medical devices and devices for cosmetic purposes

6. **MR SHIU KA-FAI** (in Cantonese): *The Government put forward a proposed regulatory framework for medical devices last month. Quite a number of members of the beauty industry have relayed to me that at present, beauticians commonly use various types of high-technology devices for cosmetic purposes, and many of them have taken courses and obtained certificates of qualification on the operation of such devices. However, such devices will be categorized under the new legislation as medical devices the use of which requires supervision on site by a registered medical practitioner. They are worried that upon the implementation of the new legislation, quite a number of beauty salons may close down as they fail to recruit medical practitioners to station on site or cannot afford the relevant expenses. Consequently, the livelihood of many beauticians*

will be affected and the development of the industry will be hindered. In this connection, will the Government inform this Council:

- (1) given that there is currently no internationally adopted and full-fledged regulatory approach for medical devices, whether the authorities, apart from adopting the risk-based classification rules recommended by the International Medical Device Regulators Forum and making reference to the measures and requirements implemented among the five major economies (i.e. the United States, Australia, United Kingdom, Mainland China and Singapore), have made reference to the relevant practices and regulations of other overseas countries or regions when formulating the aforesaid regulatory framework; if so, of the relevant countries and regions, and the details;*
- (2) whether it has assessed the impacts to be brought about by the aforesaid regulatory framework on the business environment of the medical profession, the beauty industry and their related industries, the consumers receiving cosmetic services as well as the Hong Kong economy; if so; of the details; if not, the reasons for that; and*
- (3) whether it has studied the feasibility of adopting two separate frameworks for regulating matters (including definition, registration, sale and use) concerning medical devices and devices for cosmetic purposes; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, currently, there is no specific legislation to regulate medical devices in Hong Kong except for those devices which contain pharmaceutical products or emit ionizing radiation. To protect the safety and health of the public, there is a pressing need to impose "pre-market control" and "post-market control" for all medical devices, as well as "use control" for specific medical devices.

The Government conducted a Business Impact Assessment between 2011 and 2013 to assess the impact of the proposed statutory regulatory regime for

medical devices on the trade. Stakeholders interviewed generally supported enacting legislation to regulate medical devices, as the safety and quality of medical devices placed on the market could be ensured through regulation, thereby protecting public health and reducing patients' risk of complications and injuries caused by problematic medical devices. Besides, Hong Kong has far lagged behind other places in terms of regulating medical devices. The proposal will help bring Hong Kong on par with other major markets in the regulation of medical devices, thus raising industrial standards and facilitating development of the industry.

Recently, we received views from different sectors on the regulation of medical devices, to which I would like to respond. We observe that some medical devices are frequently used for non-medical purposes, of which mostly for cosmetic purposes. The Consumer Council has established an information exchange mechanism with the Department of Health ("DH") since October 2012. As of 5 February 2017, the mechanism had recorded a total of 164 complaints by consumers on adverse events related to cosmetic procedures performed at beauty parlours, a large proportion of which involved the use of energy-emitting apparatus (100 complaints). Of these cases, most of them were performed by non-registered health care professionals ("HCPs"). In this connection, to protect public health, there is a need to impose "use control" on specific medical devices which are often used by non-registered HCPs for non-medical purposes. There is a general consensus on the above need, although different sectors have different views regarding "use control" categorization of the devices.

Besides, some organizations consider that separate regulatory regimes should be put in place respectively for devices used for medical purposes and those used for cosmetic purposes. The definition of "medical devices" made under the current proposed regulatory framework adopts the comprehensive definition of medical device formulated by the International Medical Device Regulators Forum ("IMDRF"). The term "medical device" generally refers to any instrument, apparatus or appliance that is used for diagnosis, treatment or monitoring of diseases and injuries. It also covers devices that are used for the purposes of investigation, replacement, modification or support of the anatomy or physiological process of the human body. As certain devices used in cosmetic procedures such as lasers, intense pulsed light equipment and device emitting

micro-current achieve cosmetic effect through medical means such as modifying the anatomy or physiological processes of human bodies by the energy emitted, they therefore fall under the definition of "medical device" stipulated by IMDRF. Generally speaking, the level of energy output used for cosmetic purposes and that used for medical purposes for energy-emitting devices may not have significant difference. As such, the level of energy output alone cannot be used to distinguish a "cosmetic device" from a "medical device". This is also not a criteria for defining a medical device internationally.

There is currently no statutory definition or separate regulatory legislation for "cosmetic device" in the international community. In case the devices used in cosmetic purposes meet the definition of "medical device", they are generally regulated under the medical device legislation internationally.

According to the Research Report on "Regulation of aesthetic practices in selected places" ("the Report") published by the Legislative Council Secretariat in November 2014, in South Korea where beauty industry is flourishing, medical devices cover devices that can be used for cosmetic treatment, such as intense pulsed light devices and high-power lasers. These devices are regulated under the medical device legislation. Also, medical devices used in beauty procedures are regarded as medical procedures in South Korea, which must be carried out by medical practitioners in licensed hospitals or medical clinics. Beauty parlours can only provide general beauty services without using any medical devices. Apart from the Report above, DH also commissioned an independent consultant from September 2015 to September 2016 to conduct a study on the use control of 20 types of selected medical devices for cosmetic purposes. It was observed that although Australia, Singapore and the United Kingdom have little or no qualification requirements for medical devices used for cosmetic purposes, use of most medical devices for cosmetic purposes in the Mainland China and in some states of the United States is restricted to medical practitioners or HCPs under supervision by medical practitioners.

In sum, there is no standardized regulatory approach on the use of medical devices for cosmetic purposes in the international community. Taking into consideration the information and views collected during the course of the study, the independent consultant conducted separate assessments respectively on

clinical risk, regulatory, as well as knowledge and skills for the devices concerned when they are being used for non-medical purposes. The most stringent category of use designation among these three assessments has become the recommended use control category of the device concerned when used for non-medical purposes.

We understand that the part on "use control" may require further deliberation. In this regard, while the Government is taking forward the legislative proposal on the regulatory regime for medical devices, a multi-party platform will be set up concurrently to invite participation from different stakeholders to provide practicable and constructive views on "use control" categorization of specific medical devices under the premise of protecting public health. Balanced participation from various sectors in the discussion of the multi-party platform will be ensured.

MR SHIU KA-FAI (in Cantonese): *Protecting public safety and public health is certainly important, but I believe finding a way to balance the interests of the industry is equally important. The incumbent Chief Executive LEUNG Chun-ying specifically said during the election campaign how he would lift the restrictions on different industries. The candidates of the upcoming Chief Executive Election have also talked about this subject. In order to occupy the moral high ground, the Bureau has disregarded the viability of different industries. May I ask the Secretary, among the five countries I mentioned just now, why the Government only chooses to follow the practices adopted in the Mainland China and the United States, but not those adopted in Australia and the United Kingdom? But it does not follow the practices adopted in the United States and Mainland China when it comes to the regulation on cigarette packages. It even follows the practices adopted in the third-world countries on regulating baby formula. President, is it necessary to carry out such stringent regulation in Hong Kong? I am puzzled. Is moral high ground the only thing the authorities care about, so much as that they can neglect the Hong Kong economy and the development of different industries?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): The Government is well aware that in enacting legislation to introduce any regulatory framework, we must strike a balance between the purpose of the regulatory framework and the interests of different stakeholders. Mr SHIU mentioned the moral high ground. This is never a factor we consider in doing anything. Our most important consideration is the safety of the people (especially that of the users) when they use these devices. As I have also pointed out in my main reply just now, we learn from the Consumer Council that quite many complaints involve bodily harm inflicted on users of cosmetic devices or the service recipients. Hence, in order to respond to public aspirations and the need to safeguard patients and prevent users from exposing to health risks, we propose to set up this framework.

But at the same time, we also understand that we need to consider the interests of different stakeholders. Hence, in the last paragraph of my main reply, I also say that we need further deliberation on how to draw a line on the part of "use control". Thus, while we take forward the regulatory proposal, we will also form a multi-party platform to invite participation from different stakeholders, and we will also ensure that various sectors will have balanced participation in the discussion. I thus hope that stakeholders can provide practicable and constructive views on the "use control" categorization of specific medical devices through the platform under the premise of protecting public health and balancing the interests of different stakeholders.

PRESIDENT (in Cantonese): Mr SHIU, has your supplementary question not been answered?

MR SHIU KA-FAI (in Cantonese): *I wish to raise one more question. Actually ...*

PRESIDENT (in Cantonese): You have already raised your supplementary question.

MR SHIU KA-FAI (in Cantonese): *Okay.*

MR TOMMY CHEUNG (in Cantonese): *President, what I get from the last paragraph of the Secretary's main reply is that the Government will press ahead with the legislation to introduce a regulatory regime, but it will first form a platform to, as indicated in the latter half of that paragraph, invite participation from different stakeholders. But may I ask the Secretary whether the Government will conduct an assessment on the economic impact of the legislation on the industries before enacting the legislation? Recently, the Government engaged the service of the Efficiency Unit when it implemented licensing control on several matters. My industry trusts that the data the Efficiency Unit provides is pertinent. May I ask the Secretary, apart from the platform which will ensure balanced participation of different stakeholders, whether the Government will first conduct this assessment to see to what extent the business sector will be affected?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, I have pointed out in my main reply just now that when the Government drew up the legislative proposal, it conducted a Business Impact Assessment to assess the impacts on the business environment. The stakeholders interviewed generally supported enacting legislation to regulate medical devices and they agreed that the safety and quality of medical devices placed on the market could be ensured through regulation, thereby protecting public health and reducing patients' risk of complications and injuries caused by problematic medical devices. Besides, we also learn from the assessment that Hong Kong has far lagged behind other places in terms of regulating medical devices. Apart from achieving the aforesaid aim (that is, protecting public health), the legislative proposal will also help bring Hong Kong on par with other major markets in the regulation of medical devices, thus raising industrial standards and facilitating development of the industry.*

PRESIDENT (in Cantonese): *Mr CHEUNG, which part of your supplementary question has not been answered?*

MR TOMMY CHEUNG (in Cantonese): *The Secretary did not answer my supplementary question. I asked him whether he would conduct an assessment, and he said he had already done so, saying that the public did not oppose the proposal. But the assessment I mentioned is about the impact on the industries and the monetary impact. He did not answer that part of the question. Can the Secretary publish the result of the assessment?*

PRESIDENT (in Cantonese): Mr CHEUNG, you have pointed out the part that has not been answered. Secretary, do you have anything to add?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): I already said that we had done a Business Impact Assessment and I have nothing more to add for now.

DR PIERRE CHAN (in Cantonese): *President, Mr SHIU Ka-fai asked in part (2) of the main question the impacts to be brought about by the regulatory framework on the business environment, and I wish to put a supplementary question on that. First of all, I must congratulate Mr SHIU because the last paragraph of the Secretary's main reply shows that Mr SHIU has successfully stop the Government's proposal. I believe the Government should be unable to introduce legislation on this matter in its term.*

In relation to this matter, we often mention the medical incident in 2012. More than four years have passed, but to date no doctors has been punished. I hope Members will understand that initiating prosecution and the legal process take time. There is a black sheep in every flock. Doctors will not shield any black sheep. I still support that we should seriously handle this matter by the law.

It has been reported that the Consumer Council received 1 000-odd complaints related to cosmetic procedures. The Secretary said there were

100-odd cases involving cosmetic procedures but not related to doctors. Some of the victims in these cases were severely burnt and they did not have a channel to complain against the beauty parlours. Regarding business environment, the Government has indicated on different occasions that it does not intend to regulate the beauty industry. The proposed regulatory framework still remains at the discussion stage or at the stage of forming a platform for discussion. Is it true that the Government only cares about the business environment conducive to the investors, or as it indicated on other occasions, it also cares about protecting the safety and the rights of the people? This is my supplementary question.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I believe I have pointed out both in my main reply and my replies to the follow-up questions that the first and foremost consideration of the Government in taking forward a regulatory framework on medical devices is to respond to public aspiration that the Government should protect public health and reduce patients' risk of complications and injuries caused by problematic medical devices.

However, before the introduction of any legislation to introduce a regulatory framework, we must assess the impact of the legislation on the related industries, and thus we had conducted the Business Impact Assessment I just mentioned. At the end of my main reply, I also pointed out that while we take forward the legislative proposal on the regulatory regime for medical devices to protect public health, we will also set up a multi-party platform to invite participation from different stakeholders and ensure that they can fully reflect their views on the impact of the legislation on them and their business operation, so that they can provide constructive views on the "use control" categorization under the premise of protecting public health and that the Government can proceed with the related work. Unlike what Dr CHAN said, the Government will not give up taking forward the legislative proposal to introduce a regulatory system on medical devices.

MS ALICE MAK (in Cantonese): *President, I do not think that appropriate regulation on medical or cosmetic devices is related to any moral high ground because protecting public health and safety is something should be done by rights. I believe every Member should pitch in and work together to properly take forward this matter, so that these devices can be appropriately regulated to prevent consumers or members of the public from getting hurt.*

But coming back to the subject, the Secretary mentioned that a multi-party platform will be formed. If I could be frank with the Secretary, insufficient prior communication or consultation with the industry could actually be a reason why the regulatory framework recently proposed by the Secretary has met with such a strong response from the industry. How is the Secretary going to make best use of this platform to facilitate the industry in understanding of the legislative or regulatory intent of the Government? In fact, members of the industry have many concerns and worries. They are worried whether the Government will address their concerns through this platform, and mostly importantly, whether it will proceed with or amend the legislative proposal after hearing their concerns.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the multi-party platform I mentioned just now is, as a matter of principle, formed to address the concerns of different stakeholders in the industry. As far as we know, some members of the industry are concerned whether our consultation framework will treat different stakeholders on different occasions equally and whether they will be given equal opportunity to participate in the discussion.

Hence, in this connection, the most important principle of this multi-party platform is to ensure that there is balanced participation from various sectors in the discussion. For instance, the stakeholders will be affected by this framework obviously include the users of medical devices, which certainly include HCPs. On the other hand, the stakeholders include beauticians if the medical devices are used for cosmetic purposes. Moreover, the importers and sellers of medical devices are also stakeholders. So, we will ensure that all these stakeholders, no matter which sector they come from, will be given a balanced chance to participate in this platform and preference will not be given to a particular stakeholder.

MR CHUNG KWOK-PAN (in Cantonese): *President, I believe the Government needs to conduct more assessment. We all know that the present regulatory regime seeks to ensure that medical devices for cosmetic purposes are operated by registered cosmetic doctors or doctors equipped with the relevant knowledge. Shortage of HCPs has become a global phenomenon. Has the Secretary assessed whether there is an adequate supply of HCPs to perform these medical procedures for cosmetic purposes? The beauty industry market is large. Has the Secretary assessed how many HCPs are needed to perform the procedures the legislation seeks to regulate?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, Members need to note that in formulating the regulatory framework on medical devices, we did say that after the medical devices are categorized, some high risk devices shall be operated by trained HCPs or with their supervision on site. But this does not mean that all procedures shall have to be operated by HCPs. On the contrary, Members may find in the examples I cited just now, which are also the examples the industry often ask us to take reference, that the regulatory regime in South Korea is even more stringent. All such devices are regulated under their medical device legislation and are required to be operated by registered HCPs.

Our proposal, on the other hand, is rather different. Similar to our health care services now, the practice adopted in the proposal also has some kind of authorization. Under the premise of safety, these devices can be operated by people under the supervision of registered HCPs, who may not necessarily be a doctor, and that the HCPs will take responsibility of the procedures and guide the operators to take emergency measures in case of a problem. Hence, I believe the beauty industry does not need to employ a large number of HCPs after the introduction of the proposed legislation. As far as Hong Kong is concerned, I honestly do not think that there will be so many HCPs available to take part in cosmetic business.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Sizes of restaurants holding valid general restaurant licences

7. **MR TOMMY CHEUNG** (in Chinese): *President, on 10 January 2007, the authorities replied to my written question on restaurants holding valid general restaurant licences (including full and provisional licences) ("licensed restaurants"). In this connection, will the Government inform this Council:*

- (1) *given that in the aforesaid reply, the authorities provided the number of licensed restaurants as at 2 January 2007 and a breakdown of those restaurants by size (set out in the table below), of the relevant figures as at 2 January this year; and*

Size groups adopted by the Food and Environmental Hygiene Department for determining restaurant licence fees		Number of licensed restaurants (percentage in the total number)	
Exceeding (m ²)	Not exceeding (m ²)	2 January 2007	2 January 2017
	100	3 335 (42.0%)	(%)
100	150	1 086 (13.7%)	(%)
150	200	698 (8.8%)	(%)
200	250	548 (6.9%)	(%)
250	300	390 (4.9%)	(%)
300	350	300 (3.8%)	(%)
350	400	232 (2.9%)	(%)
400	450	156 (2.0%)	(%)
450	500	127 (1.6%)	(%)
500	600	179 (2.3%)	(%)
600	700	138 (1.7%)	(%)
700	800	108 (1.4%)	(%)
800	900	85 (1.1%)	(%)
900	1 000	60 (0.8%)	(%)
1 000	2 000	377 (4.7%)	(%)
2 000	3 000	88 (1.1%)	(%)
3 000	4 000	16 (0.2%)	(%)
4 000	5 000	9 (0.1%)	(%)

<i>Size groups adopted by the Food and Environmental Hygiene Department for determining restaurant licence fees</i>		<i>Number of licensed restaurants (percentage in the total number)</i>	
<i>Exceeding (m²)</i>	<i>Not exceeding (m²)</i>	<i>2 January 2007</i>	<i>2 January 2017</i>
<i>5 000</i>		<i>11 (0.1%)</i>	<i>(%)</i>
	<i>Total</i>	<i>7 943 (100%)</i>	<i>(100%)</i>

- (2) *given that the authorities indicated in the aforesaid reply that they had not studied the trend of the sizes of licensed restaurants, whether the authorities conducted, in the past 10 years, (i) the relevant study and (ii) an assessment of the correlation between the sizes of licensed restaurants and operating costs, labour force as well as economic situation; if they conducted such study and assessment, of the outcome; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, my reply to the question raised by Mr Tommy CHEUNG is as follows:

- (1) The numbers of restaurants holding valid general restaurant licences (including full and provisional licences) as at 2 January 2007 and 2 January 2017 were 7 943 and 10 798 respectively. A breakdown of these restaurants by size is set out in the Annex.
- (2) As the licensing authority for food premises, the main responsibility of the Food and Environmental Hygiene Department ("FEHD") is to draw up regulatory measures to ensure the hygiene and safety of food premises. On business facilitation, FEHD has also been actively implementing various business friendly measures, such as streamlining the application procedures for various food business licences and accepting online applications and enquiries about the progress of applications, with a view to enhancing efficiency in licensing. As regards the operation and scale of food businesses, they should be determined by operators having regard to their business needs and development. Hitherto, the Government has not conducted any study on the trend on the sizes of food premises.

Annex

<i>Size groups adopted by the Food and Environmental Hygiene Department for determining restaurant licence fees</i>		<i>Number of licensed restaurants (percentage in the total number)</i>	
<i>Exceeding (sq m)</i>	<i>Not exceeding (sq m)</i>	<i>2 January 2007</i>	<i>2 January 2017</i>
	100	3 335 (42.0%)	4 490 (41.6%)
100	150	1 086 (13.7%)	1 557 (14.4%)
150	200	698 (8.8%)	1 117 (10.3%)
200	250	548 (6.9%)	804 (7.4%)
250	300	390 (4.9%)	553 (5.1%)
300	350	300 (3.8%)	443 (4.1%)
350	400	232 (2.9%)	311 (2.9%)
400	450	156 (2.0%)	184 (1.7%)
450	500	127 (1.6%)	147 (1.4%)
500	600	179 (2.3%)	231 (2.1%)
600	700	138 (1.7%)	157 (1.5%)
700	800	108 (1.4%)	140 (1.3%)
800	900	85 (1.1%)	103 (1.0%)
900	1 000	60 (0.8%)	79 (0.7%)
1 000	2 000	377 (4.7%)	391 (3.6%)
2 000	3 000	88 (1.1%)	59 (0.5%)
3 000	4 000	16 (0.2%)	13 (0.1%)
4 000	5 000	9 (0.1%)	8 (0.1%)
5 000		11 (0.1%)	11 (0.1%)
	Total	7 943 (100%)	10 798 (100%)

Combating parallel trading activities

8. **MR LAM CHEUK-TING** (in Chinese): *President, in replying to questions raised by Members of this Council in the past, the Government repeatedly indicated that it had implemented a number of measures to combat parallel trading activities. However, some residents in the North District have pointed out that such activities are still rampant in the district at present, causing nuisance to their daily living. In this connection, will the Government inform this Council:*

- (1) *in each of the past three years, of the manpower deployed by (i) the Food and Environmental Hygiene Department ("FEHD"), (ii) the Police and (iii) other government departments to deliver street cleaning services and take law enforcement actions against parallel trading activities at parallel trading black spots;*
- (2) *of the number of parallel trading black spots last year and their locations; the respective numbers of law enforcement actions taken and Fixed Penalty Notices ("FPNs") issued, by the departments concerned at such black spots each month;*
- (3) *of the respective numbers of FPNs issued by FEHD and the Police in each of the past three years to persons who had committed obstruction and cleanliness offences in public places owing to their involvement in parallel trading activities (broken down by residents of Hong Kong and the Mainland); regarding these two categories of residents, of the respective numbers of (i) persons defaulting on payment of fines and their respective percentages, (ii) overdue FPNs and their respective percentages in the total numbers of FPNs issued, and (iii) cases with overdue fines at present and the respective total amounts of fines involved;*
- (4) *how the authorities serve summonses to and collect default payments from those Mainland residents who have left Hong Kong with overdue fines, and whether they will be arrested or refused entry when they enter the territory again; of the respective numbers of cases in each of the past three years in which summonses could and could not be served;*
- (5) *regarding shops with repeated offences in relation to parallel trading activities (e.g. having been issued a number of FPNs within a month), whether the authorities took law enforcement actions last year which had a greater deterrent effect (e.g. instituting prosecutions by way of summons); if so, of the details;*
- (6) *given that three industrial building units, which had breached the permitted uses in land leases as a result of their being converted into retail shops, were re-entered and vested in the Government by the Lands Department ("LandsD") in 2015 in accordance with law, but*

it is learnt that the former owners concerned have been granted relief by the Government to get back their units, of the Government's justifications for granting the relief, and whether it has assessed if such practices will undermine the deterrent effect of such type of law enforcement actions against parallel trading activities;

- (7) in respect of the industrial building units which breached the permitted uses in land leases as a result of their being used for activities related to parallel trading, whether LandsD has commenced, since January last year, the procedure for the units to be re-entered and vested in the Government, or issued warning letters to the owners concerned; if so, of the details (including the number of industrial building units involved and dates on which the law enforcement actions were taken);*
- (8) of the details (including the numbers of cases and total amounts of fines imposed on the relevant parties) of the cases in which fire escapes were found, in each of the past three years during inspections of industrial buildings conducted by Fire Services Department personnel, to have been blocked by parallel trading-related activities;*
- (9) whether the authorities received complaints in the past three years about units other than those of industrial buildings (including residential buildings) being used for parallel trading-related activities, and whether they conducted inspections targeting such activities in those buildings; if they conducted such inspections, of the outcome;*
- (10) of (i) the number of Mainland residents who were put on the watch list of suspected parallel traders by the Immigration Department ("ImmD"), and (ii) the number of persons on the watch list who were refused entry by ImmD, in each month in each of the past three years; since the implementation of the arrangements for one-trip per-week Individual Visit Endorsements ("IVS") in April 2015, (i) of the annual average number of Hong Kong-bound trips made by Shenzhen permanent residents with such endorsements (broken down by fewer than 10 trips, 11-20 trips, 21-30 trips, 31-40 trips, 41-50 trips and 51-52 trips), (ii) whether ImmD has found cases in which*

Shenzhen permanent residents engaging in parallel trading activities switched to use other travel documents for gaining entry into the territory (if so, of the number), and (iii) whether ImmD or the relevant Mainland departments have put Hong Kong people on the watch list of suspected parallel traders; if so, of the number of Hong Kong people involved and the weekly average number of cross-boundary trips made by such persons; and

- (11) *whether the authorities have assessed the effectiveness of the arrangements for one-trip per-week IVS; if so, of the details; whether the Government and the relevant departments of the Mainland have separately or jointly adopted new measures to combat parallel trading activities in recent years?*

SECRETARY FOR SECURITY (in Chinese): President, the Government of the Hong Kong Special Administrative Region ("HKSAR Government") is very concerned about the nuisance of parallel trading activities caused to the daily lives of residents. Since September 2012, the law enforcement agencies ("LEAs") 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. They also refine their enforcement strategies in response to the mode of operation of parallel traders. Upon consultation with relevant Policy Bureaux and departments, the consolidated reply to the question is as follows:

- (1) From 2014 to 2016, the Hong Kong Police Force ("Police"), the Customs and Excise Department ("C&ED"), the Immigration Department ("ImmD"), the Fire Services Department ("FSD"), the Food and Environmental Hygiene Department ("FEHD") and the Lands Department ("LandsD") deployed manpower from the existing establishment to join the operations against parallel trading activities on a need basis in the light of the actual circumstances.

All along, FEHD is concerned about the environmental hygiene problems caused by parallel trading activities in the North District. To further improve the environmental hygiene, FEHD has provided 16 additional contractual cleansing workmen during day and night shifts, redeployed the existing manpower and adjusted the street sweeping frequency to enhance the street cleansing and waste removal services in parallel trading hotspots in the North District

since October 2015. FEHD officers have also stepped up inspections of these hotspots to monitor the performance of the street cleansing contractor for the upkeep of environmental hygiene.

(2) and (8)

In 2016, parallel trading hotspots in the North District included Sheung Shui MTR Station, Shek Wu Hui, Sheung Shui industrial area, Lok Ma Chau Road and the Lok Ma Chau Spur Line Control Point.

In 2016, the Police issued 282 summonses for obstruction caused by parallel traders placing goods in public places under the Summary Offences Ordinance, and 18 557 Fixed Penalty Notices ("FPNs") for road obstruction caused by illegal parking and loading or unloading of goods under the Fixed Penalty (Traffic Contraventions) Ordinance and the Fixed Penalty (Criminal Proceedings) Ordinance. The figures by month are set out at Annex 1.

In order to maintain environmental hygiene and tidiness in the North District, FEHD has been stepping up street cleansing services and enforcement actions at parallel trading black spots in the district, including removing discarded items more frequently, and issuing FPNs to persons who have committed public cleanliness offences. To combat obstruction problems caused by parallel trading activities, FEHD has also been taking part in interdepartmental enforcement actions against shops which violate the laws. In 2016, FEHD conducted 252 raids targeting parallel trading hotspots in the district, and issued 4 049 summonses and FPNs to offenders. The figures by month are set out at Annex 2.

In 2016, ImmD and the Police conducted 123 joint operations against Mainland visitors contravening conditions of stay by being involved in parallel trading activities and their local employers; LandsD conducted 32 inspections, pinpointing units in target industrial buildings suspected of being involved in parallel trading activities in the three districts of Tuen Mun, Yuen Long and North District in the New Territories. The numbers of operations by month is set out in Annex 3.

From 2014 to 2016, FSD detected 184 cases of obstruction to means of escape caused by parallel trading activities in target buildings/sites suspected of being involved in parallel trading activities, and initiated 76 prosecutions. It also issued 108 Fire Hazard Abatement Notices. As at the end of December 2016, 31 of those prosecutions were successful, and the penalty totalled \$205,500, while the prosecution proceedings concerning another 35 cases were still underway.

(3) and (4)

Regarding summonses and FPNs issued to combat parallel trading activities, the Police and FEHD do not maintain statistical breakdown by residents of Hong Kong and the Mainland. Nor do they keep such statistical breakdown on default payments of those FPNs.

If an offender is a non-Hong Kong resident, the law enforcement officer will ask him to provide a valid travel document and his contact address when issuing a FPN. If the offender leaves Hong Kong after receiving FPN without paying the penalty, LEA may contact him by the address he has provided to demand payment of the unpaid penalty in accordance with the established procedures.

- (5) The Fixed Penalty (Public Cleanliness and Obstruction) Ordinance, effective since 24 September 2016, has introduced an additional law enforcement tool to deal with the problem of shop front extensions. The Ordinance empowers law enforcement officers to issue FPNs for shop front extensions so that the problem can be tackled more efficiently and effectively. To achieve greater deterrent effect, law enforcement officers will take appropriate actions against offenders depending on the actual circumstances when enforcing the law. In the event of repeated offences, law enforcement officers may step up the issue of FPNs, seize articles in accordance with the law or initiate prosecutions with summonses for the court to impose penalties according to the severity of individual cases (including previous prosecution records).
- (6) Under the Government Rights (Re-entry and Vesting Remedies) Ordinance, a former owner may, within six months after his property having been re-entered by or vested in the Government, petition to

the Chief Executive to grant him relief or apply to the Court of First Instance for relief against re-entry or vesting of property. By "grant of relief" under the Ordinance, it means that the former owner can recover his property. According to the Ordinance, before considering cancellation of a memorial of re-entry or vesting notice, the Chief Executive or the Court of First Instance will require the former owner, in the first place, to rectify lease breaches and settle all the relevant costs, expenses and penalties and/or any other terms imposed otherwise. In general, regardless of whether the decision is made by the executive authority or the court, costs and expenses include LandsD's administrative costs and fees payable to the Land Registry whereas penalties take into account waiver fees set at market rental for the period from identification to rectification of such breaches. During that period, the former owner also has to bear consequences from the loss of estate or interest (such as being unable to obtain income by selling or renting) prior to approval for cancellation of re-entry or vesting. Regarding the three cases in 2015 in which industrial building units were re-entered, the former owners concerned lodged applications according to the Ordinance and recovered their properties vested in the Government.

Among lease enforcement actions taken by LandsD, re-entry or vesting of property in the Government is the most severe means which aims at urging owners to rectify breaches and making them take the responsibilities for breaching leases. After all, it is merely a means. The law still allows the opportunity for owners willing to make rectification to recover their property. As regards whether such means is effective in urging rectification by owners, preliminary results of the recent risk-based enforcements actions taken by LandsD on industrial buildings indicate that the relevant measure is effective in curbing lease breaches that has to be dealt with stringently.

- (7) From January 2016 to the end of January 2017, LandsD found no case with warning letter issued or procedures of vesting of the premises in the Government commenced due to parallel trading activities in breach of lease conditions in the industrial buildings in the major districts of parallel trading activities (including Tuen Mun, Yuen Long and North District).

- (9) Besides industrial buildings, LandsD, from 2014 to 2016, received three complaints concerning other units (residential units) being used for "parallel trading goods warehouse" in the major districts of parallel trading activities (including Tuen Mun, Yuen Long and North District) and conducted three inspections. No parallel trading activities were found.
- (10) ImmD has established a "watch list of suspected parallel traders" to examine suspected parallel traders. If their purposes of visits to Hong Kong are in doubt, they will be refused to land and repatriated immediately. As at the end of 2016, ImmD has put the information of over 22 990 persons who were suspected to be carrying out parallel trading activities on the watch list. From 2014 to 2016, 50 590 entries were refused due to suspected involvement in parallel trading activities. A breakdown by month is tabulated at Annex 4.

ImmD does not maintain statistical breakdown on the yearly average visits made by Shenzhen permanent residents issued with "one trip per week" Individual Visit Endorsements and the Shenzhen permanent residents suspected of involvement in parallel trading activities.

ImmD has not put the information of Hong Kong residents on the "watch list of suspected parallel traders".

- (11) Since the implementation of the "one trip per week" measure with effect from April 2015, Mainland arrivals, in particular the number of same-day visitors, have shown a downward trend. HKSAR Government believes that the implementation of the "one trip per week" measure helps specifically combat the activities of professional parallel traders from the Mainland who come to Hong Kong multiple times within one week or even one day.

HKSAR Government has always maintained close contact with the Mainland authorities to join efforts to combat parallel trading activities. In addition to conducting regular joint operations, the two sides also mount dedicated operations to combat parallel trading activities as needs arise, with a view to stepping up efforts in enforcement against parallel trading activities. In 2016, the

Shenzhen Customs, based on notifications from the Hong Kong, detected a total of 8 980 smuggling cases by parallel traders at the boundary control points, involving 8 981 outbound persons and goods with a total value of \$73.31 million. During the same period, C&ED detected a total of 3 908 cases of illegal export of powdered formula at boundary control points, involving the arrest of 3 912 persons and the seizure of around 31 000 kilograms of powdered formula.

All relevant departments will continue to closely monitor the situation, carry on with various existing measures to combat parallel trading activities, as well as continue to join hands with the Mainland authorities to combat such activities.

Annex 1

Numbers of Summonses and FPNs Issued against
Parallel Trading Activities by the Police in 2016

		<i>Numbers of Summonses Issued under the Summary Offences Ordinance</i>	<i>Numbers of FPNs issued under the Fixed Penalty (Traffic Contraventions) Ordinance and the Fixed Penalty (Criminal Proceedings) Ordinance</i>
2016	January	6	1 309
	February	12	1 404
	March	30	1 617
	April	23	1 694
	May	50	1 845
	June	36	1 939
	July	18	1 805
	August	24	1 403
	September	24	1 486
	October	31	1 354
	November	12	1 314
	December	16	1 387

Annex 2

Numbers of Summonses and FPNs Issued against
Parallel Trading Activities by FEHD in 2016

		<i>Numbers of Raids</i>	<i>Numbers of FPNs Issued under the Fixed Penalty (Public Cleanliness and Obstruction) Ordinance^{Note} (For Public Cleanliness Offence)</i>	<i>Numbers of Summonses Issued under the Summary Offences Ordinance and FPNs under the Fixed Penalty (Public Cleanliness and Obstruction) Ordinance^{Note} (For Public Obstruction Offence)</i>
2016	January	21	318	9
	February	20	233	3
	March	20	327	7
	April	21	393	12
	May	21	320	5
	June	20	304	6
	July	20	363	8
	August	20	329	5
	September	19	358	13
	October	23	355	12
	November	22	310	15
	December	25	329	15

Note:

Known as the Fixed Penalty (Public Cleanliness Offences) Ordinance prior to 24 September 2016.

Annex 3

Numbers of Joint Operations by ImmD and the Police and
Inspections of Industrial Buildings by LandsD for
Combating Parallel Trading Activities in 2016

		<i>Numbers of Joint Operations by ImmD and the Police</i>	<i>Numbers of Inspections of Industrial Buildings by LandsD</i>
2016	January	9	3
	February	8	2

	<i>Numbers of Joint Operations by ImmD and the Police</i>	<i>Numbers of Inspections of Industrial Buildings by LandsD</i>
March	10	2
April	12	8
May	13	11
June	9	3
July	12	1
August	12	1
September	11	0
October	9	1
November	9	0
December	9	0

Annex 4

Numbers of Entries Refused Due to Suspected Involvement in
Parallel Trading Activities and Cumulative Numbers of Persons on the
"Watch List of Suspected Parallel Traders"

	<i>Numbers of Entries Refused Due to Suspected Involvement in Parallel Trading Activities^{Note}</i>	<i>Cumulative Numbers of Persons on the "Watch List of Suspected Parallel Traders"</i>	
2014	January	872	8 597
	February	475	8 786
	March	641	9 105
	April	625	9 447
	May	585	9 810
	June	820	10 190
	July	882	10 557
	August	794	11 052
	September	979	11 470
	October	1 182	11 901
	November	1 121	12 345
	December	2 470	12 874
2015	January	2 867	13 364
	February	1 379	13 573
	March	2 102	13 926
	April	2 628	14 455
	May	2 432	14 965

		<i>Numbers of Entries Refused Due to Suspected Involvement in Parallel Trading Activities^{Note}</i>	<i>Cumulative Numbers of Persons on the "Watch List of Suspected Parallel Traders"</i>
	June	2 340	15 586
	July	2 137	16 372
	August	1 794	16 884
	September	1 923	17 500
	October	1 543	18 118
	November	1 421	18 553
	December	1 248	18 887
2016	January	1 612	19 488
	February	1 090	19 928
	March	1 401	20 282
	April	1 126	20 598
	May	1 334	20 955
	June	1 557	21 310
	July	1 497	21 651
	August	1 476	22 002
	September	1 265	22 285
	October	930	22 564
	November	1 072	22 804
	December	970	22 995

Note:

Not limited to the persons on the "watch list of suspected parallel traders".

Smoking ban imposed at bus interchanges

9. **MR ANDREW WAN** (in Chinese): *President, in December 2015, the Government amended the Smoking (Public Health) Ordinance (Cap. 371) to impose a smoking ban at bus interchanges ("BIs") and adjoining facilities located at eight tunnel portal areas in Hong Kong, with an aim to minimize the impact of passive smoking on waiting passengers and protect public health. Such legislative amendments have come into operation since 31 March last year but they do not cover the Tuen Mun Road Bus-Bus Interchange ("BBI"), resulting in members of the public who are waiting there for change of bus being forced to inhale second-hand smoke every day. In this connection, will the Government inform this Council:*

- (1) *of the reasons why the authorities, when taking forward the aforesaid legislative amendment exercise, did not designate the Tuen Mun Road BBI, which by then had been commissioned for nearly three years, as a statutory no smoking area ("NSA"); and*
- (2) *of the BIs across the territory which have currently not yet been designated as NSAs, and whether the authorities will extend the smoking ban to such locations; if so, of the timetable; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government has been taking a progressive and multi-pronged approach in its tobacco control policies to discourage smoking, encourage smokers to quit as early as possible or reduce smoking, and protect the public from the adverse impact of second-hand smoke to the extent possible.

Since 1 September 2009, the Government has designated no smoking areas ("NSAs") in public transport facilities ("PTFs") by phases for those areas identified as fulfilling the criteria as set out in section 3(1AB) of the Smoking (Public Health) Ordinance (Cap. 371):

- (a) any area that consists of the termini of two or more modes of public transport and is used for effecting and facilitating interchange between them; or
- (b) any bus terminus of more than one specified route as defined in section 2 of the Public Bus Services Ordinance (Cap. 230).

At present, a total of 239 PTFs (including 50 PTFs with superstructures, 55 indoor PTFs and 134 open-air PTFs) are designated as NSAs.

We enacted the Smoking (Public Health) Ordinance (Amendment of Schedule 2) Order 2015 to designate the following eight bus interchanges ("BIs") located at tunnel portal areas as NSAs in December 2015:

- (a) Lion Rock Tunnel Bus Interchange;
- (b) Cross-Harbour Tunnel Bus Interchange;

- (c) Eastern Harbour Crossing Bus Interchange;
- (d) Shing Mun Tunnels Bus Interchange;
- (e) Tate's Cairn Tunnel Bus Interchange;
- (f) Western Harbour Crossing Bus Interchange;
- (g) Tai Lam Tunnel Bus Interchange; and
- (h) Tsing Sha Highway Bus Interchange.

We have considered the physical configuration of these public facilities, the pedestrian flow and enforcement issues in designating the above BIs as NSAs, which serves as an initial step for testing the feasibility of expanding NSAs to other public facilities. The Tuen Mun Bus-Bus Interchange is not located at a tunnel portal area thus was not designated as a NSA. This year, we will review the situation and effectiveness of this measure implemented last March, and based on the review outcome, consider the feasibility and timetable of further expanding NSAs to other facilities or areas (including the Tuen Mun Bus-Bus Interchange etc.), with the view to introducing further tobacco control measures when appropriate to safeguard public health.

Government's requests for information disclosure and removal made to information and communication technology companies

10. **MR CHARLES PETER MOK:** *President, according to the transparency reports separately published by seven international information and communication technology ("ICT") companies, namely Google, Yahoo, Microsoft, Apple, Facebook, Twitter and Verizon, such companies received a total of 712 requests for disclosure of user information made by the Hong Kong Government in the first half of 2016, representing a 15% increase over the preceding half year. In particular, Facebook received in the first half of 2016 record-breaking 190 requests, which was a rise of 68% over the 113 requests in the preceding half year and many times more than the one request made in the first half of 2013. In this connection, will the Government inform this Council:*

- (1) *of the following details of the requests for information disclosure made by the Government in each half-year from 2015 to 2016 to ICT companies (set out the information in a table, broken down by government department):*
- (i) *total number of ICT companies involved;*
 - (ii) *names and types of ICT companies involved (e.g. Internet service providers ("ISP"), device producers, social media and search engines);*
 - (iii) *total number of requests made;*
 - (iv) *total number of user accounts involved;*
 - (v) *types of information requested for disclosure (e.g. user names, Internet Protocol addresses and contact methods) and the respective numbers of the requests concerned;*
 - (vi) *nature of information requested for disclosure (i.e. metadata and/or content of communication) and the respective numbers of the requests concerned;*
 - (vii) *reasons for making the requests (e.g. for investigation of cases, law enforcement and others) and the respective numbers of the requests concerned;*
 - (viii) *number of requests made under a court order;*
 - (ix) *number of requests acceded to; and*
 - (x) *reasons why the requests were not acceded to (e.g. the request not made under a court order, failure to provide appropriate legal documents, insufficient justifications, not in compliance with the policies of ICT companies, and others) and the respective numbers of the requests concerned;*

if such information cannot be provided, of the reasons for that;

- (2) *of the following details of the requests for information removal made by the Government in each half-year from 2015 to 2016 to ICT companies (set out the information in a table, broken down by government department):*
- (i) *total number of ICT companies involved;*
 - (ii) *names and types of ICT companies involved;*
 - (iii) *total number of requests made;*
 - (iv) *volume of information requested for removal;*
 - (v) *types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned;*
 - (vi) *nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned;*
 - (vii) *reasons for making the requests (e.g. for investigation of complaints, law enforcement and others);*
 - (viii) *number of requests made under a court order;*
 - (ix) *number of requests acceded to; and*
 - (x) *reasons why the requests were not acceded to;*
- if such information cannot be provided, of the reasons for that;*
- (3) *of the reasons why the number of requests for information disclosure made by the Government to Facebook has increased continuously since 2013;*
- (4) *of the legal bases and considerations for the Government's making requests for information disclosure and removal to ICT companies, and set out the ordinances, internal guidelines and codes of practice concerned; and*

- (5) *whether the Government has plans to improve its procedure for making the aforesaid requests and to increase the transparency of the Government's practices in this respect, e.g. (i) setting up an independent committee to review the relevant practices, (ii) drawing up guidelines for making such requests by making reference to industry-led best practices, and (iii) releasing reports on such requests made by government departments and law enforcement agencies on a half-yearly basis; if it has no such plans, of the reasons for that?*

SECRETARY FOR INNOVATION AND TECHNOLOGY: President, regarding the five parts of the question, having consulted the relevant bureaux and departments, our reply is as follows:

- (1) to (3)

Details of the requests for information disclosure and information removal made by the Government in each half-year from 2015 to 2016 to information and communication technology ("ICT") companies (including Facebook) are set out in Table 1 and Table 2 respectively.

- (4) and (5)

If officers of individual government departments and law enforcement agencies, in carrying out their duties, need to request for information or cooperation from relevant persons or organizations (including ICT companies), the requests are mainly related to crime prevention and detection as well as law enforcement. They will make the requests in accordance with duty-related laws, established procedures or guidelines, including the Personal Data (Privacy) Ordinance and the relevant code of practice/guidelines, and will ensure that the relevant requests are only made when it is necessary for performing duties.

The above mechanism and guidelines have been functioning effectively and efficiently. At present, we do not have plans to make any change.

<i>Department</i>	<i>Period</i>	<i>(i)</i> <i>Total number of ICT companies involved</i>	<i>(ii)</i> <i>Names and types of ICT companies involved (e.g. Internet service providers ("ISP"), device producers, social media and search engines)⁽¹⁾</i>	<i>(iii)</i> <i>Total number of requests made</i>	<i>(iv)</i> <i>Total number of user accounts involved</i>	<i>(v)</i> <i>Types of information requested for disclosure (e.g. user names, Internet Protocol ("IP") addresses and contact methods) and the respective numbers of the requests concerned</i>	<i>(vi)</i> <i>Nature of information requested for disclosure (i.e. metadata and/or content of communication) and the respective numbers of the requests concerned</i>	<i>(vii)</i> <i>Reasons for making the requests (e.g. for investigation of cases, law enforcement and others) and the respective numbers of the requests concerned</i>	<i>(viii)</i> <i>Number of requests made under a court order</i>	<i>(ix)</i> <i>Number of requests acceded to</i>	<i>(x)</i> <i>Reasons why the requests were not acceded to (e.g. the request not made under a court order, failure to provide appropriate legal documents, insufficient justifications, not in compliance with the policies of ICT companies, and others) and the respective numbers of the requests concerned</i>
	Jan to Jun 2016	-	-	-	-	-	-	-	-	-	-
	Jul to Dec 2016	-	-	-	-	-	-	-	-	-	-
Inland Revenue Department ⁽³⁾	Jan to Jun 2015	5	Cannot be provided	14	10	Cannot be provided	Cannot be provided	To enforce the Business Registration	Cannot be provided	11	Cannot be provided
	Jul to Dec 2015	8	Cannot be provided	20	15	Cannot be provided	Cannot be provided	Ordinance and the Inland Revenue	Cannot be provided	10	Cannot be provided
	Jan to Jun 2016	2	Cannot be provided	4	4	Cannot be provided	Cannot be provided	Ordinance by requiring persons	Cannot be provided	4	N/A
	Jul to Dec 2016	3	Cannot be provided	4	3	Cannot be provided	Cannot be provided	carrying on business through the Internet to register their businesses and pay profits tax	Cannot be provided	4	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved (e.g. Internet service providers ("ISP"), device producers, social media and search engines)⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Total number of user accounts involved</i>	<i>Types of information requested for disclosure (e.g. user names, Internet Protocol ("IP") addresses and contact methods) and the respective numbers of the requests concerned</i>	<i>Nature of information requested for disclosure (i.e. metadata and/or content of communication) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of cases, law enforcement and others) and the respective numbers of the requests concerned</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to (e.g. the request not made under a court order, failure to provide appropriate legal documents, insufficient justifications, not in compliance with the policies of ICT companies, and others) and the respective numbers of the requests concerned</i>
Office of the Communications Authority	Jan to Jun 2015	10	Social media	1	1	Account information, including user names, user email addresses, telephone numbers, IP addresses and any other relevant information	See (v) for nature of information requested	Investigation under the Unsolicited Electronic Messages Ordinance	0	1	N/A
			Internet service provider	29	29	Registrant information of the senders of commercial electronic messages, including user names, user addresses, telephone numbers and any other relevant information	See (v) for nature of information requested	Investigation under the Unsolicited Electronic Messages Ordinance	0	29	N/A
	Jul to Dec 2015	6	Internet service provider	26	26	Registrant information of the senders of commercial electronic messages,	See (v) for nature of information requested	Investigation under the Unsolicited Electronic Messages Ordinance	0	26	N/A

<i>Department</i>	<i>Period</i>	<i>(i)</i> <i>Total number of ICT companies involved</i>	<i>(ii)</i> <i>Names and types of ICT companies involved (e.g. Internet service providers ("ISP"), device producers, social media and search engines)⁽¹⁾</i>	<i>(iii)</i> <i>Total number of requests made</i>	<i>(iv)</i> <i>Total number of user accounts involved</i>	<i>(v)</i> <i>Types of information requested for disclosure (e.g. user names, Internet Protocol ("IP") addresses and contact methods) and the respective numbers of the requests concerned</i>	<i>(vi)</i> <i>Nature of information requested for disclosure (i.e. metadata and/or content of communication) and the respective numbers of the requests concerned</i>	<i>(vii)</i> <i>Reasons for making the requests (e.g. for investigation of cases, law enforcement and others) and the respective numbers of the requests concerned</i>	<i>(viii)</i> <i>Number of requests made under a court order</i>	<i>(ix)</i> <i>Number of requests acceded to</i>	<i>(x)</i> <i>Reasons why the requests were not acceded to (e.g. the request not made under a court order, failure to provide appropriate legal documents, insufficient justifications, not in compliance with the policies of ICT companies, and others) and the respective numbers of the requests concerned</i>
						including user names, user addresses, telephone numbers and any other relevant information					
	Jan to Jun 2016	6	Internet service provider	9	12	Registrant information of the senders of commercial electronic messages, including user names, user addresses, telephone numbers and any other relevant information	See (v) for nature of information requested	Investigation under the Unsolicited Electronic Messages Ordinance	0	9	N/A
	Jul to Dec 2016	3	Internet service provider	5	6	Registrant information of the senders of commercial electronic messages, including user names, user addresses, telephone	See (v) for nature of information requested	Investigation under the Unsolicited Electronic Messages Ordinance	0	5	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved (e.g. Internet service providers ("ISP"), device producers, social media and search engines)⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Total number of user accounts involved</i>	<i>Types of information requested for disclosure (e.g. user names, Internet Protocol ("IP") addresses and contact methods) and the respective numbers of the requests concerned</i>	<i>Nature of information requested for disclosure (i.e. metadata and/or content of communication) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of cases, law enforcement and others) and the respective numbers of the requests concerned</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to (e.g. the request not made under a court order, failure to provide appropriate legal documents, insufficient justifications, not in compliance with the policies of ICT companies, and others) and the respective numbers of the requests concerned</i>
						numbers and any other relevant information					
Customs and Excise Department	Jan to Jun 2015	14	Internet service provider/ Internet platform/ Website	71	110	User account details or IP address	User account details or IP address	Crime prevention and detection	0	71	N/A
	Jul to Dec 2015	12	Internet service provider/ Internet platform/ Website	73	96	User account details or IP address	User account details or IP address	Crime prevention and detection	0	73	N/A
	Jan to Jun 2016	19	Internet service provider/ Internet platform/ Website	65	68	User account details or IP address	User account details or IP address	Crime prevention and detection	0	65	N/A
	Jul to Dec 2016	15	Internet service provider/ Internet platform/ Website	58	76	User account details or IP address	User account details or IP address	Crime prevention and detection	0	58	N/A
Hong Kong Police Force	Jan to Jun 2015	Relevant statistics are not available	Local and foreign service providers	2 205	2 205	User information	Metadata ⁽²⁾	Crime prevention and detection (primarily involving technology crimes or crimes)	Relevant statistics are not available	Partially	In some cases, user accounts or records that do not exist are involved, or the registered

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved (e.g. Internet service providers ("ISP"), device producers, social media and search engines)⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Total number of user accounts involved</i>	<i>Types of information requested for disclosure (e.g. user names, Internet Protocol ("IP") addresses and contact methods) and the respective numbers of the requests concerned</i>	<i>Nature of information requested for disclosure (i.e. metadata and/or content of communication) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of cases, law enforcement and others) and the respective numbers of the requests concerned</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to (e.g. the request not made under a court order, failure to provide appropriate legal documents, insufficient justifications, not in compliance with the policies of ICT companies, and others) and the respective numbers of the requests concerned</i>
								relating to the use of the Internet)			user or IP address is not in Hong Kong. Under these circumstances, the service providers cannot provide the information.
	Jul to Dec 2015	Relevant statistics are not available	Local and foreign service providers	1 792	1 792	User information	Metadata ⁽²⁾	Crime prevention and detection (primarily involving technology crimes or crimes relating to the use of the Internet)	Relevant statistics are not available	Partially	In some cases, user accounts or records that do not exist are involved, or the registered user or IP address is not in Hong Kong. Under these circumstances, the service providers cannot provide the information.
	Jan to Jun 2016	Relevant statistics are not available	Local and foreign service providers	1 846	1 846	User information	Metadata ⁽²⁾	Crime prevention and detection (primarily involving technology crimes or	Relevant statistics are not available	Partially	In some cases, user accounts or records that do not exist are involved, or the

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved (e.g. Internet service providers ("ISP"), device producers, social media and search engines)⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Total number of user accounts involved</i>	<i>Types of information requested for disclosure (e.g. user names, Internet Protocol ("IP") addresses and contact methods) and the respective numbers of the requests concerned</i>	<i>Nature of information requested for disclosure (i.e. metadata and/or content of communication) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of cases, law enforcement and others) and the respective numbers of the requests concerned</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to (e.g. the request not made under a court order, failure to provide appropriate legal documents, insufficient justifications, not in compliance with the policies of ICT companies, and others) and the respective numbers of the requests concerned</i>
								crimes relating to the use of the Internet)			registered user or IP address is not in Hong Kong. Under these circumstances, the service providers cannot provide the information.
	Jul to Dec 2016	Relevant statistics are not available	Local and foreign service providers	1 602	1 602	User information	Metadata ⁽²⁾	Crime prevention and detection (primarily involving technology crimes or crimes relating to the use of the Internet)	Relevant statistics are not available	Partially	In some cases, user accounts or records that do not exist are involved, or the registered user or IP address is not in Hong Kong. Under these circumstances, the service providers cannot provide the information.

Notes:

- (1) Since the question involves commercial information of a large number of service providers, the names of individual service providers cannot be made public.

- (2) The nature of information requested for disclosure from Internet service providers is metadata, which includes IP addresses, user information and/or login records.
- (3) Except the information provided herein, other information cannot be provided due to the secrecy provisions under the Business Registration Ordinance (Cap. 310) and the Inland Revenue Ordinance (Cap. 112).

