



**Legislative Council
of the
Hong Kong Special Administrative Region
Finance Committee**

**Report on the examination of the
Estimates of Expenditure 2017-2018**

July 2017

Finance Committee

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Chapter I : Introduction

1.1 At the Legislative Council meeting on 22 February 2017, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2017. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 21 sessions of special meetings over five days from 31 March to 7 April 2017 to examine the Estimates of Expenditure. The purpose of these special meetings was to ensure that the Administration was seeking a provision no more than was necessary for the execution of the policies of the Government for 2017-2018.

1.3 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates of Expenditure using a web-based application system. A total of 7008 written questions were received and forwarded to the Administration for replies. The Administration undertook to provide replies to at least the first 3 300 before the special meetings and to the remaining questions before the third Budget meeting of 26 April 2017. In this connection, a total of 3 300 replies were provided before the special meetings and the remaining 3708 questions were provided before the third Budget meeting. Members' questions and the Administration's replies have been uploaded onto the Council's website.

1.4 Each session of the special meetings from 31 March to 7 April 2017 was dedicated to a specific policy area and attended by the respective Director of Bureau and his/her key Controlling Officers. The schedule of the 21 sessions is given in **Appendix I**. At the start of each session, the Director of Bureau/Controlling Officer concerned gave a brief presentation on the spending priorities and provisions sought under his/her programme areas. The Chairman then invited members to put questions to the Administration. The records of the

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proceedings of the 21 sessions are given in Chapters II to XXII. Questions which were not dealt with and requests for further information were referred to the Administration for written replies after the meetings, while broad policy issues raised during the meetings were referred to the respective panels for follow up, where necessary.

1.5 A total of 140 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. All the written replies to these questions were forwarded to members prior to the third Budget meeting on 26 April 2017. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

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

1.7 This report, published in both Chinese and English, would be presented to the Legislative Council on 12 July 2017 in accordance with Paragraph 53 of the Finance Committee Procedure.

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2.1 At the Chairman's invitation, Mr LAI Tung-kwok, Secretary for Security ("S for S") briefed members on the main initiatives and expenditure on the policy area of security for 2017-2018 (Appendix IV-1).

Employment of non-ethnic Chinese by disciplined services

2.2 Referring to Reply Serial No. SB008, Mr Holden CHOW expressed concern that there was not any successful non-ethnic Chinese ("NEC") applicant in the recruitment exercises of the Customs and Excise Department, Government Flying Service and the Immigration Department ("ImmD") in the past five years. He asked whether the major reason for failure of NEC applicants was their Chinese proficiency and whether their Chinese proficiency should be subject to the same requirement as that for ethnic Chinese applicants.

2.3 Commissioner of Customs and Excise responded that although all applicants were required to attend a Chinese proficiency test, there was no information on the major reasons for failure of applicants in the recruitment exercises. Controller, Government Flying Service said that applicants for the post of Cadet Pilot were not required to attend a Chinese proficiency test, while applicants for air crewman and aircraft engineering posts were required to attend such a test. However, there was no information on the major reasons for failure of applicants in the recruitment exercises. He stressed that all recruitment exercises were conducted in compliance with the requirements of the Civil Service Bureau ("CSB"). Director of Immigration ("D of Imm") said that all applicants were required to attend written tests, including a test in Chinese Proficiency, there was no information available on the major reasons of failure of applicants in the recruitment exercises.

Anti-money laundering

2.4 Referring to Reply Serial No. SB001, Mr CHAN Chun-ying asked whether the Administration had examined the difficulties faced by designated non-financial businesses and professions ("DNFBPs") in

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fulfilling the requirements on customer due diligence and record keeping. As the computer systems of some small and medium enterprises ("SMEs") might not support compliance with such requirements, the Administration should provide support for SMEs to upgrade their computer systems. Commissioner for Narcotics responded that the Narcotics Division (ND) of the Security Bureau ("SB") had conducted briefings for DNFBPs regarding the requirements on customer due diligence and record keeping as stipulated by the Financial Action Task Force. Meanwhile, the Financial Services and the Treasury Bureau ("FSTB") had launched a public consultation exercise from January to March 2017 on legislating the requirements and would consider the way forward. She said that ND would liaise with FSTB as to how technical assistance should be rendered to DNFBPs.