Table 2

Requests for information removal made by the Government in each half-year from 2015 to 2016 to ICT companies

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
Department of Health—Chinese Medicine Division	Jan to Jun 2015	4	Internet platforms/websites	23	44 hyperlinks	Hyperlinks which contain information on suspected auction or sale of Chinese herbal medicines without trader licence/unregistered proprietary Chinese medicines (23 requests)	Information on suspected auction or sale of Chinese herbal medicines without trader licence (2 requests)	Suspected auction or sale of Chinese medicines without licence/unregistered proprietary Chinese medicines	0	23	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
	Jul to Dec 2015	5	Internet platforms/websites	16	27 hyperlinks	Hyperlinks which contain information on suspected auction or sale of Chinese herbal medicines without trader licence/unregistered proprietary Chinese medicines (16 requests)	- Information on suspected auction or sale of Chinese herbal medicines without trader licence (1 request) - Information on suspected auction or sale of unregistered proprietary Chinese medicines (15 requests)	Suspected auction or sale of Chinese herbal medicines without trader licence/unregistered proprietary Chinese medicines	0	16	N/A
	Jan to Jun 2016	3	Internet platforms/websites	11	18 hyperlinks	Hyperlinks which contain information on suspected auction or sale of Chinese herbal medicines without trader licence/unregistered proprietary Chinese medicines (11 requests)	- Information on suspected auction or sale of Chinese herbal medicines without trader licence (5 requests) - Information on suspected auction or sale of unregistered proprietary Chinese medicines (11 requests)	Suspected auction or sale of Chinese herbal medicines without trader licence/unregistered proprietary Chinese medicines	0	11	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
	Jul to Dec 2016	3	Internet platforms/websites	3	3 hyperlinks	Hyperlinks which contain information on suspected auction or sale of Chinese herbal medicines without trader licence/unregistered proprietary Chinese medicines (3 requests)	Chinese medicines (6 requests) - Information on suspected auction or sale of Chinese herbal medicines without trader licence (1 request) - Information on suspected auction or sale of unregistered proprietary Chinese medicines (2 requests)	Suspected auction or sale of Chinese herbal medicines without trader licence/unregistered proprietary Chinese medicines	0	3	N/A
Department of Health—Drug Office	Jan to Jun 2015	5	Internet platform/website	74	678 hyperlinks	Hyperlinks which contain information on suspected auction or sale of controlled or unregistered medicines (74 requests)	Auction or sale information (74 requests)	Suspected auction or sale of controlled or unregistered medicines	0	74	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
	Jul to Dec 2015	12	Internet platform/ website	83	443 hyperlinks	Hyperlinks which contain information on suspected auction or sale of controlled or unregistered medicines (83 requests)	Auction or sale information (83 requests)	Suspected auction or sale of controlled or unregistered medicines	0	83	N/A
	Jan to Jun 2016	4	Internet platform/ website	57	263 hyperlinks	Hyperlinks which contain information on suspected auction or sale of controlled or unregistered medicines (57 requests)	Auction or sale information (57 requests)	Suspected auction or sale of controlled or unregistered medicines	0	57	N/A
	Jul to Dec 2016	3	Internet platform/ website	50	281 hyperlinks	Hyperlinks which contain information on suspected auction or sale of controlled or unregistered medicines (50 requests)	Auction or sale information (50 requests)	Suspected auction or sale of controlled or unregistered medicines	0	50	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
Department of Health— Family Health Service	Jan to Jun 2015	-	-	-	-	-	-	-	-	-	-
	Jul to Dec 2015	1	Internet platform/video sharing	4	4 video clips	Videos (4 requests)	Unauthorized use of DH video (4 requests)	Upload and release the video of DH without DH's consent	0	4	N/A
	Jan to Jun 2016	1	Internet platform/video sharing	17	17 video clips	Videos (17 requests)	Unauthorized use of DH video (17 requests)	Upload and release the video of DH without DH's consent	0	17	N/A
	Jul to Dec 2016	1	Internet platform/video sharing	4	4 video clips	Videos (4 requests)	Unauthorized use of DH video (4 requests)	Upload and release the video of DH without DH's consent	0	4	N/A
Housing Department	Jan to Jun 2015	-	-	-	-	-	-	-	-	-	-
	Jul to Dec 2015	-	-	-	-	-	-	-	-	-	-
	Jan to Jun 2016	2	Social media	2	3 message threads	Text (2 message threads posted as "徵求公屋居屋暗盤" and 1 message thread posted as "提供李鄭屋邨雙非兒童托管、寄宿收費服務")	Illegal advertisement (2 requests)	Tenancy abuse of Public Rental Housing-subletting	0	2	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
Civil Service	Aid Jan to Jun 2015	1	Social networking service	3	1 community page	Articles, photos, Civil Aid Service ("CAS") trademark (3 requests)	Copyright infringement and false information (3 requests)	If someone infringed upon the intellectual property right of CAS and plagiarized the CAS logo, articles and photos from its official website without CAS' prior consent, the general public would be misled	0	3	N/A
	Jul to Dec 2015	-	-	-	-	-	-	-	-	-	-
	Jan to Jun 2016	-	-	-	-	-	-	-	-	-	-
	Jul to Dec 2016	-	-	-	-	-	-	-	-	-	-
Customs and Excise Department	Jan to Jun 2015	2	Internet service provider/ Internet platform/ Website	21	21	User account or hyperlink	User account or hyperlink	Stoppage of infringing activities	0	21	N/A

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
	Jul to Dec 2015	3	Internet service provider/ Internet platform/ Website	11	11	User account or hyperlink	User account or hyperlink	Stoppage of infringing activities	0	11	N/A
	Jan to Jun 2016	2	Internet service provider/ Internet platform/ Website	17	19	User account or hyperlink	User account or hyperlink	Stoppage of infringing activities	0	17	N/A
	Jul to Dec 2016	1	Internet service provider/ Internet platform/ Website	2	2	User account or hyperlink	User account or hyperlink	Stoppage of infringing activities	0	2	N/A
Hong Kong Police Force	Jan to Jun 2015	Relevant statistics are not available	Local and foreign service providers	65 ⁽²⁾	65 ⁽²⁾	Removal of users' information	Mainly involving obscene articles, phishing websites ⁽³⁾ and accessing computer with dishonest intent	Crime prevention and detection (primarily involving technology crimes or crimes relating to the use of the Internet)	Relevant statistics are not available	Partially	Most of the organizations concerned removed the relevant information as requested by the Police
	Jul to Dec 2015	Relevant statistics are not available	Local and foreign service providers	31 ⁽²⁾	31 ⁽²⁾	Removal of users' information	Mainly involving obscene articles, phishing websites ⁽³⁾ and	Crime prevention and detection (primarily involving technology	Relevant statistics are not available	Partially	Most of the organizations concerned removed the relevant information as requested

		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<i>Department</i>	<i>Period</i>	<i>Total number of ICT companies involved</i>	<i>Names and types of ICT companies involved⁽¹⁾</i>	<i>Total number of requests made</i>	<i>Volume of information requested for removal</i>	<i>Types of information involved (e.g. videos, text, images) and the respective numbers of the requests concerned</i>	<i>Nature of information involved (e.g. indecent content, illegal advertisements, copyright infringement and false information) and the respective numbers of the requests concerned</i>	<i>Reasons for making the requests (e.g. for investigation of complaints, law enforcement and others)</i>	<i>Number of requests made under a court order</i>	<i>Number of requests acceded to</i>	<i>Reasons why the requests were not acceded to</i>
							accessing computer with dishonest intent	crimes or crimes relating to the use of the Internet)			by the Police
	Jan to Jun 2016	Relevant statistics are not available	Local and foreign service providers	17 ⁽²⁾	17 ⁽²⁾	Removal of users' information	Mainly involving obscene articles, phishing websites ⁽³⁾ and accessing computer with dishonest intent	Crime prevention and detection (primarily involving technology crimes or crimes relating to the use of the Internet)	Relevant statistics are not available	Partially	Most of the organizations concerned removed the relevant information as requested by the Police
	Jul to Dec 2016	Relevant statistics are not available	Local and foreign service providers	16 ⁽²⁾	16 ⁽²⁾	Removal of users' information	Mainly involving obscene articles, phishing websites ⁽³⁾ and accessing computer with dishonest intent	Crime prevention and detection (primarily involving technology crimes or crimes relating to the use of the Internet)	Relevant statistics are not available	Partially	Most of the organizations concerned removed the relevant information as requested by the Police

Notes:

- (1) Since the question involves commercial information of a large number of service providers, the names of individual service providers cannot be made public.
- (2) Each request corresponds to one item of information and one user account only.
- (3) Phishing websites are the fake websites for stealing others' login names and passwords.

Water quality of swimming pools

11. **DR KWOK KA-KI** (in Chinese): *President, in recent years, there were from time to time media reports on the poor water quality of certain public and private swimming pools, which might pose threat to the health of swimmers. Regarding the water quality of swimming pools, will the Government inform this Council:*

- (1) *of the respective water quality standards currently adopted by the Leisure and Cultural Services Department for swimming pools in the public swimming pool complexes under its purview, and those adopted by the Food and Environmental Hygiene Department ("FEHD") for private swimming pools; if the two sets of standards are different, of the reasons for that, and whether it has plans to align the relevant standards; if so, of the details; if not, the reasons for that;*
- (2) *of the methods and procedure adopted by the authorities for examining the water quality of the public swimming pools under their purview; the number of cases in the past three years in which the water quality concerned did not comply with the standards and the relevant details;*
- (3) *whether the authorities deployed personnel in the past three years to take pool water samples from private swimming pools for examination; if so, of the details, and whether they uncovered any case in which the water quality did not comply with the standards;*
- (4) *whether the authorities received in the past three years complaints about the water quality of public and private swimming pools; if so, of the contents of the complaints and the follow-up actions taken by the authorities; and*
- (5) *of the criteria and procedure adopted by FEHD for instituting prosecution against the licensee of a private swimming pool the water quality of which did not comply with the standards; whether the authorities reviewed the relevant legal provisions in the past five years; if so, of the details?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, at present, the Food and Environmental Hygiene Department ("FEHD") is responsible for the licensing of private swimming pools, while the Leisure and Cultural Services Department ("LCSD") is responsible for the management of public swimming pools. My reply to the question raised by Dr KWOK Ka-ki is as follows:

- (1) FEHD licenses and regulates private swimming pools (including those operated by clubs, institutions, associations or other organizations and those serving 20 or more residential units) under the Swimming Pools Regulation (the Regulation) (Cap. 132CA). Regarding the water quality standards of private swimming pools, section 10 of the Regulation stipulates that a licensee of a private swimming pool shall maintain the water quality of the swimming pool to a standard that *Escherichia coli* is absent in pool water samples of 100 ml each and the total bacterial count does not exceed 200 bacteria per ml of pool water samples. Moreover, the licensee shall ensure that the water in the swimming pool complies with the standard of clarity (including the turbidity and colour of water) and the standard of pH value of not less than 7.0 and not more than 7.8 specified in the Regulation.

The water quality standards adopted for the public swimming pool complexes of LCSD have covered that of the private swimming pools as required under the Regulation. Besides, as there are a lot of members of the public using the public swimming pools, LCSD will further ensure the hygiene standards of pool water by increasing an appropriate amount of chlorine and conducting further testing, so as to maintain the level of residual chlorine at 1 ppm to 3 ppm.

- (2) There is a well-developed filtration and sterilization system in place in the 43 public swimming pools of LCSD. The water of swimming pools is continuously filtered and sterilized throughout the opening hours. Dedicated LCSD staff will take water samples from swimming pools to test the level of residual chlorine and pH value on an hourly basis. Besides, LCSD has also commissioned accredited independent laboratories to take water samples at swimming pools of different complexes for thorough testing every week to ensure the pool water is up to hygiene standards. All the water samples taken from the public swimming pools of LCSD in

the past three years (2014-2016) passed the tests and were in compliance with LCSD's standards.

(3) and (5)

The Regulation sets out the water quality standards of private swimming pools. Staff of FEHD conduct inspections on a monthly basis and take pool water samples for bacteriological examination during the period when the private swimming pools are open for use. In addition, pool water samples are taken once a year for chemical analysis to ascertain compliance with the statutory water quality standards. In the past three years, a total of about 21 900 pool water samples were taken by FEHD staff for bacteriological examination and chemical analysis. Results showed that about 350 pool water samples taken for bacteriological examination failed to comply with the statutory standards, while all of the samples taken for chemical analysis were found satisfactory. If the water quality of a private swimming pool is found unsatisfactory, FEHD staff will inspect the swimming pool again and warn the swimming pool licensee to take remedial measures and improve the water quality. Pool water samples will be taken again at a later stage for re-examination of their bacterial level. FEHD will take prosecution action against the licensee if the water samples examined still fail to comply with the statutory standards. In the past three years, FEHD instituted four prosecutions against private swimming pools for failure to comply with the statutory bacteriological standard. The Regulation has already set out the water quality standards of private swimming pools, and can already ensure that the water quality of private swimming pools will not affect public health when the pools are open for use.

(4) LCSD received 139 complaints about the water quality of swimming pools in the past three years. These include the level of residual chlorine, clarity, salinity and cleanliness of pool water (such as sediment, insects and leaves fallen and found in pool water). LCSD would step up clearing actions, such as clearing insects, fallen leaves and other floating objects, and inspect the cleanliness and water quality of the swimming pools concerned upon receipt of such complaints. LCSD would also check the test records for the level of residual chlorine and pH value as well as the water sample test

reports. Follow-up water samples would also be taken to test for the level of residual chlorine level and pH value to ensure that the pool water is up to hygiene standards. The relevant works department would be asked to inspect the filtration and sterilization system where necessary.

According to its records, FEHD received a total of 35 complaints related to the water quality of private swimming pools in the past three years. Upon receiving complaints, FEHD will take follow-up actions including sending staff to the swimming pools concerned to conduct inspections and issuing warnings to the swimming pool licensees in cases of non-compliance. FEHD staff will also take water samples for examination if the situation warrants.

Provision of public healthcare services and dissemination of health information to the ethnic minorities

12. **MS ALICE MAK** (in Chinese): *President, recently, some concern groups on the rights and interests of the ethnic minorities ("EMs") have relayed to me that EMs who do not understand Chinese and English encounter many difficulties when using public healthcare services due to the language barrier. Also, the Government's public health education efforts for health promotion and disease prevention can hardly reach EMs. In this connection, will the Government inform this Council:*

- (1) *whether it knows the number of EMs serviced by each hospital cluster in the past five years;*
- (2) *whether it knows the numbers of times for which (i) diagnoses and treatments and (ii) interpretation services of each type (including telephone and on-site interpretation) were provided for EM patients by each hospital cluster in each of the past five years; the respective average waiting time for such services; and*
- (3) *of the details of the authorities' public health education efforts targeted at EMs (including publishing leaflets and holding talks in the languages of EMs) in the past five years; whether they will step up such efforts; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, my reply to the various parts of the question raised by Ms Alice MAK on the interpretation services and public health education work provided by public health authorities for ethnic minorities is as follows:

(1) and (2)

The Hospital Authority ("HA") provides services for all members of the public regardless of their race and ethnic origin. To cater for the needs of ethnic minorities, interpretation services are arranged for those who are in need of such services in public hospitals and clinics of HA through a service contractor, part-time court interpreters and consulate offices. The interpretation services provided by the service contractor cover 18 languages, including Urdu, Hindi, Punjabi, Nepali, Bahasa Indonesia, Vietnamese, Thai, Korean, Bengali, Japanese, Tagalog, German, French, Sinhala, Spanish, Arabic, Malay and Portuguese. HA does not maintain statistics on the number of ethnic minorities seeking medical consultation in HA.

Statistics on on-site and telephone interpretation services provided by HA in its public hospitals and clinics in the past five years are set out in the table below:

<i>Year</i>	<i>On-site interpretation (number of cases)</i>	<i>Telephone interpretation (number of cases)</i>	<i>Total (number of cases)</i>
2012-2013	4 893	83	4 976
2013-2014	5 946	71	6 017
2014-2015	7 844	107	7 951
2015-2016	10 271	178	10 449
2016-2017 (April to November 2016)	8 035	171	8 206

For scheduled service (such as medical appointment at general and specialist outpatient clinics), patients may request the hospital or

clinic concerned to arrange interpretation services in advance. In such cases, interpreters were able to arrive on time.

For non-scheduled service, such as hospital admission during emergency, hospital staff will make immediate arrangements where necessary or at the request of patients, so that telephone interpretation service or on-site interpretation service can be delivered as soon as possible. The staff may also use response cue cards, which are available in 18 languages, to communicate with the patients to ensure timely provision of medical treatment.

Over the past five years, HA provided emergency interpretation service for 2 309 times. On average, an interpreter was able to arrive within an hour to provide interpretation for the ethnic minority service users. For urgently arranged telephone interpretation service, the waiting time ranged from about a few minutes to less than half an hour and the average waiting time was 23 minutes.

- (3) HA launched a dedicated website for ethnic minorities in mid-2015, providing the essential information given on the current HA website in five languages, including Hindi, Nepali, Punjabi (Indian), Punjabi (Pakistani) and Urdu. The website contains information about HA and the accident and emergency service, as well as the addresses, telephone numbers and consultation hours of general outpatient clinics. Revamp of the website was completed in February 2017 to make the content available in three more languages, namely Thai, Bahasa Indonesia and Tagalog, so that more ethnic groups can better understand the information provided by HA.

To cater for the needs of ethnic minorities in Hong Kong, HA's Smart Patient Website ("SPW") has set up a disease information web page which provides information about cancer, chronic diseases and other diseases in eight languages, namely Thai, Bahasa Indonesia, Tagalog, Nepali, Punjabi (Indian), Punjabi (Pakistani), Hindi and Urdu. HA will continue to enhance SPW to improve the disease management and self-care abilities of ethnic minorities.

In respect of health education, the Department of Health ("DH") has translated a variety of key information on health, e.g. cough etiquette, proper steps of hand washing, personal and environmental

hygiene, individual infectious diseases, etc. into different languages, including Hindi, Nepali, Urdu, Thai, Bahasa Indonesia and Filipino. The translated information has been used to prepare health education materials, including pamphlets, posters and booklets, which have been uploaded onto the website of the Centre for Health Protection of DH. DH has also distributed the health education materials to non-governmental organizations ("NGOs") and religious groups serving ethnic minorities, and disseminated health information through newspapers and newsletters targeting ethnic minority readership.

Regarding prevention of infectious diseases, DH will, based on risk assessment findings and scientific evidence, carry out targeted publicity measures to promote awareness. Taking the Middle East Respiratory Syndrome as an example, DH has, during the time when the Muslims make pilgrimages to the Middle East, stepped up health education and publicity among Hong Kong pilgrimage tour groups, religious groups and tourists by providing them with the information and suggestions on precautionary measures. Moreover, DH will inform the relevant NGOs and religious groups of the latest information on individual infectious diseases, e.g. avian influenza, via email.

Cost estimates of infrastructure projects

13. **MR PAUL TSE** (in Chinese): *President, in recent years, situations of major infrastructure projects experiencing cost overruns and delays are not uncommon. There are views that as major infrastructure projects with "exorbitant construction costs" often involve huge expenditure, cases in which some people use all sorts of pretexts to take advantage of such a situation are heard of from time to time. It has been reported that eight major infrastructure projects in recent years involving a total estimated expenditure of over \$600 billion are expected to incur cost overruns amounting to about \$90 billion, tripling the surplus of \$30.5 billion for the last financial year. The Government established the Project Cost Management Office ("PCMO") in June last year to review public works projects at the planning and design stage with a view to lowering project costs by improving their designs. Since its establishment, PCMO has reviewed over 60 public works projects to be submitted to the Finance*

Committee of this Council for vetting and approval. The Government has boasted of achieving a saving of over \$10 billion in project costs. However, the construction cost of the Kai Tak Sports Park ("KTSP") surges by nearly \$8 billion instead of going down. In this connection, will the Government inform this Council:

- (1) given that the construction cost of KTSP was estimated at \$25 billion in 2014 and PCMO estimated after review that nearly \$2 billion saving could be achieved (i.e. the lowest estimated construction cost was \$23 billion), but the Home Affairs Bureau has released recently that the estimated construction cost of KTSP is about \$23.8 billion in the prices of September last year and about \$31.9 billion in money-of-the-day prices, i.e. a difference of \$8.1 billion between the two figures with the latter exceeding the lowest estimated construction cost by \$8.9 billion, whether PCMO has studied the reasons for the substantial increase in the construction cost of KTSP; if so, of the details;*
- (2) among the aforesaid 60 public works projects reviewed by PCMO, of the five projects with the largest differences between the construction costs before and after revisions;*
- (3) whether it has studied the reasons for the wrong estimations of the construction costs of those 60 public works projects; if so, of the findings, and whether they involve (i) intentional exaggeration of the cost estimates, (ii) transfer of benefits or (iii) mistakes in work;*
- (4) of the measures in place to follow up and monitor the construction progress of those 60 public works projects in order to avoid cost overruns or delays;*
- (5) given that a number of major infrastructure projects that have already commenced (e.g. the West Kowloon Cultural District, the Expansion of Hong Kong International Airport into a Three-Runway System project and Hong Kong-Zhuhai-Macao Bridge) have experienced substantial cost overruns and delays, whether PCMO will review the construction progress of such projects one by one in order to prevent the problems of cost overruns and delays from worsening;*

- (6) *given that PCMO will need to review some 300 projects in the coming two years, whether the Government (i) has assessed if PCMO has adequate financial resources and staffing to meet its needs, and (ii) has considered allocating additional resources and manpower to PCMO; if it has made such assessment and consideration, of the details; and*
- (7) *whether it will extend the originally-planned three-year operation period of PCMO or upgrade it as a permanent government department dedicated to reviewing the cost estimates of all infrastructure projects that will commence in the future; if so, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, Hong Kong has been beset by the challenge of high construction costs in recent years. In this connection, the Development Bureau established the Project Cost Management Office ("PCMO") in June last year to strengthen management over the construction costs and enhance the cost-effectiveness of public works projects in order to ensure that the public funds are spent properly and effectively. PCMO formulates cost control measures and cost reduction initiatives, coordinates and monitors related work of the project client bureaux and works departments.

We also noted the media report cited by the Councillor, however, there are some misunderstandings in the report. To date, only four⁽¹⁾ of the eight major infrastructure projects mentioned in the report have been approved on the additional provisions of project funding. The additional funding amounted to only about \$50 billion in total instead of the "cost overruns amounting to about \$90 billion" as quoted by the report.

In fact, we have maintained a good track record in preparing the estimates of public works projects. The Legislative Council Finance Committee ("FC") approved a total of about 650 Category A projects with total funding amounting to \$770 billion over the past 10 years. Amongst these approved projects, around 70 required applications to FC for additional provisions mainly due to

(1) They include Hong Kong-Zhuhai-Macao Bridge, Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, Liantang/Heung Yuen Wai Boundary Control Point and Central-Wan Chai Bypass.

unforeseeable reasons which amounted to about \$60 billion in total. In other words, increased estimates are required in about 10% of all these approved projects and the additional provisions amounted to about 8% of the total funding approved.

Nevertheless, we must point out that many "cost-overflow" cases were misunderstood due to the following circumstances arisen:

- (i) Generally, the construction period of a project spans from several years to well over 10 years. During the interim, the construction costs and prices will change as a result of inflation. Since 1995, on the funding proposals submitted to FC, it is the Government's practice to first work out the project estimates based on a constant price level followed by the incorporation of the inflation factor for conversion⁽²⁾ of the project estimates into money-of-the-day ("MOD") prices⁽³⁾. The FC may then approve funding for the project in MOD prices after examination. The conversion only reflects the anticipated factor of inflation. A price adjustment provision is thus made in the project estimate to cope with the anticipated expenditure arising from inflation and it cannot be taken as any deviation in project estimate or cost overrun.
 - (ii) After a project is initiated with preliminary estimate and prior to submission to the Legislative Council for funding application, the project estimate is subject to updates for reasons of various requirements, detailed refinements to design and changes in project requirements as a result of consultation, etc. These cases are different from those projects with funding approved but applying for additional provisions afterwards. Although there were projects that required additional funding owing to some individual circumstances,
- (2) Price adjustment factors derived from Government Economist's forecast of trend rate of change in the price deflator of public sector building and construction output is used to convert the cash flow of project cost into MOD prices.
 - (3) For example, if the project estimate is worked out to be \$10 billion in 2014, it will become \$11 billion when converted to 2016 prices. Assuming that the project will commence in 2018 and take four years to complete, the project estimate in MOD prices will be around \$14.5 billion. If the construction period is six years, the project estimate in MOD prices will then be about \$15.5 billion.

we generally managed to complete the projects under the Capital Works Programme within the original Approved Project Estimates ("APE") overall and even with surplus. For example, about 850 Category A projects had the final accounts settled in the past 10 years. Their original approved estimates totalled about \$240 billion as compared with the total final expenditure of about \$210 billion. Though some projects needed to apply for additional provisions from the FC, the cost overruns were more than offset by surpluses from other projects. The balance amounted to about \$30 billion. In short, the total expenditures of these projects at final settlement accounted for only about 85% of their original APE.

My reply to the seven parts of Mr TSE's question is as follows:

- (1) In the case of the Kai Tak Sports Park ("KTSP"), the situation quoted by the Councillor fits the scenario mentioned in (i) above. As noted above, the Home Affairs Bureau followed the practice in converting the project estimate of \$23.8 billion at 2016 prices into the MOD prices. The two prices represented the project estimate with the inflation factor excluded and included respectively and this cannot be taken as deviation in the project estimate. This practice of price level conversion is applicable to the funding applications of all capital works projects and is not exclusive to KTSP. The table below shows the project estimate update and conversion for the KTSP:

<i>Estimate in 2014</i>		<i>Latest Estimate in 2016</i>	
At 2014 Price Level	\$25 billion *	At 2016 price level	\$23.8 billion [#]
		At MOD prices	\$31.9 billion

Notes:

* The project estimate would exceed \$25 billion at 2016 price level.

The latest project estimate has been reduced to \$23.8 billion after vetting by the PCMO.

- (2) The funding proposals of the projects with higher project estimates and larger cost reductions after vetting by PCMO which are planned

for submission to the Legislative Council in the current legislative session include KTSP, Central Kowloon Route, Tung Chung New Town Extension, Construction of Sandy Ridge Cemetery⁽⁴⁾, and Redevelopment of Junior Police Officers Married Quarters at Fan Garden, Fanling. As the client bureaux and works departments responsible for these projects are still refining the project designs and estimates, the cost saving details will be presented by the bureaux and departments concerned when the projects are submitted to the Legislative Council for approval.

- (3) We did not find incorrect project estimates in the course of examination. The reduction in project estimates was mainly achieved through the collaboration between PCMO and bureaux/departments of the projects concerned. Under the overriding principles of not compromising functionality, quality and safety of works, we have explored various design options and construction methods based on the principles of "fitness for purpose and no frills". Non-essential contractual and design requirements were trimmed to reduce construction costs. As a result, the design and construction works of these projects have become more cost-effective.
- (4) The client bureaux and works department are responsible for the implementation, coordination and management of their own projects from initial planning, design, construction to completion. During the construction stage, the bureaux and works departments concerned are responsible for the routine supervision, expenditure estimation, procurement and so on for the projects. They would endeavour to ensure that the projects are completed in accordance with the original schedule and within APE. Their roles will not be supplanted by PCMO.

The PCMO will collaborate with the client bureaux and departments of the projects to control the overall construction costs and avoid project delay. In the process, we will monitor the expenditure and progress of individual projects. In case of deviations from the

- (4) Site formation and associated infrastructural works for development of columbarium, a crematorium and related facilities at Sandy Ridge Cemetery.

planned expenditure or anticipated completion dates or major alterations to the project designs, the responsible departments will be required to make notifications as well as formulate and implement practicable measures.

- (5) Generally, projects that do not fall into the Capital Works Programme such as the works of the Third Runway System funded by the Airport Authority Hong Kong or those requiring special arrangements for implementation (e.g. entrustment agreement, etc.) owing to exceptional circumstances are generally excluded from the purview of PCMO. Besides, PCMO was not able to deal with the cases of the West Kowloon Cultural District and Hong Kong-Zhuhai-Macao Bridge which were occurred prior to the establishment of PCMO. However, PCMO will undertake the monitoring work mentioned in part (4) above for the remaining construction period of these projects.
- (6) The Government will maintain a high level of investments in public works over the next few years in order to meet the keen demand for public facilities from the community. This will certainly impose pressure on the manpower of PCMO. But in the interests of cost-effectiveness, PCMO will optimize the use of existing resources and outsource some support services to consultants for proper implementation of cost control in public works projects. We will also review the workload and staffing position of PCMO from time to time and, when necessary, consider taking on additional staff. But there is no plan to increase the manpower at the moment.
- (7) PCMO has achieved initial success in strengthening control over the construction costs of public works projects. For instance, we have completed vetting of about 60 projects with a total estimated value of \$170 billion and reduced their estimates by about \$13 billion. With the collaboration of the stakeholders and under the current economic situation, the Building Works Tender Price Index that has been on the upward trend for the past few years has reversed and gradually stabilized. Many of the measures initiated by PCMO for controlling construction costs require continuity in order to put in place effective industry reforms that are conducive to the sustainability of public finance and the long-term development of the

construction industry. We will also make reference to overseas organizations and institutions for controlling construction costs when reviewing the need to extend its operation period of PCMO or turning it into a permanent office.

Complaints handled by the Hospital Authority

14. **MR HUI CHI-FUNG** (in Chinese): *President, will the Government inform this Council whether it knows:*

- (1) *the number of complaints received from patients or their families by each public hospital in the past five years, with a breakdown by nature of complaint;*
- (2) *the number of complaints received from staff members by each public hospital in the past five years, with a breakdown by nature of complaint;*
- (3) *among the complaints mentioned in (1), the number of those involving medical errors; among them, the respective numbers of cases in respect of which the Hospital Authority ("HA") (i) arranged mediation and (ii) made compensation, apologies or other remedies to the patients concerned or their families after mediation, as well as the total amount of compensation paid each year;*
- (4) *among the complaints mentioned in (1), the number of cases with the disputes concerned taken to court eventually and the amount of legal costs incurred by HA each year; among them, the number of cases in respect of which HA was required to pay compensation to the patients concerned or their families, and the total amount of compensation paid by HA each year;*
- (5) *among the complaints mentioned in (2), the number of cases in respect of which HA arranged mediation; among them, the respective numbers of cases in respect of which HA (i) paid compensation and (ii) arranged for the transfer of the staff members concerned; the total amount of compensation paid by HA each year; and*

- (6) *among the complaints mentioned in (2), the number of cases with the disputes concerned taken to court eventually and the amount of legal costs incurred by HA each year; among them, the number of cases in respect of which HA was required to pay compensation to the staff members concerned, and the total amount of compensation paid by HA each year?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, my reply to the various parts of the question raised by Mr HUI Chi-fung on complaints received by public hospitals is as follows:

- (1), (3) and (4)

In the past five years, the clusters of the Hospital Authority ("HA") handled a total of 12 589 complaints lodged by members of the public (excluding HA staff). Annex 1 sets out the breakdown of complaints by year, hospital cluster and category.

The HA does not maintain separate statistical breakdown of complaints about medical incidents. Hence, no information on the compensation amounts and legal costs involved in such cases can be provided. Annex 2 sets out the statistics on the cases of claims reported under the medical incidents insurance scheme of the HA over the past five years, the number of claims referred to mediation and the amount of compensation. There were no cases of claims resolved by court ruling in the past five years.

- (2) A total of 953 staff complaints were received by public hospitals in the past five years. A breakdown by HA cluster is set out at Annex 3.

For the classification of complaints by HA staff by nature, the number of categories was revised from 9 to 16 in 2012 and further increased to 17 in 2013. The number of complaints by staff members, broken down by nature of complaint, received in the past five years (i.e. 2011 to 2015) is set out at Annex 4.

(5) and (6)

The HA does not maintain statistics on the number of mediation cases relating to complaints by staff members and the amount of compensation involved.

Annex 1

Complaints handled by public hospitals

2011-2012

	<i>Hong Kong East Cluster</i>	<i>Hong Kong West Cluster</i>	<i>Kowloon Central Cluster</i>	<i>Kowloon East Cluster</i>	<i>Kowloon West Cluster</i>	<i>New Territories East Cluster</i>	<i>New Territories West Cluster</i>	<i>Total</i>
Medical services	52	47	123	246	469	75	222	1 234
Staff attitude	11	33	65	87	212	36	43	487
Administrative matters	13	22	28	64	127	31	40	325
Overall performance	3	8	12	9	53	22	15	122
Others	7	5	23	8	2	0	3	48
Total	86	115	251	414	863	164	323	2 216

2012-2013

	<i>Hong Kong East Cluster</i>	<i>Hong Kong West Cluster</i>	<i>Kowloon Central Cluster</i>	<i>Kowloon East Cluster</i>	<i>Kowloon West Cluster</i>	<i>New Territories East Cluster</i>	<i>New Territories West Cluster</i>	<i>Total</i>
Medical services	52	102	147	280	465	145	191	1 382
Staff attitude	13	64	62	89	166	74	69	537
Administrative matters	2	32	40	101	120	64	43	402
Overall performance	2	18	7	22	50	56	17	172
Others	4	2	7	21	1	0	0	35
Total	73	218	263	513	802	339	320	2 528

2013-2014

	<i>Hong Kong East Cluster</i>	<i>Hong Kong West Cluster</i>	<i>Kowloon Central Cluster</i>	<i>Kowloon East Cluster</i>	<i>Kowloon West Cluster</i>	<i>New Territories East Cluster</i>	<i>New Territories West Cluster</i>	<i>Total</i>
Medical services	60	74	166	278	554	173	214	1 519
Staff attitude	9	51	73	86	195	67	68	549
Administrative matters	2	29	49	90	121	67	35	393
Overall performance	2	21	8	20	37	62	15	165
Others	1	1	8	7	1	0	0	18
Total	74	176	304	481	908	369	332	2 644

2014-2015

	<i>Hong Kong East Cluster</i>	<i>Hong Kong West Cluster</i>	<i>Kowloon Central Cluster</i>	<i>Kowloon East Cluster</i>	<i>Kowloon West Cluster</i>	<i>New Territories East Cluster</i>	<i>New Territories West Cluster</i>	<i>Total</i>
Medical services	36	112	200	248	486	183	146	1 411
Staff attitude	3	59	67	55	179	71	27	461
Administrative matters	1	45	51	49	131	48	28	353
Overall performance	1	17	14	10	53	33	12	140
Others	1	1	20	2	5	0	0	29
Total	42	234	352	364	854	335	213	2 394

2015-2016

	<i>Hong Kong East Cluster</i>	<i>Hong Kong West Cluster</i>	<i>Kowloon Central Cluster</i>	<i>Kowloon East Cluster</i>	<i>Kowloon West Cluster</i>	<i>New Territories East Cluster</i>	<i>New Territories West Cluster</i>	<i>Total</i>
Medical services	49	102	239	247	483	281	160	1 561
Staff attitude	17	74	89	81	202	103	69	635
Administrative matters	12	36	48	60	106	99	28	389

	<i>Hong Kong East Cluster</i>	<i>Hong Kong West Cluster</i>	<i>Kowloon Central Cluster</i>	<i>Kowloon East Cluster</i>	<i>Kowloon West Cluster</i>	<i>New Territories East Cluster</i>	<i>New Territories West Cluster</i>	<i>Total</i>
Overall performance	3	20	19	32	41	67	8	190
Others	3	6	11	1	0	1	10	32
Total	84	238	406	421	832	551	275	2 807

Annex 2

Number of claims, amount of compensation and legal costs
(as at the end of January 2017)

<i>Year in which the claims⁽¹⁾ were reported</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
(1) Number of claims ⁽²⁾	133	148	130	108	94
(2) Number of claims settled out of court ⁽³⁾	30	29	29	12	2
(a) Total amount of compensation paid in respect of claims settled out of court (in round figures and million dollars)	10.79	17.41	17.61	3.33	0.16
(b) Legal fees paid by the HA in respect of claims settled out of court (in round figures and million dollars)	5.92	4.97	2.56	0.59	0
(3) Number of claims referred to mediation	1	3	1	1	0
(a) Number of claims settled during mediation	1	2	1	1	0
(b) Number of claims settled after mediation	0	1	0	0	0
(c) Compensation paid from 2012 to 2016 in respect of claims settled during mediation ⁽⁴⁾ (in round figure and million dollars)	5.09				

Notes:

(1) Cases reported under the medical incidents insurance scheme of the HA.

- (2) The number of claims in a particular year as set out in the above tables includes the number of claims settled through mediation and out of court. For example, for the cases reported in 2012, as at the end of January 2017, a total of 133 cases of claims were received, of which 30 were settled out of court.
- (3) Including claims settled out of court after legal proceedings had commenced.
- (4) As the compensation agreements must be kept confidential and the number of claims settled during mediation is relatively small, the HA is unable to provide a breakdown of the compensation paid according to agreements reached by mediation.

Annex 3

Complaints by HA staff received by clusters

	<i>Hong Kong East Cluster</i>	<i>Hong Kong West Cluster</i>	<i>Kowloon Central Cluster</i>	<i>Kowloon East Cluster</i>	<i>Kowloon West Cluster</i>	<i>New Territories East Cluster</i>	<i>New Territories West Cluster</i>	<i>Headquarters</i>	<i>Total</i>
2011	26	10	26	12	43	35	14	4	170
2012	26	18	29	17	49	35	12	2	188
2013	26	17	26	17	45	33	16	14	194
2014	40	19	38	15	41	52	18	6	229
2015	35	18	30	10	27	28	13	11	172

Annex 4

Complaints by HA staff (broken down by nature of complaint)

<i>Category</i>	<i>2011</i>
Recruitment/Appointment	14
Duty Arrangement	22
Supervision	43
Benefits and Leave	12
Peers Behaviour	36
Misconduct	17
Performance	10
Discrimination	4
Others	12
Total	170

<i>Category</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Recruitment/Appointment	16	20	13	24
Workload/Manpower	4	0	4	5
Job Arrangement	22	30	39	16
Supervisor-subordinate Relationship	25	11	15	14
Supervisor Competence	27	16	27	20
Operation and Procedures Issues	17	11	17	12
Remuneration, Benefits and Leave	8	16	8	8
Inappropriate Behaviour	22	32	30	27
Misconduct	12	11	25	14
Staff Development Review Issues	5	5	7	7
Performance Management Handling	11	6	10	8
Privacy	0	7	6	5
Training Issues	0	2	0	0
Administration/Facilities Related Issues	8	6	4	3
Discrimination	0	3	1	0
Sexual Harassment*	NA	8	12	4
Others	11	10	11	5
Total	188	194	229	172

Note:

* New category introduced in 2013

Entry arrangements for Hong Kong residents and nationals of the "Belt and Road" countries visiting each other

15. **MR JIMMY NG** (in Chinese): *President, regarding the entry arrangements for nationals of the countries along the Silk Road Economic Belt and 21st Century Maritime Silk Road (commonly known as "Belt and Road") and residents of the Hong Kong Special Administrative Region ("SAR") visiting each other, will the Government inform this Council:*

- (1) *of the Belt and Road countries which at present have not granted visa-free access to SAR passport holders; whether it has plans to lobby the authorities of such countries to grant visa-free access to SAR passport holders;*

- (2) *whether it knows the Belt and Road countries which at present have granted visa-free access to the People's Republic of China passport holders but not to SAR passport holders;*
- (3) *of the current respective numbers of the Belt and Road countries whose nationals (i) have been granted and (ii) have not been granted visa-free access by SAR Government, and what such countries are respectively;*
- (4) *whether it has plans to discuss with the authorities of the Belt and Road countries which have not signed visa abolition agreements with SAR Government on making such agreements; if so, of the details; if not, the reasons for that; and*
- (5) *given that as some of the Belt and Road countries which have not granted visa-free access to SAR passport holders do not have consulates in Hong Kong, SAR passport holders have to go to the embassies/consulates of such countries in Mainland China to apply for visas, whether the Government will discuss with the authorities of such countries to formulate simpler visa arrangements; if so, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): President, my consolidated reply to Mr NG's question is as follows:

The Government of the Hong Kong Special Administrative Region ("HKSAR") has all along been lobbying for visa-free access for HKSAR passport holders with a view to maximizing travel convenience for Hong Kong residents. Apart from raising the issue with relevant Embassies in our country and local Consulates from time to time, Economic and Trade Offices of the HKSAR Government have called on government officials and parliamentary members of the countries concerned to solicit their support for granting visa-free access to HKSAR passport holders. When calling on foreign officials and attending relevant international conferences and seminars, officials of the HKSAR Government also take the opportunity to lobby for visa-free access to more countries for HKSAR passport holders. Meanwhile, the HKSAR Government attaches great importance to promoting the HKSAR passport. Whenever an opportunity arises, we would invite senior foreign officials and diplomatic personnel visiting Hong Kong to observe the production of HKSAR passports on

the ground, and demonstrate to them the integrity of the production system and the passport's state-of-the-art anti-forgery features.

With the ongoing efforts of the HKSAR Government over the years, the total number of countries and territories having granted visa-free access or visa-on-arrival to HKSAR passport holders has increased from around 40 during the initial stage following the handover to 157 at present, they include countries along the Belt and Road.

Currently, among the 60 or so Belt and Road countries, 42 have granted visa-free access or visa-on-arrival to HKSAR passport holders; 22 others have not, where 13 of them have not granted the same to holders of the People's Republic of China ("PRC") ordinary passport as well. According to the information from the Ministry of Foreign Affairs of the PRC, the remaining 9 of them have unilaterally granted visa-on-arrival to PRC ordinary passport holders. Details are at Annex 1. For those countries which have not granted visa-free access to HKSAR passport holders, their requirements and procedures for processing visa applications vary according to the administrative arrangements of the individual countries.

Hong Kong has all along adopted an open immigration policy to facilitate entry of bona-fide visitors. At present, nationals of about 170 foreign countries and territories, including some Belt and Road countries, may visit Hong Kong visa-free. Among the present 60 or so Belt and Road countries, eligible nationals from totally 40 of them may visit Hong Kong visa-free for a stay ranging from 7 to 90 days; while nationals from 24 other countries require a visa, in general, for visiting Hong Kong. Details are at Annex 2.

The HKSAR Government reviews its visa policy from time to time. Factors to be considered in the review include immigration control and security concerns, bilateral economic, social and cultural ties between Hong Kong and the country concerned, track records of its nationals visiting Hong Kong and the circumstances of the individual country. In negotiating mutual visa exemption arrangements with other countries, the HKSAR Government will make holistic consideration with a view to providing more travel convenience to HKSAR passport holders and genuine visitors to Hong Kong on the one hand, and maintaining effective immigration control on the other. Whether to grant visa-free access to passport holders of other countries or territories is a matter for the individual countries.

The HKSAR Government will continue to consider negotiating with other countries on mutual visa exemption arrangements in light of the actual circumstances, and strive for visa-free access to more countries for HKSAR passport holders, including those yet to grant reciprocal facilitation.

Annex 1

The Belt and Road countries not having granted visa-free access to HKSAR passport holders, and those which have unilaterally granted visa-on-arrival to PRC ordinary passport holders are listed below:

1	Afghanistan	(阿富汗)	Visa-free access has not been granted to HKSAR passport holders and PRC ordinary passport holders
2	Belarus	(白俄羅斯) ⁽¹⁾	
3	Bhutan	(不丹)	
4	Georgia	(格魯吉亞)	
5	India	(印度)	
6	Iraq	(伊拉克)	
7	Kyrgyzstan	(吉爾吉斯坦)	
8	Pakistan	(巴基斯坦)	
9	Palestine	(巴勒斯坦)	
10	Saudi Arabia	(沙特阿拉伯)	
11	Syria	(敘利亞)	
12	Tajikistan	(塔吉克斯坦)	
13	Uzbekistan	(烏茲別克斯坦)	
14	Armenia	(亞美尼亞)	Visa-free access has not been granted to HKSAR passport holders
15	Azerbaijan	(阿塞拜疆)	
16	Bangladesh	(孟加拉)	
17	Cambodia	(柬埔寨)	Visa-on-arrival has been unilaterally granted to PRC ordinary passport holders ⁽²⁾
18	Iran	(伊朗)	
19	Myanmar	(緬甸)	
20	Sri Lanka	(斯里蘭卡)	
21	Turkmenistan	(土庫曼斯坦)	
22	Vietnam	(越南)	

Notes:

- (1) The governments of the HKSAR and Belarus have reached consensus on mutual visa exemption, whereby holders of valid HKSAR passport and valid national passport of Belarus may enjoy mutual visa-free access for a stay of up to 14 days. The relevant measures will be implemented as soon as possible.

- (2) Source of information: Ministry of Foreign Affairs of the PRC—Chinese Consular Services website (as at 22 February, 2017)
 <http://cs.mfa.gov.cn/zggmccg/cgqz/qzxx_660462/t1185357.shtml>
 [Chinese only]

Annex 2

Eligible nationals of the following Belt and Road countries may visit Hong Kong visa-free:

1	Albania	(阿爾巴尼亞)
2	Bahrain	(巴林)
3	Bhutan	(不丹)
4	Bosnia and Herzegovina	(波斯尼亞和黑塞哥維那)
5	Brunei Darussalam	(文萊)
6	Bulgaria	(保加利亞)
7	Croatia	(克羅地亞)
8	Czech Republic	(捷克)
9	East Timor	(東帝汶)
10	Egypt	(埃及)
11	Estonia	(愛沙尼亞)
12	Hungary	(匈牙利)
13	India	(印度)
14	Indonesia	(印度尼西亞)
15	Israel	(以色列)
16	Jordan	(約旦)
17	Kazakhstan	(哈薩克斯坦)
18	Kuwait	(科威特)
19	Latvia	(拉脫維亞)
20	Lithuania	(立陶宛)
21	Macedonia	(馬其頓)
22	Malaysia	(馬來西亞)
23	Maldives	(馬爾代夫)
24	Mongolia	(蒙古)
25	Montenegro (Republic of)	(黑山(共和國))
26	Oman	(阿曼)
27	Philippines	(菲律賓)

28	Poland	(波蘭)
29	Qatar	(卡塔爾)
30	Romania	(羅馬尼亞)
31	Russian Federation	(俄羅斯聯邦)
32	Saudi Arabia	(沙特阿拉伯)
33	Serbia (Republic of)	(塞爾維亞(共和國))
34	Singapore	(新加坡)
35	Slovak Republic	(斯洛伐克共和國)
36	Slovenia	(斯洛文尼亞)
37	Thailand	(泰國)
38	Turkey	(土耳其)
39	Ukraine	(烏克蘭)
40	United Arab Emirates	(阿拉伯聯合酋長國)

In general, nationals of the following Belt and Road countries require a visa to visit Hong Kong:

1	Afghanistan	(阿富汗)
2	Armenia	(亞美尼亞)
3	Azerbaijan	(阿塞拜疆)
4	Bangladesh	(孟加拉)
5	Belarus	(白俄羅斯) ⁽¹⁾
6	Cambodia	(柬埔寨)
7	Georgia	(格魯吉亞)
8	Iran	(伊朗)
9	Iraq	(伊拉克)
10	Kyrgyzstan	(吉爾吉斯斯坦)
11	Laos	(老撾)
12	Lebanon	(黎巴嫩)
13	Moldova (Republic of)	(摩爾多瓦)
14	Myanmar	(緬甸)
15	Nepal	(尼泊爾)
16	Pakistan	(巴基斯坦)
17	Palestine	(巴勒斯坦)
18	Sri Lanka	(斯里蘭卡)
19	Syria	(敘利亞)

20	Tajikistan	(塔吉克斯坦)
21	Turkmenistan	(土庫曼斯坦)
22	Uzbekistan	(烏茲別克斯坦)
23	Vietnam	(越南)
24	Yemen (Republic of)	(也門(共和國))

Note:

- (1) The governments of the HKSAR and Belarus have reached consensus on mutual visa exemption, whereby holders of valid HKSAR passport and valid national passport of Belarus may enjoy mutual visa-free access for a stay of up to 14 days. The relevant measures will be implemented as soon as possible.

Use of private cars for illegal carriage of passengers for reward

16. **MR FRANKIE YICK** (in Chinese): *President, some members of the transport trade have relayed to me that in recent years, some merchants have lured owners and drivers of private cars not issued with a hire car permit into engaging in illegal carriage of passengers for reward (commonly known as "white licence cars' service") and enticed passengers to use such service by offering concessions. Online platforms, bus-stops, etc. abound with advertisements for recruiting drivers to provide, and soliciting passengers to use, such white licence cars' service. Also, such service is named "car pooling", "group transport service" etc. in an attempt to evade regulation. The trade members have also pointed out that the third party risks insurance for the vehicles involved in such service may be rendered invalid as a result of their being used illegally for the carriage of passengers, causing passengers using such service and other road users to be deprived of protection. In addition, such service is undermining the interests of public transport service operators, which are operating legally. In this connection, will the Government inform this Council:*

- (1) *whether the Government proactively investigated the aforesaid online and bus-stop advertisements in the past three years; if so, of the outcome; whether it took measures to clamp down on the placing of such advertisements; if so, of the details and effectiveness of such measures; if not, the reasons for that;*

- (2) *of the measures in place to remind members of the public about the lacking of protection in using white licence cars' service, including the fact that the third party risks insurance for the vehicles concerned may have become invalid, and that such service is not subject to monitoring whereas it is the case for public transport services, and hence passengers dissatisfied with the service will have no way to lodge a complaint; and*
- (3) *of the law enforcement actions taken by the Government in the past three years to clamp down on white licence cars' service; whether it will step up such law enforcement actions; if so, of the details; if not, the reasons for that; whether it will consider amending the legislation to raise the penalties for the relevant offences?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my consolidated reply to the various parts of Mr Frankie YICK's question is as follows.

Under section 52(3) of the Road Traffic Ordinance (Cap. 374), no person shall drive or use a private car; or suffer or permit a private car to be driven or used, for the carriage of passengers for hire or reward unless a hire car permit is in force in respect of the vehicle. Otherwise, it is an offence. In addition, section 52(5) of the said Ordinance stipulates that no person shall solicit or attempt to solicit any person for hire or reward to travel in a private car.

The Government has been closely monitoring the use of smartphone applications ("apps") or online platforms by drivers and passengers to book hire car services as well as the use of private cars for the illegal carriage of passengers for reward, including relevant advertisements on Internet and other platforms, as well as media reports. Where suspected cases of illegal carriage have been identified, the Transport Department ("TD") will refer them to the Police for follow-up action. In the past three years, TD referred to the Police a total of 79 cases of suspected use of private cars for the illegal carriage of passengers for reward. Seven of these cases involved advertisements for such service on Internet or through other means, and media promotion of suspected use of private cars for the illegal carriage of passengers for reward.

The Police will gather intelligence, investigate and follow up on the referral cases received. They will also seek legal advice from the Department of Justice and take prosecution action as necessary. In the past three years, the Police took enforcement actions against 38 cases of use of private cars for the illegal carriage of passengers for reward. The Police will continue to keep in view the use of private cars not issued with a valid hire car permit for the illegal carriage of passengers for hire or reward through platforms such as smartphone apps. The Police will also step up enforcement actions to combat such offences.

An offender who uses a private car for the illegal carriage of passengers for reward, or who solicits or attempts to solicit any person to travel in a private car used for the illegal carriage of passengers for reward, is liable to a fine of \$5,000 and three months' imprisonment on the first conviction. The licence of the subject vehicle will also be suspended for three months. On the second or subsequent conviction, the person is liable to a fine of \$10,000 and six months' imprisonment. For subsequent offence in respect of the same motor vehicle, the licence of that vehicle will be suspended for six months. We consider the existing legislation carries sufficient deterrent effect, and do not have any plan for legislative amendment at this stage. The Government will continue to closely monitor the related prosecution figures and the use of private cars for the illegal carriage of passengers for reward, and will timely review the penalties for the related offences where necessary.

Apart from taking active enforcement action, the Government also attaches great importance to publicity and education. In this connection, TD has been making efforts through various channels, including broadcasting announcements of public interest on radio, displaying samples of hire car permits on the department's website, and putting up posters in public places. These efforts mainly aim to further educate the public that when they use hire car service, they should ensure the private car concerned is issued with a valid hire car permit; and the ways to identify such vehicle. In the publicity materials, TD has also reminded the public that the third party insurance for a private car engaging in illegal hire car service may no longer be valid. Members of the public who intend to use hire car service should enquire with the service operator to ascertain whether a hire car permit has been issued in respect of the private car concerned and check the permit's validity before the journey starts.

Regulation of organic food products

17. **MR HO KAI-MING** (in Chinese): *President, there is currently no legislation regulating the production, certification, labelling, sale etc. of organic food products. The Government commissioned in 2011 a consultancy study on whether the production and sale of local organic food products should be regulated. The consultancy study concluded that there was no pressing need to introduce such legislation. In addition, the Government indicated in a consultation document entitled "New Agricultural Policy: Sustainable Agricultural Development in Hong Kong" published in 2014 that the authorities had put in place an "Organic Farming Support Service" and actively encouraged and supported local farmers to develop organic farming. Given the robust development of the organic food market in recent years, will the Government inform this Council:*

- (1) *whether it will conduct afresh a study on the regulation of the production, sale etc. of local organic food products, including regulation by way of legislation; if so, of the details; if not, the reasons for that;*
- (2) *of the authorities' measures to forestall the situation where the regulatory mechanism for organic food products lags behind the development of the industry; and*
- (3) *as some unscrupulous traders deceive consumers by selling non-organic food products as organic ones, whether the authorities will establish a mechanism to investigate and follow up such complaints; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): *President, different regions/countries have different definitions on organic food. Also, the certification standards and methods vary.*

Fresh vegetables are currently the most significant type of locally produced organic food product. In 2000, the Agriculture, Fisheries and Conservation Department ("AFCD") launched the Organic Farming Conversion Scheme (later renamed as the Organic Farming Support Service ("OFSS")). The OFSS helps

local farmers transform from conventional farming to organic farming through the provision of technical support, including support in horticultural skills, soil fertility management, pest and disease control and seed saving, with a view to facilitating local farmers to open up new markets and enhance their competitiveness with the production of high quality vegetables. As at February 2017, 299 farms in Hong Kong had joined AFCD's OFSS. One-third of them joined in the past five years. Occupying a total land area of 108 hectares, these 299 organic farms produce about six tonnes of organic vegetables per day on average, accounting for less than 0.3% of the total fresh vegetables supply in Hong Kong.

The Government has all along been promoting organic food labelling. With funding from the Agricultural Development Fund under the Vegetable Marketing Organization, the Hong Kong Organic Resource Centre ("HKORC") has started to provide voluntary certification service for farmers since December 2002. The HKORC has established a set of stringent guidelines with reference to international standards, i.e. guidelines of the International Federation of Organic Agriculture Movements, to ensure that the process adopted by organic farms complies with the certification standards of organic farming and production. Certified farms may attach a label of the certification body to their products for easy identification. Organic food products certified by the HKORC include vegetables, cultured fish and other processed food. The HKORC conducts regular surveys to monitor the market situation.

The Government commissioned a consultancy study in 2011 to assess the need for regulating the production and sale of local organic food products (including organic agricultural products). In view of the small scale of the local organic food sector and the fact that the Government's main policy objectives in respect of food are to ensure food safety and secure stable food supply, the consultancy report advised that there was no pressing need to introduce new legislation to regulate the production and sale of local organic food products.

The consultant recommended that the Government should enhance consumer education, enrich consumers' knowledge of organic food and promote certification of organic products by administrative measures. The consultant's recommendations were reported to the Legislative Council Panel on Food Safety and Environmental Hygiene in 2013. The Government has thereafter strengthened consumer education on organic food products, supported the trade to

continue the promotion of organic food labelling and reminded consumers of recognizing the certification labels issued by organic food certification bodies.

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

(1) and (2)

The major differences between organic food and ordinary food are their ways of production, processing and handling. Such differences cannot be detected by testing the food products (including vegetables). There is no significant difference between the two in terms of food safety. The Government attaches great importance to food safety. All food for sale in Hong Kong for human consumption (either organic or ordinary food) must comply with the same set of statutory standards for food safety and quality, as well as labelling requirements to ensure its fitness for human consumption. The Centre for Food Safety, through the risk-based food surveillance programme, takes food samples (including organic food) at the import, wholesale and retail levels for testing.

The Government will continue to enhance consumer education on organic food, enrich consumers' knowledge of organic food, strengthen the technical support for farmers and improve the existing administrative measures, including further promoting the certification scheme, streamlining the certification procedures and promulgating a reporting mechanism for food fraud (including false claim of organic food). The Government will also continue to keep in view the latest international development on the regulation of organic food and review the local circumstances and needs from time to time.

(3) Under the Trade Descriptions Ordinance ("the Ordinance") (Cap. 362), any person who, in the course of any trade or business, makes false or misleading statements in respect of the goods (including organic food) he supplies commits an offence. The Customs and Excise Department ("C&ED") may take enforcement actions according to the Ordinance. C&ED has been proactively handling complaints related to false trade description, adopting a

risk-based approach in prioritizing its enforcement actions. After securing a reasonable amount of details, it will conduct in-depth investigation and evidence gathering, and take appropriate enforcement actions having regard to the particular facts and evidence of the cases.

Findings of an investigation into the non-compliance incidents of the new Civil Aviation Department Headquarters project and related follow-up actions

18. **MR KENNETH LEUNG** (in Chinese): *President, the Transport and Housing Bureau ("THB") indicated on 3 February this year that, in response to the recommendations of Report No. 63 of the Director of Audit and the relevant report of the Public Accounts Committee of this Council, it had completed an investigation into the non-compliance incidents of the new Civil Aviation Department ("CAD") Headquarters project. THB pointed out that the dedicated investigation team ("the dedicated team"), led by a Deputy Secretary of THB, was responsible for clarifying the specific circumstances and causes of the non-compliance incidents as well as investigating whether there were CAD officers who had misconducted themselves. Pursuant to the evidence gathered from the investigation and in accordance with established civil service procedures, the authorities have taken summary disciplinary action against the officer concerned. In this connection, will the Government inform this Council:*

- (1) *of the terms of reference and membership list of the dedicated team;*
- (2) *of the number of CAD officers summoned by the dedicated team to give evidence or provide information during the course of investigation;*
- (3) *as the investigation findings showed that there was evidence indicating that two directorate officers of CAD had misconducted themselves, of the details of such misconduct, as well as the disciplinary actions taken against them by the authorities and the justifications thereof;*

- (4) *given that one of the persons mentioned in (3) has already retired causing the civil service disciplinary mechanism inapplicable to that person, whether the authorities have, apart from recording such acts of misconduct on the personnel file of that person, taken any further follow-up actions; if so, of the details; if not, the reasons for that;*
- (5) *of the findings of the criminal investigation undertaken by a law enforcement agency into the incidents; and*
- (6) *whether the authorities will make public the investigation report of the dedicated team; if so, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, in Chapter 3 of the Director of Audit's Report No. 63 which was submitted to the Legislative Council on 20 November 2014, it set out the review of the provision of office accommodation and facilities in the new Civil Aviation Department ("CAD") Headquarters and the relevant recommendations on areas for improvement. The Public Accounts Committee ("PAC") of the Legislative Council subsequently conducted public hearings on the above project and published a report on 11 February 2015. With regard to the non-compliance incidents of the new CAD Headquarters mentioned in the Director of Audit's Report, CAD has taken follow-up actions and reminded its staff to comply with the relevant requirements.

For the last issue requiring follow-up action in the PAC report, i.e. an investigation by the Transport and Housing Bureau on the non-compliance incidents of the new CAD Headquarters project, the Transport and Housing Bureau reported the investigation findings to the PAC on 3 February this year (i.e. 2017). The findings have also been announced in paragraph 27 of Part 4 of the PAC Report No. 67 (Annex) issued on 15 February.

We understand the public's concern over this issue. In any case of misconduct by government officers, the Transport and Housing Bureau has strictly followed the established civil service procedures to conduct necessary investigation and take appropriate follow-up actions, including administrative and disciplinary actions, in a fair and impartial manner. The Transport and Housing Bureau has made timely reports to the PAC on the investigation progress since

the commencement of the internal investigation, and on the investigation findings on 3 February this year. A press release was also issued on the same day in response to the media enquiries on this matter.

My reply to the various parts of the question raised by Mr Kenneth LEUNG is as follows:

- (1) The dedicated investigation team of the Transport and Housing Bureau is led by a Deputy Secretary and composed of a Chief Executive Officer employed on contract terms under the Post-retirement Service Contract Scheme and a Senior Treasury Accountant. The terms of reference of the team are:
 1. to conduct a thorough, impartial and fair investigation in accordance with practices in the civil service, with a view to identifying non-compliance incidents and areas of concerns in the implementation of the new CAD Headquarters project;
 2. to collect and establish evidence of misconduct, mismanagement and maladministration, if any, for consideration of taking administrative and/or disciplinary actions against officer(s) concerned; and
 3. to make recommendations to the Permanent Secretary for Transport and Housing (Transport) on whether administrative and/or disciplinary actions should be taken against any officers.
- (2) During the course of investigation, the investigators of the Transport and Housing Bureau requested a total of eight officers who worked in CAD then to provide information.
- (3), (4) and (6)

The investigation team of the Transport and Housing Bureau strictly adhered to the established disciplinary procedures and guidelines of the Civil Service Bureau throughout the investigation process. The

investigation and analysis undertaken and the conclusion drawn were made in accordance with the following principles:

1. the investigation findings should be based on the established evidence of misconduct and other related information in the course of investigation, while the standard of proof was on a balance of probabilities;
2. the appropriateness of an act, conduct and behaviour of an officer was measured with reference to the relevant government policies, regulations, procedures, circulars, instructions or codes of practices, etc.;
3. where no specific regulations or instructions were applicable in a particular case, the standard expected of an officer of his/her grade, rank and experience had been applied; and
4. more was expected from a senior officer, i.e. such officer should not rely only on written rules in discharging his/her duties, but also exercise professional judgment appropriately and assume a level of accountability commensurate with the position he/she held.

As mentioned above, according to the established disciplinary procedures of the Civil Service Bureau, the standard of proof is on a balance of probabilities. The guiding principle is that the more serious the allegation, the more cogent is the evidence required to overcome the unlikelihood of what is alleged and thus to prove it.

As regards the principle of imposing specific penalty, the civil service disciplinary mechanism consists of summary disciplinary action and formal disciplinary action. The former includes verbal warnings and written warnings. Oral warnings are mainly issued against minor or isolated cases of misconduct by civil servants, while written warnings are issued against more serious cases, but the gravity of the misconduct does not require formal disciplinary action. A verbal or written warning will affect a civil servant's promotion or appointment. In the event of repeated minor

misconduct, or more serious misconduct (e.g. repeated absences from duty or abuse of official position, etc.), the relevant bureaux or departments may take formal disciplinary action against the civil servants concerned, i.e. to institute disciplinary proceedings in accordance with established procedures.

The necessary investigation and appropriate follow-up actions in this case have been undertaken in a fair and impartial manner. Taking into account the evidence gathered in the course of the investigation and balancing all relevant factors, there is evidence of misconduct by a senior directorate officer of CAD. After seeking the advice of the Secretariat on Civil Service Discipline, the Transport and Housing Bureau has taken the relevant disciplinary action against the officer concerned. In addition, the investigation revealed prima facie evidence indicating alleged acts of misconduct by a retired directorate officer of CAD. As this officer had already retired during the course of the investigation, the civil service disciplinary mechanism is not applicable. Nevertheless, the Transport and Housing Bureau has issued a letter to the retired officer concerned and also put the letter on the personnel file, clearly expressing the Transport and Housing Bureau's stance on the acts of misconduct alleged against the officer. The above action is in strict accordance with the established disciplinary procedures of the Civil Service Bureau and practices in the civil service to ensure a fair and impartial investigation to the officers concerned and to the Government, as well as to safeguard the effectiveness of the civil service disciplinary mechanism.

We appreciate the public's concern over this issue and yet are mindful of the responsibility to protect the privacy of the officers concerned and to abide by the Personal Data (Privacy) Ordinance. We believe that the information made public has struck a balance of all relevant considerations.

- (5) According to the Government's established policy, we will not comment on the work of law enforcement agencies or disclose any relevant information.

P.A.C. Report No. 67 – Part 4 (Extract)

Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2015 and the Results of Value for Money Audits (Report No. 65) [P.A.C. Report No. 65]

Provision of long-term care services for the elderly
(Paragraphs 19 and 20 of Part 4 of P.A.C. Report No. 65)

24. The subject had been referred to LegCo Panel on Welfare Services for follow up on 24 February 2016, and the Panel noted the referral in its meeting on 14 March 2016. The Committee recommends that the issue be continued to be followed up by LegCo Panel on Welfare Services.

25. The Committee wishes to be kept informed of further development on the subject.

New Civil Aviation Department Headquarters
(Paragraphs 23 to 25 of Part 4 of P.A.C. Report No. 65)

26. Hon Steven HO declared that he was a non-executive director of the Airport Authority Hong Kong.

27. The Committee was informed that the Transport and Housing Bureau ("THB") had completed the investigation on the implementation of the new Civil Aviation Department ("CAD") Headquarters project. According to the investigation outcome, there was evidence indicating acts of misconduct by a senior directorate officer of CAD. Pursuant to the evidence gathered from the investigation and in accordance with established civil service procedures, THB had taken summary disciplinary action against the officer concerned. In addition, the investigation revealed prima facie evidence indicating alleged acts of misconduct by a retired directorate officer of CAD. As this officer had already retired, the civil service disciplinary mechanism was not applicable. However, THB had issued a letter to the retired officer concerned and also put the letter on the personnel file, clearly expressing THB's stance on the acts of misconduct alleged against the officer. The letter from **Secretary for Transport and Housing** to the Committee is in *Appendix 9*.

Administration of the air traffic control and related services
(Paragraphs 3 to 5 of Part 5 of P.A.C. Report No. 65)

28. Hon Steven HO declared that he was a non-executive director of the Airport Authority Hong Kong.

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APPENDIX 9

政府總部
運輸及房屋局
運輸科
香港添馬添美道2號
政府總部東翼



Transport and
Housing Bureau
Government Secretariat
Transport Branch
East Wing, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

本局檔號 Our Ref. THB(T)CR 1/60/951/08

來函檔號 Your Ref.

3 February 2017

Mr Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr CHU,

**Follow-up to Part 4 of the
Public Accounts Committee Report No. 65, Para. 23-25
New Civil Aviation Department Headquarters**

Further to my letter dated 22 January 2016 and the subsequent updates to the Government Minute issued on 25 May 2016 and to the Annual Progress Report to the Public Accounts Committee issued on 1 November 2016 on the progress of the investigation undertaken by the Transport and Housing Bureau (THB) on the new Civil Aviation Department Headquarters project, I write to provide an update on the investigation which has been completed.

THB's investigation was conducted in strict compliance with the established civil service procedures. The investigation team had examined internal project documents and external communication records at different project stages; the examination was to ensure a fair and comprehensive review from different perspectives, and to establish the facts and identify the causes of the non-compliance incidents as well as the officers who should be held accountable. In the course of THB's

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investigation, a law enforcement agency had undertaken a criminal investigation into the matter. At the request of the agency, THB had put its investigation work on hold until the completion of the agency's investigation. The result of THB's investigation is set out at Annex.

With best wishes for the Year of the Rooster!

Yours sincerely,



(Ms Joyce CHAN)
for Secretary for Transport and Housing

Encl.

c.c. Secretary for Financial Services and the Treasury
Director of Audit
Director-General of Civil Aviation

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Annex

**New Civil Aviation Department Headquarters
Updated Progress of Implementing Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 4 of the PAC Report No. 65, Para. 23-25	The Committee wishes to be informed of further development on the investigation by the Transport and Housing Bureau (THB) on the implementation of the new Civil Aviation Department (CAD) Headquarters project.	THB has completed the investigation. According to the investigation outcome, there is evidence indicating acts of misconduct by a senior directorate officer of CAD. Pursuant to the evidence gathered from the investigation and in accordance with established civil service procedures, THB has taken summary disciplinary action against the officer concerned. In addition, the investigation revealed prima facie evidence indicating alleged acts of misconduct by a retired directorate officer of CAD. As this officer has already retired, the civil service disciplinary mechanism is not applicable. However, THB has issued a letter to the retired officer concerned and also put the letter on the personnel file, clearly expressing THB's stance on the acts of misconduct alleged against the officer. As the follow-up action to PAC's recommendation has been completed, we recommend deleting this item from the next progress report.

Contingency plans for large-scale transport systems and dissemination of information to passengers

19. **MR WU CHI-WAI** (in Chinese): *President, on the 10th of last month, the MTR Tsuen Wan Line experienced the most serious alleged arson incident in 38 years since its commissioning. That incident caused injuries to 10-odd persons, with several of them in serious or critical conditions. That incident has aroused public concern about whether proper contingency plans for handling unexpected incidents in large-scale transport systems have been put in place, and whether passengers can obtain sufficient information in a timely manner. In this connection, will the Government inform this Council:*

- (1) *given that the MTR South Island Line is plied by unmanned trains and some MTR stations (including some stations on the South Island Line and the Kwun Tong Line Extension) have no MTR staff on duty on the platforms, of the current contingency plans formulated by the relevant government departments for handling unexpected incidents which occur on such kind of trains and in such kind of stations;*
- (2) *whether it has assessed if the MTR Corporation Limited ("MTRCL") had disseminated sufficient information to passengers in a timely manner during the aforesaid incident;*
- (3) *whether it knows if MTRCL has, in the light of the aforesaid incident, formulated additional contingency measures for handling unexpected incidents; if MTRCL has, of the details; if not, the reasons for that;*
- (4) *how far MTRCL staff participated in large-scale emergency drills conducted by government departments in the past two years; whether duty officers of MTR stations and train captains participated in such emergency drills; if not, whether drills involving such MTR staff members will be arranged in the near future; and*
- (5) *whether it has considered setting up an independent committee to review the contingency plans (including the arrangement for the timely dissemination of information to passengers) for handling unexpected incidents in large-scale transport systems; if so, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, on the night of 10 February 2017, a passenger was alleged to have started a fire on a Tsuen Wan Line train running from Admiralty Station to Tsim Sha Tsui ("TST") Station. A total of 19 passengers were injured or felt unwell.

The train captain, having received the alert of the emergency button pulled by passengers at 7:11 pm and felt smoke, made a report to the Operation Control Centre ("OCC") right away. The staff of the OCC instantly requested the staff of TST Station to make preparation at the platform and inform the Police and the Fire Services Department ("FSD"). Within five minutes after the train concerned arrived at the TST Station at 7:14 pm, the MTR staff evacuated more than 1 000 passengers on the train and the platform, called for ambulance assistance for injured passengers and put out the fire together with the passengers. The Police and FSD personnel arrived at the scene within two minutes and four minutes respectively after the train had arrived at the platform. At that time, the situation at the scene had basically stabilized. Within a brief several minutes, Government personnel and MTR staff arrived at the scene to provide emergency services and put things under control, meeting the design and requirements of contingency plans.

Railway is the backbone of the public transport network of Hong Kong. Over 5 million passenger trips are made on the MTR every day. Railway safety should be of prime importance. Although unexpected incidents or improper behaviour of individual person is difficult to prevent, there are adequate facilities and emergency arrangements in the MTR system to handle various types of incidents.

My reply to the various parts of Mr WU Chi-wai's question is as follows:

(1) and (3)

MTRCL has all along put in place operational and safety manuals, covering the contingency arrangements for various incidents (including fire and flooding). MTRCL has to consult Government departments in formulation of these manuals. These manuals are applicable to all railway lines, including fully automatic operation ("FAO") trains. All MTR staff should be conversant with these safety manuals and contingency procedures. In the unfortunate event of an incident, the MTR staff will activate the relevant

contingency procedures in the manuals depending on the nature and severity of the incident. The train captain and station staff will maintain close communication with OCC while the staff of OCC will coordinate response actions. Where warranted, train service will be adjusted and additional staff deployed to affected stations to assist passengers. MTRCL will inform the relevant Government departments as soon as possible, including the Electrical and Mechanical Services Department ("EMSD") and the Transport Department ("TD"). If railway services are disrupted, the Corporation will handle the properly in accordance with established contingency plan (see Annex). For the alleged arson incident in question, the MTR staff have acted in accordance with safety manuals and contingency procedures.

The FAO trains have emergency communication system installed inside the train cars which connect directly to OCC. In the event of an emergency, passengers can contact OCC directly so that MTR staff may provide assistance as soon as possible. During its early stage of commissioning, a MTRCL staff is currently deployed to assume duty in the FAO trains of the South Island Line.

- (2) MTRCL has been making use of various channels, including broadcasts at stations and in trains, passenger information display panels, MTR website and smartphone application "Traffic News", to disseminate train service information, including the occurrence of any emergency incidents. When fire broke out on train on the night of 10 February 2017, the train captain made broadcasts before arriving at the TST station, advising passengers to leave the train immediately upon arrival at the station. There were also broadcasts at the TST Station immediately upon the arrival of the train, that the train would not take on passengers. Within minutes after the arrival of the train, the station staff released information to passengers through broadcasts and passenger information display panels about the occurrence of an emergency. Staff on duty in the concourse and platform also instructed passengers to evacuate from the station. At the same time, MTRCL released train service message through smartphone application, advising passengers that an emergency occurred in TST Station and that the trains would not stop at that station.

- (4) At present, MTRCL arranges regular training for staff and conducts 12 to 15 drills with the Police and FSD jointly every year. Emergencies and major incidents were simulated to test evacuation and emergency response procedures. Practices and training are conducted repeatedly so that staff become conversant with the details of response procedures and how to implement them. The last major drill was conducted in November 2016 (about three months ago) and participated by about 2 000 persons, including MTR station staff, train captains and members of the public (simulating as passengers). The Government and MTRCL will both enhance and increase the frequency of drills, in the light of the alleged arson case in question.
- (5) As evidenced by the speed and results of the response action for the alleged arson case, the above mentioned established emergency procedures was successfully activated and achieved its effectiveness. In view of the seriousness of the incident, MTRCL has set up a high-level committee (with participation of external consultants) to conduct a full investigation and review of the incident. The areas to be covered include safety equipment and response procedures of the station and train car, whether the staff have effectively carried out the established procedures, the timeliness and effectiveness of service recovery, whether the information to passengers was disseminated properly, as well as further improvement measures. MTRCL will submit a report to EMSD upon the completion of the investigation. EMSD, in conjunction with other departments such as FSD and the Police, will examine the report and follow up on the implementation of improvement measures proposed by MTRCL. The finalized report will be made public.

The franchised bus is the major road-based public transport mode. Currently, all fire-fighting equipment and escape facilities on franchised bus compartment shall comply with the Road Traffic Ordinance (Cap. 374). The bus compartment is constructed of fire-retardant materials, and there is fire barrier between the bus compartment and engine bay. The bus compartment is equipped with fire extinguisher, emergency exits, and break-glass hammers. Signs are also put up in the bus compartment to direct passengers how to open the emergency exits or use the break-glass hammer to

break the glass to escape in case of incidents. TD and the franchised bus companies will regularly inspect the equipment to ensure they are maintained in proper working order and condition. On the other hand, all franchised bus companies have issued guidelines to bus captains on ways to handle fire incidents and evacuate passengers. Drills will be carried out for new recruits and during on-the-job-training of bus captains. The bus companies will timely review the guidelines and training programme.

After the alleged MTR arson case, TD and EMSD will also review, in conjunction with relevant departments, safety measures undertaken by other public transport operators. The review will examine existing fire-fighting and escape equipment provided by operators, contingency plans, staff training and drills, so as to evaluate the need for improvements.

Annex

MTRCL's contingency plans for railway service disruptions

Purpose

The MTRCL has drawn up contingency plans for various service disruption situations specific to the needs of individual stations. They are made available to the staff assigned to contingency duties. For information that is of use to passengers, it is made available to them in stations and in the Internet. This note gives an account of the MTRCL's contingency plans for railway service disruptions.

Handling of railway service disruptions

2. When a serious incident happens and is expected to lead to a prolonged suspension of railway services for 20 minutes or more, the MTRCL will issue a "Red Alert" message to inform Government departments including the TD, other public transport operators and media organizations of the incident. Upon notification by the MTRCL, other public transport operators will provide appropriate supportive services as best as they can under the coordination of the

TD. On its part, the MTRCL will suitably adjust its railway service to minimize impact and arrange free MTR shuttle buses to carry passengers from the affected stations to convenient locations, such as the nearest MTR station with railway service still in operation.

Alert System

3. "Red Alert" is defined as a signal which denotes that serious railway service disruption will continue or is expected to continue for 20 minutes or more, and emergency transport support services from other public transport operators are required. Upon being alerted, public transport operators will urgently mobilize their resources to provide appropriate supporting services as quickly as possible.

4. Prior to the issuance of a Red Alert message, the MTRCL may issue an "Amber Alert" message. "Amber Alert" is defined as an early warning in respect of an incident which may lead to a serious disruption of service. After receiving this Alert, other public transport operators will alert their emergency unit, get prepared for possible emergency actions which may be demanded for at short notice and keep close contact with the MTRCL.

5. The MTRCL is also required to notify TD within 8 minutes on any service disruption incident which has lasted for 8 minutes or is expected to last for 8 minutes or more. Train service disruption incidents refer to those incidents that lead to a suspension or delay of service at a railway station or a Light Rail stop, or on a section of a railway line.

6. Besides, according to the Mass Transit Railway Regulations (Cap. 556A), the MTRCL shall report to the EMSD any incident that occurs at any part of the entire railway premises and which has a direct bearing on the safe operation of the railway.

Dissemination of information during incident

7. Regarding dissemination of information to passengers, the MTRCL has formulated measures to ensure effective communication with passengers during service disruption, with a view to assisting them to make appropriate alternative travel arrangements. These measures include:

- (a) broadcasting details of the service situation at stations and in trains;
- (b) providing information of alternative public transport service such as franchised bus routes, bus stop locations and free MTR shuttle bus boarding/alighting points on large information displays installed at stations;
- (c) displaying signs from concourse ceilings and at street level to mark routes to free MTR shuttle bus boarding/alighting points when free shuttle bus service is ready;
- (d) during service disruption, using LCD screens installed at visible locations near station entry gates of to provide train service information and other important notices;
- (e) posting railway service disruption message and information on free MTR shuttle bus services on the MTR website and MTR Mobile App "Traffic News";
- (f) displaying alternative public transport information on maps in the concourse of affected stations; and
- (g) distributing "Rail Service Suspension—Passenger Guide" to passengers.

Operation of train and free MTR shuttle bus during serious railway service disruptions

8. In the event of serious service disruption, the MTRCL will endeavour to minimize the area being affected and provide train service to the farthest extent by:

- (a) reversing trains at designated track sections to maintain train service in unaffected sections;
- (b) diverting trains through supplementary track sections to bypass the affected section;

- (c) diverting trains across lines through designated track sections to reduce the impact of service disruption; and
- (d) diverting trains through spare track sections to reduce the impact of service disruption (for example, when the cross-harbour section of Tseung Kwan O Line is suspended, depending on which section is affected, cross-harbour train service can be maintained via the Service Connection Tunnel of Kwun Tong Line to provide linkage between Lam Tin Station and Quarry Bay Station).

9. The MTRCL has formulated free shuttle bus deployment plans for railway incidents and agreements have been entered into with bus operators for the provision of such services during railway incidents to take affected passengers to the nearest MTR station still under normal operation to continue their journeys.

Operation of free MTR shuttle buses

10. Free MTR shuttle bus service is a supplementary measure to assist passengers to travel to convenient locations. Given the limited carrying capacity of shuttle buses, it is not intended to be a substitute for normal train service. It brings passengers to the nearest station outside the affected section of a railway line where service is disrupted, to enable them to continue with their journeys. Shuttle buses would also stop at stations in the affected section to provide services to passengers.

Activation of free MTR shuttle bus services

11. The number of free MTR shuttle buses and the level of shuttle bus service to be deployed during a railway incident will depend on which section of the railway line is involved and the seriousness of the situation. Generally speaking, according to the agreement between the MTRCL and the Public Omnibus Operators Association ("POOA")⁽¹⁾, when free MTR shuttle bus service is needed, the POOA will arrange about 7 buses to provide service within 30 to 45 minutes after receiving the MTRCL's notification; an additional 40 buses, if required, will be deployed within 1 to 1.5 hour; and about 100 buses in total after 2 to 2.5 hours.

(1) POOA is the confederation of non-franchised public bus operators in Hong Kong. At present, more than 200 non-franchised operators are members of the POOA, and together having a fleet of about 4 000 buses which accounts for about 60% of the total non-franchised buses operating in Hong Kong.

The actual number of buses to be deployed will depend on the extent of impact to train service and road traffic condition. Depending on the actual situation, the MTRCL may operate additional shuttle buses or modify the operating details of shuttle bus services to suit the need of the affected passengers.

12. Information on the estimated arrival time, locations of and routes to boarding and alighting points of free MTR shuttle buses is included in MTRCL's "Rail Service Suspension—Passenger Guide" which is tailor-made for each station for distribution in the station. The Guide is also uploaded to MTRCL's website <http://www.mtr.com.hk/en/customer/services/needs_index.html>.

13. Since the carrying capacity of shuttle buses is far below that of the railway, they can only serve as a support service to assist affected passengers to continue with their journeys. It is not possible for shuttle buses to serve as replacement for the entire railway service. Therefore, lines queuing for such bus service are expected and most passengers may have to change to other unaffected MTR lines or take alternative public transport services to travel to their destinations.

Manpower Deployment

14. In response to a service disruption incident, the MTRCL staff would be on duty at each MTR station to carry out crowd management duties, make public announcements, issue station notices and help passengers on fare matters according to the established procedures in times of incidents. The number of station staff will be increased as needed.

15. The MTRCL has also established a dedicated Customer Service Rapid Response Unit ("CSRRU") with around 90 members to provide additional support focusing on customer service on top of the manpower stationed at individual stations. The MTRCL will from time to time review the number of team members of the CSRRU as necessary.

16. Upon calling out the free MTR shuttle bus services during serious service disruption, the Operations Control Centre ("OCC") of the MTRCL will mobilize team members of CSRRU to affected stations to provide extra support on:

- setting up facilities for the implementation of free MTR shuttle bus services;

- maintaining order at affected stations and free MTR shuttle bus boarding/alighting points;
- making timely reports to the OCC during incidents to facilitate more effective coordination with relevant Government departments such as the Police for better crowd management;
- handling enquiries and advising passengers on alternative routes and transport choices; and
- providing guidance and assistance to passengers.

17. Upon notification of deployment, CSRRU team members will proceed to the affected stations by the best available means of transport, including taxi. The first team would likely arrive within 20 minutes in most cases according to past experience. CSRRU team members are easily identifiable in their pink vests.

Regular review and updating

18. The MTRCL will continue to regularly review and update its contingency plans for railway service disruption in consultation with relevant Government departments, in the light of operational experience gained.

Issues relating to railway service disruptions

20. **MR CHAN CHI-CHUEN** (in Chinese): *President, a number of railway service disruptions have occurred in recent months, causing inconvenience to passengers. For example, a signalling failure occurred on the Kwun Tong Line Extension ("KTLE") on 5 December last year (i.e. less than two months after its commissioning), resulting in a disruption of the train services between Whampoa Station and Tiu Keng Leng Station for almost two hours. Under the mechanism established by the Government and the MTR Corporation Limited ("MTRCL") for notification of service disruptions, MTRCL is required to notify the Transport Department within eight minutes whenever any service disruption that has lasted for eight minutes or is expected to last for eight minutes or more occurs; a fine will be imposed on MTRCL for any service disruption that lasts for 31 minutes or more, and the fines must be used for the provision of fare concessions to passengers in the coming year ("penalty mechanism"). In this connection, will the Government inform this Council:*

- (1) *whether it knows the respective numbers of service disruptions that have occurred, since last year, on various railway lines (except for KTLE and the South Island Line ("SIL")) that lasted for (i) not more than eight minutes, (ii) eight minutes or more but less than 31 minutes, and (iii) 31 minutes or more; among such disruptions, of the respective numbers of those caused by (iv) equipment failures, (v) human errors, (vi) passengers' misbehaviour, (vii) inclement weather and (viii) other problems; the amount of fines payable by MTRCL under the penalty mechanism and, among such fines, the amount that will be used by MTRCL this year for the provision of fare concessions to passengers;*
- (2) *whether it knows the respective numbers of service disruptions that have occurred on KTLE and SIL, since their commissioning, that lasted for (i) not more than eight minutes, (ii) eight minutes or more but less than 31 minutes, and (iii) 31 minutes or more; of the amount of fines payable by MTRCL under the penalty mechanism and, among such fines, the amount that will be used by MTRCL this year for the provision of fare concessions to passengers;*
- (3) *whether it knows if MTRCL has investigated the causes of the service disruptions mentioned in (2); if MTRCL has, of the respective numbers of disruptions caused by (i) equipment failures, (ii) human errors, (iii) passengers' misbehaviour, (iv) inclement weather, (v) teething problems of new systems and (vi) other problems; if not, the reasons for that;*
- (4) *whether it knows the number of times for which MTRCL has arranged, since last year, free shuttle bus services for transporting affected passengers during railway service disruptions, as well as the districts, routes and number of passengers involved in each of such arrangements;*
- (5) *of the current balance of fines collected under the penalty mechanism; given that MTRCL set aside \$186 million for the 10% Same-Day Second-Trip Discount promotion last year, whether the Government knows if MTRCL will benefit its passengers this year by re-introducing such promotional fare discount or through other more direct means; and*

- (6) *whether it will, in order to ensure that MTRCL will replace train components on a regular basis and enhance train safety and service quality, (i) establish a more stringent penalty mechanism, e.g. by extending the scope of the penalty mechanism to cover service disruptions which last for eight minutes or more, (ii) include the accumulated total amount of fines paid as a consideration under the Fare Adjustment Mechanism, and (iii) require MTRCL to set aside a specified percentage of the operating expenses for repair and maintenance of the railway system; if so, of the details?*

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

- (1) According to the existing railway incident reporting mechanism, the MTR Corporation Limited ("MTRCL") is required to notify the Transport Department within eight minutes any railway incident which has caused train service disruption of eight minutes or is expected to cause disruption of eight minutes or more⁽¹⁾. In 2016, there were 117 incidents which caused service disruption of eight minutes or above due to factors within MTRCL's control (including equipment failure and human factor), which is the lowest since the Rail Merger in 2007. The figures on train service disruptions occurred in the MTR system (excluding Kwun Tong Line (Extension) ("KTE") and South Island Line ("SIL")) due to various factors from 2016 to January 2017 are at Annex 1. Final figures of February 2017 are not available yet.

According to the Service Performance Arrangement ("SPA") introduced after the review of the MTR Fare Adjustment Mechanism ("FAM") in 2013, MTRCL will pay proceeds for railway service disruptions of 31 minutes or above caused by factors within MTRCL's control, according to the duration of disruption, for the provision of "10% Same Day Second Trip Discount". There were

- (1) Service disruptions of less than eight minutes have relatively minor impact on passengers. MTRCL is not required to report such incidents to the Transport Department.

seven such incidents in 2016 (excluding KTE and SIL). MTRCL is required to pay proceeds of \$13.5 million, which will be fully returned to passengers by means of fare concession this year. There was no such incident in January 2017.

(2) and (3)

KTE and SIL were commissioned on 23 October 2016 and 28 December 2016 respectively. The figures on train service disruptions of 8 minutes or above and 31 minutes or above since their commissioning (as at end January 2017), as well as the causes of these disruptions, are at Annex 2.

Since the commissioning of these two new railway lines, there was one service disruption of 31 minutes or above which was caused by factors within MTRCL's control in 2016. According to SPA, MTRCL will need to pay proceeds of \$1 million, which will be returned to passengers by means of fare concession this year in accordance with the mechanism. There was no such incident in January 2017.

(4) MTRCL has formulated free shuttle bus deployment plans for railway incidents. In the event of train service suspension at certain sections of the system due to railway incidents, free shuttle bus service will be arranged to take affected passengers to the nearest MTR station still under normal operation to continue their journeys. MTRCL has entered into agreements with bus operators for the provision of such service. The free MTR shuttle bus service is an emergency supplementary measure. Given the limited carrying capacity of shuttle buses, it is intended to relieve the inconvenience to passengers but not as a substitute for normal train service.

From 2016 to January 2017, free MTR shuttle bus service was activated by MTRCL in 24 railway incidents. Details are at Annex 3.

- (5) After the review of the MTR FAM in 2013, a Profit Sharing Mechanism⁽²⁾ and SPA mentioned above have been introduced, requiring MTRCL to pay proceeds for the provision of "10% Same Day Second Trip Discount" in accordance with the mechanisms. The proceeds paid by MTRCL from 2013 to 2016 in accordance with these two mechanisms are at Annex 4. In 2016, MTRCL paid \$186 million for providing "10% Same Day Second Trip Discount" from June to October. Such proceeds are the total amount of proceeds paid by MTRCL under the two mechanisms, instead of the proceeds under SPA only. The proceeds have been fully returned to passengers.

The Government and MTRCL are jointly reviewing the MTR FAM. The main direction of the review is to see how the operation of FAM could better respond to public concern about the relationship between FAM and MTRCL's profitability as well as passengers' affordability, whilst still respecting the financial prudence required of MTRCL as a listed company, on the premise that a transparent FAM based on public and objective data and a direct-drive formula will be retained. The review will cover individual elements of the existing FAM, including the Profit Sharing Mechanism and SPA.

- (6) The objective of introducing SPA in 2013 is to encourage MTRCL to enhance the inspection and examination of various railway equipment and systems, so as to maintain good operational condition. Nevertheless, the specific arrangement should strike an appropriate balance and avoid imposing heavy burden over the frontline railway personnel, pushing them to rush the safety inspection and urgent repair under a tight time frame to avoid punishment, which might have negative implication for the quality or even put railway safety at risk. In any event, the Government and MTRCL will review whether the existing arrangement can be enhanced in the current review of the MTR FAM, on the premise that such appropriate balance should be maintained.

- (2) MTRCL will pay proceeds for providing fare discounts to passengers in the next year based on the underlying business profit in each year, with a view to sharing the Corporation's profit with citizens. The underlying business profit covers profit from all businesses of MTRCL, including the property developments and overseas ventures of MTRCL.

MTRCL has a stringent asset management system, which sets out appropriate procedures and timetable for the maintenance, renewal and replacement of various components of the railway system, taking into account their expected asset life, usage and criticality to the railway system of individual components, and prepare estimates of the expenditure accordingly. Currently, MTRCL invests more than \$7 billion per year in maintaining and renewing its railway asset. MTRCL will also, based on operational needs, earmark additional fund to procure new railway assets. For example, in 2015, MTRCL additionally committed about \$9.3 billion to procure 93 new urban line trains and replace the signalling systems of seven railway lines to enhance service quality. And, in 2015, the revenue of MTRCL's transport operation business in Hong Kong was \$16.9 billion. As a comparison, we can see that MTRCL adopts an aggressive strategy in the investment in maintaining, renewing and procuring railway assets. The actual amount of investment in railway assets every year depends on actual operational needs. Funds will be earmarked where needed and it is not necessary to set a pre-determined target.

Annex 1

Train service disruptions occurred in the MTR system from 2016 to January 2017
(excluding KTE and SIL)

<i>Cause of incident</i>	<i>Number of disruptions of 8 to 30 minutes</i>	<i>Number of disruptions of 31 minutes or above</i>
Factors within MTRCL's control		
Equipment failure	101	6
Human factor	11	1
Total	112	7
Factors outside MTRCL's control		
Passengers' behaviour	45	4
Other external factors (including adverse weather)	56	6
Total	101	10

Annex 2

Train service disruptions occurred in KTE and SIL since their commissioning in October and December 2016 respectively (as at January 2017)

KTE (covers only the two new stations and other new railway systems for the KTE project)

<i>Cause of incident</i>	<i>Number of disruptions of 8 to 30 minutes</i>	<i>Number of disruptions of 31 minutes or above</i>
Factors within MTRCL's control		
Equipment failure ^{Note}	2	0
Human factor	0	0
Total	2	0
Factors outside MTRCL's control		
Passengers' behaviour	0	0
Other external factors (including adverse weather)	0	0
Total	0	0

SIL

<i>Cause of incident</i>	<i>Number of disruptions of 8 to 30 minutes</i>	<i>Number of disruptions of 31 minutes or above</i>
Factors within MTRCL's control		
Equipment failure ^{Note}	0	1
Human factor	0	0
Total	0	1
Factors outside MTRCL's control		
Passengers' behaviour	0	0
Other external factors (including adverse weather)	0	0
Total	0	0

Note:

During the early stage of the operation of a new railway line, operational hiccups may not be avoidable as it takes time for systems and parts to run in, hence the possibility of train service disruptions. However, MTRCL can hardly classify whether an individual incident is caused by teething issues or not. In this regard, MTRCL classifies these incidents under "equipment failure".

Free MTR Shuttle bus service activated by MTRCL
from 2016 to January 2017

2016

<i>Date of the incident</i>	<i>Affected railway section</i>	<i>Route of free shuttle bus service</i>	<i>Passengers carried</i>
4 January	Lam Tei Stop to Hung Shui Kiu Stop, Light Rail	Hung Tin Road Emergency Platform to Siu Hong Station (North) Public Transport Interchange	2 959
24 January	Lai King Station, Tung Chung Line	Nam Cheong Station to Tsing Yi Station	7
25 January	Fo Tan Station to Tai Po Market Station, East Rail Line	Sha Tin Station to Tai Po Market Station (via Fo Tan Station and University Station)	1 930
8 February	Tai Po Market Station to Sheung Shui Station, East Rail Line	Tai Po Market Station to Sheung Shui Station (via Tai Wo Station and Fanling Station)	490
14 March	Kin On Stop to Shek Pai Stop, Light Rail	Ho Pong Street to Leung King bus stop	14
14 March	Yuen Long Stop to Tong Fong Tsuen Stop, Light Rail	Hung Tin Road Emergency Platform to Yuen Long bus terminus	1 483
15 March	Hong Kong Station to Kowloon Station, Airport Express	Hong Kong Station to Airport Station	161
15 March	Kin Sang Stop to Kei Lun Stop, Light Rail	<ol style="list-style-type: none"> 1. Ho Pong Street to Leung King bus stop 2. Hung Tin Road Emergency Platform to Siu Hong Station (North) Public Transport Interchange 3. Leung King bus stop to Siu Hong Station (North) Public Transport Interchange 	4 566

<i>Date of the incident</i>	<i>Affected railway section</i>	<i>Route of free shuttle bus service</i>	<i>Passengers carried</i>
24 March	Tin Yuet Stop to Chung Fu Stop; Chestwood Stop to Tin Fu Stop; and Chung Fu Stop to Tin Fu Stop, Light Rail	<ol style="list-style-type: none"> 1. Circular route operated in the same direction with Light Rail route 705, via bus stop at Tin Yau, Tin Shing Road, Tin Kwai Road, Wetland Park Road, Tin Shui Road and Tin Yiu Road 2. Circular route operated in the same direction with Light Rail route 706, via Tin Fuk Road, Tin Yiu Road, Tin Shui Road, Wetland Park Road, Tin Kwai Road, Tin Wah Road, Tin Shing Road and Tsui Sing Lau Pagoda bus stop 	239
15 April	Fanling Station to Lok Ma Chau Station, and Fanling Station to Lo Wu Station, East Rail Line	<ol style="list-style-type: none"> 1. Fanling Station to Lok Ma Chau Station (via Sheung Shui Station) 2. Fanling Station to Lo Wu Station (via Sheung Shui Station) 3. Sheung Shui Station to Lo Wu Station 4. Sheung Shui Station to Lok Ma Chau Station 	176
9 May	Tseung Kwan O Station to LOHAS Park Station, Tseung Kwan O Line	Tseung Kwan O Station to LOHAS Park Station	549
10 May	Yuen Long Stop to Tong Fong Tsuen Stop, Light Rail	Hung Tin Road Emergency Platform to Yuen Long bus terminus	265

<i>Date of the incident</i>	<i>Affected railway section</i>	<i>Route of free shuttle bus service</i>	<i>Passengers carried</i>
14 May	Tin Yuet Stop to Tin Heng Stop, Light Rail	<ol style="list-style-type: none"> 1. Circular route operated in the same direction with Light Rail route 705, via bus stop at Tin Yau, Tin Shing Road, Tin Kwai Road, Wetland Park Road, Tin Shui Road and Tin Yiu Road 2. Circular route operated in the same direction with Light Rail route 706, via Tin Fuk Road, Tin Yiu Road, Tin Shui Road, Wetland Park Road, Tin Kwai Road, Tin Wah Road, Tin Shing Road and Tsui Sing Lau Pagoda bus stop 	171
28 May	Tin Shui Wai Stop to Tin Wing Stop, Tin Yiu Stop to Tin Shui Stop, Tin Shui Wai Stop to Chestwood Stop, Light Rail	Circular route operated in the same direction with Light Rail route 705, via bus stop at Tin Yau, Tin Shing Road, Tin Kwai Road, Wetland Park Road, Tin Shui Road and Tin Yiu Road	155
22 July	Kin On Stop to Shek Pai Stop, Light Rail	Ho Pong Street to Leung King bus stop	0
2 August	Chung Fu Stop to Tin Yuet Stop, Light Rail	Circular route operated in the same direction with Light Rail route 706, via Tin Fuk Road, Tin Yiu Road, Tin Shui Road, Wetland Park Road, Tin Kwai Road, Tin Wah Road, Tin Shing Road and Tsui Sing Lau Pagoda bus stop	45

<i>Date of the incident</i>	<i>Affected railway section</i>	<i>Route of free shuttle bus service</i>	<i>Passengers carried</i>
25 August	Tai Wo Station to Sheung Shui Station, East Rail Line (Train service maintained at bidirectional operation on single track)	<ol style="list-style-type: none"> 1. Tai Po Market Station to Lo Wu Station (via Tai Wo Station, Fanling Station and Sheung Shui Station) 2. Tai Po Market Station to Lok Ma Chau Station (via Tai Wo Station, Fanling Station and Sheung Shui Station) 	6 363
16 September	Tsing Wun Stop to Melody Garden Stop, Light Rail	Tuen Mun Ferry Pier Stop to Ming Kum Stop	2 278
5 October	Fanling Station to Lok Ma Chau Station, and Fanling Station to Lo Wu Station, East Rail Line	<ol style="list-style-type: none"> 1. Fanling Station to Lo Wu Station (via Sheung Shui Station) 2. Sheung Shui Station to Lo Wu Station 	3 798
14 October	Tung Chung Station and Sunny Bay Station, Airport Express and Tung Chung Line	<ol style="list-style-type: none"> 1. Hong Kong Station to Airport Station 2. Kowloon Station to Airport Station 3. Tsing Yi Station to Airport Station 4. Hong Kong Station to AsiaWorld-Expo Station 5. Kowloon Station to AsiaWorld-Expo Station 6. Tsing Yi Station to AsiaWorld-Expo Station 7. Airport Station to AsiaWorld-Expo Station 8. Tung Chung Station to Sunny Bay Station 9. Tung Chung Station to AsiaWorld-Expo Station 	16 674
18 October	East Rail Line (Train service from Tai Wo Station to Lo Wu Station/Lok Ma	Sheung Shui Station to Lo Wu Station	420

<i>Date of the incident</i>	<i>Affected railway section</i>	<i>Route of free shuttle bus service</i>	<i>Passengers carried</i>
	Chau Station operated at reduced frequency)		
20 December	Hang Mei Tsuen Stop to Tin Yat Stop, Light Rail	Hung Tin Road Emergency Platform to Tin Yat	630
22 December	Mong Kok East Station to Tai Wai Station, East Rail Line	1. Mong Kok East Station to Tai Wai Station 2. Mong Kok East Station to Sha Tin Station	20
31 December	East Rail Line (operated at reduced frequency)	Tai Po Market Station to Sheung Shui Station (via Tai Wo Station and Fanling Station)	144

Note:

January 2017: There was no incident which required the activation of free MTR shuttle bus service.

Annex 4

The proceeds paid by MTRCL from 2013 to 2016 under the Profit Sharing Mechanism and SPA

<i>Year</i>	<i>Profit Sharing Mechanism</i>		<i>SPA</i>	
	<i>MTRCL's underlying business profit in the previous year</i>	<i>Sharing Amount</i>	<i>Number of serious service disruption within MTRCL's control in the previous year</i>	<i>Amount set aside</i>
2013	\$9.775 billion	\$150 million	8	\$13 million
2014	\$8.600 billion	\$125 million	5	\$27.5 million
2015	\$11.571 billion	\$200 million	12	\$20 million
2016	\$10.894 billion	\$175 million	8	\$11 million

Implementation of admission schemes for talents and professionals

21. **IR DR LO WAI-KWOK** (in Chinese): *President, in order to replenish the human capital for Hong Kong and meet the challenges of an ageing population and a dwindling workforce, the Government implemented the Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents ("ASSG") in May 2015 to encourage such persons to come to Hong Kong for career development. In the same month, the Government also enhanced a number of admission schemes for talents and professionals, including the relaxation of stay arrangements under the General Employment Policy ("GEP"), the Admission Scheme for Mainland Talents and Professionals ("ASMTP") and the Quality Migrant Admission Scheme ("QMAS"). In addition, the Government launched the Higher Education Employment Information e-Platform ("e-Platform") in December last year to furnish job seekers who possess degree qualifications with employment-related information and a job search channel, with a view to providing support for those Hong Kong residents studying overseas and the aforesaid second generation of Chinese Hong Kong permanent residents in their search for jobs in Hong Kong. Regarding the implementation of various admission schemes for talents and professionals, will the Government inform this Council:*

- (1) *of the respective numbers of persons applying for entry to Hong Kong, in each month in the past three years, under (i) GEP, (ii) ASMTP and (iii) QMAS, as well as the respective numbers and percentages of those persons whose applications were approved; whether the Government has reviewed if the relaxation of stay arrangements under those schemes has achieved the expected results; if it has reviewed, of the outcome; if not, whether it will conduct such a review in the near future; if so, of the details; if not, the reasons for that;*
- (2) *of the number of persons applying for entry to Hong Kong under ASSG since its implementation;*
- (3) *whether it knows the number of Hong Kong residents in each of the past three years who returned to Hong Kong after completion of their overseas studies; whether the Government will enrich the relevant information provided by e-Platform so as to encourage those Hong Kong residents who have become the high-end*

professionals that Hong Kong lacks (such as innovation and technology talents) to return to Hong Kong for career development; if so, of the details; if not, the reasons for that;

- (4) whether it has taken the initiative to contact overseas students pursuing studies in Hong Kong or their relevant student associations so as to know their main concerns and aspirations in considering whether to stay in Hong Kong for career development; and*
- (5) whether it has conducted tracking studies on those persons who have come to Hong Kong under the various aforesaid schemes so as to know their periods of stay and career development in Hong Kong; if so, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): President, in consultation with the Education Bureau and the Labour Department ("LD"), the reply to Mr LO's question is as follows:

- (1) and (2)

The Immigration Department ("ImmD") has implemented since May 2015 a series of measures to facilitate outside talent, professionals and entrepreneurs to come and stay in Hong Kong, thereby building up Hong Kong's human capital in response to the population challenges of an ageing population and a dwindling workforce. In particular, 417 applications were received under the Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents from its implementation in May 2015 to the end of 2016, with 235 of them approved. The response has been positive.

The relevant statistics on the General Employment Policy, the Admission Scheme for Mainland Talents and Professionals and the Quality Migrant Admission Scheme for the past three years are at Annex 1.

ImmD has stepped up publicity of these measures through overseas duty visits and through various Hong Kong Special Administrative

Region ("HKSAR") Government offices outside Hong Kong. HKSAR Government will closely monitor the implementation of these measures, review their effectiveness in due course and, where necessary, make adjustments based on social and economic situation.

- (3) LD launched the Higher Education Employment Information e-Platform ("e-platform") in December 2016 to strengthen employment support for persons with higher education level, particularly Hong Kong students who are educated in tertiary institutions outside Hong Kong, the second generation of Hong Kong emigrants who are interested in returning to Hong Kong to work, as well as persons from overseas with higher academic/professional qualifications. The e-platform aims to enhance their understanding of the Hong Kong employment market and facilitate them to search and apply for openings applicable to them. LD also actively promotes the e-platform to employers to encourage them to post job vacancies with the academic requirements of degree or above to attract talent to come and develop their career in Hong Kong.

HKSAR Government does not maintain statistics mentioned in the question.

- (4) The Education Bureau has subsidized relevant institutions to engage a consultant to conduct surveys from the academic years 2013-2014 to 2016-2017 to learn about the experience of non-local students studying and living in Hong Kong and also their major concerns, including considerations affecting whether they would stay in Hong Kong for career development.
- (5) ImmD compiles data from time to time concerning the duration of stay of persons who have come to Hong Kong under various talent admission schemes, and also maintains statistics on those who have obtained the right of abode (relevant information of the past three years is at Annex 2). ImmD has not conducted longitudinal studies on the career development of entrants in Hong Kong.

Statistics on the General Employment Policy, the Admission Scheme for Mainland Talents and Professionals and the Quality Migrant Admission Scheme

<i>General Employment Policy</i>	2014			2015			2016		
	<i>Number of Applications</i>								
	<i>Received</i>	<i>Processed</i>	<i>Approved</i>	<i>Received</i>	<i>Processed</i>	<i>Approved</i>	<i>Received</i>	<i>Processed</i>	<i>Approved</i>
January	2 711	2 696	2 387	3 212	3 289	3 120	3 533	3 098	2 917
February	2 378	2 420	2 157	2 533	1 899	1 793	2 593	2 947	2 793
March	3 069	3 029	2 729	3 054	3 721	3 546	2 753	2 771	2 600
April	2 807	2 763	2 470	2 568	2 546	2 410	2 921	2 688	2 487
May	3 176	3 172	2 935	2 870	2 688	2 552	2 790	2 695	2 523
June	2 883	2 902	2 483	3 107	3 106	2 916	3 439	3 374	3 143
July	3 274	3 111	2 783	3 379	3 323	3 119	3 231	3 391	3 140
August	3 217	3 323	2 982	3 147	3 376	3 192	3 644	3 606	3 338
September	3 137	3 090	2 813	3 328	3 194	2 968	3 642	3 698	3 433
October	3 145	3 252	2 955	2 929	2 923	2 756	3 415	3 356	3 087
November	2 805	2 946	2 673	3 429	3 595	3 356	3 882	3 831	3 619
December	2 643	2 595	2 309	2 864	2 888	2 675	3 093	3 091	2 917
Total	35 245	35 299	31 676	36 420	36 548	34 403	38 936	38 546	35 997

<i>Admission Scheme for Mainland Talents and Professionals</i>	2014			2015			2016		
	<i>Number of Applications</i>								
	<i>Received</i>	<i>Processed</i>	<i>Approved</i>	<i>Received</i>	<i>Processed</i>	<i>Approved</i>	<i>Received</i>	<i>Processed</i>	<i>Approved</i>
January	893	967	803	853	734	613	855	874	768
February	719	519	455	802	883	713	804	742	616
March	903	1 004	850	826	896	747	993	1 076	940
April	899	871	693	749	753	631	1 067	1 021	823
May	970	910	759	896	821	674	1 070	1 019	905
June	1 058	1 011	892	1 037	1 034	933	982	994	786
July	1 111	1 166	997	1 061	977	848	927	952	747
August	920	938	751	917	935	811	1 171	1 135	959
September	867	844	713	960	903	751	1 156	1 105	982
October	900	829	722	862	960	785	940	998	803
November	737	851	758	986	930	829	1 286	1 290	1 090
December	1 006	1 053	920	1 085	1 035	894	1 000	1 101	985
Total	10 983	10 963	9 313	11 034	10 861	9 229	12 251	12 307	10 404

<i>Quality Migrant Admission Scheme</i>	2014			2015			2016		
	<i>Number of Applications</i>								
	<i>Received</i>	<i>Processed</i>	<i>Approved</i>	<i>Received</i>	<i>Processed</i>	<i>Approved</i>	<i>Received</i>	<i>Processed</i>	<i>Approved</i>
January	188	93	27	168	133	23	152	246	5
February	253	140	19	118	132	26	84	57	1
March	184	261	34	198	339	28	112	207	16
April	254	102	18	233	90	27	155	63	13
May	190	149	28	127	97	29	173	89	24
June	153	335	25	135	294	21	155	327	9
July	200	103	32	138	84	19	137	24	8
August	182	273	39	162	96	17	156	119	18
September	289	379	32	133	282	12	107	158	12
October	213	145	24	174	94	9	104	73	14
November	113	239	26	136	95	14	131	47	15
December	122	338	34	107	113	15	109	163	21
Total	2 341	2 557	338	1 829	1 849	240	1 575	1 573	156

Annex 2

Statistics on entrants of various admission schemes
who have acquired right of abode in Hong Kong

<i>Admission scheme</i>	<i>Year</i>		
	<i>2014</i>	<i>2015</i>	<i>2016</i>
General Employment Policy	4 319	4 494	3 600
Admission Scheme for Mainland Talents and Professionals	693	905	699
Quality Migrant Admission Scheme	118	186	221
Capital Investment Entrant Scheme	171	404	728
Immigration Arrangements for Non-local Graduates	1 643	1 742	1 979

Note:

The breakdown is maintained in accordance with applicants' status in Hong Kong at the time of application for right of abode.

Bed occupancy rates and deployment of nursing manpower during winter surge of influenza

22. **PROF JOSEPH LEE** (in Chinese): *President, in reply to a question raised by a Member of this Council on the 8th of last month, the Government advised that the in-patient bed occupancy rates in the medical wards of various public hospitals generally exceeded 100% during the winter surge of influenza, i.e. the period from December each year to April of the following year. Some members of the public are concerned about whether the deployment of additional nurses to medical wards by the Hospital Authority during that period has aggravated the shortage of nursing manpower in other wards. In this connection, will the Government inform this Council of the following in the past three months, i.e. from December last year to the end of last month:*

- (1) *in respect of the medical, paediatric and geriatric wards of various acute hospitals, their respective (i) average in-patient bed occupancy rates and (ii) average numbers of nurses on duty per ward per shift (with a breakdown by rank); and*
- (2) *in respect of the medical, paediatric and geriatric wards of various convalescent hospitals, their respective (i) average in-patient bed*

occupancy rates and (ii) average numbers of nurses on duty per ward per shift (with a breakdown by rank)?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, my consolidated reply to the various parts of the question raised by Prof Joseph LEE relating to the bed occupancy rates and nursing manpower in public hospitals during winter surge of influenza is given below:

Annex 1 sets out the medical (including geriatrics department) and paediatric inpatient bed occupancy rates from November 2016 to January 2017 in hospitals under the Hospital Authority ("HA") with accident and emergency ("A&E") department.

Generally speaking, HA arranges clinical services for patients on a cluster basis. Hence, the patient journey may involve different health care units within the same cluster, for example, acute hospital and rehabilitation hospital. As such, service indicators such as inpatient bed occupancy rate at cluster level instead of at hospital level can better reflect the actual service utilization. Against this background, the medical and paediatric inpatient bed occupancy rates by cluster (instead of by rehabilitation hospital) from November 2016 to January 2017 are set out at Annex 2.

As the size of wards and the number of beds vary across different hospitals, the number of nurses on duty in a ward per shift also varies. In general, there is an increase in the number of nurses in medical and paediatric wards as compared with the same period last year. The number of nurses in HA as at 31 December 2016 and its comparison with the same period in 2015 are set out at Annex 3.