Handling of non-refoulement claims

2.5 Referring to Reply Serial No. SB002, Mr CHAN Chun-ying expressed concern about the increase in expenditure on publicly funded legal assistance ("PFLA") in recent years. He asked when the screening of 9 265 outstanding non-refoulement claims would be completed and when expenditure on PFLA would be expected to decrease.

2.6 Dr Elizabeth QUAT asked why the total expenditure on handling non-refoulement claims would reach a high level of about \$1.4 billion in 2017-2018. S for S responded that the increase in total expenditure on the handling of non-refoulement claims was mainly due to an increase in manpower deployed by ImmD and hence increased capacity for screening non-refoulement claims, as well as the corresponding increase in expenditure on PFLA and handling of appeals, etc..

2.7 Dr CHIANG Lai-wan noted that the estimated PFLA would reach \$244 million in 2017-2018. She asked whether there was any relationship between PFLA and the number of non-refoulement claimants arrested for crime. S for S responded that in response to a

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judgment delivered by the court, PFLA was provided to non-refoulement claimants for legal representation in non-refoulement claims and appeals to the Torture Claims Appeal Board. It was different from the means-tested legal aid for their non-claim related litigation in Court. The increase in expenditure on PFLA was due to an expected increase in the number of claims to be screened in the year to come.

Pre-arrival registration for visitors

2.8 Dr Elizabeth QUAT asked whether the risk-based online pre-arrival registration ("PAR") system for visitors from India would be extended to visitors from other countries. S for S responded that the Administration would not rule out the possibility of extending the PAR system for visitors from India to visitors from other countries. Besides PAR, ImmD had also been more vigilant in considering visa applications from visitors from other countries.

2.9 Dr Elizabeth QUAT sought information on the Administration's measures to combat illegal immigration. S for S responded that as more than half of all non-refoulement claimants were illegal immigrants, the Administration had strengthened cooperation with relevant Mainland authorities to crack down on syndicates and intercept persons who entered Hong Kong illegally from the Mainland.

Pilot scheme for the creation of a supplementary roster of lawyers to supplement the Duty Lawyer Service roster in the provision of publicly-funded legal assistance

2.10 Referring to Reply Serial No. SB041, Ms YUNG Hoi-yan expressed concern about when the pilot scheme for the creation of a supplementary roster of lawyers who have undergone relevant training to supplement the DLS roster in the provision of PFLA to claimants would be introduced and whether the number of cases screened per day would be increased. S for S responded that DLS, which currently provided PFLA to non-refoulement claimants, was unable to increase its capacity substantially within a short period of time. To increase the

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screening capacity, the Administration would operate a supplementary roster as soon as possible to refer some of the cases to lawyers directly, which would increase the capacity for provision of PFLA from the current level of 13 cases to 23 cases per day. Discussions on the pilot scheme were being made by the Administration with the Law Society of Hong Kong and the Hong Kong Bar Association and details of the pilot scheme would be made available to lawyers when ready.

Crime committed by non-refoulement claimants

2.11 Referring to Reply Serial No. SB003, Mr LEUNG Che-cheung expressed concern about the number of non-refoulement claimants arrested for shop theft and other crime. He asked whether the Administration would consider accommodating non-refoulement claimants in detention camps. S for S responded that the Administration was examining the issues concerned and would report to the Panel on Security in due course.

Problem of non-refoulement claimants taking up illegal employment

2.12 Referring to Reply Serial No. SB019, Ms YUNG Hoi-yan sought information on the measures adopted by the Administration in combating the problem of non-refoulement claimants taking up illegal employment in Hong Kong. D of Imm responded that ImmD had stepped up enforcement against non-refoulement claimants taking up illegal employment in Hong Kong. Operations against illegal employment had increased by about 70% over the previous year. The attention of employers would be drawn to the legal consequences of employing illegal workers.

2.13 Referring to Reply Serial No. SB003, Mr KWOK Wai-keung sought information on the major industries in which NEC illegal workers had taken up illegal employment and the proportion of NEC employers involved. He also sought information on the number of employers who had been arrested and convicted. D of Imm responded that NEC illegal workers were mainly found in the recycling, cleansing and catering industries. The employers involved were mainly ethnic

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Chinese Hong Kong residents. In 2016, about 700 employers of NEC illegal workers had been arrested and more than 200 had been prosecuted.