Annex 1

The medical and paediatric inpatient bed occupancy rates
in HA hospitals with A&E department

<i>Cluster</i>	<i>Hospital</i>	<i>Inpatient bed occupancy rate (November 2016 to January 2017) (Provisional figures)</i>	
		<i>Medical ward⁽³⁾</i>	<i>Paediatrics ward</i>
Overall (HA hospitals with A&E department ⁽²⁾)		100%	83%

Cluster	Hospital	Inpatient bed occupancy rate (November 2016 to January 2017) (Provisional figures)	
		Medical ward ⁽³⁾	Paediatrics ward
Hong Kong East	Pamela Youde Nethersole Eastern Hospital	91%	90%
	Ruttonjee Hospital and Tang Shiu Kin Hospital	91%	(4)
Hong Kong West	Queen Mary Hospital	93%	71%
Kowloon Central ⁽¹⁾	Queen Elizabeth Hospital	105%	79%
Kowloon East	Tseung Kwan O Hospital	101%	90%
	United Christian Hospital	105%	82%
Kowloon West ⁽¹⁾	Caritas Medical Centre	105%	70%
	Kwong Wah Hospital	91%	73%
	North Lantau Hospital	80%	(4)
	Princess Margaret Hospital	101%	82%
	Yan Chai Hospital	93%	75%
New Territories East	Alice Ho Miu Ling Nethersole Hospital	98%	78%
	North District Hospital	90%	(4)
	Prince of Wales Hospital	116%	87%
New Territories West	Pok Oi Hospital	100%	(4)
	Tuen Mun Hospital	104%	110%

Notes:

- (1) Wong Tai Sin District and Mong Kok area have been redelineated from Kowloon West cluster to Kowloon Central cluster since 1 December 2016. The service units in the concerned communities have therefore been redelineated from Kowloon West cluster to Kowloon Central cluster to support the new Kowloon Central cluster catchment districts with effect from the same date. As a transitional arrangement, reports on services/manpower statistics and financial information will continue to be based on the previous clustering arrangement (i.e. concerned service units still under Kowloon West cluster) until 31 March 2017. Reports in accordance with the new clustering arrangement (i.e. concerned service units grouped under Kowloon Central cluster) will start from 1 April 2017.
- (2) Excluding St. John Hospital.
- (3) Including figures of the geriatrics department.
- (4) Ruttonjee Hospital and Tang Shiu Kin Hospital, North Lantau Hospital, North District Hospital and Pok Oi Hospital do not provide paediatric inpatient service. The service is provided by other hospitals.

Annex 2

The medical and paediatric inpatient bed occupancy rates by hospital cluster

<i>Cluster</i>	<i>Inpatient bed occupancy rates November 2016 to January 2017 (Provisional figures)</i>	
	<i>Medical ward⁽²⁾</i>	<i>Paediatrics ward</i>
Hong Kong East	89%	90%
Hong Kong West	87%	69%
Kowloon Central ⁽¹⁾	97%	72%
Kowloon East	100%	84%
Kowloon West ⁽¹⁾	95%	76%
New Territories East	102%	84%
New Territories West	103%	110%
Overall	97%	81%

Notes:

- (1) Wong Tai Sin District and Mong Kok area have been redelineated from Kowloon West cluster to Kowloon Central cluster since 1 December 2016. The service units in the concerned communities have therefore been redelineated from Kowloon West cluster to Kowloon Central cluster to support the new Kowloon Central cluster catchment districts with effect from the same date. As a transitional arrangement, reports on services/manpower statistics and financial information will continue to be based on the previous clustering arrangement (i.e. concerned service units still under Kowloon West cluster) until 31 March 2017. Reports in accordance with the new clustering arrangement (i.e. concerned service units grouped under Kowloon Central cluster) will start from 1 April 2017.
- (2) Including figures of the geriatrics department.

Annex 3

Nursing manpower

<i>Number of nurses⁽¹⁾</i>	<i>Overall</i>	<i>Medical ward⁽²⁾</i>	<i>Paediatrics ward</i>
As at 31 December 2015	24 427	6 705	1 439
As at 31 December 2016	24 851	6 861	1 475
Net increase	424	156	36

Notes:

- (1) The manpower figures are calculated on full-time equivalent basis including permanent, contract and temporary staff in HA.
- (2) Including figures of the geriatrics department.

GOVERNMENT BILLS**First Reading of Government Bill**

PRESIDENT (in Cantonese): Government Bill: First Reading.

CROSS-BOUNDARY MOVEMENT OF PHYSICAL CURRENCY AND BEARER NEGOTIABLE INSTRUMENTS BILL

CLERK (in Cantonese): Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Bill.

Bill 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 Government Bill

PRESIDENT (in Cantonese): Government Bill: Second Reading.

CROSS-BOUNDARY MOVEMENT OF PHYSICAL CURRENCY AND BEARER NEGOTIABLE INSTRUMENTS BILL

SECRETARY FOR SECURITY (in Cantonese): President, I move that the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Bill ("the Bill") be read the Second time.

The main objective of the Bill is to implement Recommendation 32 of the Financial Action Task Force ("FATF"). FATF is an intergovernmental body which sets international standards on anti-money laundering ("AML") and counter-financing of terrorism ("CFT") through 40 Recommendations. Specifically, Recommendation 32 requires FATF members to establish by statute of a system, which may be based on declaration or disclosure, or a mixed system, to detect the physical cross-boundary transportation of currency and bearer negotiable instruments ("CBNIs") ("the R32 System"). The purpose of the

establishment of the R32 System is to ensure that terrorists and other criminals cannot finance their criminal activities or launder their crime proceeds through the physical cross-boundary transportation of CBNIs. FATF has made clear that the R32 System is not currency control, and should not restrict trade payments between countries or regions for goods and services or the freedom of capital movement in any way.

Hong Kong is the only FATF member which has yet to establish the R32 System. Given that FATF plans to conduct a new round of mutual evaluation on Hong Kong in 2018, it is important for Hong Kong to accord priority to establishing the R32 System, in order to fulfil Hong Kong's international obligations in AML/CFT, otherwise, Hong Kong's reputation as an international financial centre may be adversely affected.

Key elements of the Bill

The Bill provides a legal basis for the implementation of the R32 System in Hong Kong, and stipulates in detail the regulations in respect of the declaration and disclosure arrangements, penalty and enforcement. Building on the relevant existing customs clearance systems for passengers and cargoes, we suggest that Hong Kong's R32 System should adopt a mixed system of declaration and disclosure, and that the Customs and Excise Department ("C&ED") be the major enforcement agency. Passengers in possession of CBNIs of a total value over HK\$120,000 or its equivalent in any currency arriving in Hong Kong via specified control points will be required to make a written declaration to C&ED, using the Red Channel under the existing Red and Green Channel System. For passengers arriving in Hong Kong not via specified control points and passengers about to leave Hong Kong, they will be required to disclose, upon the request of C&ED, whether they are in possession of CBNIs over HK\$120,000 or its equivalent in any currency, and if so, other details in a written declaration. For cargoes, it is required that an advanced electronic declaration to be made to C&ED in respect of CBNIs of a total value over HK\$120,000 or its equivalent in any currency as imported or exported in a cargo consignment. Passengers in transit, cargoes in transit, air transshipment cargoes, and mails are not covered under the R32 System.

In setting the above threshold at HK\$120,000 or its equivalent in any currency, we have made reference to FATF's standard of US\$15,000/€15,000. Compared with other FATF members which have implemented the R32 System (such as the United States, the United Kingdom, Australia, Canada, Singapore, and the European Union), this threshold is more relaxed.

FATF recommends that appropriate and dissuasive sanctions should apply to non-compliance with the declaration or disclosure requirements. Considering the severity of the new offences, comparable offences in Hong Kong, and the penalty imposed by other FATF members, the Bill provides for two levels of penalty for passengers in breach of a declaration or disclosure requirement. For first-time offenders who can satisfy certain conditions, their liability can be discharged upon the payment of HK\$2,000. This arrangement is mainly intended to cater for passengers inadvertently failing to observe the regulations. All other cases will be subject to criminal prosecution and the maximum penalty is a fine of HK\$500,000 and two years of imprisonment. C&ED will be provided with the necessary enforcement powers under the Bill to ensure the effective implementation of the R32 System. These powers include searching passengers, examining cargoes, making arrests, obtaining passenger information from cross-boundary conveyance operators, seizing and detaining CBNIs reasonably suspected to be crime proceeds or terrorist property, etc.

Public Consultation

A public consultation on the proposed establishment of the R32 System in Hong Kong was conducted in July to October 2015. Most respondents generally acknowledged the need for Hong Kong to introduce this System to complement the AML/CFT efforts, and to fulfil Hong Kong's international obligations. Many respondents expressed support for the affirmation that the relevant System would not be any form of currency control, while stressing the need to ensure that the System should not affect the freedom of movement, the free flow of capital, and the pursuit of the policy of free trade. During the drafting of the Bill, we have taken on board those views collected from the public consultation as appropriate.

We briefed the Panel on Security of the Legislative Council in July 2015 on the framework of the proposed R32 System before commencing the public consultation exercise. We subsequently briefed the Panel in June 2016 on the views received in the course of the public consultation exercise and the proposed way forward. Panel members generally had no in-principle objection to the proposals and the introduction of the Bill to the Legislative Council.

Conclusion

I hope Members will support the scrutiny of the Bill, so that it will be passed as early as possible. In view that many passengers and cargoes enter and leave Hong Kong every year and that the R32 System is a new initiative, after the passage of the Bill and before the formal implementation of the System, we will conduct extensive publicity activities to enable members of the public, visiting passengers, and the trades to be fully aware of the declaration and disclosure requirements.

President, I so submit.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Bill 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 Government Bill

PRESIDENT (in Cantonese): We now resume the debate on the Second Reading of the Fire Services (Amendment) Bill 2016.

FIRE SERVICES (AMENDMENT) BILL 2016**Resumption of debate on Second Reading which was moved on 30 November 2016**

PRESIDENT (in Cantonese): Ir Dr LO Wai-kwok, Chairman of the Bills Committee on the above Bill, will address the Council on the Committee's Report.

IR DR LO WAI-KWOK (in Cantonese): President, in my capacity as Chairman of the Bills Committee on Fire Services (Amendment) Bill 2016 ("the 2016 Bills Committee"), I now report on the major deliberations of the 2016 Bills Committee.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

The fifth Legislative Council formed the Bills Committee on Fire Services (Amendment) Bill 2015 ("the 2015 Bills Committee") to scrutinize the Fire Services (Amendment) Bill 2015 ("the 2015 Bill") introduced by the Administration into the Legislative Council in 2015 and did not oppose the authorities' proposal on resuming the Second Reading debate on the 2015 Bill at the Council meeting of 29 June 2016. However, due to other legislative priorities in the fifth Legislative Council, the resumption of Second Reading debate on the 2015 Bill did not take place, and the 2015 Bill lapsed upon the prorogation of the previous legislative session. The Fire Services (Amendment) Bill 2016 ("the 2016 Bill") is by and large a replica of the 2015 Bill but has incorporated an amendment agreed by the 2015 Bills Committee, the amendment that the regulations made by the Chief Executive in Council for the proposed Registered Fire Engineer Scheme ("the RFE Scheme") and for regulating registered fire engineers ("RFEs") are to be subject to the positive vetting procedure.

The 2016 Bills Committee held two meetings with the Administration and received written submissions from those organizations and individuals that

previously gave views to the 2015 Bills Committee. Members supported the 2016 Bill's proposals to provide for RFEs and a scheme for fire safety risk assessment and certification on compliance with fire safety requirements by RFEs for certain premises; and to empower the Chief Executive in Council to make regulations for the RFE Scheme and for regulating RFEs.

Members considered that the RFE Scheme could leverage qualified persons in the market for the provision of the fire safety risk assessment and certification services, thus expediting the whole licensing process of the prescribed premises and fostering business-friendliness. Members noted that the Fire Services Department ("FSD") would maintain its existing services to licence applicants of the prescribed premises after the roll-out of the RFE Scheme as another option for licence applicants to choose from based on their wish at different stages of the licensing process. FSD would conduct a review to assess the effectiveness of the RFE Scheme after its running for about two years, and consider whether the scope of duties of RFEs should be expanded.

Members noted that the registration qualifications for registered fire engineers (risk assessment) ("RFEs(RA)"), registered fire engineers (fire service installation) ("RFEs(FSI)") and registered fire engineers (ventilating system) ("RFEs(VentS)") would be appropriately stipulated in a new regulation. Members were concerned about whether there would be a sufficient supply of qualified personnel in the market to meet the service demand arising from the implementation of the RFE Scheme. The Administration advised that according to an earlier study, there should be a sufficient supply of potential RFE candidates in the market. In addition, the authorities expected that the implementation of the RFE Scheme would attract more people to develop a professional career in the fire engineering field.

Members noted that a deputation had indicated objection to the name of "RFE" as personnel possessing different qualifications might be qualified to register as an RFE. The Administration was of the view that "RFE" was an appropriate title to reflect the professional knowledge and practical experience required of this group of personnel. Members noted that the 2015 Bills Committee already had a discussion on this matter and agreed not to pursue the matter further.

Members were of the view that a comprehensive regulatory mechanism should be put in place in the new regulation to ensure the quality of work of RFEs, along with the setting up of a disciplinary mechanism for inquiring into and dealing with cases in which an RFE was suspected to have failed to discharge the duties properly. Apart from disciplinary offences, an RFE might be subject to criminal liability in case of irregularity. Besides, as bid-rigging and anti-competitive acts were not uncommon in the tendering process of building repair and maintenance works projects, a member considered it necessary for the Administration to formulate appropriate measures under the RFE Scheme to prevent malpractices and conflicts of interest.

Members noted that subject to the passage of the 2016 Bill, the Administration would work towards introducing a new regulation as soon as possible to provide for the implementation details of the RFE Scheme. The authorities undertook to engage the relevant professional bodies and stakeholders before finalizing the implementation details. And, having regard to the advice of the Counsel to the 2016 Bills Committee, the authorities would consider, in the context of its review of the existing legislation regulating registered fire service installation contractors, the need to amend certain regulations in the Fire Service (Installations and Equipment) Regulations (Cap. 95B) to cater for the situation where fire service installations or equipment was installed for the premises but not within any premises.

In response to the 2016 Bills Committee's concern, the Administration will move two amendments to the 2016 Bill to amend the drafting of the relevant provisions. The 2016 Bills Committee has no objection to the amendments.

The above is my report on the work of the 2016 Bills Committee. I now move on to put forth my personal views on the 2016 Bill.

Deputy President, I was a member of the 2015 Bills Committee. In the previous term, the filibustering of certain Members led to the congestion of agenda items. As a result, we could not resume the Second Reading debate on the 2015 Bill. The 2015 Bill lapsed upon the prorogation of the previous legislative session, and everything must start all over again. People in the

engineering sector and I all felt a sense of disappointment and helplessness when seeing all this.

Deputy President, many Members present here were not members of the 2015 Bills Committee; neither have they joined the 2016 Bills Committee. Some Members only began to participate in the work of the legislature starting from this term. So, I think it is necessary to recapitulate the relevant principal ordinance and the background of the amendments.

Besides the provision of efficient and effective fire-fighting and rescue services, another major duty of FSD is to enforce the relevant fire service legislation and also to vet and approve licence applications in its capacity as a regulator. Under the existing Fire Services Ordinance ("the Principal Ordinance"), a person intending to operate a certain type of the prescribed premises (such as general restaurants, cinemas, theatres, hotels, guesthouses, places of public entertainment and schools) must approach FSD personnel for the conduct of a fire safety risk assessment and obtain from the Director of Fire Services a fire safety certificate which certifies that the premises comply with all the relevant fire safety requirements before the relevant regulatory authorities issue to him a corresponding licence, permit, certificate of compliance or certificate of registration.

The Efficiency Unit of the SAR Government conducted a Departmental Business Study for FSD in 2004 and recommended that FSD should reduce its involvement in day-to-day inspection and certification by devolving the responsibility of fire safety certification to the industry. After conducting two rounds of trade consultation and a Business Impact Assessment ("BIA"), FSD decided to introduce the RFE Scheme and leverage the relevant professional engineers and qualified persons in the market for the provision of fire safety risk assessment and certification services.

Under the proposed RFE Scheme, RFEs will be categorized into three classes. A qualified person may register as an RFE for any one of the three classes according to their own areas of expertise and scope of services, namely: RFE(RA), who will be responsible for conducting fire safety risk assessments and formulating fire safety requirements; RFE(FSI), who will be responsible for

conducting compliance inspections on the fire safety requirements and issuing fire safety certificates upon confirmation of compliance; and RFE(VentS), who will be responsible for conducting compliance inspections on the fire safety requirements relating to ventilating systems and issuing fire safety certificates upon confirmation of compliance. A qualified person may also register as an RFE under all three classes.

The 2016 Bill seeks to expand the scope of the Principal Ordinance by providing for the proposed RFE Scheme and empowering the Chief Executive in Council to make regulations for regulating RFEs. It is worthwhile to note that the proposed RFE Scheme does not aim to replace all the relevant services provided by FSD at present. The reason is that at different stages of the licensing process, licence applicants of the prescribed premises can opt to continue to use the risk assessment and certification services provided by FSD, or to engage the services of RFEs. With the aim of providing another option and greater flexibility to those in need of such services, the proposed RFE Scheme can help enhance fire engineers' roles and functions and foster the industry's development. Therefore, most stakeholders gave their support in the previous BIA conducted by the authorities. In the long run, the proposed RFE Scheme can make room for FSD to redeploy its resources and in turn enhance the levels of its various services.

The details of the proposed RFE Scheme (or its associated technical, procedural and executional matters) and the regulation of RFEs will be set out in the new regulation to be formulated by the Chief Executive in Council based on the Principal Ordinance. In my view, the Administration should conduct adequate consultation with the relevant professional bodies and stakeholders in the time ahead to gauge their views on the drafting of the new regulation.

The Administration has taken on board a proposal put forth by certain members of the 2016 Bills Committee, the proposal that the new regulation must be scrutinized by the Legislative Council under the positive vetting procedure. The key to the effective implementation of the proposed RFE Scheme hinges on the question of whether a comprehensive quality control mechanism can be set up in the future to ensure that the future services of RFEs are consistent with the existing FSD's services, and individual RFEs adopt the same standards in fire

safety risk assessment and vetting and approval. For this reason, the qualification and experience requirements on RFEs must be stringent, so as to ensure fire safety and also public safety.

Based on the Administration's conception, persons applying for registration as RFEs must be registered professional engineers of the relevant disciplines under the Engineers Registration Ordinance, or possess the relevant fire engineering qualifications and experience deemed to be appropriate by the Director of Fire Services.

Deputy President, the establishment of the Fire Discipline under the Hong Kong Institution of Engineers ("HKIE") and the acceptance of the relevant Corporate membership of the Institution for registration with the Engineers Registration Board as registered professional engineers in the Fire Discipline in the last decade will help underpin the implementation of the proposed RFE Scheme. The views submitted to the 2015 Bills Committee and the 2016 Bills Committee by certain deputations are that authorized persons (namely, persons listed, in the capacity of architects, engineers or surveyors, in the authorized persons' register maintained in accordance with the Buildings Ordinance) who provide building safety services and certification in respect of the application for various licences, as well as registered professional surveyors in the building surveying division under the Surveyors Registration Ordinance who possess appropriate knowledge and experience should also be professionally competent to register as RFEs.

I have also met with the relevant professionals from HKIE's fire division, the Hong Kong Registered Ventilation Contractors Association and also The Association of Registered Fire Service Installation Contractors of Hong Kong Limited to heed their views. They agree that professionals with other qualifications may be qualified for registration and the relevant duties specified in the 2016 Bill. But considering the nature of the tasks involved, they think that "RFE" is an appropriate title for those meeting the relevant requirements. Under the proposed RFE Scheme, RFEs will be categorized into three classes, and they will carry out risk assessment and also tasks relating to fire service installations and ventilation systems. Therefore, the qualification and experience requirements on RFEs will vary slightly from one class to another due to their respective duties. The Administration has advised that they are conducting

consultation with the relevant industry organizations and stakeholders on the above proposals, so as to formulate the detailed requirements.

I think that since the compliance of the prescribed premises with the fire safety requirements involves the protection of people's lives and property safety, it is necessary to impose higher professional requirements on RFEs' qualifications and experience. At the same time, on the premise of maintaining higher professional requirements, the Government must also manifest a greater degree of tolerance and enable those professionals with other qualifications and substantive relevant experience to apply for registration as RFEs under the respective classes on the condition that they pass certain stringent assessments.

With coordination and discussion among various sides, the proposed RFE Scheme will produce multiple-win results and bring convenience and good to people. The authorities have advised that they will review the effectiveness of the RFE Scheme after around two years of implementation and consider the expansion or otherwise of RFEs' scopes of duties.

I am of the view that in the long run, the authorities should make reference to overseas experience and amend the relevant regulatory legislation. For instance, Britain passed the Regulatory Reform (Fire Safety) Order in 2005 and introduced a series of fire safety guidelines targeting at various types of buildings. I think that based on Hong Kong's actual circumstances, the authorities should require building owners, owners' corporations and property management companies to arrange for regular fire risk assessments of their buildings. And, the authorities should stipulate that under specified circumstances, such assessments must be undertaken by RFEs along with corresponding improvements to fire service installations. After confirming compliance with the relevant requirements, the authorities will issue a fire safety certificate to the buildings concerned.

Deputy President, as the 2016 Bills Committee Chairman and also the representative of the engineering sector in the legislature, I hope Members can support the passage of the 2016 Bill.

Deputy President, I so submit.

MR TOMMY CHEUNG (in Cantonese): Deputy President, I should have delivered this speech in July last year, but I could not do so eventually due to the filibuster. I also find it regrettable that the entire Fire Services (Amendment) Bill 2016 ("the Bill") was thus stalled and could not be introduced again until today, thus wasting lots of time.

The Bill is basically the same as the one introduced last year in terms of contents. The main change is the direct incorporation of our proposed amendments into the contents, a move made by the Security Bureau and the Fire Services Department ("FSD") in charge of the Bill as a positive response to the concerns we raised last year. In other words, provisions are included to require that regulations made by the Chief Executive in Council for the proposed Registered Fire Engineer Scheme ("RFE Scheme") and for regulating registered fire engineers ("RFEs") are to be subject to the positive vetting procedure. This will give the Legislative Council sufficient time for scrutiny. The industry and I consider this acceptable.

However, the catering industry still has some views about the Bill, and I must make them all clear in advance. First of all, the catering industry and I have decided not to oppose the passage of the Bill purely because FSD has undertaken that notwithstanding the passage of the Bill, the existing services provided by FSD to prescribed premises (including food premises) will remain unchanged.

In other words, the introduction of the RFE Scheme under the Bill will only offer the food industry one more choice on the market regarding the provision of fire risk assessment and fire safety certification services. This means that those in the industry who do not have the financial capability may still choose to wait for FSD's services. Following an assessment, the industry is of the view that the choice of some in the industry to hire the services of RFEs will indeed help divert the backlog of applications from FSD, and this will in turn benefit those who continue to use FSD's services. The industry and I consider that this is beneficial to the industry at this stage, so we will give our support of the Bill in principle.

Nevertheless, this does not mean that the industry and I have no worries at all. We still fear that the authorities may forget everything afterwards and simply slow down. For that reason, I must make it very clear in advance that the authorities must honour their pledge and ensure the maintenance of the existing

standards of services. FSD should actively consider the formulation of a performance pledge on the time frame for application assessment and fire safety certification, so as to give assurance to the industry.

The authorities have pointed out that two years after the implementation of the proposed RFE Scheme, the scheme will be reviewed, and they will consider whether it should be expanded. The industry and I do not oppose that, but we must emphasize that the industry has always had reservation about the total replacement of government services by third-party certification. There are three major reasons. First, the industry fears that the demand for RFEs may exceed their supply, thus depriving industry of bargaining power. Second, the fees for third-party certification will definitely be far higher than those charged by the Government, and small and medium enterprises ("SMEs") may fail to cope. Therefore, the Government should retain the relevant services lest the competitiveness of SMEs may be undermined. Third, the monitoring of third-party certification services by the authorities has always been inadequate, resulting in great variations in service quality. The Government should continue to provide reliable assessment, examination and approval services as an option for the industry.

In fact, I have frequently received complaints from the industry that there is no quality assurance for third-party licensing services and there have been cases of negligence, inefficiency or even frauds from time to time. For that reason, the industry and I find it very disappointing that in the Bill, the authorities have not set out any clear legislative provisions on a regime and measures that can regulate the RFE Scheme. Therefore, the industry and I strongly request the authorities to explain in detail the regulations for the proposed RFE Scheme and for regulating RFEs, and to thoroughly consult the industry on the relevant subsidiary legislation.

Deputy President, the decision of the industry and me to believe the Government this time around is largely due to our trust in FSD all along. I can remember that many years ago, many old restaurants in Lei Yue Mun were unable to renew their licences because the old buildings they were operating in could not meet the fire safety requirements under the newly amended ordinance at that time. Fortunately, following its communications with us, FSD eventually made some alteration suggestions that could suit the practical circumstances of individual operators. In this way, the restaurants in Lei Yue Mun managed to escape from closure. This experience honestly makes the industry and I very

confident that no matter what problems may emerge in the future, FSD will surely seek to solve them pragmatically. For that reason, the industry and I do not intend to obstruct the Government, and we support its move to take a step forward. However, we still need to remind the authorities concerned that in case any problems emerge in the future, or if we find that the service level of FSD has dropped, or if the third-party certification regime is not properly monitored, the industry and I will definitely make voice our criticisms.

Deputy President, I so submit.

MR WU CHI-WAI (in Cantonese): Deputy President, the Fire Services (Amendment) Bill 2016 ("the Bill") mainly seeks to provide fire safety certification services in the private market. Therefore, it is about offering an additional option. On this basis, the Democratic Party supports the Bill.

Understandably, we have expressed very great concern about a number of issues throughout all the discussions. First, we are concerned about the supply of registered fire engineers ("RFEs") in the market. Has the Government made any stronger efforts to expeditiously increase the training places offered by different institutions to cope with all the changes, so that there can be an adequate supply of RFEs in the market to provide such services? Second, under the provisions of the Bill, various types of authorized persons, such as registered engineers and registered architects, can also serve as RFEs. Therefore, we still need to find out how much manpower is actually available for performing fire safety certification. Anyway, it is good to have a rough framework, and the Government has said that the technicalities of implementation will be dealt with by way of positive vetting later on. This can help us sort out the relevant issues. I think this is a very good practice and arrangement.

However, in respect of fire safety, I very much hope that the Security Bureau can consider several points. First, when a review on the scope of this additional market option is conducted two years after implementation, thoughts should be given to making the scope more extensive and comprehensive. In fact, during the deliberation of the Bill, I did also mention the Fire Safety (Buildings) Ordinance (Cap. 572). The two are unrelated, but the latter involves the fire safety of old tenement buildings. Actually, many owners of old buildings are facing a very undesirable situation, and they have thus approached the Fire Services Department to express their views, in the hope that the relevant regulations can be adjusted. In view of this, when the authorities review the

RFE Scheme in the future, can they consider the idea of also allowing RFEs to inspect old buildings and provide alternative proposals, so as to enable their owners to comply with the requirements under Cap. 572? In this way, they can have another channel to satisfy fire safety specifications without having to bear the huge cost of fire safety improvement works.

This is also the case with fire safety control. Fire safety control usually consists of several parts. Part one concerns the premises as a whole, setting out the specifications of fire services installations for the whole building, including fire escapes and fire services equipment. Another part of fire safety control, however, concerns the fire safety requirements to be observed by individual industries under the existing rules and regulations. For example, different industries, such as the food production industry, the catering industry, or even Karaoke operators have to observe different sets of fire safety specifications and requirements. However, in Hong Kong's commercial environment, economic activities are highly diversified and are changing every day.

To keep abreast of the times, even the Government now proposes to gradually revise the definitions for the types of industries allowed to operate in factory buildings, so as to specify the types of industries allowed to do so. Precisely for this reason, we will simply fail to cope with the vibrant commercial activities in Hong Kong if we always enact special rules and regulations on fire safety only after something has happened. It may not be possible for the authorities to address fire safety risks if they always stick to the out-dated rules and regulations to deal with new commercial activities. Therefore, I hope that in the future, the Security Bureau can seriously consider the need for further expanding the scope of the RFE Scheme. For example, as discussed in the meeting just now, the authorities should follow the practice of the Fire Safety Act introduced in the United Kingdom in 2005. The point here is that on top of the business registration and labour insurance requirements that all commercial activities must comply with at present, the Government may also require them to make a fire safety registration. This additional requirement serves to ensure that different industries have to meet the corresponding fire safety specifications in their operation, and there will no need to enact some legislation to require compliance with fire safety requirements in every case. Through this arrangement, various economic activities can operate effectively in compliance with basic fire safety specifications and at the same time protect the safety of patrons and employees at the premises and safeguard the fire safety of the buildings as a whole.

Therefore, I hope that after two years of implementation, the authorities would examine the feasibility of expanding the scope of the RFE Scheme in its review. Of course, before we start any discussion, the Government must step up the training of RFEs to provide the necessary manpower, so that when we want to take the next step, there will be an adequate supply of manpower to meet the service demands under this new approach. In this way, different economic activities operating in the limited space of the premises can be protected against fire safety risks, and the safety of patrons, employees, and other members of the public working in the premises can be safeguarded.

I hope that the Security Bureau can address these problems. Nowadays, the fire safety problem can no longer be dealt with in an old-fashioned way in which the Government enacts legislation to resolve a particular problem only after it has emerged. Instead, the authorities should take the preventive approach of fire safety awareness as one of the factors considered by operators of various economic activities, so as to protect the lives of their patrons and employees.

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

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 Security to reply. The debate will come to a close after the Secretary has replied.

SECRETARY FOR SECURITY (in Cantonese): Deputy President, first of all I wish to extend my heartfelt gratitude to the Chairman of the Bills Committee on Fire Services (Amendment) Bill 2016 (the Bills Committee), Ir Dr LO Wai-kwok, as well as its members and staff of the Secretariat for the efforts they made during a certain period in the past, which enable the scrutiny of the Fire Services (Amendment) Bill 2016 ("the Bill") to be completed smoothly.

I also wish to thank individuals and organizations for expressing their views on the Bill and the Registered Fire Engineer Scheme ("RFE Scheme") to the Bills Committee.

As to various views raised by Ir Dr LO Wai-kwok, Mr Tommy CHEUNG and Mr WU Chi-wai during the resumption of the Second Reading debate just now, we hope that Members' views can be taken on board when we review the relevant legislation, so we can try our best to protect the safety of everyone in the premises, and to make further efforts to enhance fire safety in Hong Kong.

Deputy President, at present, the Fire Services Department ("FSD") will provide fire safety risk assessment and fire safety certification services to persons who intend to run certain types of premises. However, according to existing legislation, persons other than FSD's personnel are not allowed to conduct these tasks. In order to facilitate business operation and optimize the use of professional human resources, we propose to implement the RFE Scheme to allow qualified persons in the market to provide the following services, namely fire safety risk assessment, compliance inspection for fire service installation or equipment ("FSI") and ventilating systems. The proposed Scheme will offer the applicants an additional option.

To some applicants, they can enjoy greater flexibility in opting for services to be provided by registered fire engineers ("RFEs") as the risk assessment and certification services can be completed within a shorter turnaround time. Moreover, RFEs are able to provide services with greater flexibility than FSD, such as conducting on-site inspections or compliance checks at more flexible hours. The RFE Scheme is therefore particularly attractive to those who can afford the likely higher operating costs.

Mr Tommy CHEUNG was concerned about whether it would cause adverse impact on small and medium enterprises ("SMEs"), in particular small catering businesses. After the RFE Scheme is launched, existing FSD's services are still available to applicants, and the current service level will remain unchanged. The purpose of introducing the RFE Scheme is to offer an additional option in the provision of fire safety certification services for licence applicants of prescribed premises and to facilitate business operations. All applicants may choose the fire safety certification services to be provided by RFEs or FSD according to their individual needs.

According to the Business Impact Assessment, the proposed RFE Scheme will neither be considered tilting towards and benefiting large enterprises, nor lead to unfair competitions due to the extra costs to be charged by RFEs. Since FSD will maintain its existing services and the relevant pledges, the proposed RFE Scheme will not increase the burden of SMEs. Members were also concerned that whether or not there would be sufficient people in the market to register as RFEs. We will double our efforts in this area.

Deputy President, one of the major considerations in introducing the proposed RFE Scheme is that fire safety and public safety should not be undermined. For that reason, we will formulate a stringent regulatory regime for it. The mechanism is comprised of several dimensions. First, we will have a set of stringent requirements concerning qualifications and experience, which will ensure that only those who are fully qualified could join the trade. Second, FSD will issue codes of practice or guidance notes for RFEs to observe and comply with in the course of executing their duties.

Third, all fire safety requirements formulated by an RFE(RA) (risk assessment) have to be endorsed by FSD before they are issued to the licence applicants concerned in order to ensure the level of fire safety and to maintain a set of consistent fire safety standards. Furthermore, FSD will select premises on a random basis to conduct audit inspections to assess and ensure the quality of certification work of the RFEs concerned. Lastly, a disciplinary mechanism will be put in place to deal with cases in which an RFE is suspected to have failed to discharge the duties properly.

During the scrutiny of the Bill, members of the Bills Committee in the previous term and the Bills Committee in this term as well as the trade are generally in support of the RFE Scheme. They have also expressed valuable views on the details of its execution. We will definitely take their views into account when we formulate details of the Scheme.

The Bill will amend the existing Fire Services Ordinance, empower the Chief Executive in Council to make regulations for the RFE Scheme and for regulating RFEs and make related amendments.

The Government is working on the implementation details of the proposed RFE Scheme, including the qualification for registration, the scope of duties of RFEs, disciplinary and appeal mechanism, and so on. Next we will consult the

industry on the implementation details and then put forward the subsidiary legislation to Legislative Council. In order to allow the Legislative Council to have sufficient time for deliberations, all new regulations in relation to the implementation details, except those concerning fees to be charged in relation to the registration and de-registration of RFEs, will be subject to the positive vetting procedure.

Deputy President, the Government has introduced the Fire Services (Amendment) Bill 2015 ("the 2015 Bill") into the Legislative Council in the year before last year for the implementation of the RFE Scheme. The 2015 Bill was widely supported by the Legislative Council and the society at large. It was unfortunately that the Third Reading of the 2015 Bill was not completed before the end of the previous legislative session, thus the 2015 Bill was lapsed automatically. The 2016 Bill is to continue the legislative work in this regard.

The implementation of the proposed RFE Scheme can facilitate business operations on the one hand, and promote the development of local fire safety engineering profession on the other. Besides, it will do no harm to fire safety at all, thus it will lead to a multi-win situation. I beg Members to support the Bill, as well as the Committee stage amendments that I will move on behalf of the Government later on, so as to allow the earliest implementation of the proposed RFE Scheme.

Deputy President, I so submit.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the Fire Services (Amendment) Bill 2016 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): Fire Services (Amendment) Bill 2016.

Council went into Committee.

Committee Stage

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

FIRE SERVICES (AMENDMENT) BILL 2016

DEPUTY CHAIRMAN (in Cantonese): Members may refer to the Appendix 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 Fire Services (Amendment) Bill 2016.

CLERK (in Cantonese): Clauses 1 to 6 and 8 to 20.

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 1 to 6 and 8 to 20 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): Clause 7.

SECRETARY FOR SECURITY (in Cantonese): Deputy Chairman, I move my first amendment as printed in the Appendix to the Script to amend clause 7(3) of the Fire Services (Amendment) Bill 2016 ("the Bill"). The amendment is proposed in response to the views of the Bills Committee. The Bills Committee supports the proposed amendment.

Clause 7(3) of the Bill proposes to add new regulations 7(3) and (4) to the Fire Service (Installations and Equipment) Regulations. In which the new regulation 7(3) seeks to empower an registered fire engineer (fire service installation) ("RFE(FSI)") to inspect and test any fire service installation or equipment installed in, or for, any prescribed premises. And new regulation 7(4) seeks to empower the Director of Fire Services ("DFS"), or a person authorized by DFS to inspect and test any fire service installation or equipment installed in, or for, any premises (including prescribed premises) to check its safety and the efficiency of its working order.

During the meeting of the Bills Committee, some members were concerned about whether or not the phrase "for checking its safety and the efficiency of its working order" in the proposed new regulation 7(4) of the Bill could give adequate flexibility to DFS and the person authorized by DFS, and whether or not it would obstruct DFS and the person authorized by DFS to carry out the duty of inspecting and testing the fire service installation or equipment under certain circumstances.

We understand and appreciate members' concerns. After discussing the matter with the Bills Committee, we decided to adopt the views of the Bills

Committee and therefore we will propose an amendment to delete the phrase "for checking its safety and the efficiency of its working order" in the proposed new regulation 7(4) of the Bill, so as to ensure the Fire Services Department officers will have the power they need to discharge the relevant duties.

Deputy Chairman, I beg members to support the amendment proposed by me on behalf of the Government.

Proposed amendment

Clause 7 (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 amendment moved by the Secretary for Security 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 amendment passed.

CLERK (in Cantonese): Clause 7 as amended.

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That clause 7 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 clause 8A Regulation 10 amended
(standard of inspection).

SECRETARY FOR SECURITY (in Cantonese): Deputy Chairman, I move the Second Reading of the new clause 8A, the contents of which have been set out in the papers circularized to Members. The amendment is also proposed in response to the views of the Bills Committee. The Bills Committee supports the proposed amendment.

At present, regulation 10(1) under the Fire Service (Installations and Equipment) Regulations stipulates that the Director may, by notice in the Gazette, prescribe a Code of Practice which shall govern the inspection and testing of "fire service equipment". Nevertheless, other regulations or the relevant regulations and provisions amended by the Fire Services (Amendment) Bill 2016 will adopt the term "fire service installation or equipment" instead of "fire service equipment". In order to align the same object in the existing regulation 10(1) under the Fire Service (Installations and Equipment) Regulations with other standardized references under the same Regulations and to clear any possible ambiguity, we propose to substitute the wordings "fire service equipment" with "fire service installation or equipment".

Deputy Chairman, I beg members to support the new clause 8A proposed by me on behalf of the Government.

DEPUTY CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the new clause 8A 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 clause 8A 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 clause 8A.

SECRETARY FOR SECURITY (in Cantonese): Deputy Chairman, I move that the new clause 8A be added to the Bill.

Proposed addition

New clause 8A (see Annex I)

DEPUTY CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the new clause 8A 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 Government Bill

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

FIRE SERVICES (AMENDMENT) BILL 2016

SECRETARY FOR SECURITY (in Cantonese): Deputy President, the

Fire Services (Amendment) Bill 2016

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 Fire Services (Amendment) Bill 2016 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): Fire Services (Amendment) Bill 2016.

GOVERNMENT MOTIONS

DEPUTY PRESIDENT (in Cantonese): Government motions. Proposed resolution under the Employees' Compensation Ordinance.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Secretary for Labour and Welfare to speak and move the motion.

PROPOSED RESOLUTION UNDER THE EMPLOYEES' COMPENSATION ORDINANCE

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I move that the resolution, as printed on the Agenda, be passed.

The purpose of this resolution is to increase the amounts of nine compensation items payable under the Employees' Compensation Ordinance ("ECO"). ECO provides for the payment of statutory compensation to injured employees and family members of deceased employees for prescribed occupational diseases, injuries or deaths caused by accidents arising out of and in the course of employment. According to the established mechanism, the levels of compensation under ECO, together with those under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance and the Occupational Deafness (Compensation) Ordinance, are adjusted every two years where appropriate. Adjustments, if required, are generally made with reference to the wage movement or the price movement in the relevant period and having regard to other relevant factors.

According to the information from the Census and Statistics Department, the Nominal Wage Index and the Consumer Price Index (A) recorded a cumulative increase of 8.78% and 9.82% respectively in the period from 2014 to 2015.

We propose to increase the amounts of five compensation items under ECO by 8.78% in line with the aforesaid wage movement. The proposed revisions include increasing the ceiling of the monthly earnings for calculating compensation for death and permanent total incapacity from \$26,070 to \$28,360. We also propose to increase the minimum amounts of compensation for death from \$375,950 to \$408,960 and for permanent total incapacity from \$426,880 to \$464,360. In addition, we propose that the maximum amount of compensation for employees injured at work who require the attention of another person be increased from \$511,770 to \$556,700. As for the surcharge on late payment of compensation, we propose to increase the minimum amount of surcharge imposed upon expiry of the payment period from \$610 to \$660 and the minimum amount of a further surcharge imposed three months after the expiry of the payment period from \$1,220 to \$1,330.

At the same time, we also propose to increase the amounts of three compensation items by 9.82% in line with the above mentioned price movement. The proposed changes include increasing the maximum amount of funeral expenses from \$76,220 to \$83,700, and increasing the maximum payments to be made by an employer towards the cost of supplying and fitting a prosthesis or surgical appliance from \$36,430 to \$40,010 and towards the cost of the repair and renewal of a prosthesis or surgical appliance from \$110,390 to \$121,230.

Finally, we propose to increase the amount of minimum monthly earnings specified in ECO for the purpose of calculating compensation from \$3,690 to \$4,090 so that it is not less than the rate of payment to a single and able-bodied adult under the Comprehensive Social Security Assistance Scheme in 2015.

The Labour Advisory Board has endorsed the above proposal, and members of the Legislative Council Panel on Manpower have also expressed support to the proposal. We propose that the revised levels of compensation should become effective from 1 April 2017.

I hope that Members will support and pass the resolution so as to enhance the protection for injured employees, sufferers of occupational diseases and family members of deceased employees as early as possible.

Thank you, Deputy President.

The Secretary for Labour and Welfare moved the following motion:

"RESOLVED that, with effect from 1 April 2017, the Employees' Compensation Ordinance (Cap. 282) be amended as set out in the Schedule.

Schedule

Amendments to Employees' Compensation Ordinance

- 1. Sixth Schedule amended (specified amount of compensation)**
 - (1) Sixth Schedule, entry relating to section 6(1)(a)—
Repeal
"26,070"

- Substitute**
"28,360".
- (2) Sixth Schedule, entry relating to section 6(1)(b)—
Repeal
"26,070"
Substitute
"28,360".
- (3) Sixth Schedule, entry relating to section 6(1)(c)—
Repeal
"26,070"
Substitute
"28,360".
- (4) Sixth Schedule, entry relating to section 6(2)—
Repeal
"375,950"
Substitute
"408,960".
- (5) Sixth Schedule, entry relating to section 6(5)—
Repeal
"76,220"
Substitute
"83,700".
- (6) Sixth Schedule, entry relating to section 6C(8)(a)—
Repeal
"610"
Substitute
"660".
- (7) Sixth Schedule, entry relating to section 6C(8)(b)—
Repeal
"1,220"
Substitute
"1,330".
- (8) Sixth Schedule, entry relating to section 6D(3)(a)—
Repeal
"610"
Substitute
"660".

- (9) Sixth Schedule, entry relating to section 6D(3)(b)—
Repeal
"1,220"
Substitute
"1,330".
- (10) Sixth Schedule, entry relating to section 6E(9)(a)—
Repeal
"610"
Substitute
"660".
- (11) Sixth Schedule, entry relating to section 6E(9)(b)—
Repeal
"1,220"
Substitute
"1,330".
- (12) Sixth Schedule, entry relating to section 7(1)(a) —
Repeal
"26,070"
Substitute
"28,360".
- (13) Sixth Schedule, entry relating to section 7(1)(b)—
Repeal
"26,070"
Substitute
"28,360".
- (14) Sixth Schedule, entry relating to section 7(1)(c) —
Repeal
"26,070"
Substitute
"28,360".
- (15) Sixth Schedule, entry relating to section 7(2)—
Repeal
"426,880"
Substitute
"464,360".
- (16) Sixth Schedule, entry relating to section 8(1)(a)—
Repeal
"511,770"

- Substitute**
"556,700".
- (17) Sixth Schedule, entry relating to section 8(1)(b)—
Repeal
"511,770"
Substitute
"556,700".
- (18) Sixth Schedule, entry relating to section 11(5)—
Repeal
"3,690"
Substitute
"4,090".
- (19) Sixth Schedule, entry relating to section 16A(10)(a)—
Repeal
"610"
Substitute
"660".
- (20) Sixth Schedule, entry relating to section 16A(10)(b)—
Repeal
"1,220"
Substitute
"1,330".
- (21) Sixth Schedule, entry relating to section 36C—
Repeal
"36,430"
Substitute
"40,010".
- (22) Sixth Schedule, entry relating to section 36J—
Repeal
"110,390"
Substitute
"121,230"."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Labour and Welfare be passed.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Labour and Welfare be passed. 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.

DEPUTY PRESIDENT (in Cantonese): Proposed resolution under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Secretary for Labour and Welfare to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PNEUMOCONIOSIS AND MESOTHELIOMA (COMPENSATION) ORDINANCE

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I move that the resolution, as printed on the Agenda, be passed.

The purpose of this resolution is to increase the amounts of five compensation items payable under the Pneumoconiosis and Mesothelioma

(Compensation) Ordinance ("PMCO"). PMCO provides for the payment of compensation to persons or their family members in respect of incapacity or death as a result of pneumoconiosis and/or mesothelioma. According to the established mechanism, the levels of compensation under PMCO, together with those under the Employees' Compensation Ordinance and the Occupational Deafness (Compensation) Ordinance, are adjusted every two years where appropriate. Adjustments, if required, are generally made with reference to the price movement in the relevant period and having regard to other relevant factors.

According to the information from the Census and Statistics Department, the Consumer Price Index (A) recorded a cumulative increase of 9.82% in the period from 2014 to 2015. We propose to increase the levels of compensation for four items under PMCO by 9.82% in line with the aforesaid price movement. The proposed revisions include increasing the monthly amount of compensation for pain, suffering and loss of amenities from \$4,650 to \$5,110 and increasing the amount of compensation for bereavement from \$110,390 to \$121,230. As the minimum amount of compensation for death is pegged to the amount of compensation for bereavement, the revision of the amount of compensation for bereavement will automatically adjust the minimum amount of compensation for death from \$110,390 to \$121,230. We also propose to increase the maximum amount of funeral expenses from \$76,220 to \$83,700.

Furthermore, we propose to increase the monthly amount of compensation for care and attention from \$4,930 to \$5,210 to take into account the increase in the minimum allowable monthly wage and food allowance for a foreign domestic helper working in Hong Kong in 2015.

The Labour Advisory Board and the Pneumoconiosis Compensation Fund Board have endorsed the above proposal, while members of the Legislative Council Panel on Manpower have also expressed support to the proposal. We propose that the revised levels of compensation should take effect from 1 April 2017.

I hope that Members will support and pass the resolution so as to enhance the protection for persons suffering from pneumoconiosis and mesothelioma or their family members as early as possible.

Thank you, Deputy President.

The Secretary for Labour and Welfare moved the following motion:

"RESOLVED that, with effect from 1 April 2017, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) be amended as set out in the Schedule.

Schedule**Amendments to Pneumoconiosis and Mesothelioma
(Compensation) Ordinance****1. First Schedule amended (amounts of compensation)**

(1) First Schedule, Part IIA—

Repeal

"\$4,650"

Substitute

"\$5,110".

(2) First Schedule, Part IV—

Repeal

"\$4,930"

Substitute

"\$5,210".

(3) First Schedule, Part V—

Repeal

"\$110,390"

Substitute

"\$121,230".

(4) First Schedule, Part VI—

Repeal

"\$76,220"

Substitute

"\$83,700"."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Labour and Welfare be passed.

DR KWOK KA-KI (in Cantonese): Deputy President, the Secretary said that everyone agrees with the proposal concerned, but this is not the fact. However, during a meeting with the Secretary, he has mentioned that he does not want to delay the enforcement of this legislation for fear that the affected workers cannot get the compensation after 1 April this year. Reluctantly, I thus have not asked to set up a Bills Committee on the Bill concerned. But this does not mean that I totally accept this adjustment from the Government with reference to the index of living or the Consumer Price Index (A). As a matter of fact, this amendment to the amounts of compensation is merely making an originally very unreasonable compensation mechanism not too unreasonable. Pneumoconiosis patients are very often a forgotten group in our society.

I recall that a very interesting race for exploration was held in an abandoned quarry site in Ma On Shan recently, and public members were invited to participate. According to some participants, they actually have no idea how miserable the working environment of these miners could be in the past. However, the most sorrowful situation is that the miners or constructions workers in the past did not work under such an environment for only half a day or one day, but they were continuously affected for many years. Back then, while there was no legislation proposed by the Government to provide sufficient protection, employers were also oblivious to the health and occupational safety of workers. As a result, many workers lost their working capacity due to pneumoconiosis before their retirement age. However, the most deplorable plight for pneumoconiosis patients is not the loss of their working capacity, but their difficulty in walking as their lung capacity is being seriously damaged by the disease. Basically, it is impossible for them to walk. A person may use only one to two minutes walking up a flight of stairs, but it may cost a patient concerned half of his life to climb up. Hence, these amounts of compensation can absolutely not make up for their suffering due to long years' hard work under a working environment where their health or occupational safety was being neglected. At present, the Government proposes to increase the level of compensation to a little more than \$5,200, which on the contrary will only inflict on them the traumatic experience.

In a case covered in the press, the worker concerned is a 76-year-old Mr LO who had been working as a construction worker for 50 years. As we all know, in a construction site in the past, no one cared about the workers' safety, not to mention giving them any masks for protection. A smarter worker might

at the most cover his face with a damp towel when working, but a not so smart worker would have nothing for protection. And the dust that these workers inhaled will stick to their lungs for the whole life. This Mr LO suffered from total loss of working capacity before he entered his middle age, and his lung function is 10% worse than a normal person. The compensation level offered by the Pneumoconiosis Compensation Fund Board ("PCFB") is \$5,200 after adjustment. This seems enough ostensibly, but is actually not. This Mr LO was admitted to hospital two months ago. As we all know, these pneumoconiosis patients need to use oxygen concentrators. If they are detached from oxygen concentrators, basically they will not have enough oxygen content in the lungs. After some time, this will trigger heart failure and lung failure and will lead to death. Therefore, they are now living a rather painful life, and they cannot live without an oxygen concentrator. They need to wear an oxygen mask when going out and need to turn on an oxygen concentrator at home in order to increase the oxygen level in their lungs. Every month, Mr LO will spend \$1,200 on transportation for travelling to and from the hospital. For the amount of compensation from the Government, it is calculated on the basis of taking buses or MTR. Nonetheless, as we all know, when these pneumoconiosis patients have difficulties in climbing down the stairs, how can they get on and off a bus? Hence, even though they are not well-off, they need to rely on taxis when travelling to anywhere. Because it is only with this means that they can arrive at the hospitals or other places to receive the required services. Thus, the little more than \$5,200 of compensation after adjustment will nearly be gone after spending on transportation for four months.

Besides, the compensation provided to them at present, including the compensation for everyday health care services, is calculated on the basis of public health care services provided by the Government. We all know that the current public health care services provided by the Government are rather insufficient, and patients also need to learn how to use a tone phone. If someone helps a patient to make a phone call, the patient may be able to consult a doctor the next day if he is lucky. But if he is not so lucky, he may be unable to secure an appointment with the doctor even after calling for two to three days. Since many pneumoconiosis patients cannot secure an appointment for general outpatient clinic services, they can only consult the family doctors near their residence. As we are also aware, according to the average figures announced by the Hong Kong Medical Association, most family doctors charge more than \$250 per visit. Hence, every time they see a doctor, their already slender living

allowance will dwindle further. This so-called adjusted amount of compensation is thus a greater humiliation to them.

As we all know, all these pneumoconiosis patients contributed to Hong Kong at the expense of their health. A lot of Members in this Council are very smart. They keep on saying how to build Hong Kong with grand projects, including spending billions or ten billions of dollars on the white elephant projects. For the sake of these projects and for the wish of their bosses in reaping as many profits as they could, these workers worked under the condition without any means for occupational protection or prevention of occupational diseases, and it was already too late when they fell ill. Unlike other diseases, pneumoconiosis is incurable, because their lungs, originally just like stretchy sponges, will turn into stones. Stones cannot expand, and so are their lungs. The most deplorable situation is that owing to poorer living environment, when many of these patients also suffer from other diseases, especially tuberculosis, their lung capacity will be more severely damaged.

More than once, we have asked the Government to raise the living allowance to these workers suffering from pneumoconiosis. The Secretary just remarked that this was a painful allowance. In fact, they feel pain again every time when they receive this meagre monthly allowance from the Government. This is not simply a painful allowance, but a continuously traumatizing allowance to them. Hence, I am very disappointed. The Government has made the same commitment many times and for many years, saying that it will review the existing compensation level and mechanism, but this is merely empty talk. I of course hope that the new Secretary can fulfil this commitment by submitting to us a feasible timetable and framework to review this extremely unreasonable compensation mechanism.

Unlike many other patients, these pneumoconiosis patients cannot take any precautions against worsening of the disease. When talking about prevention of diseases, we may know that a high blood pressure patient can take antihypertensive drugs, and a diabetic will have to be careful in his diet. Nevertheless, to pneumoconiosis patients, the best way is for them to go back to a few decades ago when they could have refused this job, or when their employers could have been stung by their conscience and provided them with dust masks. It is a pity that these middle to old aged workers do not have the ability to turn back the clock. These workers thus have to face their frail bodies, and the pain

of seeing their family members also suffer due to their frail bodies. For the pain inflicted on them, one example is when their children want to bring the whole family to a Chinese restaurant for dim sum during the family gathering each month. We should really not take it as an easy thing to do. These people cannot go a Chinese restaurant for dim sum, because it is already highly difficult for them to go downstairs and then go up to the restaurant, which is tantamount to a tedious trip for us to walk up to Tai Mo Shan.

Because of the above, not only are they suffering from physical pain and loss of their working ability, but they are also taken away the time of gathering with families, and even more importantly, their social ability. We can imagine the places where these patients can go during the day. Apart from their residence, they can go to the corridor outside the residence. At the most, they can go downstairs to the small park outside the building. But after walking for a few more steps, they have to stop and take a rest. Can we imagine having a gathering with these people bearing oxygen cylinders. At present, many young people in Hong Kong prefer having a working holiday, or may go to a trip when they have saved enough money. However, can these patients go out for a trip? They cannot do that because they have to carry oxygen cylinders with them, and the airlines will not allow them to board the plane. I am not sure to what extent can the high-ranking officials, including the Secretary, understand their agonies. When did the Secretary last speak to these pneumoconiosis patients? He would better tell me when it is his time to speak later.

Apart from the above, the patients concerned also have a lot of views towards the composition of PCFB. Why has PCFB been unable to answer their needs over these years? In fact, the major reason is the lack of representatives for the patients and their family members in PCFB to voice their grievances. These patients have been sustaining the agonies. However, the Government only reluctantly increases the allowance level slightly, as in the present exercise, after the tragedies happened, one following another. This approach can never make up for their suffering.

Why would I mention the need to make up for their suffering? In fact, we all know that in respect of all the resources in society, we have to pay a price for the result. The people who paid the price are these workers, and the one that gets the result is the entire society. How many infrastructural facilities do we have? Hong Kong will soon become a city of infrastructure. At present, not

only do we have Routes 1 to 10, but we are also going to build Route 11 to replace the previous Route 10. How many bridges have we built? Each and every project or white elephant project is built out of the sweat and toil of innumerable workers, and these workers suffering from pneumoconiosis are no exception in making contributions. For the prosperity of Hong Kong today, they have paid the price with their toil in the past, while their frail bodies form the greatest regret of their labour for the whole life.

It is unfortunate that no matter how many times we have spoken, or that even if the future Government will be moved by conscience to change the subsidy level or mechanism of the existing Compensation Fund, or even the composition of PCFB, these patients can never go back to the past and still have to face their frail bodies. They look very normal, but we can notice that they have oxygen tubing taped to the nose. For the places they want to visit most during the day, including Chinese and Western restaurants, they cannot go. They can only go to the hospital, against their will, to receive medical treatment for cardiopulmonary diseases and other complications when their frail bodies are further damaged and their lung functions further weakened.

Besides, due to their inferior lung functions, they suffer the greatest pain during the winter surge of influenza and pneumonia. As the Government may not be aware, the so-called subsidy of \$100-odd provided by the authorities at present seems to be able to help them, but the help is only minimal. This amount of subsidy cannot help them a lot in paying for doctors. Every time when they go out to see a doctor, their slender living allowance will actually be further reduced.

I only hope that the Government will not be saying one thing but mean another again, and neither can it be mendacious and hypocritical, as the number of these workers in need is getting less and all of them will pass away very soon. If the Government does not start to adjust this mechanism to help them, they may not live long enough to enjoy it. I would hope that the proposal of the Government does not only involve raising the amount of compensation due to inflation but is about a comprehensive review of the mechanism.

I so submit. Thank you, Deputy President.

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 Labour and Welfare to reply. This debate will come to a close after the Secretary has replied.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, first of all, I sincerely thank Dr KWOK Ka-ki for his valuable opinions. I would like to make a very succinct response here.

All along, in the light of the changes in society, the pace of economic development and the actual needs of Hong Kong, the Government will review the labour legislation from time to time and ensure that the legislation can be in line with the reasonable aspirations of both employers and employees while the protection to employees under the law can be kept up to date. With our continuous attention to the conditions of society and other aspects as well as solicitation of the views from various sectors, and corresponding to the actual situations, we will conduct reviews and make appropriate improvement, so that we can strike a balance between the protection of patients' rights and the affordability of the sectors.

I would like to reiterate that the Government has long been concerned about the conditions of pneumoconiosis and mesothelioma patients as well as their family members. We already have an established objective mechanism to review the situation for any adjustments of the levels of various compensation items under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance once every two years, so that the amounts of compensation concerned can be in line with commodity price changes during the period of time, with other related factors also being into account, for providing reasonable protection to pneumoconiosis and mesothelioma patients as well as their family members.

This amendment proposal has gained support from the Pneumoconiosis Compensation Fund Board, was unanimously passed by the representatives for

employees and employers in the Labour Advisory Board, and also supported by members of the Legislative Council Panel on Manpower. In the future, in any proposal to adjust the above levels of various compensation items, we will surely draw reference to the precious views expressed by Dr KWOK and other Members today. In fact, we will continue to liaise with stakeholders, exchange views with them, and analyse with care the feasible suggestions for improvement. Under the condition of striking a balance between the employees' rights and the affordability of employers and the sectors, we will follow up properly and make improvement. In case the result shows that the amounts of compensation need to be properly adjusted or there are other areas for improvement, we will consult the Pneumoconiosis Compensation Fund Board, the Labour Advisory Board and the Panel on Manpower.

I hereby urge Members to support the passage of this resolution so that pneumoconiosis and mesothelioma patients as well as their family members can have a higher level of protection as soon as possible .

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Labour and Welfare be passed. 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.

DEPUTY PRESIDENT (in Cantonese): Proposed resolution under the Occupational Deafness (Compensation) Ordinance.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Secretary for Labour and Welfare to speak and move the motion.

PROPOSED RESOLUTION UNDER THE OCCUPATIONAL DEAFNESS (COMPENSATION) ORDINANCE

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I move that the resolution, as printed on the Agenda, be passed.

The purpose of this resolution is to increase the amounts of four compensation items stipulated in the Occupational Deafness (Compensation) Ordinance ("the Ordinance"). The Ordinance provides for the payment of compensation to persons who suffer from noise-induced deafness ("OD persons") by reason of employment in the noisy occupations specified under the Ordinance. According to the established mechanism, the maximum and minimum sums for calculating the amount of compensation for permanent incapacity under the Ordinance, together with the levels of compensation under the Employees' Compensation Ordinance ("ECO") and the Pneumoconiosis and Mesothelioma (Compensation) Ordinance, are adjusted every two years where appropriate.

The maximum and minimum sums for calculating the amount of compensation for permanent incapacity under the Ordinance are adjusted in the light of the wage movement reflected by the Nominal Wage Index ("NWI") in the relevant period according to the mechanism. Based on the information from the Census and Statistics Department ("C&SD"), NWI recorded a cumulative increase of 8.78% in the period from 2014 to 2015. We propose to increase the amounts of these two compensation items by 8.78% in line with the aforesaid wage movement. Specifically, the proposed revisions include increasing the maximum sum for calculating the amount of compensation for permanent

incapacity for employees aged under 40 from \$2,502,720 to \$2,722,560; for employees aged 40 to under 56 from \$1,877,040 to \$2,041,920, and for employees aged 56 or above from \$1,251,360 to \$1,361,280. As for the minimum sum for calculating the amount of compensation for permanent incapacity, we propose to increase the amount from \$426,880 to \$464,360.

Moreover, under the Ordinance, any person who has at any time been entitled to compensation for permanent incapacity may apply to the Occupational Deafness Compensation Board ("ODCB") for the direct payment or reimbursement of expenses reasonably incurred in the acquisition, fitting, repair or maintenance of hearing assistive devices ("HADs"). With a view to enhancing the protection accorded by the HAD financing scheme for OD persons, starting from this exercise, we propose to adopt the Consumer Price Index (A) ("CPI(A)", a price movement index, as an indicator to adjust the amounts of two compensation items where appropriate, namely the financing limit for first-time applications for HADs and the aggregate financing limit. This draws reference from the established mechanism of adjusting the maximum amounts of the costs of supplying, fitting, repairing and renewing a prosthesis or surgical appliance under ECO. According to the information from C&SD, CPI(A) recorded a cumulative increase of 9.82% in the period from 2014 to 2015. We propose to increase the amounts of these two compensation items by 9.82% in line with the above mentioned price movement, i.e. increasing the financing limit for first-time applications for HADs from \$15,000 to \$16,470, and the aggregate financing limit from \$52,000 to \$57,110.

The labour Advisory Board and ODCB have endorsed the above proposal, while members of the Legislative Council Panel on Manpower have also expressed support to the proposal. We propose that the revised levels of compensation and financing limits should take effect from 1 April 2017.

I hope that Members will support and pass the resolution so as to enhance the protection for OD persons as early as possible.

Thank you, Deputy President.

The Secretary for Labour and Welfare moved the following motion:

"RESOLVED that, with effect from 1 April 2017, the Occupational Deafness (Compensation) Ordinance (Cap. 469) be amended as set out in the Schedule.

Schedule

Amendments to Occupational Deafness (Compensation) Ordinance

1. Schedule 5 amended (amount of compensation)

(1) Schedule 5, section 1(a)(ii)—

Repeal

"\$426,880"

Substitute

"\$464,360".

(2) Schedule 5, section 1(b)—

Repeal

"\$2,502,720"

Substitute

"\$2,722,560".

(3) Schedule 5, section 1(b)—

Repeal

"\$1,877,040"

Substitute

"\$2,041,920".

(4) Schedule 5, section 1(b)—

Repeal

"\$1,251,360"

Substitute

"\$1,361,280".

**2. Schedule 7 amended (limits of direct payment of expenses
and reimbursement of expenses)**

(1) Schedule 7, section 1—

Repeal

"\$15,000"

Substitute

"\$16,470".

- (2) Schedule 7, section 2—
Repeal
"\$52,000"
Substitute
"\$57,110".

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Labour and Welfare be passed.

DR KWOK KA-KI (in Cantonese): Deputy President, I do not think many people are interested in workers who suffer from occupational deafness. Nevertheless, I would like to talk about the actual impact of raising the levels of compensation on them. On the surface, the amount of compensation payable to people with permanent incapacity will be increased by \$219,000 to \$2,722,000 under the Occupational Deafness (Compensation) Ordinance ("the Ordinance"). However, in the reality, the Labour Department has never used any scientific method for the assessment of permanent incapacity. As a result, many people who have suffered from total deafness might not be granted the maximum compensation for permanent incapacity. Although the relevant provisions have been stipulated in the Ordinance, only a few patients have been granted the compensation for permanent incapacity.

Of course, the labour and medical sectors have been urging the Government to change its current practice in the determination of permanent incapacity. Regrettably, the Labour Department's compensation mechanism for permanent incapacity is stuck at the 1950s, still using the most simplistic concept of, though Mr WONG Kwok-hing is not here, "one limb" or "two limbs". Seldom have the authorities used any scientific methods to assess the incapacity of workers arising from the loss of bodily functions. Scientific assessment methods are not any new things. The authorities can make reference to the American Medical Association or other medical organizations in Europe, so as to see how they have set out criteria that are far more scientific and objective than those in Hong Kong in assessing people with different types of incapacity. Regrettably, the Labour Department is so reluctant to make progress that it keeps using the 50-year-old method in the determination of injuries.

Unfortunately, it is also the construction workers who are eligible for deafness compensation, as most of them have been operating the jackhammer or

the drilling plant for long years. Due to their ignorance or their employers' pretended ignorance, many workers have lost their hearing function after years of operating the machines. In comparison, they are a better situation than those who suffer from pneumoconiosis or mesothelioma whom we have discussed just now. However, generally speaking, workers will get hearing loss at an earlier age than those suffering from pneumoconiosis. Similar to pneumoconiosis, hearing impairment is also accumulative. After workers have worked without any protective equipment for a long period of time, particularly if they have to operate high-decibel machines, their hearing will be impaired. In passing, I would say such cases may increase gradually in the future as more and more works are increasingly dependant on the aviation industry. If you pay some attention to the workers at construction sites near the airport, you may notice that most of them are not wearing protective ear muffers. I wish the Labour Department will follow up the matter in due course.

Apart from the maximum compensation amount under the Ordinance, I would also like to talk about hearing assistive devices. The revised subsidy for the device is now \$16,470. The Secretary may not be aware of the price. Let me talk about the price. Perhaps some may say that according to past records, the amounts which were suitable for the grant of subsidy for hearing loss were mostly below \$15,000. What they may not know is that any amount exceeding \$15,000 is not eligible for compensation. So, the workers had no alternative but to choose the hearing assistive devices which were less than \$15,000. I causally chose to see the website of a company selling hearing aids, where there were hearing aids selling as cheap as \$4,500. However, it would be best if the Secretary can try them, after which he will understand why the workers will not use this kind of hearing aid. At a price of \$4,500, this body-worn pocket device is so old-fashioned that you have to put the cord into your pocket. What's worse, because of the extremely poor reception and amplifying functions of the devices, patients will definitely tell you that they hear "buzz buzz sound" when using the devices. On the other hand, you can see some relatively well-off elderly on the streets using small-sized hearing aids. We call them In-the-canal, automatic In-the-canal or In-the-ear hearing aids, which usually run on digital system. The advantages of these hearing aids are that they can adjust the volume automatically, without the trouble of manual adjustment, and they can reduce the background noise. The design of the hearing aids is suitable for long-hour wear, so that users will not groan so much even after wearing them for long hours.

The cheapest automatic in-the-ear hearing aid which receives fewer complaints costs \$23,000 per ear and \$35,000 a pair. For the most expensive and best design one, it costs \$55,000 per ear and \$100,000 a pair. Someone will say if you already have an old vehicle, why you still want to sit on a Rolls Royce? If he could choose, he would rather not to use the hearing aid, is it right? Is there anyone who likes to wear a hearing aid? Of course, no one will want to do so. They are not in their seventies. They have lost their hearing function permanently and have to wear the hearing aids just in their thirties, and do you think they want to wear the hearing aids? They even have to wear that particular hearing aid which costs \$16,470 after the revision of the subsidy by the Government. Unless they are rich, they will have no choice. But if they were rich, they would not have to work at the construction sites several decades ago. Therefore, they will have to choose some inferior devices for lower prices.

I hope that the Government can have compassionate understanding when dealing with these problems. It is most preferable that the Secretary for Labour and Welfare can try to wear the hearing aids himself. Or if he has elders at home, please ask them to try to compare which hearing aids function better. Deputy President, actually they do not want the Government to give them money. They prefer the Government to provide them with the reasonable hearing aids according to their level of impairment. If we say Hong Kong is a modern city, and if people keep saying Hong Kong is a modern and technologically advanced city and keep talking about digital technology, why workers in the city are denied of the use of digital hearing aids. The sum of \$16,470 can only pay for almost the cheapest hearing aid with the lowest specifications. Unless they are rich, the workers cannot consider buying the ones with better quality.

Therefore, those at the lowest stratum of society are the most miserable. Even if the Government's subsidy is inadequate, they do not have spare money to pay for the shortfall, so they can only use the hearing aids which can be fully covered by the Government subsidy. I would like to tell the Secretary via the Deputy President that there will not be any overrun of cost. Even if you give them only \$10,000, there will not be cost overrun as they will not be afford to buy hearing aids which cost over \$10,000. So, whatever amount you give them, they can only spend that amount of money. When the Government first set the subsidy level, some new models such as the In-the-ear model with better quality

might not be available in the market. But it has been over a decade since the enactment of the Ordinance, so why couldn't the Government keep abreast of the times to provide the employees with reasonable and better quality hearing aids. This, indeed, serves to compensate them for their pain and sufferings. No matter how many hearing aids are provided to them, their hearing function cannot be restored. They have lost their hearing for the whole life and it is not restorable. Irrespective how good quality the hearing aids are, they still cannot restore their original hearing. It is only about providing them with better hearing aids which can facilitate their social activities and enable them to communicate with others.

We are highly dissatisfied with this amount which we find it disgusting. However, it will be terribly difficult to compel the Government to re-calculate and reconsider the amount under the Ordinance. The Secretary has said, among other things, that the Government would definitely revisit the Ordinance after its passage. However, with the term of this Government expiring in several months, we find it hard to believe that there will be any effective review under such short-lived Government. Nevertheless, it would be better to kick off the review now than doing nothing at all. If we can lay down a framework, or even if this review committee has commenced its work before the expiry of this term of Government, there will still be a glimmer of hope. Otherwise, all the promises the Government has given today are mere empty talk.

Although we have no alternative, we still should not oppose the amount as amended in the Ordinance. Nevertheless, I do wish to tell the Government that this is a shameful amount and it should absolutely not be set at such a low level. To those who have already lost their hearing, no matter how much compensation is made to them for the purchase of hearing aids, it cannot make up for their loss of the functionality of a part of their bodies, a highly precious part of the bodies. Such loss can never be compensated. I so submit.

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 Labour and Welfare to reply. The debate will come to a close after the Secretary has replied.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I would like to thank Dr KWOK Ka-ki once again for his valuable views. Let me reiterate that we would definitely take the views expressed by Dr KWOK into careful consideration.

I would like to briefly respond to the proposal put forward just now for raising the maximum level of the percentage of permanent incapacity from 60% to 100%. Occupational deafness is caused by prolonged exposure to loud noise, and no direct comparison should be made with sudden sensorineural hearing loss and impairment caused by industrial accidents. This is because the time taken for noise-induced hearing impairment at work to develop into hearing loss is relatively long, and its impact on a person's earning capacity is relatively low. Persons who suffer from noise-induced deafness at work ("OD persons") can generally go on working, and their earning capacity will not be completely lost. Besides, as the percentage of permanent incapacity in respect of complete hearing loss determined in other places such as Singapore, Ontario of Canada, New South Wales and Victoria of Australia and New Zealand also ranges from 35% to 60%, the maximum level of 60% adopted in Hong Kong is comparatively speaking not very low.

I would also like to reiterate here that the Government has all along been very concerned about the situation of OD persons. As all of us are aware, we have put in place an established and objective mechanism, under which the amounts of various compensation items stipulated in the Occupational Deafness (Compensation) Ordinance will be adjusted every two years where appropriate, with a view to keeping the amounts of compensation in line with the changes in the wage and price levels in the relevant period, thereby providing OD persons with reasonable protection.

In addition, in order to enhance the protection accorded by the hearing assistive device financing scheme for OD persons, starting from the current adjustment exercise, we propose to adopt the Consumer Price Index (A), a price

movement index, as an indicator to adjust the amounts of two compensation items where appropriate, namely, the financing limit for first-time applications for hearing assistive devices and the aggregate financing limit.

In fact, the Occupational Deafness Compensation Board ("ODCB") have already endorsed the above amendment proposals, which have also been unanimously passed by representatives from the labour side and employer side of the Labour Advisory Board ("LAB"), while members of the Legislative Council Panel on Manpower have expressed support to the proposals. As I have said earlier, if the findings of future reviews indicate that appropriate adjustments or enhancements have to be made to the amounts of compensation, we will definitely make reference to the valuable views expressed by Members and various stakeholders, and consult ODCB, LAB and the Panel on Manpower in this regard.

I sincerely urge Members to support and pass the resolution so as to enhance the protection for OD persons as early as possible.

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Labour and Welfare be passed. 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.

MEMBERS' MOTIONS

DEPUTY PRESIDENT (in Cantonese): Members' motions.

Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2017 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2017, which were laid on the Table of this Council on 8 February 2017.

I now call upon Mr Wilson OR to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR WILSON OR (in Cantonese): Deputy President, in my capacity as Chairman of the Subcommittee, I moved that the motion which stands under my name and as duly printed on the Agenda, be passed.

At the House Committee meeting on 3 February 2017, members formed a subcommittee to study the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2017 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2017, which were laid on the table of the Legislative Council on 8 February 2017. To give the Subcommittee sufficient time to deliberate on the two items of subsidiary legislation and complete the report, members agreed that I move a motion to extend the scrutiny period of the two items of subsidiary legislation to the Legislative Council meeting on 29 March 2017.

Deputy President, I urge Members to support the motion.

Mr Wilson OR moved the following motion:

"RESOLVED that in relation to the—

- (a) Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2017, published in the Gazette as Legal Notice No. 10 of 2017; and

- (b) Employment Ordinance (Amendment of Ninth Schedule) Notice 2017, published in the Gazette as Legal Notice No. 12 of 2017,

and laid on the table of the Legislative Council on 8 February 2017, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 29 March 2017. "

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Wilson OR be passed.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Wilson OR be passed. 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 respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

DEPUTY PRESIDENT (in Cantonese): Debates on motions with no legislative effect.

The motion debate on "Actively studying the establishment of a middle class commission".

Members who wish to speak in the motion debate will please press the "Request to speak" button.

I now call upon Mr Tommy CHEUNG to speak and move the motion.

ACTIVELY STUDYING THE ESTABLISHMENT OF A MIDDLE CLASS COMMISSION

MR TOMMY CHEUNG (in Cantonese): Deputy President, I move that the motion, as printed on the Agenda, be passed.

Deputy President, I am glad that I finally have a chance to move this motion. It is perhaps especially meaningful that this motion is moved at this time when the economic outlook is gloomy and the long-awaited Chief Executive Election is soon to be held.

Similar motions on the middle class have been moved in this Council in the past, such as "Alleviating the financial burden of middle-class people", "Expanding the ratio of the middle-class population", etc. One can tell from the wordings of the motions that Members mainly focused on how to alleviate the burden of the middle class and how to increase the size of the middle class so that they can become an important propellant for our economy to move forward.

Their motions may look similar to the one I proposed today, but they are actually different. In my motion, I propose that instead of taking a piece-meal approach to the individual aspirations of the middle class, the Government should take a higher-level approach. It should affirm the role of the middle class in driving the economy forward, and establish a high-level coordination core to systematically and interdepartmentally map out policies and measures to assist the middle class, with a view to re-establishing a society with upward mobility and preventing Hong Kong from turning into an M-shaped society.

In fact, as early as on 12 May 2012 in the fourth Legislative Council, Ms Miriam LAU, our former Chairman of the Liberal Party, applied for a debate slot on behalf of our party to propose the motion I moved today, but she did not have the opportunity to move it due to Members filibustering in the Council meeting. In October 2015 in the fifth Legislative Council, on behalf of the Liberal Party, I proactively applied for a debate slot for this motion again. I thought that was a smart move. Although I was given, by drawing lots, a debate slot for my motion to be debated in December of the same year, I was unable to do so and that Session ended due to filibustering again. Now in the sixth Legislative Council, I finally managed to do so. I have never seen any motion which has to wait for three Legislative Council terms and has been proposed by three Chairmen of the Liberal Party (namely Ms Miriam LAU, Mr CHUNG Kwok-pan and I) before it can be debated by Members. Now, I have become the Chairman of the Liberal Party and we can finally hold a debate on the motion. What a coincidence indeed.

Deputy President, the downward mobility of the middle class has become a global discussion subject in the past few years. Many developed countries such as Japan, the United States and Europe have come to the knowledge that their middle-class population is moving down the social ladder and shrinking in size. Many studies, such as the one discussing M-shaped society by the Japanese management theorist Kenichi OHMAE, have pointed out the downward trend of the middle class and the negative impacts of this trend.

Regrettably, this Government has not grasped this global phenomenon nor put a greater emphasis on the middle class. Any assistance offered to them is mostly in the form of tax rebates, or more allowances, rates concessions, electricity charge subsidies, etc. These measures are utterly inadequate to the middle class, merely better nothing to them. Hence, the general comment of the middle class on the "sweeteners" is "something is better than nothing".

In fact the term "middle class" is often misunderstood. People think that middle-class people earn an acceptable income, but in fact they are also subject to the same livelihood pressure from the hiking inflation, soaring property prices to increasing rents. They feel the same helpless and feeble towards their increasing expenditures on housing, education and expenses on taking care of their parents. They have very little deployable money left for use in their daily life, which may be even less than that of the people who are entitled to different government subsidies (such as the public rental housing occupants). The middle class is thus

often being described as having "an income of the middle class and a lifestyle of the grass roots" or the "poor middle class" in media coverage or interviews.

It is because we have a very limited understanding of the middle class in Hong Kong. I have tried to find statistics about our middle class and all I can find is some simple data from other researches. For example, the Task Force on Poverty commissioned the School of Economics and Finance of the University of Hong Kong in 2010 to conduct a study on Earnings Mobility in Hong Kong in a 10-year period. I tried to extract some data on the middle class so as to understand more about their income. The study ranked local workers in accordance with the level of their earnings in 2003 and grouped them into five quintiles in an ascending order.

The result shows that in the periods from 2001 to 2005 and 2003 to 2008, the upward earnings mobility of the third quintile dropped from 25.8% to 23.1% and that of the fourth quintile also dropped substantially from 18% to 12.5%. Meanwhile, the downward earnings mobility of the fourth quintile increased from 22.3% to 26.2%, underscoring a downward trend of the middle class (especially the upper-middle class) was gradually established in Hong Kong. The study only covered a period up to 2008. The latest earnings mobility of the middle class in Hong Kong after the global economic turmoil in 2008 warrants our attention.

According to the Hong Kong Poverty Situation Report 2014 announced by the authorities, despite an overall reduction in the size of the poor population in Hong Kong, the number of tertiary-educated (including non-graduate and graduate) poor persons was on the increase, expanding from 18 000 persons in 2012 to 21 000 persons in 2013, and further expanding to 23 000 persons in 2014 and showing a year-on-year increase of 15.2% and 6.7% respectively. The tendency of poor population with higher academic attainment proves that there is a sign of diminishing opportunity for upward mobility in Hong Kong.

Deputy President, there has been no sustainable policies and measures formulated systematically and specifically for the middle class in Hong Kong. To begin with, there has been no scientific definition of "middle class", nor any economic, social and livelihood statistics about them being collected and announced to tie in with the reference index of such policies. Moreover, government departments each chart their own course and propose fragmentary measures for the middle class within their own terms of reference.

Hence, we should not rely only on speculation or scanty statistics to define the needs of the middle class. This is too shallow and perfunctory. We need more accurate and in-depth statistics and reference materials to help us hammer out a middle-class policy that is not out of focus and biased.

In fact, a middle-class commission is not a new concept. Not long after OBAMA took office as President of the United States in 2008, he announced the establishment of the Middle Class Working Families Task Force to take charge of studies on how to increase the size of the middle class and elevate their status in the United States, in order to ensure that these people would not be neglected. It is a high-level task force led by the Vice-President with members of senior officials. Apart from the Secretaries of four policy departments, the Task Force also contains several White House consultants, including principle officials from the National Economic Council, the Office of Management and Budget, the Domestic Policy Council and the Council of Economic Advisors.

They look into a diversity of subjects, covering, among other things, job opportunities, housing, medical and health services, education and training. It is evident that a basket of systemic policies have to be considered in addressing the problems facing the middle class. They focus on whether the size of the middle class is increased, whether their lives are improved and whether they are no longer neglected. The work of the Task Force is transparent and its work progress is reported to the public. We can take reference from this Task Force in respect of its founding mission, formulation method and scale and the subjects it has explored.

In Hong Kong, some people have defined "middle class" as households earning a monthly income between \$15,000 to \$45,000, but this definition is based on the General Household Survey conducted by the Census and Statistics Department, which divides all households in Hong Kong into 16 income groups and the six household income groups in the middle are classified as the middle class. Many people criticize that this definition as unrealistic.

Hence, in order to establish the middle class commission, we must first lay down a clear and specific concept and definition on "middle class", and then publish regular statistics in relation to that concept and definition of middle class. I hold that in order to set a target for policies on economic and industrial development, business start-ups and job creation, housing, taxation, legal assistance, education and personal enhancement, medical and health care to boost the mobility of the middle class, the authorities must base their work on objective

statistics, and coupled with it a well-coordinated committee, so as to facilitate a high-level, comprehensive review specifically on middle-class related policy measures, and propose a specific and comprehensive strategy to assist middle-class families to relieve their burden and empower the middle class, thereby re-igniting economic development and providing more opportunities and room for upward mobility.

As for the specific details, we can count on collective wisdom. Mr Frankie YICK, a fellow member of the Liberal Party, has proposed an amendment on behalf of our party and he will later explain it in greater detail. I wish to point out that many people mentioned that we need to facilitate the development of different industries, so as to provide more upward movement opportunities in society. While I do not suspect the validity of the view, I must point out that we must provide a good business environment for the middle class to enhance their strength, and strive to lift the restrictions on small and medium enterprises ("SMEs"), especially small enterprises and micro-enterprises. We should not set the thresholds so high as to suppress their development.

However, Hong Kong has become increasingly populist in the past decade. Coattail effect is common from the Chief Executive and Directors of Bureaux under the accountability system to the Executive Authorities and District Councils. As a result, economic development policies lack directions. Take minimum wage as an example. The Administration did not conduct a proper consultation on the impact of the minimum wage proposal on the business sector. It refused to predict the ripple effect of the proposal on the pay hierarchy, saying that it is impossible to do so. As a result, people generally have misjudged the negative impacts brought by the minimum wage proposal. Even Administrative Officers, who have been acclaimed for their professionalism, have lost ground to the accountability officials and willingly selected the statistics to paint an illusion of peace and prosperity, so as to protect the officials. They tried to curry favour with the public for their endorsement of this evil policy causing far-reaching damage.

Hence, a priority task of the next Chief Executive is to go back to the right track. If the Administration could think about whether the policies implemented in the past years would undermine the competitiveness of SMEs before launch them, I believe the SMEs would not have harboured growing grievances in recent years.

Hence, a middle class commission can enable us to incorporate into different policies targets which can enhance the strength of the middle class, thereby preventing the forming of an M-shaped society, that is, polarization of the rich and the poor. Similarly, if the Administration can give some thought on how to strengthen the middle class before launching any policies or measures, it can avoid creating bias in society or leaving the interests of some people neglected.

Deputy President, regarding my views above, I know that I cannot rely on the Secretary for Food and Health or the Secretary for Commerce and Economic Development, or any of the Bureau Directors alone to put my views into implementation. It takes a high-level, interdepartmental and coordinated commission to effectively take forward my proposals. Certainly, it takes a lot of manpower and resources to establish this high-level middle class commission, I thus start the motion title with the words "actively studying". This is the first step that the Administration should at least take, which is to actively study the feasibility of establishing a middle class commission.

With the present uncertain economic outlook in Hong Kong, it becomes even more important that we prepare for the rainy days and make good planning for upward social mobility. I earnestly hope that Members will support my motion to bring new impetus to Hong Kong.

Deputy President, I so submit.

Mr Tommy CHEUNG moved the following motion: (Translation)

"That this Council requests the Government to actively study the establishment of a middle class commission."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Tommy CHEUNG be passed.

DEPUTY PRESIDENT (in Cantonese): Seven Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the seven amendments.

I will call upon Members who move the amendments to speak in the following order: Mr Frankie YICK, Ir Dr LO Wai-kwok, Mr HUI Chi-fung, Mr KWOK Wai-keung, Dr Elizabeth QUAT, Mr Michael TIEN and Dr KWOK Ka-ki; but they may not move the amendments at this stage.

MR FRANKIE YICK (in Cantonese): Deputy President, my fellow party member Mr Tommy CHEUNG has explained to us why he raises this motion. At present, our society does not share a clear set of defining criteria for the middle class, hence, supporting measures for this stratum are often implemented by different government departments fragmentally. Therefore, we need to set up a middle class commission to compile a list of problems facing the middle class and put forward a basket of measures to aid their upward mobility.

The middle class is a major driver behind the advancement of society. The authorities, however, have been less than effective in providing support for the stratum. Since the authorities have failed to feel the pulse of society, they are prevented from noticing the downward movement of the middle class, and hence have fallen short of studying the underlying causes. As a major political party representing the middle class, the Liberal Party has the responsibility to speak on their behalf.

The Government has certainly tapped into the middle class, but without compensating them in return. Very often than not, the middle class have to take care of themselves. As pressure has been mounting up in terms of employment, housing, health care and education of their children in recent years, the grievances of the middle class grow along with the challenges of life. The Government wishfully thought their grievances could be alleviated by granting them petty benefits a few at a time, such as the yearly tax rebate, increases in tax allowances, rates concessions, and reduction in electricity tariffs. But in reality, the biggest desires of the middle class are having more chances for upward social mobility and long-term measures put in place to ease economic pressure, rather than some petty benefits that are not addressing their needs.

People from different social spectra all aspire to bigger room for career development and more career choices. The creation of middle and senior level positions will certainly help the middle class climb up the social ladder. Regrettably, however, Hong Kong's economy is now undergoing a downward

development and we see a diminishing number of middle and senior level positions.

The economy of Hong Kong has now reached a slow-growth plateau, with a development featuring an over-concentration in a few industries which is resultant of a seriously slanted economic structure in recent years. As to be expected, those few industries, such as finance and real estates, which are paddling with one oar, are only going around in circles. The situation is seriously stifling the long-term development of the Hong Kong economy.

It has been almost two decades since the reunification of Hong Kong to China. Each of the three Chief Executives we have had thus far has launched his own industrial policies to promote the economic development in Hong Kong. The Hong Kong Government has been vowing for industrial development since TUNG Chee-hwa's time, and yet, very little has been achieved even until the Donald TSANG era. The current-term Government has emphatically stressed the promotion of the four pillar industries, the emergent industries, and so on. But these talks remain empty as the industries have seen no sign of genuine progress, only regression.

Take trading and logistics as an example. Though the Government keeps emphasizing its status as the first among all the four economic pillars in Hong Kong, the industry is only resting on its laurels due to a lack of government support. Hong Kong's global ranking in container throughput has been sliding continually. On the heels of Shanghai, Singapore and Shenzhen, the Port of Ningbo-Zhoushan overtook Hong Kong with its container throughput in 2015.

A mature economy can only regain vitality when the economic pie is made bigger. With more industries developed, more opportunities and room for upward movement will be made available for people from different strata; otherwise, the so-called development that is confined to a closed system will eventually be shrunken one day.

The new Policy Address delivered at the start of the year has made much fanfare with an energetic chant of "Innovate for the Economy, Improve Livelihood" emphatically. It is a pity that it has stopped short of raising focused and concrete proposals on expanding economic and industrial development. We have no way to know how the Government is going to promote economic and

industrial development, how it is going to foster diversity and robust growth. We cannot help but ask where the so-called "appropriate proactivity" is.

On the shipping industry for instance, we have all along been emphasizing that if more ship management companies and goods traders can be attracted to Hong Kong, the economic pie will certainly grow, promoting an expansion in related service sectors, such as financial management, insurance, shipping agency, legal arbitration, procurement and supply, maintenance, and so on. More diversified career options will thus be created, allowing the middle class more chances for upward mobility.

Therefore, the Liberal Party hopes that under the governance of the next Chief Executive, Hong Kong can free itself from existing constraints and establishes a middle class commission for coordinating various government departments, reviewing middle class-related policy measures on all fronts and putting forth targeted strategies which are concrete and wide-ranging, so as to help the career development of the middle class people, on top of boosting Hong Kong's overall capability and building a new leadership which features new personnel, new management style and new mindset.

As a matter of fact, the Liberal Party has long since been urging the Government to actively promote economic diversification, apart from strengthening the four pillar industries. We should dovetail with the development of neighbouring economies appropriately and integrate with economic development circles of different regions as much as possible, to help establish emergent industries and new markets upon our own advantages, so as to promote industrial growth in Hong Kong and thereby strengthening the middle class.

Hong Kong now remains strong at the provision of professional services, such as legal, banking, accounting and insurance, architectural and engineering services. If we can dovetail with the National 13th Five-Year Plan and focus on exploring markets along the Belt and Road, Hong Kong should be able to create new room for development with its existing advantages, and even become one of the economic headquarters among the Belt and Road markets.

A merit of headquarter economy is its capability of creating a large number of middle and senior level positions which help facilitate the upward movement of the middle class tremendously. Moreover, as a headquarter economy basically covers all trades and sectors, it helps trigger a breakthrough for the industrial diversification of Hong Kong. Meanwhile, an objective for the

Country to launch the Belt and Road Initiative is to reinforce the adjustment of its economic structure with the aid of enlarged land and sea accesses and expanded trading regions. These industries primarily consist of railway, express rail link, construction materials, shipping, aviation, energy, petrochemical products, nuclear energy, agriculture, and so on. If Hong Kong can seize these opportunities, on top of partaking a share in professional services, it can expand and adjust its own industrial structure and the development of relevant ancillaries, and make appropriate preparations for developing relevant industries.

The Liberal Party must stress that industrial development is the only way that can achieve the rejuvenation of the Hong Kong economy. It is only through industrial development that the middle class can enjoy more room for development. This development trend is thus the most important force driving the upward movement of the entire society.

The expansion in economic and industrial development will definitely help the middle class move upwards. Apart from that, we should not lose sight of their quality of life. Housing is a major problem faced by the middle class. Property prices today present a huge challenge to middle-class families who, in many cases, may be making tens of thousands of dollars a month but remain as shell-less snails. For the middle-class home owners, the Liberal Party has all along lobbied the Government for extending the number of years of deduction of home loan interest. As for those middle-class people who have yet to acquire their flats, the Government should expedite the identification of sites for housing projects and ascertain a steady housing supply. Meanwhile, the Government should introduce "flats with limited floor areas" to address the needs of local residents. To alleviate the pressure felt by middle-class tenants as a result of rent hike, the Government should consider introducing rental allowance. As for the other proposals made in the amendment on taxation, health care and education, they are all meant to relieve the livelihood burden of the middle class.

We hope that political leaders can have the determination and courage to forgo time-worn practices, set up a middle class commission to fully respond to the community's strong appeal in this regard. Lastly, I sincerely hope that our colleagues can support the motion put forth by my fellow party member Mr Tommy CHEUNG and the amendment by me.

Deputy President, I so submit.

IR DR LO WAI-KWOK (in Cantonese): Deputy President, first of all, I would like to thank Mr Tommy CHEUNG for moving this motion. The main theme of the original motion is fundamentally the same as the position of the Business and Professionals Alliance for Hong Kong ("BPA"). In principle, BPA does not support the setting up of committees to deal with virtually everything, trivial and significant alike. However, it is of significant meaning in present days to support and strengthen the middle class which is the mainstay of Hong Kong society and is of great significance in maintaining the prosperity and stability of Hong Kong. Given that the middle class issue straddles various policy areas, it is necessary to set up a dedicated interdepartmental committee to extensively collect views and coordinate the implementation of related policies.

At present, there is still no universally-accepted definition of the middle class. The academic and think tanks have their own definitions and the commonly-used elements in defining the middle class include the education level, the income level as well as the occupation. According to the studies of scholars in sociology, a more stable form of modern social structure is the one of an "olive shape", which is smaller on both ends yet swells up in the middle, featuring a large population of the middle-income class, and smaller gap between the rich and the poor. This form of social structure can help alleviate confrontation sentiments arising from a widening disparity between the rich and the poor, and prevent the emergence of a series of governance problems in society.

(THE PRESIDENT resumed the Chair)

Since the take-off of the Hong Kong economy in the 1970s and 1980s of the last century, the rapid development and the gradual changes in the economic structure has generated a large demand for managerial and professional personnel. Mid-level jobs abounded in various businesses, creating many opportunities for up-ward mobility to higher positions in the occupational structure or the social ladder.

However, since the start of this century, the rapid emergence of neighbouring economies has lessened the competitive edge of Hong Kong. What's worse, the incessant political conflicts in the territory have obstructed the economic and social developments, causing a slowdown in the growth of mid-level jobs in the administrative, managerial and professional positions. The middle class has to bear increasingly heavy livelihood and financial burdens and face pressures of downward mobility.

I have a quite a vivid memory of the anti-filibuster rally on 8 March 2015. The Construction Industry Alliance, formed by a dozen of associations in the engineering and construction industries, mobilized 5 000 people to take part in the rally. Participants included not only construction workers but also a number of middle-class professionals, such as engineers, surveyors, architects, and engineering superintendents. They chanted the slogan of "anti-filibustering and speeding up the provision of funds" in protest of the continuous filibustering of some Members at the meetings of the Finance Committee and the Public Works Subcommittee, which had affected their livelihoods. Another similar rally was organized by the trades on 8 May 2016. In the past, it was unusual to see middle-class professionals taking to the street to safeguard their livelihoods.

President, the shrinking of the middle class and the hardship they are facing today is the result of an accumulation of problems over the years, some of which are even deep-rooted problems. It is unfair to put all the blame on the current-term SAR Government. To be fair, the authorities have already taken the initiatives to introduce a number of measures to the benefit of the middle class. Let us take the newly-announced Budget as an example. The measures which are beneficial to the middle class include a 75% tax reduction on salaries tax and tax under personal assessment for the year 2016-2017; rates concession for the four quarters; extending the entitlement period for the tax reduction for home loan interest from 15 years of assessment to 20; and examining the provision of tax deduction for the purchase of regulated health insurance products. These measures, indeed, help relieve the grievances of the middle class arising from their "paying large amount of tax but enjoying few welfare benefits", though the breadth and the depth of the measures are still inadequate, and most belonging to one-off relief measures.

So, how should the various sectors of the community respond to the reasonable aspirations of the middle class? To me and my colleagues at BPA, the provision of relief measures and creation of new opportunities to the middle class have all along been our areas of concern. We believe that the SAR Government should expeditiously establish a middle class commission to comprehensively review the policies or measures relating to the middle class from a higher-level perspective. In the amendment moved by me, I substituted "actively study" with "expeditiously" in order to highlight the urgency of the subject matter.

President, BPA is particularly concerned about the composition, terms of reference and representativeness of the middle class commission. In our view, the objectives and major functions of the commission are to explore and

formulate permanent and focused policies and measures, with a view to providing the middle class with more opportunities for upward mobility and room for development.

Specifically, the commission should pay attention to the following issues: first, in order to address the problem at root, the Government should lay down a clear definition of the middle class and set out relevant indicators, and to regularly collect and update the statistics, in order to provide an objective basis for the formulation of policies. On the basis of the population trend, employment figures, and the actual social and economic developments, the Government should set a target on the middle-class population, and to gradually expand the ratio of their population, with a view to increasing the ratio of the middle-class population to 50% over 10 years, so as to promote development and social stability.

Second, in view of the great importance the middle class attaches to personal career and professional development, the Government should study ways to improve the business environment and enhance support for business start-up. Moreover, to tie in with China's Belt and Road policy direction and the National 13th Five-Year Plan, the Government should strengthen regional economic cooperation in order to promote Hong Kong's industries and professional services of better competitive edges, thus enabling Hong Kong to head towards the development of a diversified and high value-added economy. In doing so, jobs of middle to high levels in various trades and professions will be increased and there will also be more opportunities for starting up businesses, giving the middle class more opportunities for upward mobility.

Moreover, in view of the home-purchase difficulties faced by the middle class, apart from a review of how to really increase the supply of residential sites and units, the Government should also review and re-establish the housing ladder and consider the home ownership aspirations of the middle class and the young families. These include introducing targeted subsidized home ownership measures and reviewing proposals which were launched previously and proved to be effective, such as relaunching the enhanced Home Starter Loan Scheme. The authorities should also consider cooperating with property developers to build small-scale and low-priced units, with an option for eligible middle-class and young families to buy or rent such units, so as to provide them with appropriate accommodation.

Meanwhile, the Government should strengthen its support for the pursuit of continuous education and professional development by increasing the tax

deduction for self-education expenses and the subsidy under the Continuing Education Fund, so as to encourage the middle class to pursue lifelong learning and upgrade their professional skills.

To enhance the retirement protection of the middle class, the Government should study how to take forward the portability of the Mandatory Provident Fund ("MPF") schemes and other enhancement proposals. In the long run, the Government should consider implementing the Central Provident Fund in place of the MPF System so as to protect the retirement benefits of staff members. I also suggest that the authorities should set up a "loan fund for unemployment or occupation switching", so as to assist eligible unemployed staff in switching to self-employment or starting up business themselves. All these measures will help the middle class to face up to economic adversities and alleviate their worries about the future.

These are some issues of major concern to the middle class. For other related issues, it is exactly the task of the middle class commission to study how they should be dealt with. Therefore, with regards to the composition of the committee, apart from officials of the relevant Bureaux, it should also include people from various sectors of the community who are familiar with the relevant issues to ensure its representative.

President, in moving the amendment, I mainly want to highlight the main theme and functions of the middle class commission proposed to be set up. In recent years, a Member's motion, like a Christmas tree full of ornaments, has been written in great detail. With a motion written in a form of an election manifesto, it may arouse controversy and weaken the main theme of the motion. Regarding the various amendments to this motion, BPA supports the basic directions of some amendments. Still, it has reservations about some specific proposals, such as allowing the middle class to withdraw the contributions from the MPF scheme for purchasing their first property, for fear that such proposal would reduce the retirement benefits, and thus requires further consideration. Regarding the proposal to launch standard working hours and a universal retirement protection scheme, BPA also opposes its bluntly implementation because such proposal strays away from the subject matter of the middle class, and consensus has yet to be reached among various sectors in the community on it.

Due to the time constraint, I am afraid I cannot present my views on each of the amendments. President, I so submit.

MR HUI CHI-FUNG (in Cantonese): Mr LEUNG, different Members have proposed amendments containing different subjects to the motion today, touching on taxation arrangement, children's education, health care, employment opportunities, etc. A Member has aptly described the amendments just now, saying that they are like the ornaments hooking onto a Christmas tree. And in my amendment, I propose a number of family-friendly policy measures, a diversified development of industries as well as other issues closely related to the interests of middle-class families.

But my amendment is different from those proposed by Members of the functional constituencies and the pro-establishment camp. Just now, many of them talked about economic development, the GDP, the industries, the market and finance. It seems that the Hong Kong middle class only cares about economic development, their upward mobility, their wealth and social status. I do not think that middle-class people are like that. I thus have also proposed in my amendment the need to perfect conservation policies, combat corruption and take forward universal suffrage. It is because the Democratic Party and I believe that middle-class people not only care about their own interests and economic development, but also care about how the entire society is going to develop and cherish the core values that have been invested with Hong Kong people.

Talking about the voices of the middle class, what they most often talk about, when I hear them say on the street, are not that they have to pay a large sum of tax, or that the Government does not care about them, or that they are not entitled to any welfare benefits and concessions despite being a taxpayer. They do not grumble about these things. But rather, they talk about why society has become so volatile, why the system is so seriously flawed, and why public administration has become so unfair, unjust and unopened. Or, to put it more plainly, they question why there is no longer regulation, rule of law and fairness in society. They want stability in society and they uphold fairness and justice. Middle-class people are actually very concerned about these subjects, which are rarely discussed in society.

Hong Kong people often talk about the "Lion Rock spirit", but different people may have a different interpretation of it. However, middle-class people or the general public in Hong Kong do believe in a set of common values. They believe that Hong Kong people are diligent, and constantly strive to become stronger and stand on their own feet. We believe that there should be equality in society, upward mobility for everyone and meritocracy.

Nevertheless, middle-class people in Hong Kong are also caring and accommodating despite upholding meritocracy, and they will speak out in case of injustice. Hence, the "Lion Rock spirit" or the value of the Hong Kong middle class transcends economic endeavours or material, monetary and achievement pursuit. Hong Kong people also uphold cultural, spiritual and other humanistic values.

After the reunification, Hong Kong people attach even greater importance to their pursuit of democracy, defence of the rule of law and protection of judicial independence. Hong Kong people have elevated their aspiration from the economic and cultural level to the pursuit of political rights. This is a manifestation of social progress and also a means to steer ahead social progress. If Hong Kong remains at materialistic pursuits, society cannot progress forward.

Regrettably, while Hong Kong people progress forward, the current Government led by LEUNG Chun-ying regresses. Since taking office as Chief Executive, LEUNG Chun-ying has been discovered by the media that he received money from UGL Limited. The incident has aroused public query over the integrity of the Government. On the academic front, LEUNG's supporters have interfered in the appointment of the Vice-Chancellor of the University of Hong Kong, and LEUNG has also made controversial appointments of his supporters into the Court of the University of Hong Kong. LEUNG Chun-ying has made use of his appointment power to make similar controversial appointments of his supporters into different commissions, including the Independent Police Complaints Council and the Operations Review Committee of the Independent Commission Against Corruption. These appointments have aroused public query over the credibility of these commissions.

More importantly, LEUNG Chun-ying administers with a battling mindset. He has torn society apart and turned frontline police officers into his political tool. Police officers have thus become the sandwiched victim, jeopardizing the police-people relationship to an unprecedented extent, and leading to unfortunate incidents such as the conviction of seven frontline police officers for assault due to lapses of judgment.

Apart from the damage done by LEUNG Chun-ying, the Liaison Office of the Central People's Government ("LOCPG") also plays a part in the damage by destroying "one country, two systems" and interfering in the Hong Kong affairs. Besides interfering in the Legislative Council Election, LOCPG has also tried to

"create its king" in this Chief Executive Election, so as to continue its approach of "Western District ruling Hong Kong". Under the leadership of LEUNG Chun-ying and the "Western District ruling Hong Kong" setup, Hong Kong is no longer the same to middle-class people. Society is no longer fair and meritocracy is not necessarily the prevailing value. Hong Kong has become a place where cronyism is practiced and success is attained by relationship. Apparently this has also become the values of the middle class.

Meanwhile, society has become unstable. The Government has torn society apart and at the same time accepted tacitly the worsening of the police-people relationship. Police officers have thus become a political tool to suppress civic activities.

When Hong Kong becomes a place absent of reason and fairness, how could its people live happily here and how could the middle class feel relieved to continue to work here or let their children or the next generation to grow up in such an environment?

No matter how hard the Government tries to deny the worries of the middle class, it cannot deny that emigration applications have been on the increase in recent years and even many middle-class professionals and intellectuals are considering emigration. This reflects the worries of the middle class over the changes in society.

Hence, apart from some general measures for the middle class, I specially propose in my amendment to "rebuild a society with integrity and fairness" and to "(forge) a consensus on promoting democracy, thereby strengthening the middle class's sense of belonging to Hong Kong".

The Democratic Party believes that to address the present problems in society and in the Administration, a priority task is to promote the development of democracy, so as to hold the Government accountable to its people. The "Western District" should not rule Hong Kong. Hong Kong needs a well-regulated system to rebuild the trust of the middle class and the professionals in the Government.

We should rebuild a society with integrity and fairness for Hong Kong, so that middle-class people and their next generation can have their peace of mind and continue to live in a fair and just environment. The pursuit of integrity and

fairness and the fight for democracy are not only values that the middle class pursue. They are also the best assurance for them to continue to live and work happily here and develop their lives here in Hong Kong. I thus hope that Members across different political parties and camps can focus more on these areas, apart from the economy. I hope that Members can support the amendment proposed by the Democratic Party to truly address the anxiety of middle-class people.

Last but not least, I wish to briefly explain my amendment. Children's education has been one of the greatest concerns of the middle class in recent years. I thus propose abolishing the Territory-wide System Assessment and increasing the number of funded places in local universities as well as increasing the funding under the Financial Assistance Scheme for Post-secondary Students.

Moreover, since the movements to preserve the Star Ferry Pier and the Queen's Pier about a decade ago, we notice that people began to care about their community spontaneously. They demand that places with historical values and emotional attachment be preserved in the community. For instance on the Hong Kong Island, some civic groups last year initiated petitions to preserve the State Theatre in North Point, and some people opposed demolishing the Cadogan Street Temporary Garden for luxurious residential properties. Hence, apart from continuing to preserve the community, the Government should also preserve natural environment and the cultural, historic and other intangible heritage. It should also take a more active role in enacting legislation on tree conservation, so as to promote the humanistic values that middle-class people cherish.

Moreover, I also request in the amendment that the Government should strengthen support for families by means of longer paid paternity leaves, flexible working hours and more child care and elderly care services, so that middle-class people can strike a balance between their work and family. All these are important issues to the middle class. Last but not least, on the taxation front, I propose that the Government should review the taxation system to alleviate the tax burden of middle-class people.

As for the specific details of the measures in my amendment, I will entrust other Members of the Democratic Party to make further explanation on each of them. I will end here today.

MR KWOK WAI-KEUNG (in Cantonese): President, many Members have spoken on how the term "middle class" should be defined just now and yet, there is still no definite answer to that. In fact, defining the term is really difficult and will necessarily cause hard feeling to those who are excluded from the very scope of its definition.

Ir Dr LO Wai-kwok has mentioned just now the original motion proposed by Mr Tommy CHEUNG: "Actively studying the establishment of a middle class commission". He opined that "hanging too many ornaments onto a Christmas tree" will only stifle the room for discussion on the topic. Sharing the same view, I did not do such a thing as hanging ornaments onto that tree but we are, of course, living in a free society, and so those Members having put ornaments onto the Christmas tree are purely meant to include substantial content in the proposed amendments in accordance with their own views.

I will first talk about the speech delivered by Mr HUI Chi-fung, who has also put ornaments onto the tree just now. Yet, the contents of his speech evolved around some other topics, all of which being policy issues. Not any initiative to offer substantial assistance to the middle class was proposed. Besides, Mr Tommy CHEUNG, Mr Frankie YICK and Ir Dr LO Wai-kwok emphasized that both initiatives of abolishing the Mandatory Provident Fund ("MPF") offsetting mechanism and putting in place a retirement protection system have departed from the original intent of helping the middle class. I can hardly understand why they said so. Is it true that in their understanding, the middle class covers only the employers? Will those wage-earning professionals who are not employers themselves be regarded as the middle class then? In my own opinion, they are exactly the group of middle-class people deemed to be in dire need of our help. Hence, implementation of the initiatives of abolishing the MPF offsetting mechanism and putting in place a retirement protection system will be of help to the middle class and is closer to what they prefer.

Furthermore, we have no objection to increasing resources for them to pursue further studies, but let us give deeper thoughts to this: what do the middle class people lack? Are they really in lack of money for further studies? What I want to tell is: all that they lack is nothing but time, which is most precious to them. The most troubling issue to the middle class is precisely the current problem of long working hours facing the general public. Even though they have professional knowledge in their respective areas of expertise, they are never duly rewarded for the efforts made. Worse still, they are deprived of their private time under uncompensated overtime hours. They simply do not have

time for further studies or investment planning. As we have frequently mentioned, investment takes research efforts of studying information about the business performance of relevant companies and seeking to understand the market operation, but the point is, they do not have the time to make such efforts. They even have to suffer losses at their own expense in case of investment failure.

Let me revert to today's topic, President. Recently, there are two hottest issues in town, one being the Chief Executive election, and the other a television programme exploring whether acquisition of one's own home really means everything. The programme gives an account of how Hong Kong people bought their first homes, including saving 105% of one's income, living in subdivided units inside factory buildings before buying their own homes, etc. in order to save money. It is a very topical issue indeed. In the meantime, all the Chief Executive hopefuls put forth proposals relevant to this topic. Someone proposed to accommodate 60% of the local population with public housing while another candidate suggested that "homes for Hong Kong's first-time home buyers" be offered in a bid to help those middle-class people with monthly income at \$60,000 acquire their own homes. The whole of Hong Kong, including people of different social strata ranging from grass roots to the middle class, are desperately finding means to buy their own homes on the instant. As those "mortgage slaves" find it harder than ever to make ends meet under the burden of home mortgages, happiness seems to be leaving us farther behind. Well, what should the Government do to help both the grassroots and middle-class people so that its citizens can live and work in contentment? I trust that if a middle class commission as proposed by today's motion really comes into being, it must find out the answer.

President, according to the statistical data on population census published by the Government earlier on, the median monthly employment earnings in 2016 stood at \$15,500, which being, in others words, the income level of those in the middle stratum. This, when examined more closely, shows that there were 1.1 million people whose monthly income ranged between \$15,000 and \$30,000, accounting for one third of the entire working population. It will greatly help relieve the burden borne by people belonging to this income group indeed if the Government can provide support to them because they are the sandwich class people that we really care about. Actually, the term "sandwich class" carries a negative connotation of "poor middle class". Under huge burden as well as pressure, these people do not have much support and their efforts are scarcely rewarded. They are precisely the social class that suffer most in times of low

social mobility. Therefore, I propose an amendment today, urging the Government to provide support to them on all fronts. Be there a middle class commission or not, it is incumbent upon the Government to provide them with support in various areas such as occupational right, family-friendliness, retirement protection, taxation, housing, etc. so as to allow them the real breathing space. This will help improve their quality of living and stabilize our society.

President, I believe that a lot of middle-class people are white-collar workers belonging to the middle income group who are subject to long uncompensated overtime hours. Working all day long without the protection of standard working hours, these people are unable to take care of whose families. Due to advances in technology, they work 8 to 10 hours a day but still, they have to work beyond that after they got home. A survey on work/life balance conducted through questionnaires by the Hong Kong Clerical And Professional Employees General Union under the Hong Kong Federation of Trade Unions found that among the respondents, 94% had received short messages after work—not private messages but work-related ones; 24% had received work-related messages so frequently—not once in a while but frequently; 1.7% said that they had to engage in work right after receiving the messages, that means they had to work at home since it would sound unreasonable if they took any means of transport to travel back to the office to work there. The survey was done two years ago and I reckon that the relevant figures must have become more stunning if the survey is conducted today.

Technologies are far more advanced nowadays than in the past, say, our mobile phones can be connected to our workplace server systems, cloud computing platforms, etc. Actually, it is perfectly understandable that wage earners sometimes bring home all their emotions, grievances as well as pressure when the delineation between home time and office time becomes blurred. Our survey found that half of the respondents were unwilling to work during their spare time; 65% considered the work-related messages received after work a source of extra work pressure; 70% regarded those messages received outside their working hours as infringement of their private space.

President, it has become a norm that wage earners have to work at home as required to handle company business. Yet, will it be equally acceptable that the wage earners can work at home for private reasons? It seems the concept of "home office" is still not so popular in Hong Kong. From the middle class's professional point of view, the fact that uncompensated overtime work and hours have become unwritten rules means a further blow to their working lives. Thus,

we consider it necessary to help these middle-class people fight for reasonable occupational rights in defence of their professional dignity.