Parallel trading activities

2.14 Referring to Reply Serial No. 179, Mr YIU Si-wing sought information on the number of parallel traders who were Hong Kong residents in the past three years. He expressed concern about whether the percentage of Hong Kong residents among people engaged in parallel trading activities had increased since the introduction of "one visit per week" for Mainland visitors and sought information on the number of parallel traders who were Hong Kong residents. S for S responded that as parallel trading was not an offence in Hong Kong, there was no information on the number of parallel traders who were Hong Kong residents. The Administration would examine whether such information was available from relevant Mainland authorities. He pointed out that there was a decrease in parallel trading activities after relevant Mainland customs authorities had stepped up enforcement against such activities.

2.15 Mr LAM Cheuk-ting expressed concern that although the Police had established a special task force to combat parallel trading activities in the North District, the special task force only comprised seven members. With such manpower, it would be very difficult for the special task force to combat parallel trading activities in the district. He suggested that the Police should increase the manpower of the special task force. Commissioner of Police ("CP") responded that the Police would consider the suggestion. He said that besides the special task force, police officers of the relevant police district and police region were also deployed for combating parallel trading activities in the district. Joint operations were also launched with other government departments to combat parallel trading activities.

2.16 Mr LAM Cheuk-ting expressed concern that some Mainland residents arrested for offences relating to parallel trading activities were reported to have provided false Mainland addresses. He asked

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whether ImmD could refuse the entry of Mainland parallel traders who provided false addresses or in default of fines imposed by government departments in Hong Kong, such as the Food and Environmental Hygiene Department. D of Imm responded that regarding persons in default of fines imposed by other government departments which required whatever actions to be taken by ImmD, it would be necessary for the government departments concerned to notify ImmD of such incidents and to make such a request. The Chairman requested SB to coordinate the notification of such incidents from other government departments.

Immigration matters

Assistance to Hong Kong residents seeking assistance outside Hong Kong

2.17 Referring to Reply Serial No. SB197, Mr YIU Si-wing sought information on the percentage of Hong Kong residents seeking assistance outside Hong Kong who had procured travel insurance. He also asked how assistance would be provided to Hong Kong residents who had not procured travel insurance. D of Imm responded that there was no information of the percentage of Hong Kong residents seeking assistance outside Hong Kong who had procured travel insurance. Hong Kong residents were encouraged to procure travel insurance when travelling outside Hong Kong, as this would facilitate the provision of assistance by ImmD. Regarding Hong Kong residents seeking assistance who had not procured travel insurance, ImmD would try to provide assistance having regard to the circumstances of each case.

2.18 Mr LEUNG Che-cheung expressed concern that 503 Hong Kong residents had been reported missing or being detained outside Hong Kong in 2016. He asked whether the Administration had more information about the cases concerned. S for S responded that many of the persons reported missing outside Hong Kong had subsequently been found. The offences involved in cases of detention of Hong

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Kong residents outside Hong Kong ranged from light to serious offences.

Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents

2.19 Referring to Reply Serial No. SB166, Mr KWOK Wai-keung asked whether the Administration had examined the reasons for the small number of admissions under the Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents. D of Imm responded that as most of the second generation of Hong Kong permanent residents were still studying in schools, it was envisaged that the number would increase in a few years' time when more of these persons had finished studies.

[Post-meeting note: The Administration supplemented after the meeting that SB166 concerns about the number of dependants admitted under various admission schemes and the reply listed the number of dependants, not number of approved applicants admitted. In relation to the Second Generation of Chinese Hong Kong Permanent Residents, 108, 127 and 6 entrants were approved in 2015, 2016 and the first month of 2017 respectively. As most of the entrants were still relatively young, the number of their dependants including spouse and dependant children was still small.]

Capital Investment Entrant Scheme

2.20 Referring to Reply Serial No. SB166, Mr KWOK Wai-keung expressed concern that although the Capital Investment Entrant Scheme ("CIES") had been suspended from 15 January 2015 onwards, the Administration was still processing applications received before the suspension. He sought information on when the processing of such applications would be completed. D of Imm responded that the processing of applications received before the suspension of CIES was expected to be completed in about two years' time.

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Admission Scheme for Mainland Talents and Professionals

2.21 Referring to Reply Serial No. 150, Mr CHAN Chi-chuen expressed concern that the number of admissions into Hong Kong under the Admission Scheme for Mainland Talents and Professionals ("ASMTP") in 2016-2017 had increased by about 1 200 over that of the previous year and those of the art and cultural sector had increased by about 800 over that of the previous year. He expressed concern about media reports that a Hong Kong company had established an office in the Mainland for the purpose of arranging Mainland residents to come to Hong Kong under ASMTP. He asked whether the Administration would take steps to plug the loophole. He also asked whether a person admitted into Hong Kong under ASMTP could be deployed for frequent business trips to the Mainland.

2.22 D of Imm responded that applications of the art and cultural sector approved under ASMTP mainly involved short-term employment for specific art or cultural festivals. He stressed that there were stringent requirements for admissions under ASMTP and all applications were subject to stringent assessment by ImmD. Subject to the circumstances of each case, employers were allowed to deploy employees admitted under ASMTP for short term business trips to the Mainland on a need basis.

2.23 Mr LEUNG Kwok-hung asked whether an employee admitted under ASMTP but frequently deployed for lengthy business trips to the Mainland would be entitled to permanent residency status after seven years. S for S responded that if there was case of such a nature, ImmD would look into the case concerned to see whether the application to extend the entry permit in question should be approved.

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Establishment and annual salary costs of staff responsible for planning and putting in place the immigration facilities required at the Guangzhou-Shenzhen-Hong Kong Express Rail Link West Kowloon Terminus

2.24 Referring to Reply Serial No. 152, Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung sought information on the establishment and annual salary costs of staff responsible for planning and putting in place the immigration facilities required at the Guangzhou-Shenzhen-Hong Kong Express Rail Link West Kowloon Terminus. D of Imm agreed to provide the requested information after the meeting.

Other issues

2.25 Referring to Reply Serial No. SB027, Ms Claudia MO asked how the Administration would deal with any case of Mainland law enforcement officers taking enforcement actions in Hong Kong. She also asked how the Mainland-Hong Kong reciprocal notification mechanism would be refined. She expressed concern that the number of notifications from Hong Kong to the Mainland on criminal prosecutions was particularly high in 2015. S for S responded that any case of law enforcement officers from other jurisdictions taking enforcement actions in Hong Kong would be handled in accordance with the law. He said that one of the refinements to the notification mechanism would be the introduction of a timeframe for notification.

2.26 Noting from Reply Serial No. SB026 that according to the Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen, the Hong Kong side had agreed to take effective measures to facilitate the exit and entry of mutually approved personnel of the Shenzhen side, Ms Claudia MO sought information on the facilitation measures to be introduced and the legal basis for introduction of such measures. D of Imm responded that the facilitation measures, which were still at an initial concept stage, would have to be consistent with the requirements relating to immigration in the Basic Law and the Immigration Ordinance (Cap. 115).

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2.27 Mr WU Chi-wai asked whether applications from Mainland residents for One-way Permit ("OWP") could be first assessed and screened in Hong Kong before being submitted to the relevant Mainland authorities for final approval. S for S responded that ImmD had been assisting the Mainland authorities to verify marital or parent-child relationships declared in OWP applications. Under the Basic Law and relevant Mainland laws, the approval and issue of OWP were within the remit of the Mainland authorities. He did not see any room for a change of such requirements.

Correctional services

2.28 Mr WU Chi-wai asked whether the Administration had any plan to co-locate the correctional institutions on Lantau Island, as proposed in the First-term Work Report of the Lantau Development Advisory Committee. Commissioner of Correctional Services responded that the idea was only at a preliminary conceptual stage. The feasibility of the proposal would require detailed technical studies.

2.29 Dr Elizabeth QUAT said that in her recent visit to Tai Lam Centre for Women, she was impressed by the professionalism and enthusiasm of correctional staff. She considered that besides vocational training, persons in custody should be provided with training in emotion management and interpersonal communication skills. More resources should also be allocated to voluntary organizations and non-profit-making organizations to assist persons in custody to reintegrate into the society after release. She also commended the Department on taking the initiative to carry out community education work, which was useful in promoting law-abiding attitude amongst the youths. She suggested the Administration should increase resources in this regard.

2.30 S for S responded that besides the provision of rehabilitation service, CSD had implemented a series of measures in collaboration with the community to provide vocational training and employment support to assist persons in custody to reintegrate into the community after rehabilitation.

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Fire safety

Fire safety of mini-storage facilities

2.31 Referring to Reply Serial No. SB023, Mr CHAN Chun-ying expressed concern about the difficulties faced by owners of mini-storage facilities in upgrading their facilities to comply with requirements in Fire Hazard Abatement Notices. He considered that the Administration should refer owners of mini-storage facilities to apply for loans under relevant SME schemes for upgrading their facilities to comply with relevant requirements.