President, the middle-class people also expect the Government to help them secure retirement protection. Given the imminent issue of population ageing, many of those middle-class people will certainly save money in preparation for the life after retirement. However, we do appreciate that they are a bit more demanding when it comes to the quality of health care services. They worry about having to spend a major sum of their savings on medical treatment for their illnesses. Thus, we opine that putting in place a reliable as well as stable retirement protection system is conducive to fulfilling the middle class's wishes of working and living in contentment and being able to lead a comfortable life in their twilight years.

Here, I would also like to remind Members once again not to define the term "middle class" solely from the angle of owners of small and medium enterprises or that of the big bosses if we really mean to help the middle-class people. We should consider the scope of its meaning from a broader perspective instead. Therefore, please support both the proposal of abolishing the MPF offsetting mechanism and that of entitling all Hong Kong people to the non-means-tested retirement protection which is meant to benefit everyone.

Finally, President, I would like to discuss the issue of social vision. I know that the President may not be aware that there is a resurgence of emigration advertisements in recent years which has been increasing in number. Among the choices of migration destinations are the United States of America, Canada, Australia, New Zealand, Taiwan, and even those less popular countries like Cypress, Vanuatu and the Commonwealth of Dominica. According to a survey conducted earlier on by the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong, 40% of Hong Kong citizens indicated the wish of emigrating to other places. They were mainly of the view that all along, they have been giving but not taking. They saw no way out and no room for upward mobility. These people of talents are indeed the assets of our society and the overall competitiveness of our city must wither if the Government fails to try its best now to retain them and make them stay here for future development.

President, I hope the Government can recognize people's grievances and bravely make a commitment to relieve the plight of the people with vigour.

Thank you, President.

DR ELIZABETH QUAT (in Cantonese): President, first, I would like to thank Mr Tommy CHEUNG for moving his motion on "Actively studying the establishment of a middle class commission", which enables the Legislative Council to focus its discussion on our support to the middle class today.

President, the middle class is the pillar of society. Their financial conditions and level of satisfaction towards society reflect directly the economic status and strength of the place or country concerned. Hence, apart from vigorously promoting the economy and helping the underprivileged, the administration of the SAR Government must also gauge and address the demands of the middle class, and the study on the setting up of a "middle class commission" can be a good start.

The middle class of Hong Kong often complain that they "pay large amounts of tax but enjoy few welfare benefits". They feel that they have long been neglected by the Government, and their grievances have accumulated with time. This is definitely detrimental to the long-term stable development of Hong Kong.

In fact, the middle class of Hong Kong have all along been accustomed to self-reliance and struggling on their own. They work very hard in order to earn a reasonable income, to foster a bright future for Hong Kong, to seek opportunities, to have bright prospects, to move upward, to develop their personal careers, to improve the living standards of their families, to provide a better environment for the growth of their children, and to live and work in contentment in Hong Kong.

However, in recent years, due to the slack economic growth and deteriorated business environment, the increase rate of the overall wages in Hong Kong has slowed down significantly. The growth rate of the income of the middle class has also been lagging behind the overall economic growth. Moreover, in the past 10 years or so, the opportunities for upward social mobility have been largely trimmed. The proportion of young people taking up lower wage jobs in the services and sales industries is also rising. Reduction in income together with soaring property prices in recent years (more than 70% higher than the peak back in 1997) have not only greatly increased the burden of the middle class to purchase properties, but also shattered the dream of home ownership of the young people and "shell-less snails". It seems that the hope of

upward mobility is getting thinner and thinner. The living quality of the general public cannot be improved, while that of some families is even getting worse.

In view of the above, DAB has previously proposed that the Government should set up a "Committee on Social Mobility" for the purpose of studying how to enhance the upward and horizontal mobility of the middle class, the grass roots as well as people from different trades and social strata through various means such as policies and tax concessions, with a view to promoting social stability and prosperity.

President, it is undeniable that a favourable environment for economic development can certainly offer more opportunities for upward mobility. Hence, the SAR Government should formulate a forward-looking plan for Hong Kong by leveraging international strategies for development, expediting its efforts in promoting innovation and technology, strengthening pillar industries and supporting the building of a smart city. The Government may make use of the development fund for industries, tax concessions, land policies and immigration policies as incentives to boost the development of new industries, improve the structures of industries, attract more international enterprises to invest in Hong Kong, so as to create more jobs in quality, high value-added industries as well as provide for the middle class and employed persons who are striving to move up a suitable, desirable environment for employment and business operations.

The housing issue is of grave concern to the middle class. A Member has mentioned just now that many middle-class people have become "housing slaves". DAB has always proposed that the Government should expedite its work in identifying land and exploring new development areas to increase the supply of residential land in an all-round manner. There should be a comprehensive increase in the supply and choices of subsidized housing, particularly through building more Home Ownership Scheme flats and re-launching flats under the Sandwich Class Housing Scheme and the Private Sector Participation Scheme, and the mixed housing development. The establishment of a housing ladder that meets the affordability of people with different income levels can facilitate the home ownership of the middle class.

The education and family issues are of prime concern to middle-class parents. In the area of education, we propose that the Government should introduce a tax deduction for children education and increase the whole-day kindergarten places. To encourage the young and middle-class people to

upgrade themselves through the pursuit of continuous education, I believe the increase of tax deduction for expenses of self-education alone is not enough and the Government should also substantially raise the subsidy under the Continuing Education Fund which is currently set at \$10,000.

President, only after they settle down their families, can the middle class feel free to develop their career. For years, I have been urging the Government to implement policies to promote family-friendliness and encourage childbearing. In 2013, I moved a motion on "Assisting the middle class" under which I had proposed that the Government should incorporate family-friendliness into its policy agenda. In its policy implementation, the Government should also cater for the need of cross-generational families.

The Government should vigorously promote the five-day work week and flexible working hours. It should also consider offering family pass to encourage the participation in activities organized by the Leisure and Cultural Services Department on a family basis. Consideration and planning on elderly policy and family-friendly policy should be made as a total package so that the need of cross-generational families could be taken into account in respect of the overall city planning, housing, health care, transportation and supporting facilities in the community. More cultural, sports and recreational facilities should be provided in the community to raise the quality of life of members of the public.

President, many women in Hong Kong, particularly middle-class women, have to take care of both family and career. Postponement of marriage is a common phenomenon among women in Hong Kong. Therefore, I think the Government should provide more personal medical services to older women so that they can receive reproductive technology services to increase their chances of fertility. To encourage childbearing, the Government should examine extending the existing 10-week paid maternity leave, expeditiously enact legislation to increase the paid paternity leave for male employees to five days, study the introduction of baby care allowance and health care vouchers for children, and expand the community child-minding services. Many middle-class people would like the Government to improve the existing policies relating to foreign domestic helpers, in the hope that the enhancement could help them strike a balance between family and career.

President, the median age of the Hong Kong population has already reached 43 or above. Many middle-class people have entered their middle age

or even their old age. As they age, they have to take care of both their elderly parents and their young children. Bearing the responsibility of taking care of three generations in the family, the middle class are under huge livelihood pressure. Therefore, the availability of adequate and quality health care and elderly services top their wish lists. However, the inadequacy in the supply and the variation in the quality of the health care equipment, the health care manpower, the care homes for the elderly, and the nursing manpower have worried middle-class people and Hong Kong people at large.

The Government has already set aside \$10 billion to build more hospitals. It has also allocated \$30 billion for the provision of residential care homes for the elderly and for people with disabilities and the provision of rehabilitation service. However, it is worrisome that the additional provisions, in my opinion, still cannot cater for the demand arising from the ageing population. In view of this, I think the Government has to put forward, as soon as possible, concrete plans and proposals to address the health care and elderly issues. We propose that the Government should consider introducing tax deductions for medical insurance contributions, medical check-up, etc, with a view to encouraging more middle-class people to conduct regular check-up.

President, I refer to the amendment put forward by Mr HUI Chi-fung in which he proposed "formulating proposals for electing the Chief Executive and the Legislative Council by universal suffrage with equal rights to make nomination, to vote and to stand for election in an open, fair and impartial manner". His amendment obviously has not taken into the account the principle of the Basic Law and the decision of the Standing Committee of the National People's Congress relating to the implementation of universal suffrage for the Chief Executive and the Legislative Council, and thus has contravened the requirements of the Basic Law. In view of this, DAB must stress that the election of the Chief Executive should be carried out in accordance with the Basic Law and the framework of the 31 August Decision and also in line with the principles of gradual and orderly progress and balanced participation. For this reason, we will vote against the amendment proposed by Mr HUI Chi-fung.

Regarding the amendment put forward by Dr KWOK Ka-ki which requests the Government to "expeditiously implement standard working hours". We are aware that this topic is highly controversy. DAB holds that whether standard working hours should be implemented and how the policy should be formulated require discussions by the four parties of employers, employees, the Government,

and the Hong Kong society. The policy should be implemented only after a consensus has been reached in the community. It is, indeed, inappropriate to request the expeditious implementation of standard working hours at present when a final decision has yet to be made. For this reason, DAB will abstain in the vote on the amendment proposed by Dr KWOK Ka-ki.

President, the questions of how to support the middle class, to make them have confidence in Hong Kong, and to live happily here deserve more detailed study. A Member has mentioned just now that we lacked a good understanding of the definition of the middle class and were not fully aware of their demand. In recent years, quite a number of middle-class people have told me that they wish the Government to uphold "one country, two systems" and to rule in accordance with the law. They hate endless political arguments and find the frequent "filibustering" which slows down Hong Kong's development annoying. They wish the Government and the Legislative Council to concentrate their efforts in economy development and improvement of the livelihoods, and they wish to see a prosperous and stable Hong Kong where the economy flourishes. They wish to have peace of mind in the city where they can enjoy a stable life, and live and work in contentment. Actually, it is necessary for the Government to work harder to study how to support middle-class people.

With these remarks, President, I support the original motion and the amendments moved by Mr Frankie YICK, Ir Dr LO Wai-kwok, Mr KWOK Wai-keung and Mr Michael TIEN.

MR MICHAEL TIEN (in Cantonese): President, the motion under discussion is about the middle class, but it actually concerns the whole society. It has long been agreed between sociologists and economists that the middle class is the key pillar of social stability in a mature society. The Glorious Revolution broke out in England and the French Revolution which took place a few centuries ago have already proved to us that if a government cannot enlist the support of the middle class, even its king has to be guillotined. I do not want to see such a thing happen to anyone from the Government and hence, the most urgent task before us is to seriously examine the problems faced by the middle class.

The importance of the middle class is obvious to all. They struggle to move upward, become the most important productive force of society and a major source of government revenue, while support the economy at the same time with

their most stable spending power. It is the objective of the grass roots to climb up the social ladder and join the middle class, since the wonderful life of the middle class is the motivating force behind their hard works. Therefore, it would not be an overstatement to say that "he who has the support of the middle class can rule the world". The problems faced by the middle class are in essence economic problems, and as long as we do well economically, the middle class will be able to take care of the rest by themselves. What economic problems Hong Kong is now facing then?

It is clearly pointed out in the Budget this year that the financial and real estate industries have contributed over 40% of the revenue from profits tax. The trading and logistics industry accounts for 22% of our Gross Domestic Product ("GDP") and employs 750 000 people; the financial services industry contributes 18% of our GDP and employs 250 000 people; the tourism industry makes up 5% of our GDP but employs 270 000 people; while the business and professional services industry accounts for 12% of our GDP and employs 520 000 people. These four industries have contributed in total close to 60% of our economic returns, and have accounted for a considerable percentage of the working population in Hong Kong.

However, I wonder if fellow colleagues realize that such a percentage has actually remained unchanged for 10 years, and the pillar industries mentioned above have been contributing in total close to 60% of our GDP since 10 years ago. What exactly has the Government done in these 10 years then to promote the diversification of Hong Kong's industries, and provide the middle class with more opportunities for upward mobility? I have to say that nothing whatsoever has been done and only zero mark could be given to the Government in this respect. Is it not a very big problem? Excessive concentration of industrial activities will render the rich continue to be rich, while those who cannot climb up the social ladder will move downward, hence the emergence of an M-shaped society. This is the reason why I put forward the first two proposals in my amendment to tackle the problem.

President, since economic problems cannot be resolved in the short run, will it be feasible for the Government to support the middle class with more assistance measures in other areas of work? Quality of education is a matter of utmost concern for middle-class families, and in a television drama aired recently, education expenses for children are depicted as those which make up the largest expenditure item for middle-class parents. This should be an expenditure item

for which cost saving is the least possible, but most ironically, the Government has been very stingy as far as investment in education is concerned, thus aggravating the burden on middle-class parents. As presented in the Budget this year, the percentage of expenditure on education in total government expenditure has hit a record low since reunification, and has decreased from 25% in 1997 to 21% last year. In 2015, our expenditure on education accounted for 3.3% of GDP, but it accounted for 3.4% of GDP before reunification, and it can thus be concluded that a downward trend has been witnessed over the years. The figures released by some economic and trade organizations are even more impressive, when expenditure on education in some places can account for up to 5% of GDP or above. Therefore, this problem of ours is indeed very serious.

As far as the implementation details are concerned, the Secretary told us that free early childhood education has basically been provided, but we all know perfectly well that this is not really provided completely free of charge. Financial assistance provided to half-day, whole-day and long whole-day kindergartens by the Government is not evenly distributed, and whole-day kindergartens will only be provided with an additional 30% funding as compared with that granted to half-day kindergartens, while an additional 60% funding will be granted to long whole-day kindergartens. Worst still, an implementation timetable is not yet available. Furthermore, as many kindergartens are now paying market rents for their school premises, early childhood education provided at present by one fourth of local kindergartens is not really free of charge. In addition to the rent allowance received from the Government, they still have to charge parents a certain amount of tuition fees.

Therefore, the Government can only at best achieve the effect of providing free early childhood education in 80% of half-day kindergartens, and as for whole-day and long whole-day kindergartens, additional tuition fees of over \$1,000 per month are still currently charged to parents. As required by work, arrangements have to be made by double-income parents of many middle-class families to send their children to these whole-day and long whole-day kindergartens. Yet, to my knowledge, many parents who do not have double income and are more well-off financially also have the aspiration for establishing a system of long whole-day kindergartens, but according to the Government, a system of half-day kindergartens will suffice. That being the case, instead of adopting an unclear stance in this respect, it may be better for the Government to simply abolish the arrangements of providing financial assistance to long whole-day kindergartens.

Besides, the English standard of students in Hong Kong is an issue of very great concern to middle-class parents, and this is also a subject that I have repeatedly talked about. I have pointed out many times that in order to learn English well, the first prerequisite is to lay a solid foundation in kindergartens and primary schools. It is our hope that one extra Native-speaking English Teacher post could be provided in each primary school, and the Education Bureau replied that the proposal would be examined by the Standing Committee on Language Education and Research, but so far nothing has been done and no reply has been received. Actually, if one extra Native-speaking English Teacher post could be provided in each primary school, students would be exposed to a genuine English-learning environment, and this is the best way to increase their interest in learning English. Although an additional \$400 million would be needed each year for implementing the initiative, it is only a drop in the bucket when compared with the expenditures on many other items which can amount to over \$200 billion, and yet the Government is reluctant to do so.

As for university degree programmes, the Government undertakes to spend \$850 million this year to provide 3 000 subsidized places for self-financing undergraduate programmes. I have been told by middle-class parents that these self-financing undergraduate programmes would only lead their children to blind alleys, and what they most earnestly want is the provision of more publicly-funded degree places by the University Grants Committee. According to our rough estimates, over 1 000 publicly-funded university places can be provided with the earmarked amount of \$850 million, and one cannot help but question which one will be better, leading 3 000 students to blind alleys or providing over 1 000 quality degree places? The Government should seriously think about it.

President, much has been said by me previously about transport issues, but as a Member returned in the New Territories West geographical constituency, I have to raise the issues again. The Government has been identifying potential sites for housing construction, but most of the sites identified are located in the New Territories West, including Hung Shui Kiu, Yuen Long South, Kam Tin South, Tuen Mun Area 54 near Po Tin Estate, resulting in a potential increase of over 500 000 in the overall population in the district. However, although the current population of the New Territories West is already as high as 2.1 million, the West Rail Line is the only railway line available for its residents to travel to Kowloon and then interchange to Hong Kong Island. With a population increase of 500 000 in the future, residents in the New Territories West will still

have to rely solely on the West Rail Line as the main transport link, meaning that people will surely be faced with some very serious problems once they move to the New Territories West. Yet, the Government has failed to take adequate responding measures in this regard, and I think the matter should really be viewed from a long-term perspective. Besides, Light Rail service is plagued with numerous severe problems, and we have also reviewed the situation recently. Transport arrangements play a very important part in the daily life of many middle-class families, since this will exert a direct impact on their productivity and health, and an additional hour or 45 minutes of sleep every day will make life much easier for them. This has always been a perplexing problem for them and I really worry that the situation will get out of hand someday.

With regard to housing, according to the statistical figures on housing and property released by the Census and Statistics Department earlier, wage increase in Hong Kong cannot catch up with the rate of rent increase. Figures for 2016 reveal that in the past 10 years, the median monthly domestic household rent for households living in rental accommodation in private housing has doubled to \$10,000, while the monthly domestic household income has only increased by 45%, and this serves as a piece of very objective and scientific evidence to prove the downward mobility of the middle class. According to the Government, measures have already been taken in response to the challenge, such as the "harsh measures" introduced to help people achieve home ownership. However, what we have now is the worst scenario in which many counter-effects have been generated by the "harsh measures" introduced by the Government, and people cannot purchase a flat in the secondary market after they have sold their property as many property owners have decided not to put their property up for sale.

An even greater problem we have now is that a Mainland-funded company won the bid for a land site in Ap Lei Chau recently with a bidding price of \$16.8 billion, which is higher than the prices offered respectively by 13 local consortia, thus giving rise to a situation that land price is higher than property price. If things are allowed to go on this way, I do not think the Government will be able to identify any effective means to prevent companies with foreign capital from bidding land with high prices, since this is purely caused by the problem of excess liquidity in the Mainland. However, this will stimulate a property price hike in Hong Kong, making it even more difficult for local people to achieve home ownership.

Hence, if the Government cannot increase land supply in the short run, I consider it necessary for me to fight for a tax allowance for renting private properties for the middle class. Households living in rental accommodation in private housing now have to pay a minimum rent of \$15,000 per month. Although middle-class people earning a monthly salary of \$30,000 are already rather well-paid, they have to use half of their income for paying rent. Therefore, I hope the Government would consider introducing a tax allowance for renting private properties, and propose to provide a yearly allowance of \$150,000 in this regard. This will give the middle class a tax subsidy of about \$20,000 each year, which will already be of great help to them.

Finally, I would like to briefly talk about the possibility of relaxing the use of the contributions under the Mandatory Provident Fund ("MPF") scheme by the Government, so as to allow first-time home buyers to withdraw the contributions from their MPF accounts for meeting part of the down payment for their property. It is said that the MPF scheme seeks to save for the retirement of scheme members, and it is absolutely not a good idea to spend the contributions under the MPF scheme in advance. I would like to ask: Would it also be necessary for a retiree who does not own a property to use the contributions under the MPF scheme for meeting the rental expenses in the future? If this is the case, why not take the proposal put forward now into consideration?

President, I so submit.

DR KWOK KA-KI (in Cantonese): President, first, I have to thank Mr Tommy CHEUNG of the "wealthy party" for moving this motion concerning the middle class. Maybe he is looking for redemption! With all these learnt academia and Bureau Directors sitting right in front of me, I should be in no position to deliberate on the meaning of the term "middle class"; nevertheless, let me cite some references in giving my explanation. If there are any mistakes in my speech, would Secretary Prof K C CHAN please correct me in his speech later.

The term "middle class", also known as bourgeoisie, was first used in the 18th century, and the person who used this term most was Karl MARX. I noticed that some colleagues, particularly those from the pro-establishment camp, have kept linking this topic to anti-filibustering and kept saying that economic development alone could resolve problems. As it turns out, lack of vision is the best description for the Legislative Council. The middle class of Hong Kong

has suffered the most precisely due to the existing political system. What are the reasons behind the downward mobility or even disintegration of the middle class of Hong Kong?

The simplest explanation is the current political system. Half of the seats of the Legislative Council are returned by functional constituencies. Among those seats, most are tilted towards the commercial sector and the establishment, with the exception of a few seats returned by professional sectors whose candidates are elected through "one person, one vote". Persons with high-income make up 5% of the population of Hong Kong, who contributed to more than 80% of the salary tax income. Meanwhile, over 80% of the profits tax income comes from a small number of consortiums. This shows that Hong Kong is a highly capitalistic and a "winner-takes-it-all" society. While the American Heritage Foundation has ranked Hong Kong the freest and the most robust economy, the achievement is actually the combined efforts of all the classes particularly the middle class of Hong Kong.

Hong Kong is very blessed to have many people who are working for securing benefits for people with low income, and I believe most of the Members present are among these people. Life is not that easy for people with low income at the grass-roots level; if anything, the Gini Coefficient of Hong Kong could be a tell-tale. There is a rampant disparity between the rich and the poor. However, at the very least, for those people who are extremely poor, some kinds of assistance in the form of living allowances, public housing or other welfare benefits will be provided by the cruel government. These welfare assistance will be available if one can pass the income test and means test. Interestingly enough, if you are unfortunately enough to be labelled the "middle class", there will be nothing for you, as if a spell has been cast on the term "middle class".

Let me give an example. Applicants for the government-run Home Ownership Scheme ("HOS") flats have to satisfy certain thresholds in addition to some luck to be successful in the lot-drawing for an HOS unit. According to new requirements, a family with two to nine family members is subject to a maximum income limit of \$54,700, whereas the income limit for a family with 10 or more members is \$55,200. That must be kidding really. How could a family with nine members live on an income of just more than \$50,000? People who are relatively poorer could apply for public housing. A family of two members is subject to a maximum income limit of \$16,870. For a family with two kids, the income limit is \$26,690. In other words, if a family of two whose

members are college or high school graduates both with median income, their family income would exceed the limit. The middle class of Hong Kong is very often forgotten by society. They are disregarded by most of the representatives of the Council, because the latter are always tilted towards the commercial sector.

With the exception of a few members who are representatives of the professional sectors, the 1 200 members of the Election Committee mostly come from big consortiums. The prominent families of LI Ka-shing, LEE Shau-kee, Peter WOO Kwong-ching, etc. have already made up of a few dozens of seats in the Election Committee. This is a portrayal of what is happening here in Hong Kong. How can you say it have nothing to do with politics? Why some Members have to deploy "filibustering"? They pursue resistance because they see the nastiness of the political system, the Council, and the Government. Let us not forget that around three years ago, it was the people's awareness of the core problems and their attempt to solve them by way of the constitutional reform enshrined in the Basic Law that triggered the "Umbrella Movement". If the middle class and other classes in society can enjoy "one person, one vote", through which they can have a say in policy making, the many social conflicts, confrontations and ridicule in today's society will not be happen again.

Someone has mentioned the plight of the middle class in housing. So, let us talk about their housing problems. Hong Kong is the most difficult place in the world for home ownership. Even though not spending a dollar on food, people in Hong Kong still need 19 years to own a property. On the other hand, I have to congratulate the Government for the selling of its "prime sites" at record-breaking prices one after another. The land premium in the city keeps going up with no end in sight. At first, a site at Ap Lei Chau was sold at a high price, soon after that a Wong Chuk Hang site fetched a larger sum of money, followed by an even higher selling price for a site at Kai Tak. The Government has said Hong Kong, being an outward-looking economy, would not impose any restrictions on overseas investors, including those from the Mainland. Hong Kong is no different from Macao, both are casinos. The only variation is the Hong Kong casino is bigger in scale. In Hong Kong, the stock market and property market are open for betting. Has the Government paid any attention to this? It just turns a blind eye to the speculative activities of overseas investors which has pushed up our land prices.

Actually, the problem is not unsolvable. We have put forward a number of proposals in this respect, including suggesting the Government to build flats

for the middle class. What the Government need to do is to allocate lands to the Hong Kong Housing Society or the Hong Kong Housing Authority for housing production, and there is no need for the Government to rely on property developers. However, Prof Anthony CHEUNG refuted that such proposal was infeasible, saying that we had to allow the private market to run by itself, otherwise, the number of private units would be getting fewer and fewer. Let me tell you the truth: even though private residential units are out there for sale, they are not affordable to Hong Kong people even at the end of their life. With private residential units selling at a price of \$20,000 to \$30,000 per square foot, a couple can only afford to buy 1 sq ft per month even though they have a monthly saving of up to \$30,000. So, if they want to buy a 400-square-foot private residential unit, they have to make a saving for 400 months, at a time they may no longer be alive. That is why I said they would be at the end of their life before they were able to buy properties. It is not exaggerating at all.

Our society will not protect the middle class. Under the current political system, only the most powerful persons will be protected. Consortiums coming from the north are of course the most powerful as they are state-owned enterprises backed by the "Grandpa". Whoever dares to challenge them, they will fight back fiercely. Today, the Hong Kong market is being looted. A bet of some \$10 billion or even \$100 billion in Macao can only be regarded as a "small bet", for Hong Kong provides a market for bigger bets. One can loot and make money from the Mandatory Provident Fund scheme market, while the stock market can cost punters their lifelong savings. Still, these markets are dwarfed by the property market in scale. The property market is a big casino where property developers can make every possible gain by land enclosure and monopoly exercises and through brownfield sites. Now, we have Mainland investors joining the market. How can we fight against them? What we can use in the fight? Does anyone want to see we fight with our life? This is a major reason fusing social conflicts, confrontations, and in-harmony. Regrettably, the constitutional reform, the last opportunity to resolve the problem, has come to failure.

For the education system someone has just mentioned, do you aware that the so-called "15-year free education" is only applicable to the half-day kindergarten places. For the middle class who have to go out for work to pay for the mortgage and support the living of their families, they have to send their children to the whole-day kindergartens. Indeed, they are left to run their own course. If they want their children to study at better schools, they may have to

pay nearly \$100,000 in tuition fee, as Diocesan Boys' School, a Direct Subsidy Scheme ("DSS") school which charges the highest tuition fee, has recently raised the fee to that amount. Don't worry if the applications for DSS schools are not successful for the middle-class parents can send their children to international schools which tuition fees are also around \$100,000. Are they financially capable to do so? What else school choices do they have? If their children's results in the Hong Kong Diploma of Secondary Education Examination are unsatisfactory, or if their children do not have a good mastery of the Chinese Language, they can still arrange their children to study abroad, though the tuition fee amounts to nearly \$400,000 per month.

This explains why many middle-class families have suddenly given up Hong Kong and emigrated to other places in the years of 2016 and 2017. They do not show a bit of nostalgia for Hong Kong as they think the city's prospect is grim, in terms of the political and economic developments as well as their own career development. The denial of the standard working hours has deprived them of their most basic dignity. DAB has said without the consent of the bosses, it is not a right time to formulate the standard working hours at present. Today's Hong Kong is so miserable. Europe in its 18th century was miserable when mineworkers had to work inside the dark mine shafts for the whole year. The so-called "middle class" in nowadays' Hong Kong is also miserable, even worse than those workers in the 18th century Europe, but they have to endure the sufferings quietly. I do believe that, with no universal suffrage, the setting up of a middle class commission will merely be an armchair strategy.

I so submit.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I thank Mr Tommy CHEUNG for proposing this motion and seven Members for proposing amendments, which allow me to exchange views with Members about the opportunities and challenges faced by the middle-class people.

Middle-class people are an important social group in Hong Kong, taking up leading roles in various sectors and professional domains. The SAR Government has been closely following the aspirations of various sectors of society, including the voice of the middle class. Various Policy Bureaux have made their best endeavour to properly carry out the relevant work and implement

appropriate policies to actively respond to the needs of society, with a view to building Hong Kong into a liveable, sustainable, and vibrant city.

The issues and proposals raised in the debate today involve a wide spectrum of areas. Later in the meeting, I will explain the Government's policy intention in respect of the proposal to set up a middle class commission and issues relating to the development of industries, the taxation policy, the innovation and technology, and the upholding of a clean and fair society. I would like to listen to the views of Members first, then I will give a consolidated response.

President, I so submit.

SECRETARY FOR EDUCATION (in Cantonese): President, I thank Mr Tommy CHEUNG for raising this motion, and thank seven Members for proposing amendments, which give me this occasion to exchange views with Members regarding the opportunities presented to, and challenges faced by, the middle class, particularly in areas like education, welfare and health care. In the following time, I will earnestly listen to opinions from Members and give an integrated reply. With regard to a few issues related to education and training, however, I would like to specifically share my views with Members first.

The SAR Government unequivocally illustrates our vision and mission on education through the Education Bureau. We aspire to offer each student with complete and fair opportunities to learn, enabling them to make the most of their potential. In this way, we aim to lay a foundation for whole-person education and development, as well as for lifelong learning, in the hope that students can achieve success in learning and apply their knowledge to become citizens with wisdom and responsibility capable of giving contribution to Hong Kong and the State.

Education is an effective means to promote upward social mobility. We strive to ensure that every child and youngster will have access to decent education and training, regardless of their backgrounds. Likewise, we will keep on supporting persons with special needs, including students with special education needs and ethnic minority students, with a view to removing the barriers for them so that they can blend into Hong Kong's community and fully utilize their talents.

The Programme for International Student Assessment 2015 published by the Organisation for Economic Co-operation and Development late last year indicated that, in comparison to other countries or regions, performance of students in Hong Kong was less affected by their families' socio-economic background. This once again recognized the superiority of Hong Kong's education system in terms of fair opportunities.

In order to ensure that no student is deprived of the chance to pursue study because of economic difficulties, we present a series of student finance schemes to support students. In relation to this, I would like to get Members' attention to an important concept in Hong Kong. We implemented six-year free primary education since 1971, provided nine-year free education since 1978, and offered twelve-year free education since 2008-2009. In a few months' time within this year, we will really achieve fifteen-year free education. Regardless of backgrounds, all students are covered by this policy overall. President, I wish to emphasize this point particularly.

The Student Finance Office under Working Family and Student Financial Assistance Agency provides means-tested and non-means-tested grants and loans covering students from kindergartens to tertiary institutions and persons receiving continuous education. In 2014-2015 school year, the Student Finance Office rendered over \$6 billion financial assistance to students at different school levels with financial needs. In 2015-2016 alone, the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Scholarship Scheme offered scholarships, scholarships and awards to 6 100 outstanding students amounted to over \$140 million in total. I trust that this was helpful to students from middle-class families or those with other socio-economic backgrounds.

Earlier, Mr HUI Chi-fung and Dr KWOK Ka-ki have expressed considerable concern about education quality, additional resources deployed and issues regarding Direct Subsidy Scheme ("DSS") schools, and so on. In fact, the Government attaches much importance on manpower investment. Statistics indicate that education always accounts for the largest share of government expenditure. In the 2017-2018 Budget, the total recurrent expenditure on education stands at \$78.6 billion, representing 21% of government recurrent expenditure. Compared to the amount of \$60.4 billion in 2012-2013, we increased overall recurrent expenditure annually by \$18.2 billion in each year during this in-between period. This is an important fact.

We have to emphasize that the Government has all along been fair to different types of publicly-funded schools in terms of resource deployment. Without regard to whether they are government schools, subsidized schools or DSS schools, all schools receive similar level of subsidies, only that they are presented in different forms. It is our main principle that parents and students are given diversified choices among various types of schools.

Mr HUI Chi-fung has also mentioned about the proposal to abolish the Territory-wide System Assessment ("TSA"). I hereby state that Education Bureau has always been in contact with different stakeholders since the introduction of TSA in 2004 to learn about the implementation of TSA in practice, as well as the people's concern in this regard. Moreover, we have been gradually introducing enhancement measures.

I reiterate that TSA aims to promote "assessment for learning" and provide feedback to schools in a bid to enhance teaching and learning. The assessment covers two levels, namely the territory-wide level and the school level. At the territory-wide level, TSA data facilitates Education Bureau to identify priorities and directions for implementing measures to support learning. At the school level, the related information can enhance school-based curriculum and teaching practices for more effective student learning. The trade recognizes that information from TSA is useful for providing feedback to learning and teaching, and affirms the importance of TSA in providing feedback at both the territory-wide and the school levels.

Education Bureau and the Coordinating Committee on Basic Competency Assessment and Assessment Literacy ("the Committee") are always concerned about over-drilling. We especially spent a year's time to carry out the new "2016 Tryout Study (Primary 3)" ("2016 Tryout Study"). The 2016 Tryout Study proposes numerous initiatives to eliminate incentives for drilling, including improving question design, enhancing school reports, strengthening professional support and including a questionnaire survey on students' learning attitude and motivation. Feedback from participating schools and parents are very positive.

The 2016 Tryout Study is conducted simply as a point of reference to basic competency in leaching and learning. It carries low stakes, and is totally unrelated to students' further study or nurturing of prodigies. This is a truly effective tool for teaching and learning with absolutely no incentive for drilling, which is an important point from the perspective of schools. Therefore, I make

special mention of this. I hope Members can support the 2016 Tryout Study so that students in Hong Kong, regardless of the socio-economic backgrounds of their families, can receive this fine tool from the community, which is the product of this low-stake and highly effective effort.

Based on the positive feedback on the 2016 Tryout Study and the recommendation by the Committee, Education Bureau announced in January 2017 that the "Primary 3 Basic Competency Assessment Research Study 2017" ("2017 BCA") would be extended to all primary schools in the territory. I would like to reiterate that 2017 BCA is not a "resumption" of the previous TSA. Data obtained will not be used to evaluate performance of schools, nor will it be applied on individual assessment or nurturing of prodigies, and no stake will be attached. It should be a low-stake and effective tool without leading to extra drilling.

2017 BCA includes a basket of targeted measures and resources, together with assessment data and feedback. We plan to make use of these tools and information for enhancing overall effectiveness of learning and teaching, which will benefit the students eventually. 2017 BCA aims to enable more schools and parents to participate and understand the new elements under 2016 Tryout Study, so as to collect more comprehensive feedback from schools and various stakeholders. We will continue reviewing and improving the future arrangement of 2017 BCA according to opinions from various parties.

Early this year, the Chairman of the Committee on Home-School Co-operation and District Federations of Parent-Teacher Associations launched an "Initiative" on "Opposing over-drilling and reaffirming the good use of assessment to provide feedback to learning and teaching", which was well-received and supported by sponsoring bodies, school councils and school heads associations, reflecting clear consensus among stakeholders with students' learning needs as the prime consideration. As a part of the review, Education Bureau announced in January 2017 that, under the recommendation of the Committee, it would spend one more year to implement and extend 2017 BCA to all primary schools in Hong Kong, so that more primary schools would comprehensively participate and understand the assessment. Upon communicating between us and relevant stakeholders over the last two months, we all further understand and recognize the basic competency assessment's function of providing feedback to learning and teaching. Overall, 2017 BCA is

progressing smoothly, and as at last week, over 99% public-sector schools have arranged participation in the assessment under 2017 BCA. Latest information indicates that all public-sector schools have arranged participation in 2017 BCA, while over 20 private primary schools have chosen to participate as well.

Mr Michael TIEN has mentioned about the problems concerning kindergartens, especially whole-day and long whole-day kindergartens. I hereby reiterate that kindergarten teachers and school sponsoring bodies told me about the implementation of free quality kindergarten education this year after they have fought for this over the last two decades. Overall spending has risen from \$2.7 billion since 2012 and \$4 billion last year to a recurrent annual expenditure of \$6.7 billion from this financial year onwards, a milestone for kindergarten education. At least 85% of pupils from half-day non-profit-making kindergartens will receive free kindergarten education as a result.

As regards the whole-day kindergartens, we have in fact emphasized in our policy that whole-day and long whole-day kindergartens will additionally receive favourable resources. I quote a simple example. A half-day kindergarten with 90 pupils receives \$2 million subsidy annually under the Pre-primary Education Voucher Scheme today, yet it will receive \$2.9 million under the new system, while a whole-day kindergarten currently getting \$2 million subsidy will receive \$4 million then. President, the amount is doubled. For long whole-day kindergarten, subsidy will rise from \$2 million to \$4.9 million. These are important figures based on facts.

Whole-day and long whole-day kindergartens charged expensive fees in the past. Only 5% of whole-day kindergartens charged \$1,000 or less each month, yet under the new system, the proportion will rise to 50%. Previously, 40% of whole-day kindergartens imposed a fee of over \$2,000, but only 4% will do so in the future. This is a very important feature of the upcoming system. I wish to accentuate once again here that we are able to achieve this because of the support from the trade, the people and the Council.

Mr Frankie YICK has proposed to increase the subsidy under the Continuing Education Fund ("CEF"). The Government established CEF in June 2002 for encouraging our workforce to pursue continuing education so as to better equip themselves to an increasingly globalized and knowledge-based economy. At present, Hong Kong residents aged between 18 and 65, regardless

of education level, employment and financial statuses, are eligible for claiming 80% of the fee of any of the wide array of around 8 000 CEF-approved courses upon successfully completion of study, up to a ceiling of \$10,000. At this moment, the amount of total injection to CEF is \$6.2 billion. As at the end of January 2017, 750 000 applications have been approved, and \$4 billion has already been disbursed to applicants upon successful completion of the courses they enrolled in.

CEF has a current balance of around \$1.3 billion. In the Policy Address and the Budget published recently, the Government proposed further injecting \$1.5 billion to CEF in 2017-2018 and examining enhancement measures for CEF. A consultant has been engaged to assist in such task.

As for other issues concerning welfare and health care, I will give a comprehensive response after listening to Members' viewpoints.

Thank you, President.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, first of all, I would like to thank Mr Tommy CHEUNG and seven other Members for respectively proposing the motion and its amendments. This motion involves many different policy areas. The Secretary for Financial Services and the Treasury as well as the Secretary for Education made some general introduction when speaking just now. Here, I will focus on explaining the work done by the Government on housing and transport. Responses to the remarks made by individual Members will follow, after listening to Members' comments.

Just now I heard Mr Frankie YICK saying that we should reinforce the diversified development of the pillar industries in Hong Kong, so as to fortify and strengthen the middle class. Citing the port and shipping industry for illustration, he said that though container throughput in Hong Kong had dropped, we could seek transformation by developing such shipping services as ship management, ship insurance, financing and arbitration. He pointed out the direction as promoted by the Government and the efforts that we made. I believe that this is going to create, for the industries concerned and for the middle level professionals, more room for diversified development and for employment, as well as more chances for upward career mobility.

As Mr YICK has participated in the work of the Hong Kong Maritime and Port Board, he is able to provide a good description of our work. What I can add is that the middle class and the professionals attach much importance to learning and self-education in order to improve their competency. The Government encourages and supports the Airport Authority to set up the Hong Kong International Aviation Academy and the MTR Corporation to set up the MTR Academy, for grooming local and regional talents concerned, with a view to grabbing various kinds of opportunities brought about by the Belt and Road Initiative. In a similar vein, the Government has set up the \$100 million Maritime and Aviation Training Fund. These allocation and promotion have created more promising employment opportunities for the Hong Kong society, bringing benefits to a large number of trades and industries, including the middle-class and middle-level professionals.

A number of Members have raised amendments and spoken on the housing problem faced by the middle class in their speeches. The housing problem in Hong Kong is acute and complicated, it affects not only the middle class but also people from the other spectra. Housing in Hong Kong sees persistent imbalance in supply and demand, where the internal demand is strong. The problem is also affected by external economic factors which include a big global environment under which interest rates are extremely low and credit is loose. To eradicate the problem, the entire society must face the reality seriously and unite to support the Government in increasing housing supply, expediting housing projects and improving the housing ladder.

The Government is serious and determined in resolving the housing problem which concerns people from all walks of life. In 2012, not long after the current-term Government took office, the Long Term Housing Strategy Steering Committee ("the Steering Committee") was established, with members consisting of experts, scholars, and people from the community. Aided with an in-depth study and public consultation, the Steering Committee submitted to the Government proposals on formulating a new long-term housing strategy. After considering those proposals, the Government announced in December 2014 the Long Term Housing Strategy ("LTHS"), adopting a "supply-led" approach to resolve, step by step, the supply-demand imbalance with an increase in both private and public housing supply, by rebuilding the housing ladder and increasing opportunities in upward social movement. According to LTHS, apart from increasing public rental housing production, the Government will also provide more flats for sale, in a bid to enhance the variety of home ownership and

promote the market turnover of existing housing units. Meanwhile, the Government will stabilize the private property market with steady land supply and appropriate demand-side management measures.

The Government has set clear targets regarding long-term housing supply. According to LTHS, the Government is going to update the long-term housing demand projection every year, presents a rolling 10-year housing supply target which serves as a planning benchmark for the Government's identification of housing sites and as a common goal of the various departments. In the 2017-2018 to 2026-2027 decade, the aggregated supply target is 460 000, with a 60:40 split between public and private housing. The public housing supply target is made up of 200 000 public rental housing and 80 000 subsidized sale flats, while the private housing supply target stands at 180 000.

We emphasize that the key to meeting the 460 000 housing target in the next 10 years hinges on whether the massive amount of land needed can be identified in time. Therefore, the Government is committed to promoting stable and steady land supply for the provision of housing units, to allow people living and working in contentment.

As a matter of fact, the Government's multi-pronged land supply strategy is beginning to produce results. In the short to medium term, the Government strives to provide more residential units with land use modifications and raising development intensity. In the medium to long term, expansion in new development areas and new towns, on top of the potential railway property development projects which are now under planning can provide more residential units and industrial and commercial floor space in a longer period. According to the Development Bureau, all the short-, medium- and long-term land supply projects are estimated to provide more than 600 000 residential units collectively. In the long run, the Government will continue studying the feasibility of reclamation outside the Victoria Harbour, and the development of rock cavern and underground space as further sources of land supply. The ongoing "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" study also helps the Government plan ahead the long-term land demand in Hong Kong. The public can also voice out their opinions in the current public engagement exercise.

Meanwhile, with the aim of maintaining a steady development in the private residential property market, the Government has adopted a two-pronged

approach of using both a "supply-led" strategy and timely demand-side management measures to minimize the possible negative impacts arising from the overheated market. As a result of the persistent efforts made by the Government, the medium-term supply of private residential units is steadily increasing. According to the latest projection done in December 2016, the market supply of first hand private residential flats in the next three or four years will be 94 000, a new high since the first release of the quarterly statistics on supply in September 2004.

The Government announced on 4 November last year a new round of demand-side management measures. From 5 November 2016, the ad valorem stamp duty chargeable on transactions for residential property will be increased to a flat rate of 15%. The measure aims at increasing the transaction cost and thus reducing the demand for investment in residential properties, so as to cool down the property market and prevent further increase in the risks of a housing bubble. The Government will continue to closely monitor the demand and supply of the private residential market, to ensure an adequate and steady land supply.

President, I will listen to the speeches of the Members during the debate before making further comments and responses as appropriate.

MR MARTIN LIAO (in Cantonese): President, the subject about the middle class does give us much room for in-depth discussion. There could be many different interpretations and definitions for the term "middle class", and categorization can be conducted in terms of income, assets, profession, academic qualifications, and even lifestyle and sense of value. Even a determination made with sole reference to financial capacity would involve many different criteria which have a very wide coverage. For example, a standard commonly adopted in the international world to describe the middle class of the "bottom level", "middle level" and "upper level" can also be used to refer to the "middle class".

Anyway, the middle class represents a social group that should not be overlooked in any societies, because it is a very important stabilizing force, or sometimes a force against the authorities in history. A strong middle class is an indicator of a more even distribution of economic gains and a drive for upward mobility, which are conducive to the enhancement of manpower resources and productivity, and helpful in minimizing the risk of pushing things to the extreme.

However, the middle class of Hong Kong has come under attack on both sides in recent years, and not only is there a lesser chance of upward mobility for people in the middle class, they are also forced to move downward. According to the results of a survey conducted by a local think tank in recent years, it is more generally accepted that those in the middle class should have a property in hand which worths \$4 million to \$6 million and receive a monthly salary of \$30,000 to \$60,000. They are highly educated people (with a university degree at least) engaging in managerial or professional work, and are culturally sophisticated and social-minded. Nevertheless, given the slowdown in economic growth in recent years and the sluggish development of knowledge-based economy, the supply of positions at the medium and high levels has fallen short of demand.

Figures show that there are 40 000 young university degree holders joining the workforce on average every year and among them, only 38% are recruited to fill managerial, executive and professional posts, representing a sharp decrease of 20% as compared with the percentage recorded previously (that is, 47%). The proportion of fresh graduates recruited to fill associate professional posts has also declined from 38% during the peak years to 33%. In contrast, there is an increasing number of university graduates picking up jobs at lower levels, and the percentage of those who take up positions which require a lesser extent of professional knowledge and techniques, such as clerical, service and sales workers, has increased significantly from 12% previously to 26%. Some media have described such university graduates as "skipping to a lower rank and slipping further down" on the social ladder.

Even though young people are recruited to fill the 10% posts in the highest end, it can be seen that their ability to move upward compares less favourably than that of young people in the last generation. After working for 10 to 15 years, the income earned by university graduates in the 1960s could be as high as \$78,000, which is 40% higher than that (\$50,000) offered to university graduates in the 1980s. Besides, the mobility to escalate to the middle class by starting one's own business has also been undermined, and there are figures showing that in 2015, we have only some 110 000 employers in Hong Kong, accounting for a mere 3% of the overall working population, and representing a decrease of nearly 60 000 (2.5%) as compared to the number recorded 20 years ago.

In the meantime, as one of the important trademarked symbols of the middle class, housing property is now beyond the reach of the middle class since

property prices have run far away from their purchasing power. According to a report published by Demographia, a research institute in the United States, the misery index of property acquisition in Hong Kong ranked first globally for seven consecutive years. The median property price was as high as \$5.42 million last year, and it would take more than 18 years for an ordinary family which must not eat or drink to fully repay the mortgage loan. Families with a monthly income of \$50,000 are so desperate that they called themselves "the grass roots in the middle class", because they are the "moonlight group" that live from paycheck to paycheck, and after deduction of mortgage payment, expenses used to maintain their parents and education expenses for their children, not a single penny of their salary is left.

President, this is actually a common problem faced by many mature economies around the world, where the number of people in the middle class is shrinking and there has been no apparent improvement in their income. A research report published by Pew Research Center of the United States last year reveals that the population of middle-class adults in one fourth of its metropolitan areas, including New York and Los Angeles, does not exceed 50%. There has also been a decreasing trend in the numbers of middle-class people in member states of the Organization for Economic Cooperation and Development ("OECD") since the 1980s, and this is caused by many factors, including the tendency of polarization in occupational skills and income. Given the scientific and technological innovation, operating modes develop towards the direction of denormalization, automation and electronization, and most of the positions created are high-end or low-end jobs. Globalization is of course another attributing factor. Leaders from G7 countries have undertaken last year to provide assistance to the middle class around the world through appropriate financial policies, while OECD member states have also formulated respectively some support measures for the middle class. The main objectives are to create favourable conditions for the employment of the middle class, and provide them with affordable housing.

President, these international developments are closely related to the situations in Hong Kong. Although a definition of the middle class is not provided in Hong Kong, it has been acknowledged that middle-class people are the mainstays of society, and the methods used to handle their problems are more or less the same as those worked out by other mature economies: strive for economic development and assist middle-class families to achieve home

ownership. Regrettably, progress in both aspects of work has been lagging behind due to various reason.

However, President, this should be the correct approach. We can now see the first glimmer of hope for developing innovation and technology industry in Hong Kong, and it is estimated that the implementation of the innovation and technology park development plan in the Loop alone will create 40 000 posts in such areas as smart city, financial technology, and so on. The crux of the problem actually lies in the Government's determination and courage to achieve diversification of the economy and expedite actions on the identification of sites for housing construction. As for the middle class commission proposed to be established in the motion today, although a concrete idea about its work is not yet available, I will give my support to the proposal in principle since we can draw on collective wisdom through the commission when discussing issues concerning the middle class. Furthermore, this can convey the message that the Government attaches great importance to the middle class, while the commission would provide information useful for policy reference.

President, I so submit.

MR MA FUNG-KWOK (in Cantonese): President, I would first like to thank Mr Tommy CHEUNG for moving the motion on "Actively studying the establishment of a middle class commission". As for the term "middle class", there has been no objective definition all along, but to put it in simple terms, it can refer to a group of people who are experienced, highly educated, competent, financially independent, stable in income, and who have a relatively successful career and have aspirations for a better social environment and better quality of life. As the backbone of society, the middle class should be the main force that drives society forward, instead of a class of people seeking assistance from the Government. There are seven Members who will move amendments to the motion today, and this reflects our concerns and care for the middle class on the one hand, and, on the other, indicates that many fellow colleagues agree that the Government need to support and assist the middle class with different measures.

The New Century Forum, the political commentary group to which I belong, has always advocated and urged that the Government should reduce the tax burden of the middle class by introducing a number of tax relief measures,

such as providing tax deductions for children's education, private medical insurance contributions, renting private properties, building maintenance costs and employing foreign domestic helpers. In this connection, a greater number of measures and suggestions covering more extensive areas are put forward by many Members today, and many of them have my agreement and support.

President, back in those days when we were still in school some 30 to 40 years ago, it would indeed be unimaginable for the middle class to make the requests mentioned above. The middle class was once a group of people who enjoyed a relatively good and worry-free life, and among the many objectives which university graduates would pursue in life then, there was the "four-goal philosophy", the goals of buying a car, owning a flat, having a spouse and giving birth to a baby. Although the achievement of these "four goals" was not overly easy, one would be able to make it someday as long as one worked hard.

I have come into contact with some young people from the Mainland recently and discussed with them the television dramas produced in Hong Kong. They find dramas about the life of professionals particularly attractive, and one of the reasons is the contentment and style of life depicted. It is a pity that the middle-class people in Hong Kong nowadays are no longer what they used to be. They have come to be called the sandwich class, or "the class in a downward spiral", or even "the class burdened by worries". When I spoke on the subject about the middle class in January 2013, I already said that the middle class we used to know had actually become the "miserable class". The burden of the middle-class people today is indeed very heavy, since they have to maintain their competitiveness at work on the one hand, and worry about the schooling and the future prospects of their children as well as take care of the medical expenses and retirement protection of their parents on the other.

While the middle class has become the "miserable class", those middle-class people who do not own any properties are even more miserable. Households living in private housing have to, on average, spend 40% of their expenses on housing, but grass-roots households living in public rental housing are only required to spend 10% of their income on housing expenses. The property price index in January this year has again hit a record high, and Hong Kong has become the most unaffordable city globally in terms of housing for seven consecutive years. Calculating on the basis of the median household

income, it would still take 18 years for young families to achieve home ownership even if they do not eat and spend money. I have also heard that quite a number of university graduates choose to take up low-paid jobs in order to meet the eligibility criteria for public housing, and as they cannot afford home acquisition, they have to postpone their wedding plans or even give up their plans of having a child. These are true stories which happen every day in this city, and the middle-class people who are not eligible for any housing subsidy must have very deep feeling about the strange values depicted in the television series named *The Place We Call Home*.

President, I express support for the proposal in the original motion to establish a middle class commission. This middle class commission must not be a mere talk shop, but should put forward concrete objectives and specific work plan, so that the middle class can really be benefited. Apart from examining ways to reduce the burden of the middle class, the Government must more importantly alleviate the difficulties faced by the middle class in home ownership, and provide the middle class with some basic room for development. In particular, land supply should be increased, property prices should be controlled at a level affordable to the middle class, the supply of subsidized housing should be significantly increased, and all these are objectives widely accepted by the public. However, although the Government has already tried its best, the results achieved in increasing land supply have still fallen short of public expectation.

Besides, there is also a need for Hong Kong to vigorously promote the development of emergent industries. Given the uniformity of Hong Kong's industrial structure, the four pillar industries have already accounted for 60% of the Gross Domestic Product, and most of the positions offered are those from the services industry, while not many quality posts can be provided. The innovation and technology industry promoted by the current-term Government is still in its infancy, while cultural and creative industries still require stronger support from the Government before it can open up new paths.

Apart from focusing on Hong Kong, the SAR Government should also provide assistance to middle-class professionals in Hong Kong so that they can grasp the opportunities for development in different places. Our country has put forward the strategic arrangement of the Belt and Road Initiative, which involves development items covering about 50 countries and a future investment of up to

hundreds of billions of dollars. It can offer abundant opportunities in many different areas such as infrastructure projects, international financing, trade and logistics, professional services, tourism and cultural exchange, and it may also provide great room for development for the middle class of Hong Kong. As a matter of fact, Hong Kong enjoys the advantages under the principle of "one country, two systems", it is the major Renminbi offshore centre, has a sound legal environment and is playing the role of a super-connector between China and other countries in the world. The SAR Government should make further proactive efforts to examine how it can assist Hong Kong professionals in grasping the opportunities, so that the middle class of Hong Kong can keep making unremitting efforts to improve themselves and bring their potentials into full play, thereby improving the situation of the middle class.

President, I so submit.

MR CHRISTOPHER CHEUNG (in Cantonese): President, at last we have a chance to discuss a motion about strengthening support for the middle class. We should have been able to discuss this topic at the end of the year before last, but the subject was procrastinated till today due to filibuster then.

The middle class should have been the pillar of society, making unsung contributions, but they have been treated unfavourably in recent years, and the situation has gradually gone worse, giving rise to downward mobility among them. This is an issue worthy of concern in society.

As shown by the Population By-census conducted by the Census and Statistics Department earlier, the number of households at both the upper and lower ends of income distribution have increased, while the proportion of middle-income households shrunk year by year. The income gap among households has clearly polarized. The proportion of households with total monthly household income above \$60,000 and those below \$4,000 in the territory have both soared as compared with the figures before Hong Kong returned to China. Contrarily, regarding the so-called households from middle-class families earning between \$10,000 and \$40,000 each month, the proportion has diminished, reflecting a marked downward trend.

I believe this is truly related to the lack of upward social mobility. The Economic Policy Institute's data indicates modest changes in salaries in Hong Kong over the last 10 years. Sociology Prof LUI Tai-lok warned of a lack of upward mobility among young people whose aspirations to become members of the middle class have long been denied by slacken rises in salaries over all these years, despite being able to secure employment after university graduation. He reminded that the failure to lead an ideal middle-class life, get promoted to senior positions and live a better life has crashed young people's dreams and may breed discontent among them, jeopardizing social stability.

Apart from employment and promotion opportunities, the middle class is confronted with many problems in their life. Take housing as an example, the middle class is not entitled to public housing provided to the grass roots, therefore they can do nothing but lament over rising property prices. Even if some of them are lucky enough to purchase a flat, they have to spend their remaining years repaying the mortgage and live frugally under heavy financial burden.

In terms of education for their kids, people are scared of having their children losing right at the start of their life journeys in a fiercely competitive environments in society. Coupled with an absence of confidence in the local education system, the people spend an enormous amount of money on education for their kids, including tutorial classes and interest classes. How can it be possible to raise a child by merely spending \$4 million nowadays? The amount has not even included expenses on medical and owning a car, and so on. The middle class can be said as bearing a heavy burden of life.

Though the Government has started to realize the problem in recent years, and has increased tax allowances and widened the tax bands, yet these are far from sufficient. For example, after the Financial Secretary has widened the tax bands this year, a member of the middle class earning \$30,000 per month merely enjoys a few hundred dollars of tax concession.

As the middle class is different from the grass roots, I do not believe that the former will demand any support from the Government. Instead the middle class wishes the Government to create more upward social mobility and room for development through its policies. Take the financial service sector as an

example. The unduly tight regulation by the Government and supervisory institutions, compounded by changes in economic environment, have dealt increasingly severe blows to the operations of small- and medium-sized brokers, causing their business to worsen every year. As a consequence, the middle-class status of many practitioners has slipped. Despite the establishment of the Financial Services Development Council and the 26 reports published subsequently in the name to explore new roads ahead for Hong Kong's financial sector, no concrete measure has been carried out to alleviate the business difficulties faced by small and medium enterprises after all these researches.

Therefore, I support Ir Dr LO Wai-kwok's recommendation that the Government should expeditiously establish a middle class commission to comprehensively support the middle class, especially to explore policies enhancing the development of various industries and encouraging and promoting the creative industry. Regarding the financial service sector, Fintech innovation is rapidly developing. There is a dominant trend for asset and wealth management in which many people are aspired to be part of the Fintech innovation industry. However, the Government's outdated policies and the supervisory institutions' rigid licensing regimes have hindered the small and medium brokers planning to transform their business. I hope the Government and the supervisory authorities can adopt new thinking, vigorously relax the rules and regulations and provide more policy support, so as to create more business opportunities for small and medium brokers and other industries, thereby facilitating the young people to climb the social ladder, rise to the rank of management and become part of the middle class. Only by doing so can we regain stability and liveliness in society (*The buzzer sounded*) ... the Government can then ...

PRESIDENT (in Cantonese): Mr CHEUNG, please stop speaking.

MR CHRISTOPHER CHEUNG (in Cantonese): ... smoothly implement its policies. I so submit in support of Mr Tommy CHEUNG's motion.

MR JEFFREY LAM (in Cantonese): President, in those days when we were students, many of us wanted to become a member of the middle class one day because they were given many opportunities to move up the social ladder despite their need to pay more tax and the few benefits they were entitled to. But with hard work, middle-class people could gradually save up money to improve their quality of life and those of their family members.

However nowadays, the term "middle class" is no longer that popular, and it may even associate with negative equity. What does "middle class" mean? It refers to those who are not entitled to any allowances for their housing rent or mortgage, nor any subsidies for their children's education expenses, and they also have to support their parents, pay their insurance bills and save up for their tax payments, and hence they have hardly any money left after receiving their monthly salary.

In fact, many middle-class people may look very well-off, but actually they are penniless by each month end. The point is that many middle-class people simply cannot find a way out. They gradually downgrade from the middle class to the middle-lower class. But still they are not entitled to any social benefits. They are wordless and green with envy when they see people who live in public housing or Home Ownership Scheme housing and can afford to drive expensive cars.

President, undeniably, the grievances of the middle-class people mainly originate from their housing problems. Hong Kong is one of the places in the world with the highest property prices. A recent study finds that our median property price is 19 times of the median annual income of the people. In other words, a couple has to save up for 10-odd years without eating and drinking to buy a tiny flat.

President, the problem facing Hong Kong now is that no matter how hard young people work, their pay can never catch up with the soaring property prices. Some middle-class people who need to, due to family reasons, change to a bigger flat with two to three or three to four rooms often have to call off their plan under the existing mechanism. It is because they have to pay the stamp duty, prepare a large sum of down payment and pass the stress test of the bank. So, at the end

of the day, a family of five will continue to live in a flat 300 sq ft to 400 sq ft in area. Even more middle-class people simply opted for renting a flat instead in the past years, in the hope that they could wait for an opportune time to purchase a flat. But they would only realize, after waiting for three years after another three years, that the opportunity simply does not belong to them.

Of course, no sensible person would want the Government to pull down the property price in order to accommodate the purchasing power of the home purchasers. It is because many people will lose their jobs if the economy is unstable, and no matter how much the property market drops and how cheap properties have become, only a small fraction of people can be benefited. We need to learn the harsh lesson from the past when many property owners were in negative equity. I thus hold that the Government should start with housing supply, a problem which all people want it to tackle. If the Government truly wishes to help middle-class people, it should increase the supply of private residential flats, in addition to reviewing the property procurement ladder of the middle class, so as to facilitate healthy development of the property market.

President, since the launch of the "harsh measures" on the property market by the Government a few years ago, many members of the public have been criticizing that the "harsh measures" can only temporarily freeze the hot property market and cannot help them purchase their first home or change flats. In fact, many of them need to do so due to changes in their family situation, but they cannot cope with the "harsh measures" because the measures are indeed too harsh to them. In my opinion, the Government should review at appropriate intervals the restrictions on the loan-to-value ratios for property procurement, so that it will be easier for those who genuinely need to purchase their first home or change flats to do so. For instance, the Government and the Hong Kong Mortgage Corporation Limited should jointly look into the introduction of a home starter loan scheme for small-sized flats, so as to provide a 90% loan-to-value ratio for people with stable income who intend to purchase flats under 400 sq ft in area.

Certainly, the current Government has done a lot of work in a bid to increase the housing supply, but it has met with quite a lot of resistance. In this connection, I think the public should not put the blame entirely on the Government. Some political parties and groups have been criticizing the high

property prices, while stopping the Government from sourcing new land for housing construction. Is this attitude helpful in addressing the housing problems of the people?

President, I believe the Government is aware of the grievances of the middle class in the past few years and it knows that the middle class is an important pillar to stabilize society. Hence, in the Budget this and last year, the Government has announced tax rebates of \$20,000, waived rates, increased child allowance, dependent parent allowance and dependent brother or sister allowance as well as the basic allowance. I hold that these are good measures of the Government, which can lessen quite a lot of the pressure on the middle class.

What middle-class people most look forward to is certainly not the "sweeteners" that the Government gives out every year. They look forward to having the chance to earn a reasonable pay with their hard work to improve their quality of life. Hence, the Government should provide a level playing field and more development opportunities for everyone to move up the social ladder with their own ability. In fact, the Business and Professionals Alliance for Hong Kong has submitted several reports to the Government a few years ago, in a bid to urge the Government to lay down as early as possible a target, supported by policy measures, to increase the ratio of middle-class people to more than 50% of the population in 10 years, so as to catch up with the global level. I hope that the Government or the future Chief Executive can actively consider the proposals we proposed in this regard and those on developing the economy.

Thank you, President.

MR SHIU KA-CHUN (in Cantonese): President, the motion "Actively studying the establishment of a middle class commission" is moved by Member of the Liberal Party. They usually do not support establishing a committee to look into every matter, but it is different this time because they think that the middle class is very important. Is a middle class commission very important? I am glad to hear them say so because we usually only care about whether a certain committee can be established and we care little about the subject matter of the committee, whether it is about the middle class, the grass roots, women, old or young people.

As long as a committee is established, Members consider they have successfully got the job done, and they can then establish their network in the committee to reap more political capital. And they often care little about the subject matter of the committee.

The motion is indeed a very good subject because it lets us seriously discuss today what the middle class is. Does Mr Tommy CHEUNG's proposal refer to people of the middle class or people with median earnings? Just now, many Members have already elaborated what the middle class is. They put forth many different definitions. Speaking from the perspective of sociology, the middle class is indeed a complicated class concept which involves different sets of criteria including one's income, profession, academic qualifications, lifestyle, social participation, political stance, etc.

Unfortunately, we have been discouraged to think about the concept of "social class" or its problems in Hong Kong, whether in the time of the British Hong Kong Government or the SAR Government after the reunification. Instead, we have been encouraged to use a much moderate term "social stratum" to preclude our awakening to or discussion of "social class". As a result, we have a very simple and shallow understanding of the middle class, assuming that people earning a monthly income of \$10,000 to \$40,000, \$80,000 or \$20,000 to \$80,000 belong to the middle class.

In the motion debate today, Members hold that the weakest link in Hong Kong is the small and medium enterprises and the middle class because the earnings of the upper-middle class people have been compressed in recent years to make up for the incomes of the lower-stratum people. They thus hope that a middle class commission can be established to address the concerns of the middle class. This view may have simplified the complicated concept of the middle class into people of median earnings, and it perceives that middle-class people only care about GDP, industries, market, finance, financial burden, the pressure of downward mobility, etc. This view has undoubtedly underestimated the middle class.

There is a former top official who claims himself as belonging to the middle class because he regards middle class as a lifestyle, including the liking

for coffee and French movies. That is why he can tell other people shamelessly that he is a member of the middle class despite his annual income of over \$4 million. This kind of class identification is certainly laughable, but it is already progress of some kind because it defines middle-class people not only by their income but also by their consumption style or mode.

Perhaps, to the top officials, middle-class people are those who have a stable income and enjoy a lifestyle unimaginable to the grass-roots people, such as spending on tea or coffee at will, taking tours outside Hong Kong, spending a large sum of money on their children's education. This meaning of the middle class, which is defined by a person's income and spending, is rather personal. It emphasizes only the wellbeing and enjoyment of the person and disregards the political and economic roles of middle-class people in society.

The middle class of the United Kingdom rose in the industrial revolution in the 19th century. They were engineers, technocrats, bankers, doctors, lawyers, architects, designers, painters, writers and musicians. They all earned their keep and were not concerned only about their personal interests. They did not complain about worsening of their lot. Rather, they fought against conservative groups with vested interests such as land owners and manor owners. A genuine middle class is not pro-establishment. They do not defend people with vested interests. The French Revolution was staged jointly by the middle class and the poor. They valued personal liberties and questioned the monopolization of wealth. They were concerned about the wealth gap and cherished animals and nature. They aspired to a better society with greater fairness and justice.

Five years ago, 90 000 people took part in the "anti-brainwashing education" assembly in Hong Kong. Many of the participants were middle-class parents. They gathered at "the civic square", shouting to the Government "Mess with me, not my children!" This scene is still vivid in my mind, so are the scenes of those large-scale assemblies, such as the "anti-national education" assembly, the subsequent Umbrella Movement, and the 4 June vigil and the 1 July march every year.

In fact, we saw many middle-class people participate in these assemblies. Their concerns are not only about their own downward drift. They are also concerned about the downward drift of society as a whole and the decadence of

political figures and government leadership in the entire society. I believe these are the concerns of the middle class.

Today we discuss the topic of actively studying the establishment of a middle class commission. But I do not think that our purpose should be to repeat that Hong Kong people need no government assistance, that the "Lion Rock spirit" means self-reliance, and that Hong Kong people must continue to drive economic development and remain apolitical as much as possible. I do not think all these should be the issues we discuss on this occasion. Rather, I think we should express the hope of bringing happiness back to Hong Kong, a kind of happiness that we have been pursuing within Hong Kong, a kind of macro happiness in the broadest sense of the word.

The 20th of March every year is the International Day of Happiness. A related survey in the past year, which is not about the GDP of Hong Kong, but about the Hong Kong happiness index, unfortunately shows that Hong Kong ranked 75th in the world in terms of happiness. As a member of the middle class, I cannot help but ask when we can restore happiness in Hong Kong. If a middle class commission is to be established, I think it should look into issues like justice and happiness.

President, I so submit.

MS CLAUDIA MO (in Cantonese): John TSANG was the Financial Secretary in two consecutive governments. Many people now call him "Mr Pringles". As the Financial Secretary, he basically met no trouble. The only time he came under any criticism was when he defined the middle class as people who drink coffee and watch French movies. Many people, even me, were taken by surprise. I like tea more than coffee and in all my life I have watched only one French movie. Do I belong to the middle class then? I of course understand that he was referring to lifestyle, but his definition is indeed too romantic and unrealistic.

How should we define the middle class? Some people say playing mah-jong or bridge makes you middle-class. But this is an unrealistic indicator. I think the only true indicator is that you should have some money left from your income after spending, some savings in life, and you need not worry about overspending. We all know and often say that a normal capitalist economy

should be in the shape of a rhombus or diamond. The bulge in the middle should be the middle class. The apex is made up of the wealthiest classes and the bottom tip the poorest people. Both the richest and the poorest should be the fewest in society, and middle-class people should make up the majority of society. But Hong Kong has instead become a triangle, or even a triangle with an ever-expanding base. This is worrying because the people in the middle have come to find the situation unbearable.

I honestly think that we must seriously discuss the problems faced by the middle class, though I also know that the person who is to become the next Chief Executive and whether he or she takes this topic seriously will also count a lot. But then a Member switched to the issue of filibuster. What has filibuster got to do with the topic? Filibuster is a political topic, a fundamental right that we Members can exercise as a last resort to resist the passage of draconian laws and policies. Since we are outnumbered by pro-establishment Members and weaker than the Government, we need to filibuster. But what has this got to do with the present debate on how we can alleviate the problems faced by the middle class?

Another question of mine is why we should emphasize education so much in this debate. Education is for everyone. But Members seem to say that we need to formulate an education policy specially for the middle class. Mr Michael TIEN says that the Government should spend an additional \$400 million on employing more Native-speaking English Teachers ("NETs"), so that people can improve their English and then move up the social ladder. But the education policy should be for all people, not just the middle class. Grass-roots children also need to learn English. So, what is he talking about anyway?

They have been talking about the recruitment of NETs, but I cannot be persuaded. With the same amount of money, say \$600 million to \$800 million a year, we can train up our own teachers of English and they can then teach our children. There is no need to worship foreigners, and NETs are not necessarily better than their local counterparts. Why do they have such a misconception? If we want our children to learn English well, we can simply play with them and tell them how to say "大頭蝦" or "傻豬豬" in English. This can bring English closer to their life and make it easier for them to learn it as their second language. So, please don't tell me this is a policy for the middle class. This is totally unimaginable. Please ignore their view.

I think the real concern of the middle class is money and income. If we look at the official statistics, we will find that housing rents used to account for a quarter of our income. This means that a decade ago, if we earned \$100, we spent \$25 on rents. But now, rents account for one third of our income, and we spend more than \$30 on rents out of the \$100 we earn. This has led to the biggest tilting of our society. The Government must see if this trend can be reversed.

Let us look at the latest Budget delivered by Paul CHAN. People earning \$300,000 a year are entitled to a tax rebate of about \$3,000, while those earning \$900,000 a year can save as much as \$18,000 on tax. Give this a thought. Those earning a meagre income can only save some \$3,000 on tax, while those earning a handsome income can save \$18,000 on tax. This shows precisely why poor people will only get poorer and rich people richer. One may talk about the trickle-down effect, but how long is the trickle-down process? I must also talk about tax rebates. The Government will reduce salaries tax and tax under personal assessment, and this will reduce its revenue by \$16.4 billion; but in contrast, the Government will receive \$1.9 billion less in revenue from the reduction on profits tax. There is such a big difference between the two. One may talk about the trickle-down effect, but this argument is simply not tenable.

At present, the property market and housing are the greatest problem with the economy of Hong Kong. Almost half of the population here live in public housing. Apparently, people living in public housing can live a more stable life because public housing rents have been very small over the past 10 years due to the rent cap. Meanwhile, the rents of private residential buildings have multiplied. The Government says that it is difficult to impose rent control because rent control may do a disservice and make property owners increase rents. In that case, would the Government please consider establishing a rent tribunal, or consider what it can do about sandwich-class housing apart from offering the Home Ownership Scheme?

Thank you, President.

MR KENNETH LEUNG (in Cantonese): President, the last Legislative Council also debated the topic of the middle class. Undeniably, the middle class is the force for social stability. A bigger middle class will surely make society better able to progress steadily. Many sociologists have been studying the "middle-class phenomenon" over the past decade or so. For instance, Kenichi

OHMAE, a Japanese economist, has pointed out that the shape of Hong Kong society is now like the letter "M", rather than a triangle or rhombus, because the pressure and financial problems facing the middle class are worsening. However, in this motion debate, Members have all focused on this very question: what kinds of policies can benefit most Hong Kong people as the middle class keeps growing in size and society becomes more stable? As a result, this motion debate has been turned into something like an open-ended discussion with Members raising all sorts of issues, including the economy, education, housing and social and population policies. But I do not want to discuss such issues because there is no sharp focus.

Maybe, I should start with a discussion on the key concept of the topic and the governmental framework. Let us first look at the fundamental question here. What is "middle class"? Karl MARX, a great economist and philosopher, said: "The petite bourgeoisie is economically distinct from the proletariat and the lumpenproletariat social-class strata who rely entirely on the sale of their labour-power for survival; and also are distinct from the capitalist class who own the means of production, and thus can buy the labour-power of the proletariat and lumpenproletariat to work the means of production." In other words, the middle class is caught between the two. Workers are people who sell their labour, and above them are the capitalist class who possesses either land or other forms of capital that can make others work for them. MARX also pointed out: "Though the petite bourgeoisie can buy the labour of others, they typically work alongside their employees, unlike the haute bourgeoisie who work with other owners of capital."

In any developed economy or Hong Kong, the majority of the population can be called the middle class. The Government has not drawn up a clear definition for the term "middle class", but as defined by the Census and Statistics Department, middle-class households refer to those families whose incomes fall within the "middle range". Households with a monthly income between \$10,000 and \$45,000 are classified as middle-class in most cases. But this definition for the middle class is just based on a division of the income statistics of all families into 16 groups. The 6 groups right in the middle are then singled out and referred to as "middle class".

The definition for the middle class can be very loose. While a person earning some \$40,000 a month may describe himself as middle-class, another person like the former Financial Secretary earning some \$300,000 a month can also call himself middle-class. His perception of "middle class" is about a kind

of lifestyle. He thinks that a lifestyle of drinking coffee and going to French movies is middle-class. "Middle class" is therefore a kind of identity.

Mr Martin LIAO has referred to a survey which the Bauhinia Foundation Research Centre commissioned the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong to conduct in July 2013. In this survey, 1 005 citizens aged 18 or above were asked questions on their perceptions of the middle class. As shown by the findings, possession of assets worth \$1 million to \$2 million, property ownership, a high income (between \$50,000 and \$60,000 a month), cultural sophistication, concern about social and current affairs, a managerial or professional career and high academic qualifications (university degrees) are the pre-requisites for the middle class. But such a definition is not very meaningful and useful to the improvement of governance in Hong Kong. Prof LUI Tai-lok of Department of Sociology of the University of Hong Kong, who has studied the middle class for many years, also says that a definition for "middle class" based on income levels may have its blind spots. We, on the other hand, would define "middle class" on the basis of occupations and careers. We would define the middle class as broadly comprising executives, managers and professionals, roughly in line with MARX's definition for the middle class. These people account for 25% of the workforce in Hong Kong. Prof LUI thinks that the definition for "middle class" actually varies from person to person, so we need not dwell so much on which one is correct. But I would add that the very point we are discussing now is about what kind of policy intervention there should be. In other words, we want to ascertain what policies we should adopt to facilitate the upward social mobility of people in all income brackets and ethnic groups. This should be the very focus of the entire policy discussion here.

In the existing governmental framework, there are many commissions/committees, such as the Women's Commission, the Commission on Youth and the Elderly Commission. And, I can recall that about 10 years ago, a political party even proposed the establishment of a family commission. The proposed middle class commission interestingly cuts across the portfolios of all the above commissions. I have no specific stance on the establishment or otherwise of the proposed commission. I will be fine either way. But one very important question we must ask in this debate is whether there is any effective mechanism for interdepartmental planning, coordination and policy execution, a mechanism that can enable different departments to jointly discuss, coordinate and execute policies that often involve interdepartmental collaboration. Many

Members have discussed various initiatives in different policy areas, including taxation, economic development, education and employment. I appreciate their thoughtful recommendations. What we really need is, perhaps, a very powerful Chief Secretary of Administration or Financial Secretary who can take charge of interdepartmental collaboration for the benefit of the middle class (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Mr LEUNG, please stop speaking.

MR CHARLES PETER MOK (in Cantonese): President, these days, Members' motions are mostly like a Christmas tree with many ornaments. The increasing weight of ornaments will make the tree top-heavy and liable to collapse eventually. This is also the case with today's motion entitled "Actively studying the establishment of a middle class commission". But this does not matter, as people all have their own demands. I cannot possibly discuss the amendments one by one in detail, nor do I have the time to do so. But I will still speak on the broad direction we should follow.

Many Members have attempted to define the term "middle class", but I do not think that the choice between income levels and personal attitudes should be a matter of any importance to the definition for the middle class. We should all understand that the middle class can be defined in many different ways. In modern-day societies, middle-class people may engage in many different industries with a variety of responsibilities. But one thing is noteworthy: they may differ greatly in political stances and economic beliefs.

Actually, the original motion consists of only one single sentence requesting "the establishment of a middle class commission". It looks like the Member has very high hopes for such a commission. Well, the Government has already set up many commissions/committees, but, frankly, how many of them can yield any real results? The opposite is the case. The many commissions/committees set up by the Government often conduct consultation over and over again without achieving any results in the end. Or, they are simply used as a tool enabling the Government to claim that it has already conducted the required consultation. The Government has already set up many commissions/committees one after another, and the Policy Address this year still proposes to set up several more commissions/committees. Please do not forget

that all these are only advisory bodies. I do not know if Mr Tommy CHEUNG will consider amending his motion. Does he actually want to set up an organization with real powers, say, a "middle class development council"? I do not think so. Thus, we must ask the following questions in the very first place. Will the establishment of the commission be of any practical use? What can it really do? I of course do not have any answers to these questions.

Actually, what do middle-class people want? Many middle-class people in Hong Kong are professionals working in different professions. When we look back at the elections held in the past year, especially the Legislative Council Election in September and the Election Committee Election in December, what message can we get from the middle class? What message did the 200 000-odd electors send to us? Is it really just the message that all middle-class people are against filibustering and the obstruction of government work, as simplistically claimed by pro-establishment Members? Some may think so. But the middle class has apparently come to a consensus, the consensus of opposing "689". This is very clear. Of course, pro-establishment Members will simply ignore it.

Following these two elections, everyone should be very clear about the stance of the middle class. In our political platform for the election held around November and December, we in the Democrats 300+ put forward to middle-class professionals our stance: opposing the continuation of the line taken by "689", reactivating constitutional reform, overturning the 31 August Decision and defending the core values of Hong Kong. What was the outcome then? Well, the pro-democracy camp gained a landslide victory in various professional subsectors. The subsectors in which the pro-democracy camp won the majority of seats included Legal, Accountancy, Information Technology, Education, Social Welfare, Medical, Health Services, Architectural, Surveying, Planning and Landscape, and Engineering. Both the Government and pro-establishment Members must realize the message imparted by this outcome.

In their amendments and speeches, many Members have raised various issues about the development of industries, but very few of them have talked about the creation of quality employment opportunities. Some Members have discussed the need for increasing the number of middle and senior posts in different sectors. However, is the pursuit of career advancement and pay rises the only concern of this present generation of middle-class people? The political parties in Hong Kong and the Government seldom talk about the need for more jobs and better jobs. To begin with, this may be due to the fact that the low

unemployment rate and state of near-full employment in Hong Kong have made the Government think that it does not need to do anything at all. Besides, political parties which are for the grass roots are understandably pre-occupied with fighting for a minimum wage, standard working hours and the like. And, those self-proclaimed middle-class political parties favouring the commercial sector have focused only on talking about the development of industries, merely asking for things wanted by employers.

Before and immediately after the reunification, I often heard people mention the notion of "level playing field", but seldom do I come across the term "level playing field" nowadays. I do not know why this is so. Is it because people no longer think a level playing field is important? Or, is it because they simply take it for granted that a level playing field already exists? The opposite is the case. Many professionals actually do not want any heavy government intervention, because the more the Government intervenes, the more government-business collusion and funneling of benefits is likely to occur. This will add to the disadvantage of the middle class and make them feel all the more strongly that society is just not fair. Many middle-class people have said to me, "Leave us alone." They mean to tell the Government not to trouble them. But the Government has made more and more moves instead.

Middle-class people recognize the importance of education as they are very concerned about the development of their children. Yet, the Government insists on intervening and introducing reforms that have only made things worse. Students' overall performance in languages, mathematics and the sciences is declining, but the Education Bureau has only focused on national education and Chinese history instead. The middle-class people I have contacted with simply do not care about such subjects. All they really care about is whether the core subjects of Chinese, English and mathematics are taught well enough. And, the failure here is evident. Middle-class people thus want to ask what the Government has been doing all this time.

How about the next-term Government? Well, Carrie LAM, the likeliest winner in the upcoming Chief Executive Election, has even said in her election manifesto that she is going to establish a religious affairs group under the Home Affairs Bureau to coordinate the relevant policies—I read her manifesto last night. What should be the keynote of a religion policy? Freedom! Freedom! Freedom! Freedom of religion is the only keynote. There is no need for any government coordination. Why should there be any government coordination?

Even today, many middle-class people still talk to me about their fear, wondering what has happened to the Government. A similar attempt was made during the drafting of the Basic Law, but it was met with strong opposition from the religious sector. Now, is Carrie LAM making a silent attempt for the Central Authorities to interfere with local religious affairs and control Hong Kong's religion policy in the Chinese way, so as to bring forth total convergence with China?

What the middle class opposes is this kind of intervention, that is government intervention. Our freedom and way of life are the concerns of the middle class. We do not want to see any policy bias towards large consortia. Instead, we only want a level playing field and to be left alone.

Thank you, President.

MS STARRY LEE (in Cantonese): President, this topic is nothing new at all, as many political parties (including the Democratic Alliance for the Betterment and Progress of Hong Kong) have proposed similar things in this Chamber before. I have checked the record and it shows that the President also proposed a motion on "Expanding the ratio of the middle-class population" before. This can adequately reflect that the Legislative Council attaches a great deal of importance to policies which can support and upgrade the middle class. The reason is that as we all know, as long as the middle class can live a stable life and see prospects in society, our society will enjoy stability and sustained growth.

How many middle-class people are there in Hong Kong? Many Members have already discussed this just now. In fact, the Hong Kong Government has never laid down a definition for that, and there is no widely accepted definition in society. If we look at the information of the Census and Statistics Department, we will see a concept which is kind of similar to a definition—"middle-income households". However, "middle-income" is not necessarily synonymous with "middle-class", and this concept can only be used as a reference. Families with a monthly household income ranging from \$10,000 to \$40,000 are categorized by the Census and Statistics Department as middle-income households. If we look at the latest figures and follow this definition of middle-income households, the middle class will account for 50% of all the households in Hong Kong. If we switch to the approach of classification by occupation types, we will see that there is a total population of 1.46 million who are managers, administrators,

professionals and associate professionals. They account for 40% of the employed population. If we take into account of their family members, then a total of 60% to 70% of Hong Kong households are middle-class families. Does this reflect the thinking of Hong Kong people and the actual situation of Hong Kong?

The University of Hong Kong once conducted a survey on "a sinking middle class", in which the respondents were asked on their personal perceptions regarding which social classes they should belong to. The outcome was interesting. In the 10 years between 1997 and 2006, there was a drop from 42% to 34.7% in the rate of respondents who regarded themselves as middle-class, but the respondents who regarded themselves as grass-roots rose from 18.4% to 28.7%. This means that about 10% of the respondents considered themselves having moved downward in these 10 years. This can show that people do not feel so good about their own situations. For that reason, the "middle-income" concept of the Census and Statistics Department and the method of defining the middle class by types of occupations cannot reflect the feelings of the common people in Hong Kong.

After seeing these figures, we cannot but ask why there is such a wide gap between objective figures and subjective perception. I think one key reason is Hong Kong's feverish property market. In Hong Kong, property price is one of the most widely-recognized sources of pressure. The middle class attaches great importance to home ownership, but unfortunately, this can only be a forlorn hope to most middle-class people in Hong Kong. To a middle-income family earning a decent income, buying its first home and changing to a bigger flat are a very big challenge indeed.

Some other figures warrant our attention. The average price of small residential flats has seen a cumulative increase of 188% during 2006 and 2013, yet the median monthly household income increased by 30% only. Given an increase of 188% versus 30%, how can members of the public consider themselves the middle class when they are unable to buy a home? This situation is completely different from that during the period between 1980s and mid-1990s. I have checked the figures and I notice that the increase in the median monthly household income and the increase in the average property price were quite close. That is to say, at that time, the increase in the middle-class people's income could catch up with the increase in property prices.

For that reason, President, I always hold the view that we should have a more realistic definition of the middle class. Financially, the middle class should be able to deal with their daily expenses in an effortless way. On top of that, they are capable of pursuing a lifestyle they want, and enjoying and selecting different ways of life. The increase of property prices in Hong Kong has become completely detached from the incomes of the public. In fact, the disposable income of "shell-less snails" who have to pay a very high monthly rental, or those who have to pay a large sum of money for repaying the mortgage loans of their flats, are perhaps less than the grass roots after deducting all the miscellaneous expenses. Therefore, it is very difficult for them to consider themselves middle-class people.

For that reason, if the Government is to expand the proportion of the middle class, I think the foremost task is to solve the housing problem. It should enhance the housing policy by formulating a home-ownership policy for the middle class. At present, the middle-class people from middle-income households are not eligible to apply for public rental housing ("PRH") flats, but the annual supply of Home Ownership Scheme ("HOS") flats is only 5 000. To get one of these 5 000 flats is even harder than winning the Mark Six Lottery. Therefore, if we are unable to provide them with an improved home acquisition ladder, I believe it will be very difficult to expand the proportion of the middle class. For that reason, if we are to expand the proportion of the middle class, we should first deal with the housing issue.

Besides, today many Members have mentioned the requirements of many middle-class parents regarding their children's education, which I will not repeat. I wish to point out that in recent months or in recent years, a lot of middle-class people have told me about the gradual loss of middle-management job in Hong Kong. They hope the Government would attract more high value-adding businesses to come and stay in Hong Kong through the introduction of policies, including the provision of taxation concessions and the introduction of some pro-active policies, so that more job opportunities with better prospects can be created.

Some time ago, in the "meet the public" scheme, I met a friend whom I had not seen for a long time. He came to see me specifically and he told me he had been looking for jobs for more than half a year. He is a professional and he once worked for a multinational corporation. However, these types of job are getting fewer and fewer. I believe this experience is not unique to this person. I have

other middle-class friends and some former schoolmates who are also professionals, but they are facing the same loss of middle-management jobs.

For that reason, I urge the Government to note that if we are to upgrade the middle class, we should add value to our industries and we should retain more value-adding corporations in Hong Kong, or we should induce them to invest in Hong Kong, so that more quality jobs can be made available for the middle class. Otherwise, they will not be able to lead a middle-class life.

MR JIMMY NG (in Cantonese): President, the Legislative Council has discussed the subject of middle class on numerous occasions over the last few terms. As the definition of middle class in society has all along been ambiguous, we cannot easily come up with a for helping the middle class across the board.

In fact, the problems confronting the middle class are exactly the problems faced by society as a whole. Regarding the middle class frequently mentioned by us, Members have provided much data about them, such as monthly income, number of property owned, a comfortable lifestyle, and so on, but I believe the crux of this subject is economic issue. For example, Ms Starry LEE has talked about housing just now. And this is a question about whether they can afford purchasing a property, going on a trip and raising and nurturing their kids.

Among the middle-class people that I know, housing is always the issue of greatest concern, regardless of whether they come from the commerce and industry sector or the professional sector. With social advancement, we of course have different expectations about life. As I can recall, the people in the past, regardless of being in the middle class or not, might take two or three jobs, and they led a frugal life simply for supporting a flat. However, times have changed. The so-called members of the middle class now have more expectations about life. They may wish to have more time with their families, more travels, and more journeys abroad with their children to broaden their horizons. So, we cannot merely determine their needs across the board. If we are really going to establish a middle class commission, I believe the membership will be a major issue to deal with.

Next, I would like to point out that society is not composed of the middle class only. If the SAR Government can achieve better results in business

promotion to enlarge the economic pie, the middle class's income will rise as a result. Likewise, while creating different kinds of employment opportunities to the middle class, I believe the Government should encourage the people to pursue their careers outside Hong Kong; the Government can actually do so via such a commission, or by itself. For instance, many people are working in the Mainland, or even investing or building a career in countries along Belt and Road initiated by the State. We have to change their mindset through education. As I have noticed, young and middle-aged people in Hong Kong generally like to stay in the city, and probably they may not easily accept working outside Hong Kong for five or even six days a week. In fact, when the breadwinner of a family can earn more abroad or in the Mainland, he will certainly offer his families a more comfortable life. Therefore, this is what we should encourage. Moreover, in case we can possibly achieve diversified development of our sectors, instead of solely focusing on such sectors as real estate and finance, we will be able to generate more jobs via the new diversified industries brought by the Government.

Apart from hiring low-ranking staff, enterprises need to hire mid-ranking and high-ranking staff too. A Member has said that someone failed to get employed for a long time. Indeed, an increase in number of companies doing business in Hong Kong means more employment opportunities, rendering it more easy for the middle class to get a job, and will then be able to ease the problem.

Finally, we always talk about working poverty. In fact, many middle-class people are faced with working poverty. Being one of the group paying the highest amount of taxes, they receive the least amount of welfare or support, and get the lowest amount of enjoyment. They are probably poor in terms of financial status, or even poor in the mind as well, because they may not be able to understand why they have strived so hard and made so much contribution for Hong Kong in all the years, while having to bear such a heavy tax burden. It is really pitiful for them.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

After all, I believe the Government should provide more upward mobility for the middle class. We should teach them how to fish, but not merely offering direct subsidies, such as one-off tax rebate or rates waiver proposed in the

Budget. For tenants, most rentals incorporate the expenses on rates and management fees nowadays. Will property owners return the money to the tenants after the Government's rates waiver? Certainly not. Therefore, we should teach them how to fish instead of giving them fishes. Enhancing their abilities to make a living or earn money is the most direct support we can offer to the middle class in the long run.

I am open to the proposal of setting up a middle class commission. However, if we are really going to establish the commission, I believe it must be granted the right power lest it will become another consultative committee where a large group people gather to give empty talks. Whether this kind of committee is effective is indeed open to dispute. That said, I consider it worthy of establishing such a commission if it comprises officials from different government departments who will listen to the plight of those truly from the middle class, so as to design and identify solutions to cope with their difficulties. Thank you, President.

MR WU CHI-WAI (in Cantonese): In this debate, Members from different groups have proposed many amendments benefiting the middle class. However, the Democratic Party has stated in the amendment that we have to rebuild a society with integrity and fairness, as well as to promote universal suffrage.

We very much believe that the middle class does look forward to the Government's specific measures to resolve the real-life difficulties confronting them, including measures like raising various tax allowances, providing more funded places in universities and increasing land supply. However, the middle class is indeed more concerned about Hong Kong's overall development in future. Whether their kids will still live in a society with fairness and justice, whether we can still uphold freedom of speech and judicial independence in the future, I believe these are issues of greatest concern among the middle class.

The LEUNG Chun-ying administration has torn society apart over the last few years, deepening social contradictions, and we can witness its sloppy implementation of policies in many areas, such as education, housing and even conservation. In this Chief Executive Election, Hong Kong people's pragmatic support for Mr John TSANG is in fact a clear message to the Central Government that they will never allow LEUNG Chun-ying and his alliance, the Liaison Office, to go on attempting to damage the rule of law, academic freedom and the

corruption-free system in Hong Kong. Therefore, if Members present do really wish to support the middle class, we must first resolve this political stalemate and identify ways to improve governance, so that the Government can abide by the rules in order to avoid further conflicts in society. In this case, every stratum of society can have a fair platform to make good use of their abilities and reignite hopes for the future.

Returning to this motion, the Democratic Party has proposed a few amendments. I would like to discuss public-funded university education first.

All along, the middle class attaches the greatest importance to education for their children. The Democratic Party has been advocating the extension of existing university students' grants and loans schemes to local students studying in recognized institutions overseas. On the one hand, the Democratic Party's proposal responds to the current shortage of places in local universities, and on the other, offers an alternative for secondary school graduates qualified for university admission, or even graduates of sub-degree programmes, so that they can have a chance to enter university. The core meaning of extending the applicability of grants and loans schemes is to offer students and parents with more choices. In fact, having students studying overseas can probably compensate for the lack of adequate opportunities in the local system, and students may have access to more diversified choices of subjects, so that we will have a broader spectrum of future talents with wider horizons in terms of global vision and experience.

In fact, the Government offers a few programmes subsidizing students to pursue study outside Hong Kong, including "Mainland University Study Subsidy Scheme" and "Hong Kong Scholarship for Excellence Scheme". However, the former is only applicable to universities in the Mainland, while the latter is run on pilot basis, providing merely 100 places each year, which is obviously far from adequate. As the Government acknowledges the provision of subsidies to local students for pursuing study overseas, I believe it should introduce bolder reform in the current grants and loans system to comprehensively subsidize students, so that they can continue study in overseas universities.

Regarding re-industrialization, I wish to point out that the middle class indeed pays much attention to economic development in Hong Kong. Over the past few years, the Government has been advocating "re-industrialization" and the promotion of high-tech development, yet it has not set up a target for its policies

from the perspective of diversified economy. Looking back at Hong Kong's innovative and technology development in the past, we have been focusing on scientific research over the past 10 years or so since the construction of the Cyberport and the Hong Kong Science Park. Even if the Government advocates "re-industrialization" now, it does not encourage industrial production. In many occasions, the Government has been reiterating the utilization of Hong Kong's scientific research capability, stating that research and development results in Hong Kong should be applied to dovetail with production in the Mainland. This implies that even if certain production is carried out in Hong Kong, the process should be limited to the production of high-tech equipment.

As the Government focuses solely on "research and development" under this idea, it is in fact difficult, if not impossible, for us to cope with challenges facing us in different stages of the economic cycle. Such a single target also means that talents in Hong Kong can only have one route of career development. Indeed, apart from production of high-tech equipment, "reindustrialization" also implies the future direction of industrial development, and this will naturally relate to automation of production process. In this respect, it is necessary that the Government formulates the right policies in order to diversify the process of "re-industrialization" so that we can create a breakthrough beyond the existing framework.

That said, society comprises people with different capabilities and interests. If "re-industrialization" means only "research and development" or "high technologies", it will benefit only a portion of the population, bringing no help in enhancing social mobility. Therefore, in this respect, I still hope that the relevant Policy Bureau can illustrate the target and means of "re-industrialization" in more detail, thereby demonstrating to the people that the Government has specific policies to support diversification of our industries with a view to creating the next momentum for the economy.

Finally, I would like to give a brief response to the motion. Among the amendments, Mr Frankie YICK proposes "to relax the restrictions on the dependent parent or dependent grandparent allowance". We consider this concept complies with the Government's long-standing principle of encouraging the people to live close to and take care of their parents or grandparents. In fact, many of our policies on housing and welfare also advocate the concept of taking care of parents or grandparents by living in the same community with them. So, from the perspective of taxation, the concept to live close to one's parents or

grandparents can indeed encourage the people to take care of their families. True, the scope as proposed by Mr Frankie YICK is rather limited as it applies only to dependent family members living in the same housing estate. Does it mean that the allowance is not applicable if they live in the same street or neighbourhood instead of the same estate? I believe we should handle this matter by adopting the principle of "living close".

In fact, under the Inland Revenue Ordinance, even if one lives in the same building as his parents do, he is not considered as having fulfilled the requirement of living together with his parents for the purpose of tax allowance if they live on different floors. In the face of population ageing, the social welfare sector and even the Elderly Commission have long been urging for enhancement in community care services. Against this backdrop, a tax incentive in this regard to encourage the people to live in the same estate or the same community with their parents indeed ties in with such a concept of community care.

Therefore, I and the Democratic Party request the Government to expeditiously review the Inland Revenue Ordinance and study if it is possible to relax the stringent requirement above, so that it can manifest the above concept of "living close" in its tax policy, therefore the younger generation can take better care of their families. This is also conducive for alleviating the people's financial burden, as well as encouraging the younger generation to live with their parents in the same housing estate or the same neighbourhood as a manifestation of the concept of community care.

Thank you, Deputy President.

MR IP KIN-YUEN (in Cantonese): Deputy President, with regard to the definition of the middle class, many Members have spoken about this earlier. In my opinion, the most simple and direct direction is that the middle class comprises people who are educated, professionals and have better employment opportunities and higher spending power. Moreover, they generally have higher civic awareness and cultural qualities. Regardless of economic, political, social and cultural statuses, the middle class stands in the middle level in society.

As a social class comprising so many people, the middle class has its progressive facet as well as its conservative facet. Conservative members of the middle class are probably complacent about the status quo and wish it to go on

continuously, while other members may pursue their quest for higher social-fulfilment or self-fulfilment, such as wellness or happiness, as well as for a better social system which respects universal values and targets like democracy, freedom, human rights and justice, and so on. Therefore, we cannot regard the middle class as one homogeneous unit.

However, I believe Members will agree that the middle class attaches relatively greater importance on education, as pointed out by many Members earlier. It is because most of those belonging to the middle class are winners of the education system who know that education is critical to their own success, and they expect their children can receive good education too. Regardless of self-fulfilment or social mobility, education is an essential ticket to the goal. Therefore, the middle class cares very much about their children's education, and this has led to various behaviours among parents, while some of them, dubbed "monster parents", will impose undue demands on their children. The most extreme of these cases may come from the middle class as parents in this group are most familiar with the route to success, therefore they apply their own means on their children, regardless of whether their children can withstand or whether those methods suit their children's personality, strengths or weaknesses. As a result, they inflict much frustration and failure on their children, all because of their quest for excellence in education.

However, I have also noticed that, among the parents from the middle class, some of them know really well on how to raise a kid. We call them expert parents, that is, the parents who understand the meaning of education well. So, of the parents today, both the most progressive and the most conservative ones are from the middle class. While both kinds of parents pay much attention on education, their ways of nurturing their children are miles apart.

In any case, regarding the importance attached by the middle class on education, the Government's response has been a big failure. Regardless of any kinds of parents described above, I believe parents from the middle class do have a very poor opinion on education in Hong Kong. This is a question that the Government should think about. Why does the middle class have such negative opinions on Hong Kong's education system? Why do so many parents from the middle class opt to leave the public education system and arrange their kids to enter private schools or pursue study abroad? We must think about this.

The situation today is totally different from that of two or three decades ago. In the past, the public education system was basically able to accommodate

students from different classes, enabling them to achieve great success. Now, the people are disappointed with the public system, opting to shift to private schools, and are thus required to shoulder heavy financial burden. In terms of education, the middle class is no miser, yet they are feeling the onerous burden. We can imagine that they will lead a much more comfortable life if they do not have to bear this cost; they can spend the money on various family activities without these education expenses; they will have a much happier life then. So, education is another major burden for the middle class, apart from housing. If we are able to offer good public education for their children, they will surely have less burden. Otherwise, we may introduce low-cost private education which can achieve the same effects. However, should middle-class parents wish to offer good education to their kids at present, they will probably need to opt for some very costly private education.

Most ironically, the public education system is regulated by the Government, which means that many people from the middle class are paying to escape government regulation of education, and shift to other regulation-free systems. What is the problem of government regulation? TSA is one apparent problem. A celebrity in Hong Kong has recently said that her kid will study at international school in order to avoid the pressure from TSA.

Today, we even start to amend the kindergarten curriculum guide and advocate against writing or mechanical practices in early childhood. This is a progressive step to take. However, up to this point, why are we still insisting on TSA until the very last minute? Several Chief Executive candidates have proposed shelving or abolishing TSA, yet the assessment will still go on this year. The Secretary has said just now that 99% of schools will participate, but the figure reported by the media yesterday was 95%. Why is there a difference of 4%? Is it because schools have compromised due to the Government's excessive concern in this respect? I hope the Secretary can respond to this later. Moreover, I would like to know, if the assessment is conducted on pilot basis, why are schools forced to join? In fact, many schools told us that they do not want TSA, yet they merely do not have the channel to show their preferences. Therefore, no matter whether it is 95% or 99%, the figure cannot reflect the real picture. Should we strengthen support for our education system, introduce more reasonable regulation and impose less interruption (*The buzzer sounded*) ... so that the public education system can improve? I so submit.

DEPUTY PRESIDENT (in Cantonese): Mr IP, your speaking time is up.

MR CHAN CHI-CHUEN (in Cantonese): Deputy President, Mr Tommy CHEUNG puts forth a motion today suggesting the establishment of a middle class commission, so as to study the problems facing the middle class and to improve their quality of life. Of course, we are not going to oppose this motion or the majority of proposals put forward to improve their quality of life by the Members. However, we have to understand that whenever the Government establishes this kind of commission, it is going to be an expression of the principle of "Hong Kong people talking to themselves", that is, despite all the opinions voiced out by us, the Government will insist not to do anything it does not like.

The second question is, even with the commission in place to implement the measures as suggested by Members, is the middle class in Hong Kong going to enjoy a better life? Are they going to be happier? Will they stay in Hong Kong more willingly and contribute to its development? During the last few years, the middle-class people and electorates that I have encountered are often depressed and melancholic. Many of them have thought of emigrating, of leaving Hong Kong. In his speech delivered just now, Mr KWOK Wai-keung also mentioned that emigration was definitely on the rise in recent years. These people want to leave Hong Kong not because of high property prices, as many of these middle-class people share a vested interest in the surging housing prices. Neither do they want to leave because of our education, since they can send their children to study abroad. The actual reason is that they consider Hong Kong no longer a free and safe place where procedural justice prevails.

After LEUNG Chun-ying took office, the number of middle-class people who emigrate increases day by day. He used public powers to suppress the media, tear gas to crack down on peaceful demonstrators, he also blatantly interferes with university education and actively seeks to disqualify Members of the Legislative Council. Under the five years of deplorable rule by "CY the wolf", many middle-class people are disappointed with Hong Kong, some even lose hope completely. Therefore, on the day LEUNG Chun-ying announced his decision not to seek re-election, many middle-class people drank champagne as they thought they were seeing light at the end of the tunnel.

Regrettably, in the last few months, the middle class has become desperate again. In a bid to rekindle hope for Hong Kong, a number of my friends who

have a middle-class background have spent a lot of effort campaigning for the Election Committee election and thus won the race. And, to our joyful surprise, at least one of the candidates for the Chief Executive position is speaking to the heart and mind of the middle class, as he/she undertakes to rebuild a government which respects the rules and listens to opinions from all sides. The candidate has garnered support from the majority of citizens online, and especially the middle class. Citing a source from the Chinese Government, TUNG Chee-hwa however said that the Central Authorities would not appoint that candidate even if he or she was elected. What is more, some other sources have claimed that the candidate unpopular among the majority of middle-class people is the only one supported by the Central Authorities. While this blessed candidate is also fully recognized by many from the pro-establishment camp, his/her words and deeds before or during the election have dismayed a lot of middle-class people. They fear that the core values of Hong Kong and the exemplary systems inherited from the colonial era will be damaged further if this candidate is to be elected. As the Government ignores the appeals of the middle class contemptuously and the next-term Government will only do further harm to Hong Kong, why should the middle class stay here? Why should they attach to this place?

What happened in the last one or two weeks further panicked many middle-class people. Last week, tens of thousands of people who were off-duty police officers, retired police officers and their relatives attended a rally in support of the Police. They shouted four-lettered words in the assembly, and even compared themselves to the Jewish who were persecuted by the Nazi, thus drawing ire internationally. The middle class hence felt apprehensive and doubted if the Police had given up the professional ethics by which they should abide. Adding to their dread was a comment from the hottest Chief Executive contestant calling for sympathy towards the Police. The middle class could not help but ask, if this candidate won the race, was he/she going to let the Police abuse their power and become "licenced thugs"? Given that the middle class and the professionals are able to relocate to other countries, why should they stay in Hong Kong and risk being assaulted by the Police on the street?

We do not have a commonly agreed definition over "middle class". But to me, those who can choose to leave are mostly middle-class people. The trend of mass emigration has reappeared in recent years. Some who migrated before 1997 but later returned to Hong Kong are now again seeking to leave. We can take a look at the relevant figures in the United States and Canada. Some

Members propose reducing tax and raising tax allowances. But taxation in Europe and the United States is definitely higher than that in Hong Kong. Then why do people choose to migrate there? The number of people who migrate to Taiwan are also surging in recently years. Therefore, I hope that the SAR Government, especially the candidates now running for the Chief Executive position can give this a serious thought. The stability of a society hinges on the contribution and participation of the middle class, and the instability of a society is evident in the unlikely practice of civil disobedience by the middle class. The Umbrella Movement which took place two years ago was epitome of the above. Many middle-class people would rather choose defiance and risk prosecution when they could not help but took to the street. Has the Government ever given any thought to this?

Our colleagues have put forth a lot of proposals just now. I concern myself with studying Singapore. Many of the proposals raised by our Members have in fact been implemented in Singapore, and these measures have produced better outcomes than their Hong Kong counterparts, in such areas as education, housing, innovation and technology and support to the small and medium enterprises. Singapore was not the hottest destination for migration among the Hong Kong people who have enjoyed freedom and the rule of law, a relatively democratic environment, sufficient protection of rights, and a free atmosphere under which one can voice out opinions on Facebook without being prosecuted. However, the freedom we enjoy is shrinking under the increasingly rampant control of the Hong Kong Communists. I found out that some of my "yellow ribbon" friends are beginning to consider migrating to Singapore. I was confused at first and wondered why these people who had joined the Umbrella Movement chose to migrate to such a totalitarian state as Singapore? Their answer was that there was democracy in Singapore, their citizens could choose their government on a "one person, one vote" basis. What is more, the Singaporean Government enjoys performance legitimacy. Though the Government is not democratic and even totalitarian, their performance and governance are able to win the respect of the people. These friends of mine therefore would rather choose to migrate to Singapore. Hence, candidates for the Chief Executive position should properly contemplate on this major issue and trend.

I so submit.

DR YIU CHUNG-YIM (in Cantonese): Deputy President, first of all, what the middle class need most are actually a choice, freedom, some space to turn the dreams into reality, some spare time and the right to participate in social affairs. However, the Hong Kong Government keeps on introducing vicious competition and setting barricades in various aspects. As a result, people in the middle class have become slaves of work and property mortgage who do not have any spare time and space to turn their dreams into reality. For a long time, the middle class has been unable to afford the outrageously priced-accommodation in Hong Kong while they have to constantly work overtime—At present, with the number of working hours as high as 2 600 hours per year, Hong Kong has already become the city with the longest working hours in the world—Many professionals in the middle class need to work overtime constantly. Even though they can earn quite a sum of money, they have no time to spend. At the end, the money is spent on curing their aches and pains due to long hours of work, and they basically cannot enjoy their lives.

In 1930, John Maynard KEYNES published an article titled Economic Possibilities for our Grandchildren. Back then, KEYNES predicted that by 2030, when the economic standard of people would be eight times higher, the weekly working hours should be able to drop to 15 hours with the basic needs of living being satisfied so that there would be a lot of leisure time to enjoy life and to participate in social affairs. Time passes very quickly, and 80-odd years have passed since 1930. Although our economic standard has gone far beyond the target, our working hours have not dropped to 15 hours per week as perceived by KEYNES. On the contrary, our present number of working hours is similar to that of the grass-roots level in 1930. Worse still, not only do we have long working hours, but our working pressure is also getting heavy, such that we need to keep on answering the mobile phone messages even after work—Secretary, you may ask your assistants and then you will know clearly how much pressure they have. Therefore, over the past 80-odd years, we could see that the income of people or the middle class in Hong Kong seemed to have increased and they might spend more on luxurious items, but their living pressure was getting heavy and the environment was getting poor. When the children have pressure in their studies, the grown-ups have pressure in their work. There are also pressure in living space and pressure in resolving housing problem, and we are all stifled by all sorts of pressure. Hence, when the community is devoid of choices and opportunities, there will be grievances.

As a matter of fact, those in senior positions today can think of their younger days. Back then only if you had good academic results and could be admitted to universities, there would be high pay jobs waiting for you. The Government at that time created more job opportunities and they were jobs with pensions. Thus when a person kept on working, he would be promoted with salary increase, and at the end, he could get his pension in retirement. However, even for the outstanding students nowadays, they have to compete with counterparts all over the world under the system. Even if they can get a job in the Government, they will be under a contract system where there is no job security. Besides, there are more and more red tapes in society, and people are not allowed to do anything. The system requires that you have to apply for approval in doing anything, while there is no guarantee that your application will be approved. It has to undergo a very long processing time, but the chance of being approved may be very low. Everything is within the policy straitjacket of the Government. As mentioned in detail by a Member earlier on, because of the high-handed approach in the education system, many people in the middle class become "deserters" who do not dare giving birth to children or have given up the local education system.

Besides, I would like to talk about the housing problem, which in fact is caused by the poor policies of the Government. The Government's high land premium policy, excessive importation of labour policy and policy to encourage "hot money" investment have resulted in high levels of property prices and rentals. For six years in a row, Hong Kong has become the most unaffordable city in the world. In accordance with the lately announced statistics for 2016, the average rental payment has already accounted for more than 30% of the income, which is beyond the international indicator for unaffordable rental level. Nevertheless, the Government has been unwilling to change, or even to discuss, any of its policies related to housing, land, finance or population. Instead, it only keeps on imposing drastic measures. However, the more drastic the measure is, the higher the property prices become. According to the latest property price index, with the implementation of the drastic measure of imposing a flat rate of 15% of stamp duty more than two months ago, the present property prices climb up further and have reached a record high instead of showing a downward trend. The most recently announced property prices index for January 2017 has already reached 309.0, registering a year-on-year growth rate of 10.75%. Some families which want to trade up a property are forced to give up the plan because they cannot get enough money to pay the stamp duty of 15% of property prices.

Therefore, finally, I would suggest the Government again to immediately adopt a "cooperative building society" policy by going back to the housing right system in order to thoroughly resolve the housing problem in Hong Kong. A middle-class family can then purchase its own home at cost, without any transfer of land rights. The flats are only allowed to be sold to cooperative societies and cannot be resold in the market, which can prevent any speculative activities to reap profits. In that case, while people can enjoy their housing rights, the Government is also free from the heavy burden of building costs, thus leading to a win-win situation, and it is also unnecessary for people in the middle class to be slaves of work and property mortgage anymore. *(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Dr YIU, your speaking time is up.

MS TANYA CHAN (in Cantonese): Deputy President, I am very thankful to Mr Tommy CHEUNG for proposing this motion. It gives Members an opportunity to discuss the problems faced by the middle class in Hong Kong, including daily living, education, and also governance and the political environment as mentioned by certain Members just now. Some Members have also pointed out the assistance that should be provided to the middle class.

To begin with, how is "middle class" defined in Hong Kong? Deputy President, you are really nice as you always have eye contact with the Member who is speaking. Academics in various disciplines have their respective definitions of "middle class". But a common criterion is the attainment of a certain level of academic qualifications, income and asset, probably together with a bourgeois lifestyle. As asserted by "Uncle Pringles" some time ago, a bourgeois lifestyle is about enjoying a few cups of coffee and French movies. He probably has a point in saying so.

Many people have asserted that governance can be rationalized as long as the needs of the middle class are satisfied. But the problem is that in Hong Kong, it has become increasingly difficult to move up to the middle class. Deputy President, you can do something else. Our society is ripped of a ladder for upward mobility. That means our society is declining—in the sense of social mobility rather than moral decline as a reproach to others. This is really miserable. In particular, Hong Kong youngsters fail to see any hope. This is the most formidable challenge at stake.

One way of moving up to the middle class is the receipt of higher education as a guarantee for income. However, university places are persistently inadequate in Hong Kong, and the university admission rate is merely 18%. Many students who meet universities' admission requirements are denied the opportunity to receive university education. So, they can only enrol on associate degree ("AD") or higher diploma programmes as their second best option and obtain an academic degree through this path full of twists and turns. But they are already in serious debt upon graduation.

Deputy President, the completion of post-secondary education is no guarantee of wages. The Hong Kong Council of Social Service announced the findings of its Research on Poverty and Improvement of Life for Young Adult last year. Analysing the income levels of young adults between the age of 20 and 34, the study finds that 53% of the young adults earned a monthly income lower than the median wage of \$14,700 in 2014. In other words, an AD qualification is actually of little help to income growth, and the wage of an AD graduate is still less than the median wage. Many youngsters cannot see any hope at all.

Besides, one's attainment of a middle-class household income does not mean that one can live a bourgeois lifestyle. Under the standard of the Pew Research Center in the United States, the income of a middle-class family should range from two thirds to 200% of the median monthly domestic household income. According to the findings of the 2016 Population By-census ("the By-census") released recently, the latest median monthly domestic household income is \$25,000. In other words, families with an income between \$16,000 and \$50,000 in Hong Kong can be regarded as middle-class families by definition.

Having said that, I must talk about the concept of discretionary income here. The remainder of a family's income after deduction of tax payments and necessary expenses (in gist, expenses on clothing, food, housing and transportation) is rather its truly disposable income, one which can be spent on leisure trips, and also enjoying a few cups of coffee and French movies. A bourgeois lifestyle should rather be like this. However, if not much remains after deduction of necessary expenses, one will not regard oneself as a middle-class person.

To Hong Kong families, housing is definitely the major expenditure item. In the case of renting a flat, the By-census shows that private residential rents accounted for as much as 30% of people's monthly incomes at present. In 2011, the rate was merely 25%. Wage increase has utterly failed to catch up with rental increase. As for those families who have already "boarded the train" and are making mortgage repayments, the average mortgage repayment of around \$10,500 in Hong Kong already accounts for 30% or 40% of their incomes. With possible interest rate increases in the time ahead—Deputy President, I believe the interest rate will rise very soon, and I have learnt that there will be three interest rate hikes this year—these families may have to reduce their necessary expenses in order to make mortgage repayments.

Things will only turn more and more difficult for those who are still unable to save up a sufficient sum as down payment (meaning those who have not "boarded the train"). A study conducted by Demographia, a consultancy firm in the United States, shows that Hong Kong is the city with the highest property prices in the world, and property prices are 18 times the median yearly domestic household income. This means to say that even if a family does not incur any expenses on food or leisure trips, it will need 18 years to save up a sufficient sum for buying a property. Computation based on multiplying the median monthly domestic household income of \$25,000 by 12 months and further by 18 years will give the answer of \$5.4 million. This sounds a huge sum, but I am sorry to say that this is merely the price of a starter home.

The Government thinks that the housing problem can be resolved by increasing land supply. The Budget delivered recently announces that 28 residential sites will be launched. It looks like the quantity is large. But last week, a Lee Nam Road residential site with a sea view was sold at a record-high price of \$16.8 billion, which translates into \$25,000 per square foot. As the price of the "flour" is already so very exorbitant, how can we possibly expect the "bread" thus made to be inexpensive? Yesterday, the Government announced the tender result concerning a site at the Wong Chuk Hang station. The superstructure development at that railway station does not offer a sea view, and the price per square foot is \$22,000 on average. Many young people are unable to purchase any property with their own ability and must count on their parents for down payments. This is what we call "success hinges on father's help".

Mencius said: "The dao that pertains to the common people is that those who have a constant sufficiency of goods will have a constancy of mind, while

those who lack a constancy of goods lack a constancy of mind."¹ If Hong Kong people fail to see any prospects for upward mobility and a better life despite their devotion to work, they will lose a sense of belonging to Hong Kong and instead develop the utter feeling that Hong Kong is not their roots. Most undesirably, they will consider emigration as long as they think that they will have the opportunity and ability to lead a better life. Regardless of how many more infrastructure projects are taken forward or how many more fireworks displays are launched by the Government, there will be no future to speak of all the same.

We have given thoughts to the composition of a proposed middle class commission now under discussion. The Commission on Youth only began to accept youth membership a few years ago. But will it be alright if the membership of a middle class commission is exclusive to senior officials or prominent figures? Actually, in various commissions, grass-roots people are not represented by anyone who can speak up for them. Suppose moving up to the middle class is a force driving their desire for upward mobility, I very much hope that if a middle class commission can really be set up, it can pay extensive heed to people's views apart from the views of the middle class.

I so submit.

MR JEREMY TAM (in Cantonese): Deputy President, today's discussion is about whether or not to establish a middle class commission. Actually, we should consider if it is a must to set up commissions for dealing with each and every issue. Apparently, however, the Government does not have enough understanding of the middle class and so I will support today's motion in hopes of helping the Government better understand the middle class's concerns.

Being an essential tax-paying class in Hong Kong, the middle class is under rather heavy tax burden, and in fact, the Government has recorded tens of billions of surpluses in recent years due to serious underestimation of surplus. In fact, such misestimation repeats every year. Given that the Government's coffer is flooded with cash resulting from underestimation of revenue, we just find it hard to accept that the middle class people have to bear the heavy burden.

¹ Robert ENO. (2016) *Mencius: Translation, commentary, and notes*. Available from: <[http://www.indiana.edu/%7Ep374/Mencius%20\(Eno-2016\).pdf](http://www.indiana.edu/%7Ep374/Mencius%20(Eno-2016).pdf)> [Accessed March 2017].

The various burdens on a middle-class couple in giving births to and raising children is very heavy indeed, including the expenses on clothing, food, housing, transportation, education, health care and insurance, thereby incurring much higher cost of living. Adding the heavy tax burden to the list almost seems like punishing them for the very act of raising their own family. Why is the Government still reluctant to, while its revenue is being underestimated, increase the child allowance under salaries tax in a sense to allocate resources for investing in our city's future population?

Another point is, child allowance for parents in the year of birth of the child is doubled, but this can only help ease the pressure in the first year after the child is born. On education, many middle-class parents will let their children attend playgroups or crèches for two-year-olds before they are old enough to attend kindergartens, where the costs so incurred will be significant. Has the Government ever considered extending the concessionary measure of doubling child allowance for parents to cover also the second and third years after the child is born so as to help ease the financial burden of families with children and reduce the pressure of those parents who have to raise and educate their children?

I often emphasize in this Council that, to tackle the root cause of population ageing, the Government should put in more resources to encourage childbirth instead of relying solely on the One Way Permit system—over reliance on the One Way Permit system—to build up a population of 9.5 million. It is so disappointing particularly when the local birth rate is low but no further increase in child allowance has been proposed in the Government's budget for this year.

Apart from raising children, another source of pressure on middle-class people comes from the spending on taking care of whose parents. The current dependent parent allowance of \$46,000 per person is less than the child allowance of \$100,000 per person. In my own case, the money spent on dependent parents far exceeds that spent on raising children, especially in respect of health care. Actually, if parents are taken care of by their own sons and daughters, the Government can spend less on elderly care then. So I just cannot understand how come the level of dependent parent allowance still remains low.

The Government has to reflect deeply on such taxation matters. The middle-class people are more capable of paying tax, but has our Government taken into account the various pressures on them in setting the amounts of

different tax allowances and made an effort to reduce their tax burdens at appropriate proportions?

Besides, acquisition of homes is another major concern of the middle class. The middle class, having fallen out of the social security net, whose income growth is far behind the rate of increase in residential properties. For seven consecutive years, Hong Kong has been deemed the most unaffordable city in terms of housing with property prices ranking first worldwide. If you are a bit more demanding looking for a flat, say, in a town, not too spacious, of some 500 sq ft to 600 sq ft in size located inside a building that is not so old, then you will certainly have to pay more than \$10,000 per square foot. For those new homes in towns being launched for sale recently, the dollar per square foot has already exceeded \$20,000. Thus, while it is quite true to say that a person do have choice as long as he is "sheltered", but it is never easy for the middle-class people to find their own "home, sweet home".

There is actually scanty mention of the property market in the very last Budget before the change of Government and measures to bring down local property prices are totally absent. Is the single initiative of releasing land to the market powerful enough for suppressing property prices? As we can see and Ms Tanya CHAN has also mentioned just now that the actual situations are reflected in some latest land transactions, but how much more land can the Government release? Can it double the land supply? I do not think so.

The only thing in the Budget that really deserves our appreciation being the Government's initiative of slightly extending the number of years of deduction of home loan interest from 15 years of assessment to 20 years of assessment. Perhaps, this may help ease some people's burden of acquiring homes. According to the latest figures released by the Hong Kong Monetary Authority, the latest average mortgage repayment period is 26 years. Hence, the extension of the number of years of deduction of home loan interest to 20 years of assessment means that home buyers can only enjoy deduction of interest expenses for 7 years throughout the entire mortgage loan tenure. The question is: How many people—the middle-class people—are able to make full use of the deduction offer? As the maximum amount of deduction is currently capped at \$100,000 per year, let us take for instance a mortgage loan of \$5 million borrowed from the bank with a loan tenure of 25 years—a bank loan of only \$5 million even though the selling price of the property is higher than \$5 million,

but since it all depends on the percentage of loan-to-value ratio for a property adopted by banks in their residential mortgage lending, thus I assume that a loan of \$5 million is borrowed—in this case, the borrower can only deduct the interest expense of \$100,000 in full in the first year. Yet, one should bear in mind the fact that a declining balance rate is usually adopted for mortgage loans in Hong Kong. In other words, interest expenses will decline with each successive repayment year on year. As in the aforesaid example, the borrower will enjoy the deduction only in the first year but not any more in subsequent years.

In my opinion, if the Government wants to encourage the middle-class people to acquire their own homes or to ease their burden of home purchases, it should actually study whether the number of years of deduction of home loan interest is extended to 25 years of assessment and consider including rates, land rents and even building management fees in relevant policies as well. By doing so, people will benefit as their heavy pressure of housing will be lessened. Moreover, given that the floor areas of our homes are getting much smaller on the one hand but home prices are soaring on the other, is it not incumbent upon the Government to take corresponding measures to minimize the emergence of "nano apartments"?

It is indeed rather difficult to elaborate one by one the various pressures borne by the middle class in seven minutes. It is pretty sad to realize that people belonging to the middle class in Hong Kong still see no hopes at all. Therefore, I wish that the next-term Government will seriously look into the dilemma facing the middle class while endeavouring to alleviate poverty. Only by means of rebuilding the social ladder for upward mobility can lasting stability and peace for Hong Kong be achieved. I so submit.

MR LAM CHEUK-TING (in Cantonese): Deputy President, on this topic about the middle class, many Members have talked about the housing problem and surging property prices. In fact, in Hong Kong, people will have a very difficult life if they do not own any property. But things are equally difficult for property owners. As many small property owners are faced with the problem of bid-rigging, I fully support Mr HUI Chi-fung's amendment, which urges the Government to offer full support to middle-class property owners in combating bid-rigging activities while addressing the concerns of the middle class.

Deputy President, please allow me to say a few words about my experience of working in the Independent Commission Against Corruption ("ICAC") years ago. During the last two years of my service in the Operations Department of ICAC, I was in Division D responsible for investigating bid-rigging in building maintenance works. On one occasion, my supervisor instructed me to participate in a large-scale law enforcement operation and act as the leader of Team One. As I was just a junior investigator with only two to three years of experience and such a massive law enforcement operation was usually led by an experienced Senior Investigator, I asked him why he wanted to put me in charge. He told me that I had two strong points: a robust constitution and a menacing voice. As the triad big shot whom Team One should arrest was the head of the bid-rigging syndicate, I was put in charge of the team in order to scare the gangsters and stop them from disrupting the law enforcement operation.

I later arrived at the target's home, which was a luxurious flat measuring more than 3 000 sq ft and overlooking the entire Victoria Harbour. We searched the place, arrested him, and took him on board an ICAC vehicle. But he said he wanted to return home at this juncture. I asked him if he was trying to play tricks with us since he wanted to go back after we had just left his home. He argued that he had been arrested by ICAC many times before, and his shoelaces were removed every time, thus causing discomfort to his feet. Hence, wanted to return home and put on a pair of slip-ons. I rebuked him for not learning the lesson though he had been arrested so many times, since he should have understood that the reason for removing his shoelaces was to prevent him from trying to hang himself. I cautioned him that he should remember to wear a pair of slip-ons next time when he was under arrest. I did not allow him to return home to change his shoes, and asked the colleague who was driving then to set off.

He started to swear at me with foul language during the whole journey, and kept insulting ICAC. He claimed that ICAC had arrested him many times before but never succeeded in convicting him. He also said that I was arrogant and impolite and he would lodge a complaint. I thus got very angry and showed him my warrant card, telling him to take note of my full name and reminding him not to mistake my Chinese name "林卓廷" (LAM Cheuk-ting) for "林卓延" (LAM Cheuk-yin).

Deputy President, my aim of telling this story is to tell the public and the Government that the problem of bid-rigging is really very serious and has remained rampant for many years, thus causing heavy losses to many small property owners. Over \$10 billion are involved in bid-rigging activities every year, with net profits ranging from several billion dollars to over \$10 billion. The loss suffered by each small property owner can be tens of thousands or even hundreds of thousands of dollars.

A few years ago, I spoke up for middle-class people and small property owners for the first time and uncovered the truth about the illegal activities of bid-rigging, but to my surprise, the Corruption Prevention Department of ICAC openly denied that there was this alleged problem of bid-rigging. However, Deputy President, I once served in the Operations Department and was responsible for investigating such cases. ICAC was actually telling a big lie when it denied the existence of such problems. Some government officials also openly denied the existence of this problem in this Chamber in the past. The Government was willing to admit the existence of this problem only when we organized a big anti-bid rigging march several years ago, in which we gave many examples and asked some ex-members of such illegal bid-rigging syndicates to testify against their criminal acts.

However, even though the Government has admitted the existence of the problem, its handling of the matter is still far from serious and pragmatic. We pointed out the gravity of the problem, but when the then Chief Secretary for Administration, Carrie LAM, conducted a site visit under the Operation Building Bright, a building maintenance plan for which she was responsible, she claimed that an enquiry with ICAC revealed that the problem of bid-rigging did not exist in the building maintenance projects under the Operation Building Bright. This was nonsense. The cases opened by ICAC for this purpose are so numerous that they may even be taller than me when they are all piled up. Yet, she still dared to make such a self-deceiving remark.

Deputy President, why has the problem turned so serious? It is because the Government has been totally indifferent over the years, either adopting a perfunctory attitude towards our demands or simply ignoring them. Many middle-class people have suffered bitterly from bid-rigging. They are forced to use up their savings or abandon the plan to send their children to study abroad, and some middle-class elderly people are even made to forgo all their savings.

How can the Government still face all these people? The Government has only ordered property owners to undertake maintenance works for their buildings, but it has failed to monitor the market, and has allowed bid-rigging syndicates to collude with architects, surveyors, engineers, property management companies, triad societies and former law enforcement officers to rob small owners of what they have in their pockets. Do Hong Kong people deserve this?

Deputy President, please allow me to remind the Government here once again that our aspirations are actually very humble. We just hope that the Government would step up enforcement actions against these bid-rigging syndicates in a high profile manner, plug the loopholes in the relevant legislation, step up public education and publicity, provide professional support and expeditiously establish a building maintenance authority. It would definitely not be feasible to address the problem with the mere efforts of any one single department or bureau, and interdepartmental efforts will be required. As the middle class of Hong Kong, we are most distressed and hope that the Government would listen to the views expressed by middle-class property owners.

I so submit. Thank you, Deputy President.

DR CHENG CHUNG-TAI (in Cantonese): Deputy President, if we are to establish a middle class commission today, the first question we need to examine and ask must be why there has been a spate of student suicides over merely one month since the Chinese New year?

From the speech of Secretary Eddie NG just now, I can neither feel nor hear any response to the problem of student suicides. It is fortunate that the Deputy President has taken the chair, otherwise the President may rule that I am digressing from the subject and order me to stop speaking now. Deputy President, you may also wonder why the problem of student suicides is related to the establishment of a middle class commission, and is one of the subjects that the middle class are most concerned about. The reason does not lie in such worn-out sayings that children are the future of Hong Kong, or the future development of Hong Kong hinges greatly on our manpower resources, but in the fact that the best investment that middle-class families can make is the investment in their children at home. However, the Hong Kong Government nowadays has done all sorts of things in the areas of education, housing, economic affairs to

destroy the most cherished, precious and valuable investment of middle-class families, that is, the children of middle-class families.

The most absurd thing is that February has just passed, but so far a total of seven students have committed suicide, with one more added to the list today. Is Secretary NG aware of this? However, as the Secretary for Education, he has not given any response to the issue. Nevertheless, he has made an interesting response recently by disclosing to the public that he is going to retire. But would it be possible for him to escape from his punishment after he has retired? Why must he implement the Territory-wide System Assessment ("TSA") before his retirement to increase the burden of both parents and students?

Many Members have talked about the definition of the middle class just now. But I would like to say that if we are to give a litany of definitions, we can actually find many in textbooks. But how should we define the middle class in the specific case of Hong Kong people? People have kept talking about saving for a rainy day and good planning for the future. But how should these objectives be achieved? The Government has been encouraging us since the 1990s to purchase private insurance, and the Mandatory Provident Fund scheme was also introduced in 2000. Besides, we also like to plan for the future by investing in property. But the Chinese have all along treasured their children very greatly, so as I mentioned at the beginning of my speech, if we are to establish a middle class commission, the first topic to examine must be why students choose to kill themselves. Should the issue be discussed by the Panel on Education, Panel on Home Affairs or a middle class commission?

Deputy President, it is crystal clear that the problem of student suicides does not fall within the field of education only. The prosperous development of Hong Kong society over the past few decades has owed itself largely to the existence of a strong and conservative middle class. The middle class are often called the citizens class, and people in this class are relatively conservative. As Hong Kong society was relatively stable in the past, people in this class managed to climb up the social ladder. For example, Donald TSANG, John TSANG and our colleague Mrs Regina IP all benefited from the social stability in the past and managed to climb up the social ladder. When people keep climbing up, they will naturally be concerned about the possibility of slipping down the ladder one day. What should they do then? They will therefore take two measures as a precaution: invest in property and provide the best education to their children so

that they will grow up as useful persons and take care of their parents when they get old. Hence, from this perspective, it will not be difficult for us to understand why top government officials choose to send their children abroad for education. All is because everybody considers this the best protection.

On the other hand, as I mentioned just now, apart from raising their children, another method that the middle-class people use to protect themselves is to invest in property. Therefore, the definition adopted previously by Hong Kong society or the Government for the middle class is very simple—whether they own any property, whether they are holding a mortgaged property, or whether have repaid the mortgage loan in full or do not have any self-owned property. Anyone who does not own a property cannot be regarded as the middle class. However, why do we consider it necessary to establish a middle class commission today? It is because even though they own any property, life still seems to be difficult for them, and I can raise just one point to illustrate how difficult it is for them.

Deputy President, you also have a child, and some colleagues have just started their own families. The plight of middle-class families is actually a kind of fear, and they do not know if they should feed their new-born children with tranquillizers. Why? Just take a look at the Secretary. He is going to retire but he still sits here. The damage is not done solely to Hong Kong society as a whole, but to what we have repeatedly emphasized: the middle-class families' previous belief that everything will be fine as long as they achieve home ownership, and that they will be able to protect themselves by raising their children. Therefore, there were Members saying just now that the Government should not make things difficult for us, and should leave us alone since it was always our belief in the past that there was room for us to develop in the society of Hong Kong.

However, things are no longer the same today. As far as education is concerned, when all parents have asked you not to implement TSA, you choose not to listen and stop short of explaining why it is necessary to implement TSA again. If you find it inappropriate for you to say so, let me explain the case for you: it is due to the defects in the "3+3+4" academic structure that we have to implement TSA again, since we can no longer identify elite students under this academic structure. In the past, we tried to identify talents for the future by screening out those who could not become elite students, but under the "3+3+4"

academic structure implemented today, we incline to selecting elite students rather than screening out those who could not become elite students. However, as we are unable to identify elite students, we have to introduce certain systems arbitrarily to screen out some of the students. Since it would be impossible to implement the Hong Kong Academic Aptitude Test again, TSA is introduced to torture parents and set down objectives, forcing schools to catch up with the standards in a society with no talent.

Hence, Deputy President, as far as education is concerned, there should be no grounds for opposing the establishment of a middle class commission, but the last point I would like to raise is that after all (*The buzzer sounded*) ... the crux of the matter is how we should resolve the problem with our academic structure.

DEPUTY PRESIDENT (in Cantonese): Dr CHENG, your speaking time is up. Please stop speaking.

MR CHAN KIN-POR (in Cantonese): The middle class is a pillar of strength in Hong Kong. They make considerable contributions to society but get little in return. In the past when the economy was good, the middle class just worked quietly, and sought to resolve their own problems themselves. But now, with the social and economic environment deteriorated, the burden weighs increasingly heavy on the middle class who suffer also from a severe loss of chances for promotion or pay rise. Hence, we see quite a number of middle class people complain in recent years, grumbling that they can hardly make ends meet despite earning \$50,000 or \$60,000 a month, and hope for government help. Quite a number of others who do not understand their cause of complaint wonder why a monthly salary of \$50,000 or \$60,000 are just enough to live on. But we can actually do an guesstimate on their expenses. Middle-class families do have their own way of life. They are not eligible for public rental housing or flats provided under the Home Ownership Scheme, and hence are paying heavily for housing. Usually, both husband and wife are wage earners who cannot cut down the costs of going to work. Spending on their children's cost of living, tuition fees and wages of domestic workers also takes up a sizable portion of their incomes. The middle class very often do not like to use public hospital service, and hence a majority buys medical insurance. On top of these, they have to support their parents financially and pay tax. All these items add up to a large

sum, while spending on entertainment and other non-essential items, such as travel and car purchase, have yet to be included in the calculation. Therefore, middle-class families do have their reasons for complaints.

(THE PRESIDENT resumed the Chair)

Honestly, government policies have previously focused on poverty alleviation of poverty as its core and the Government has paid little attention to problems facing the middle class. Before the reunification, the Government encouraged the middle class to resolve their own problems. At that time, the economy was accelerating swiftly and the middle class enjoyed abundant chances for upward movement. The return on investment was also way better than it is now. Hence, the middle class did have their own ways to handle problems independently. After the reunification, however, a lot has been changed with regard to the world economy. As our economy matures, we see a huge reduction in upward mobility and a poorer return on investment. With the persistent hike in property prices and rent, the middle class find themselves in an increasingly difficult situation. The relief measures provided by the Government for the middle class, such as tax rebates and rates reduction, have achieved very limited results.

The middle class already feel aggrieved over a lack of welfare benefits for them. Adding to their woe is the heavy tax that burdens them. Of course, if we are just talking about salaries tax, the tax rate in Hong Kong is indeed lower than that in Europe and the United States. However, when comparing with the grass roots, the tax rate levied on the middle class is much higher. And when comparing with the wealthy class, the burden on the middle class is obviously a heavier toll. Furthermore, the middle class has to pay indirect taxes, especially those related to properties, such as rates, Government rents, stamp duties, property taxes, and so on. Under high property prices, the middle class is in a way made to pay heavy land tax when buying or renting flats. Meanwhile, middle-class drivers have to pay high licence fees and fuel duties. Therefore, these direct and indirect taxes add up to a heavy burden on the middle class, despite the practice of a low tax regime.

Hence, we see the reasons behind the growth of middle class grievances. I support the setting up of a middle class commission for a comprehensive review of middle class policies so as to create for them a fairer environment and help channelize their discontent. One of the major items for discussion, I suggest, is that as the middle class cannot enjoy welfare benefits in housing or elderly care, and some of them do not even use public health care and education services, the Government should consider giving them targeted welfare benefits. I propose providing them with tax deduction for insurance contributions.

It is common among the middle class to acquire life insurance, retirement protection and medical insurance, in preparation for their future. If the Government puts in place tax deduction arrangement with regard to contributions to life insurance, medical insurance and retirement annuity schemes, the middle class will be benefited directly. And the Government is not actually going to face a huge loss, as the small amount of tax revenue foregone can serve as incentive for the middle class to prepare for their own future, thus reducing their prospective reliance on the Government. This is an investment that promises a huge return.

The Government has also announced the specific direction for the Voluntary Health Insurance Scheme ("VHIS") and the detailed proposal will be announced later. Provided with tax concessions, VHIS targets the middle-class people. However, it may suffer from a limited appeal as the \$50 billion subsidy mentioned earlier and the High-risk Pool will be missing out. Therefore, I hope the Government can provide better economic incentives, more appealing tax deductions for instance, to boost middle class participation.

Apart from health care, the middle class do also have a concern about taxation. The recently delivered Budget proposes increasing the width of marginal tax bands in salaries tax to alleviate the burden of 1.3 million taxpayers. This definitely is a policy beneficial to the middle class and well worth our support. Meanwhile, the Budget announces the formation of a tax policy unit for reviewing the taxation issue on all fronts. I hope that the relevant study can also look into the tax burden of the middle class and proposes a long-term solution to relief their economic pressure.

President, the global economy is highly volatile. While it is calm on the surface, major problems are embedded in the economies of the United States,

Europe, the Mainland and Hong Kong, and we see no rosy prospect. If a financial crisis erupts again, I hope the Government can give some thoughts to the plight of the middle class and provide them with relief measures, along with those for grass-roots citizens.

I so submit.

MR ALVIN YEUNG (in Cantonese): President, we support the motion sponsored by Mr Tommy CHEUNG in principle and agree that we have to think about the questions of the middle class in order to find a way out for them. However, before we continue this discussion, we actually need to deal with some matters of principle. What is meant by middle class? President, what is meant by middle class?

In accordance with the definition of middle class given by the World Bank, after taking into account the differences of commodity price levels and currencies of different countries, the World Bank thinks that anyone who earns more than US\$2 per day can be qualified to be in the middle class. Of course, if we apply this criterion to Hong Kong, all people in our workforce can fall into the category of middle class. It is of course totally unreasonable and illogical if we apply this criterion to Hong Kong, but does our Government have any official definition for the middle class? In fact, the Census and Statistics Department does not have any official standard related to this.

According to the report for the third quarter of 2016, 50% of the workforce in Hong Kong have an average monthly income from \$10,000 to \$30,000. Can we classify this group of people as middle class? True enough, it may not be appropriate under the actual situation of Hong Kong today. A more general definition is that people in the middle class, of course, are those who may have properties or those who can afford to purchase private housing units, or if we have to strictly draw a definition, they are those who earn more than \$30,000 a month. However, what I want to highlight is that I personally cannot think of any authoritative indicator for it. I only want to guide our society into setting up a more objective and scientific framework before we discuss the issue of middle class, such that we can have a profound and constructive discussion.

President, concerning the establishment of middle class commission, it is of course desirable to invest resources to study a subject of public concern. Nevertheless, before we discuss further, we need to think about the meaning and value in establishing these so-called commissions. We shall start by looking at the present Government. Since the establishment of the Commission on Poverty in 2012, what is its accomplishment over the past few years that impresses us most? It is perhaps the setting of an official poverty line. Will this be one of the tasks that we want the middle class commission to accomplish? If the commission will only set a middle class line, move that line upward or downward and then mark the Hong Kong population in and out of that middle class bracket, it actually may not have any significant meaning. Therefore, in this respect, I would like to first remind the Government really not to think that the middle class problems can be resolved simply by establishing such a commission.

President, in the debate today, I learn some very constructive suggestions and views from many colleagues. Of course, the middle class is concerned about a lot of topics. From the education issue mentioned earlier by Dr CHENG Chung-tai, the tax issue mentioned by Mr CHAN Kin-por to the housing issue discussed by Mr Jeremy TAM of our political party, all these are the issues of concern of not only the middle class, but a majority of Hong Kong people.

Education is of course a very important issue. Whether you are from the grass roots or are very well-off, you actually are very concerned about the education of your children, but I believe that this is also an area under the Government's responsibility. Nevertheless, I actually hope that the above are not the only issues that the Government can study. One very important point is that the Government should see clearly what kind of structural problem Hong Kong is now facing, and I am referring to an M-shaped society, President.

What is meant by M-shaped society? This is coined by Kenichi OHMAE, a Japanese economist. When the wealth gap is getting wider, the middle level is actually empty. When the wealth gap of society is getting far apart, certain people can luckily move upward to the well-off class, while some people cannot catch up with the upward moving ladder and fall down into the low income bracket. This is the question that we need to face and to face squarely.

President, I would like to widen our discussion by quoting some figures. In Hong Kong during the 1970s or 1980s, the degree of any university graduate

was basically a kind of guarantee to him. Regardless of his background, he would have the opportunity to step on a social ladder leading up to a relatively middle class level, even though not to the very top bracket. However, let us look at some figures. Since 1997, concerning the salary of university graduates, the average monthly salary was \$14,250 in 1996-1997, and was \$15,269 in 2014-2015. President, after nearly 20 years, the change of this level was only minimal. This can be compared to the property prices of the same period of time. In 1997, the average price per square foot was \$6,170, but was increased to \$11,000 in 2015. While this figure registered an increase of nearly 100%, the medium income level of university graduates was basically only slightly adjusted during the same period of time, and this is the question that we have to face squarely, President. Land and housing problems are of course the problems that we need to face, but actually the core problem is that when the purchasing power of university graduates cannot catch up with the times, this new force of middle class may not become members of the middle class in the future. This is the question that an M-shaped society is now facing as I mentioned earlier.

President, we surely also have to face up to our present society. The middle class needs more than filling up the stomach, and many core value questions have to be handled. In particular, we do not want to see the recurrence of brain drain as in the 1990s, when the future middle class has the ability. The drain of the middle class is actually not beneficial to Hong Kong in the long run. I thus hope that the Government can face squarely to this. What we really need to do is to keep our middle class here. In fact, apart from resolving some policy issues mentioned earlier, we also need to keep Hong Kong as the place that they are familiar with.

I so submit.

MR HOLDEN CHOW (in Cantonese): President, we are now discussing the establishment of a middle class commission as well as issues concerning the middle class. I believe that they are inevitably relevant to the housing issue, transport issue or education issue of the children of the middle class. Perhaps let me explain them one by one. I will first speak on the housing issue.

Members know that in order to curb property prices, the current-term Government has introduced various "harsh measures", and I understand the

reasons why the Government has to introduce these "harsh measures" to curb property prices. However, I have to point out that concerning the recent Bill which amends the stamp duty legislation and introduces the "harsh measure" of 15% of the property price, I consider a certain grace period should be given to the middle-class people who want to trade one flat for another flat. What kind of grace period is that? We are not inhibiting those who want to trade one flat for another flat. At present, during the discussion of the Bill which seeks to amend the stamp duty legislation, Members hoped that a six month grace period could be given to homeowners who wanted to trade one flat for another flat. That is to say, if a person buys a new property and sells the original property within six months, then he will get a rebate of the stamp duties he has paid. What we hope is whether or not this six-month period can be extended? It is because we all know that the selling of property is not something can be done overnight. A property only will be sold at the right price and more time is needed to process the transaction. For that reason, I hope the Government can show its understanding towards local Hong Kong residents, especially those middle-class people who want to trade one flat for another, by extending such grace period so that they can trade one flat for another without the need to pay for the 15% stamp duties.

Another problem is, President, if we talk about housing problem, of course we will talk about issues relating to transport. Everybody knows that at present, a lot of people are living in remote rural areas in the New Territories, and many middle-class people will rely on private cars. Why do they need to rely on private cars? Of course it is because not every remote rural area in the New Territories has MTR station, and not every place is so readily accessible by many means of public transport. However, as far as I know, the Government is quite reluctant to provide car parks or parking spaces in the New Territories. Perhaps it is because the Government does not want to encourage private car ownership and the provision of more parking spaces is tantamount to encouraging private car ownership, thus it will limit the provision of parking spaces. I really cannot agree with this point of view.

President, as not all places are so readily accessible by MTR, middle-class people living in remote rural areas in the New Territories have to rely on private cars. However, they are rather concerned of this issue because the Government is not providing sufficient parking spaces. This is tantamount to penalizing

them. It is of course very good if they can live in the area which is so readily accessible by MTR and public transport. Of course, everyone knows that the property price will be expensive, and it will be a huge burden to the residents, no matter they are owners or just tenants of the properties in such areas. They are left with no choice at all. Therefore, President, I consider that if we are to solve this problem, the Government should recognize this problem of not sufficient parking spaces, and then actively address the problem at the planning level. It should provide more parking spaces and car parks in order to address the needs of private car owners and drivers.

President, the third issue as I have mentioned earlier, is the education issue of the children. I have contacted a lot of middle-class parents and everyone fully understands that they attach great importance to the education of their children. Ever since their children start to attend playgroups, they may have spent a lot of money on learning or extra-curricular activities. All of these expenses are a heavy burden to shoulder. President, I consider that since the public coffers are so healthy and we have such a high level of surplus, why can the Budget not introduce a tax allowance for children's education expenses, so as to alleviate the burdens of parents? Should we consider the burdens of the middle-class people in this respect and relieve the tax expenses burden on them?

President, a lot of parents or middle-class parents aspire for the upward mobility of their children in future, so that their children may enjoy the results of their hard works and good lives. In order to achieve that goal, of course we also wish to see the economic growth of Hong Kong. Nevertheless, what we can see is that over the years, Hong Kong has been relying on one particular industry such as finance or property industry. We do not have any new industry for development. Fortunately, the current-term Government said it would develop high value-added maritime services. I can see that the Government has started to do something, including the establishment of the Hong Kong Maritime and Port Board, but that is not enough. I know the industry has expressed that the \$100 million investment in the Maritime and Aviation Training Fund cannot deal with the training of adequate professionals for our future. If we fail to train adequate people for the industry, then the industry cannot enjoy any development. As a result, that will stifle another way out for many young people. For that reason, I consider the Government should make more efforts in this area.

President, I hope that if we have decided to establish a middle class commission, we should focus on the areas that I have mentioned just now, and make more efforts on housing, transport, education, and so on, so as to tackle the problems of the middle-class people more effectively.

President, I so submit.

MR CHEUNG KWOK-KWAN (in Cantonese): President, it can be said that the motion proposed by Mr Tommy CHEUNG today is a belated motion. In fact, Mr CHEUNG's motion was waiting in the line in last legislative session's list, but as it was affected by the filibuster, therefore it has to be postponed for almost one year before it can be discussed in this Chamber again.

The post-reunification Legislative Council has already proposed a number of ways to help the middle-class people. I have checked the records and a Member had already proposed the motion on "Supporting the Middle Class" in 2003. In 2011, 2012, 2013 and 2016, similar motions were also proposed, thus it is evident that the Legislative Council attaches great importance to issues concerning the middle class. However, it is regrettable that over the years, the voice of the Legislative Council urging the Government to attach importance to the middle class could only stay in this Chamber. In any case, the voice is unable to pass to the ears of various officials working in the Government Headquarters which is just adjacent to the Legislative Council.

Middle-class people are the mainstay of our society. They pay the most taxes and enjoy the least welfare. In fact, whenever an economic or social crisis occurs, middle-class people are the first to bear the brunt.

Although the Government always says that it has to help the middle-class people, it is just paying lip service. I think it is closely related to the fact that the Government has not yet clarified who should belong to the middle class. There is a joke in town about the definition of the middle class. In 2004, the Home Affairs Bureau and the Central Policy Unit conducted a study on the definition of the middle class. They finally proposed five definitions: Those who have a saving habit, care about politics, have a collection of books at home which are mainly political analysis, care about the prospect of their children, and the last

one is, "playing mah-jong is not included in their personal hobbies". People really do not know whether they should laugh or cry. The former Financial Secretary, Mr John TSANG has also said that—just now Members have also mentioned that—those who like to drink coffees and watch French movies could be categorized as the middle class. Why French movies? Could it be said that those who watch Hollywood movies are not middle-class people? It can be seen that although the Government has all along been saying that it has to help the middle class, they cannot find the goalpost up till now. What the public can see is that our officials are running around in the football field but they know nothing about scoring a goal at all.

In fact, the middle-class people are facing a myriad of problems and pressures. If the Government is going to face them squarely and seriously in order to find the solution and measures to address the problems at root, it should first figure out "what is the definition of the middle class and what is the source of pressures?". For that reason, in this case, I agree that a middle class commission should be established as soon as possible in order to adopt the "specialists to treat special illness" mode to formulate specific measures to assist the middle class.

I consider that in order to get a full understanding of the grudge of the middle class, we should examine the issue from the social mobility as well as the diversification of industries in Hong Kong. At present, many middle-class people are complaining about "high academic qualifications, low income and low position". No matter how hard one is working, he cannot climb up the ladder. Today, Members have quoted the theories proposed by two Japanese scholars, Kenichi OHMAE and Atsushi MIURA that Japan had become an M-shaped society and downstream society. The wealth gap is widening constantly and the middle class is sinking and shrinking. They are therefore unable to move upward.

Prof LUI Tai-lok of the University of Hong Kong has also pointed out the polarization of the middle class in Hong Kong. As far as work remuneration is concerned, people in the finance and property industries are generally better paid. However, other sectors and trades are not as good as that. This has to do with the fact that industries in Hong Kong are overly homogenous. There are only property and finance, but there is no diversification of industries. As a result, there is no more room for middle-class people to survive and no more middle-class people could be generated from the industries. Middle-class

people cannot do what they are good at, not to mention those grass-roots people who have the potential to move upward.

President, next I wish to talk about the education and home buying issues.

Buying a home is the top priority of most middle-class people. At present, even Mainland property developers are coming to do business in Hong Kong. We can see that the so-called "flour price", that is, the premium of the Kai Tak site has reached \$22,000 per square foot. Yesterday, I saw a large property developer in Hong Kong sighed that "We can only wait until Mainland property developers' fanatic buying spree has ended before we can enter the market of land auction again".

The income level of the middle-class people has exceeded the eligibility of applying for a public rental housing flat. Thus private housing is the only option. Nevertheless, in view of the sky-rocketing of property prices, it is rather difficult for the middle-class people to buy their first homes. It is quite difficult for them to rent a flat, too. The middle-class people will have no more saving for purchasing a flat after paying the rents. In this regards, I agree that the Government should introduce a tax allowance for renting a residence. Of course, on condition that the Government should increase land and flat supply as soon as practicable.

As to education, everyone knows that middle-class people care about the education of their children. They will send their children to all sorts of training classes, interest classes and cram schools since their kids are at very young age. Upon graduation, they will send their kids abroad to further their studies, thus the education expenses are very hefty. For that reason, the consensus of all political parties is the introduction of a "tax allowance to parents whose children are studying in schools", and hopefully the Government will accept the recommendation as soon as practicable.

President, whether or not the middle class in society can grow depends very much on the fact that whether or not we can attain these goals. The middle class has a long-term vision. The Government cannot rely on short-term measures such as "handing out candies" and "offering cash handouts" to please them, because middle-class people have never asked the Government for any direct assistance in cash. They only hope the Government to improve the

long-term environment and create opportunities, so that the middle-class people can rely on themselves and to stand on their own feet.

President, I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may now speak on the amendments. The speaking time limit is five minutes.

MR TOMMY CHEUNG (in Cantonese): President, the contents of my original motion are actually very simple. It has only one sentence with emphasis placed on six English words. I purposefully drafted the motion in this way because I would like to keep an open mind and take on board the views expressed by different parties, since I know perfectly well that people could have a lot of different opinions on the work of establishing a middle class commission. However, there are some principles that I cannot abandon.

The amendments proposed respectively by Mr Frankie YICK, Ir Dr LO Wai-kwok and Dr Elizabeth QUAT basically seek to implement the principles of consolidating the strength of the middle class and providing the middle class with more opportunities for upward mobility, and I cannot agree more with their views. Ir Dr LO Wai-kwok adopts an even more aggressive approach and urges that a middle class commission should be established expeditiously, instead of remaining at the stage of actively studying its establishment. I would of course suggest Members voting for all of these three amendments.

As for Mr Michael TIEN's amendment, basically I do not have very strong views, but I would like to say a few words about paragraph (9), which allows the middle class to withdraw the contributions from the Mandatory Provident Fund ("MPF") scheme for purchasing their first property. I have to say that as long as it does not affect the mechanism of offsetting long service payment and severance payment with the employer's contributions, I together with the Liberty Party will

in principle support the idea. However, I reckon that a lot of problems will arise when the proposal is put into practice. For example, using MPF contributions for purchasing property may attract criticism of running contrary to the MPF scheme's original intention of providing retirement protection.

The drafting of Mr KWOK Wai-keung's amendment is very simple. It seeks to include some principles in the motion, and urges the Government to ensure that due regard would be given by the proposed commission to such areas as occupational right, family-friendliness, and so on, in order to provide support to the middle class on all fronts. Judging solely from a literal approach, I would find the amendment acceptable without even listening to the speech delivered by Mr KWOK. Yet, it would after all be most important to strike a balance among various principles, and care should be taken not to neglect any one of them.

Regarding the amendments proposed respectively by Mr HUI Chi-fung and Dr KWOK Ka-ki, I personally can never agree with some of the points raised, such as the proposal to increase the numbers of days of paid maternity leave and paternity leave, the expeditious implementation of standard working hours and a universal retirement protection scheme, and so on. This is because in my political ideology, there will only be an increase rather than a decrease in the number of such demands in the long run, thus rendering these measures sugar coated poison that cannot really help facilitate upward mobility of the middle class. Superficially, it will be good for employees to implement such measures but actually, if we take these proposals on board, operating costs will be ever on the rise, Hong Kong's competitiveness will be eroded and our business environment will become increasingly difficult. By then, not only the middle class, but the grass roots will also be given fewer opportunities for upward mobility. I hope the proposed middle class commission would focus its efforts on seeking consensus to handle less controversial issues.

Besides, Mr HUI Chi-fung also proposes in his amendment the formulation of proposals for electing the Chief Executive and the Legislative Council by universal suffrage with equal rights to make nomination, to vote and to stand for election. I think this has stretched the scope of our study on the middle class a bit too far, thus losing the focus of our discussions. Moreover, some colleagues have also opined that the proposal is not consistent with the provisions under the Basic Law. He has even deleted in his amendment my suggestion of establishing a middle class commission, and is it not tantamount to removing the

essence in my motion? Is it not the same as maintaining the status quo, letting all departments go their own way and handling issues concerning the middle class in a piecemeal manner? Hence, I will not support the amendments proposed respectively by Mr HUI Chi-fung and Dr KWOK Ka-ki.

President, I so submit.

UNDER SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I am very grateful to Members for speaking enthusiastically on this motion, giving us a lot of valuable comments and especially on areas such as taxation policy and industrial development.

The Financial Secretary delivered a new Budget just last Wednesday. The Budget, on top of giving an estimate of the projected revenue and expenditure of the Government, explains and expounds public finance objectives, the taxation policy and strategies for promoting economic diversification. It also serves to respond appropriately to the comments made by Members in the debate today. Before explaining this in detail, I would like to comment on the establishment of a middle class commission.

The Financial Secretary has put forth in the Budget three public finance objectives, that is, making good use of financial resources, building a fair and just society, and allowing people from all strata to partake of the fruits of economic development. As resources are limited, the Government must first take care of the most needy groups in society. Therefore, in the last four years, the current-term Government has allocated a large amount of resources to poverty alleviation, elderly care and support for the disadvantaged, in a committed effort to improve the livelihood of grass-roots citizens. We have formulated a set of clear policy objectives and measures to provide assistance for the relevant communities appropriately.

I understand the reason behind Mr Tommy CHEUNG's middle class commission proposal. I also fully agree with Mr Frankie YICK's comments that the middle class is an important force for maintaining social stability and promoting economic development, as well as the remarks made by Ir Dr LO Wai-kwok and Dr Elizabeth QUAT on the middle class's being the mainstay of the Hong Kong society. The Government fully recognizes the crucial

contributions paid by the middle class to the society and to the economic development of Hong Kong.

Though not a term unfamiliar to us, people in the community do not share a uniform set of criteria regarding the definition of "middle class". When we talk about the middle class, the term may indicate the economic background, education attainment or asset level of the people concerned. Alternatively, it may reflect their attitudes of life and values. As an objective set of criteria for delineating middle-class people or middle-class families is lacking, it poses certain difficulties in giving a clear-cut definition of the middle class or in releasing the relevant statistics regularly.

This, however, does not imply the Government's dismissal of the substantial social contributions made by the middle class towards Hong Kong or its negligence of their needs. The Financial Secretary specifies the objective of "Developing the Economy and Improving Livelihood" in the Budget, meaning the Government is going to be appropriately proactive, in striving to upgrade and promote industrial development, so as to facilitate the sustainable and diversified development of economy. This will certainly allow all Hong Kong people, the middle class included, more quality job opportunities and more room for realizing their potential.

Both Mr Michael TIEN and Mr Frankie YICK pointed out that the Government should promote the diversified development of industries. The call echoes with the policy objective posed by the current-term Government. The Budget proposes a number of measures which aim at strengthening the edge of the four pillar industries, raising their competitiveness and helping them explore new markets. We will also provide strong support to the development of industries over which we have advantages as well as emerging industries, set up a committee on innovation and technology development and re-industrialization, continue supporting the local start-ups, and promote the development in creative industries, culture and the arts. We firmly believe these measures can explore more development opportunities for the middle class.

Mr HUI Chi-fung indicated that the Government should promote the development of high technologies and encourage local industrial production. Since the establishment of the Innovation and Technology Bureau in November 2015, the innovation and technology industries have thrived in a good number of

areas. The environment for innovation and technology enterprising is improving day by day, start-ups are flourishing, world leading scientific research enterprises are making a beeline for Hong Kong, international venture capital companies are setting up startup platforms in the territory one after the other, the results of local scientific research, which come in abundance, have received distinguished recognition in foreign countries repeatedly.

On re-industrialization, the Government is going to support Stage 1 of the Hong Kong Science Park Expansion Programme by the Hong Kong Science and Technology Parks Corporation, the development of a data technology hub and advanced manufacturing centre in Tseng Kwan O Industrial Estate. The Hong Kong Science and Technology Parks Corporation has commenced the relevant projects and the facilities concerned will be completed in phases after three years, providing the space and facilities necessary for re-industrialization in Hong Kong.

Moreover, in the just announced Budget, the Financial Secretary also earmarks \$10 billion to support the development in innovation and technology in Hong Kong, so that the Innovation and Technology Bureau can have more resources to help stakeholders develop and apply technology, and further improve the local innovation and technology ecosystem.

In the motion debate today, many Members express their hope for the Government to minimize the tax burden of the middle class. They have also suggested various taxation proposals such as raising tax allowances and the amount of deductions, on top of introducing more tax deduction items. Members do have a positive intention in putting forth these proposals.

When formulating the annual Budget, the Government examines the current taxation regime to look for room for improvement, such as adjustment of tax rates, tax bands, various tax allowances and their claim amount, with regard to the current economic situation, the Government's own financial status, expectations of the people and the relevant policy deliberation.

Our objective is to realize the principle of maintaining fairness and neutrality in the taxation regime. On salaries tax, apart from practising progressive tax rates, we provide generous allowances and deductions. Among the more than 3.8 million working population, less than half are salaries taxpayers. Taxpayers are also paying a relatively small amount under the low

tax regime. I hope Members can understand that taxation measure is only one of the many tools for achieving policy objectives other than that of public finance and it may not be the most direct and effective one. When Policy Bureaux consider policies and formulate measures relating to the middle class, they will certainly go through them with holistic and detailed deliberation.

In the just released Budget, the Financial Secretary proposes increasing the width of marginal tax bands in salaries tax and raising the tax allowances for disabled dependents and dependent siblings, so as to lessen the burden of taxpayers. In the last six years, the Government has, in four instances, raised the tax allowances for child, dependent parents, and dependent grandparents. Basic allowance, single parent allowance and married person allowance were all increased last year. With regard to the relevant tax allowances, we consider the present level appropriate though constant reviews and adjustments will be made to various types of tax allowances.

Apart from the three taxation relief measures above, this year's Budget also suggests extending the entitlement period for home loan interest deduction and raising the deduction ceiling for self-education expenses. This presumably will help lessen the burden of the middle class in repaying home mortgages and pursue lifelong learning. Furthermore, in view of the current economic situation, the volatile political and economic scene worldwide in the forthcoming year, and the level of fiscal reserves held by the Government, the Budget this year also proposes a series of short-term relief measures, including a 75% reduction in salaries tax, tax under personal assessment and profits tax in 2016-2017, subject to a \$20,000 ceiling in each case; and a concession of rates for four quarters in 2017-2018, subject to a ceiling of \$1,000 per household per quarter. These rebates and tax relief measures will involve \$35.1 billion, and many of them will benefit the middle class. They also help realize the Government's goal of letting people from all social strata share fruits of our economic success.

Also mentioned by Mr HUI Chi-fung is the importance of maintaining integrity and fairness in society. The Government definitely recognizes the significance of work in this area. Probity is a core value in Hong Kong and a key element in ensuring our competitiveness. The corruption prevention mechanism in Hong Kong is fair, vigorous and effective, the Independent Commission Against Corruption enforces the law impartially and gives no consideration over the background, identity or status of the accused.

Without a doubt, the Government is determined and vigilant in combating corruption. The Independent Commission Against Corruption has been fully committed to its duty over the years and will continue fulfilling its anti-bribery mission, safeguarding such essential core value of probity in Hong Kong.

Honourable Members, last but not least, the Special Administrative Region Government thoroughly agrees that the middle class has made vital contributions to society and has taken on major commitment regarding Hong Kong's development on various fronts. Meanwhile, it understands that many people are concerned about the problems and challenges facing the middle class. When formulating relevant policies, the Government will seriously consider Members' comments, pay sustained efforts in helping the middle class tackle difficulties and challenges, so as to allow them further contribute to the society and economy of Hong Kong.

President, I so submit.

SECRETARY FOR EDUCATION (in Cantonese): President, I thank Members once again for their valuable opinions. In the opening remark, I have given my responses concerning education issues, and have replied on behalf of the Labour and Welfare Bureau on issues related to training. I will now briefly add some remarks in relation to a few salient points.

Parents in Hong Kong care very much about the quality of education their children receive, regardless of whether they are parents from the middle class or with other socio-economic backgrounds. In many cases, they will ask about the quality of education in Hong Kong. In terms of education, Hong Kong ranked 27th in the world in 2012 according to the World Competitiveness Yearbook compiled by the International Institute for Management Development in Lausanne ("IMD"), Switzerland, and the ranking rose to 13th in 2016. Late last month, IMD published the World Talent Report 2016 in which Hong Kong even ranked among the top 10 in the world, the highest among economies in Asia, particularly in areas of investment in education and education policy. The above figures indicate international appreciation of the quality of overall education in Hong Kong.

Regarding health care, I wish to mention a few points. In respect of the Voluntary Health Insurance Scheme ("VHIS") which is an issue of great public

concern, a VHIS Office will be established under the Food and Health Bureau to certify insurance products fulfilling the minimum requirements prescribed under VHIS. VHIS-compliant products will be entitled to tax deduction.

The Food and Health Bureau has already started preparing guidelines for VHIS with the insurance industry and relevant stakeholders, and working out the arrangements and details of tax deduction, including the annual ceiling on claimable premiums and the cap on the number of dependants' policies. The Food and Health Bureau aims to finalize tax deduction arrangements in 2018.

In terms of construction of health care infrastructure, the Government and the Hospital Authority published the 10-year hospital development plan last year, earmarking \$200 billion for implementing the project. It was expected that the entire 10-year development plan would add around 5 000 beds to public hospitals, together with 94 operating theatres, 30 day beds for haemodialysis, 3 oncology centres and a neurology centre equipped with advanced equipment. Moreover, provision of general and specialist outpatient services will increase too.

The Food and Health Bureau also supports The Chinese University of Hong Kong ("CUHK") to develop the Chinese University of Hong Kong Medical Centre ("CUHKMC"). The Finance Committee of the Legislative Council has already endorsed granting CUHK a loan of around \$4 billion for developing this non-profit making private teaching hospital. The Government has also approved the modification of the Conditions of Grant at nominal premium. It is expected that CUHKMC will commence operation in 2020, and will provide 516 beds after fully commencing operation.

Furthermore, many existing private hospitals are undergoing or planning for redevelopment or expansion. We expect these hospitals to add around 900 beds after completing their respective projects.

Next, I will briefly give a few points of replies concerning welfare, a topic mentioned by Members earlier. Regarding services for the elderly, the Government has been deploying additional resources to offer more subsidized community care places and residential care places in recent years, as well as strengthening service content and enhancing the quality. Since the current Government's term has begun, it has already added around 2 000 subsidized places in residential care homes for the elderly ("RCHEs"), around 500 day care

places for the elderly and 1 666 home care places. Moreover, the Social Welfare Department ("SWD") has drawn up plans for 25 projects, and it expected to add around 2 100 places in RCHEs and around 820 day care places for the elderly.

The Government will keep on adopting a multi-pronged approach in increasing elderly service places. SWD has already devised plans in relation to 25 development projects and the Special Scheme on Privately Owned Sites for Welfare Uses, and it is predicted that, within the next 5 to 10 years, around 9 100 places in RCHEs (including subsidized and non-subsidized places) and around 2 800 day care places for the elderly will be made available.

As to retirement protection, we should not treat this across the board as elderly persons have different retirement needs, in which some have to live on social security, some may need certain living supplement whereas some are self-sufficient. The existing retirement protection system in Hong Kong comprises numerous pillars which are complementary to one another. We consider that the multi-pillar system should continue, and that we should enhance each pillar while maintaining the sustainability and financial viability of the system.

With regard to the pillars of social protection, the Policy Address has proposed adding a higher tier of assistance on top of the existing Old Age Living Allowance ("OALA") by providing a higher monthly allowance of \$3,435 per person for elderly singletons with assets not exceeding \$144,000 or elderly couples with assets not more than \$218,000. Moreover, it has proposed to relax the asset limits for existing OALA. It is expected that the enhanced OALA, will benefit around 500 000 elderly persons in the first year of full implementation, and the coverage will increase by 10 percentage points to 47% of overall elderly population.

As far as the issue of standard working hours is concerned, the Labour and Welfare Bureau has already given an unequivocal reply. I would like to repeat it here. After over three years' endeavour, the Standard Working Hours Committee ("SWHC") issued a report to the Government on 27 January 2017, putting up various recommendation on the direction of working hours policy in Hong Kong, including adopting a legislative approach to mandate employers to enter into written employment contracts with the lower-income grass-roots employees, which shall include terms on working hours and overtime compensation arrangements. The current Government will duly consider

SWHC's report and opinions from various sectors in society, and will strive to formulate its policy on working hours appropriate for the community and economic conditions in Hong Kong within its term.

Thank you, President.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): The Council is suspended until 9 am tomorrow.

Suspended accordingly at 7:46 pm.

Fire Services (Amendment) Bill 2016

Committee StageAmendments moved by the Secretary for Security

<u>Clause</u>	<u>Amendment Proposed</u>
7(3)	In the proposed regulation 7(4), by deleting “for checking its safety and the efficiency of its working order”.
New	<p>In Part 3, by adding—</p> <p>“8A. Regulation 10 amended (standard of inspection)</p> <p>Regulation 10(1)—</p> <p>Repeal</p> <p>“service equipment”</p> <p>Substitute</p> <p>“service installation or equipment”.”.</p>