Enhancement of live-fire and rescue training for and on-scene operational safety of frontline fire personnel

2.32 Referring to Reply Serial No. SB217, Dr CHENG Chung-tai sought information on the estimated expenditure and specific plans of FSD in the enhancement of live-fire and rescue training for and on-scene operational safety of frontline fire personnel in 2017-2018. Director of Fire Services responded that FSD attached great importance to the training and safety of frontline personnel. In 2017-2018, FSD would create 52 posts for establishing four Incident Safety Teams to conduct on-scene safety and quality assurance audits, 50 posts for establishing a Tactical Support Unit to support major or prolonged firefighting or rescue operations. It would also create 40 posts for strengthening the management and staff training of the Urban Search and Rescue Team, the Mountain Search and Rescue Team, the Compartment Fire Behaviour Specialist Team and the HazMat (hazardous materials) Team and nine posts for strengthening the Breathing Apparatus Unit. To equip frontline personnel for handling different types of incidents, safety ankle boots which complied with the latest European Union standards would be procured. FSD would also procure one HazMat tender for the HazMat Team, one vehicle for the Mountain Search and Rescue Support Team and one supplies vehicle for the delivery of logistical items.

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Issues relating to remuneration and grade structure review

2.33 Dr Elizabeth QUAT asked whether the Administration would conduct a grade structure review for disciplined services grades in the Fire Services Department ("FSD"). S for S responded that issues relating to Grade Structure Review of disciplined services were under the purview of CSB.

2.34 Referring to Reply Serial No. 218, Dr CHENG Chung-tai expressed concern that the remuneration of firemen had always been about 10% lower than that of police officers. He asked whether the Administration would consider reviewing the remuneration of firemen. He sought information on the number of firemen awaiting allocation of departmental quarters. S for S responded that issues relating to remuneration of firemen were under the purview of CSB and advice on remuneration of disciplined services was provided by the Standing Committee on Disciplined Services Salaries and Conditions of Service. The Administration had all along provided information on the number of disciplined services staff awaiting allocation of departmental quarters to the relevant Panel.

Police

Illegal carriage of passengers for reward by vehicles

2.35 Referring to Reply Serial No. SB143, Mr Frankie YICK expressed concern about the small number of prosecutions against illegal carriage of passengers for reward by vehicles. He asked whether channels would be established for the reporting of such an offence. He also asked whether the Transport and Housing Bureau ("THB") had asked the Police to request the court to impose a heavier sentence on repeated offenders involved in such an offence.

2.36 CP responded that the small number of prosecutions against such an offence might be due to the small number of reports relating to such illegal carriage. He said that the Police was concerned about the problem, especially given that such illegal carriage would render the

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motor insurance of the vehicle concerned invalid. Besides carrying out investigations into reports of such illegal carriage, intelligence was gathered by the Police to combat the problem and publicity was launched to encourage members of the public to report such illegal carriage to the Police. He said that the Police had not been asked by THB to request the court to impose a heavier sentence on repeated offenders involved in such an offence.

Publicity and education through social media platforms

2.37 Referring to Reply Serial No. SB078, Mr Kenneth LAU expressed concern about whether the Police had assessed the effectiveness of publicity and education through social media platforms and whether the Police had plans to launch advertisement through social media platforms. He asked whether the Police Public Relations Branch ("PPRB") was responsible for managing the Police's social media platforms and education. He also asked whether there was a breakdown of the relevant expenses and estimated expenditure.

2.38 CP responded that the Police had started to launch publicity and education through social media platforms since 2011. This included the launching of Hong Kong Police Mobile Application in July 2012, the launching of Hong Kong Police YouTube Channel in 2014, the launching of Hong Kong Police Facebook page in 2015 and the launching of Hong Kong Police Instagram page in 2016. The management of such social media platforms was performed by more than 10 staff members of PPRB in addition to performing their daily duties and the Police did not have a specific breakdown of the relevant expenses and estimated expenditure. The Police had no plan to place advertisements in social media platforms.

Video recording by the Police

2.39 Dr Elizabeth QUAT asked whether the Police had any plan to equip all frontline police officers with body-worn video cameras ("BWVCs"). S for S responded that the Police would consider whether to procure new equipment in the light of operational needs.

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2.40 Referring to Reply Serial No. SB090, Ms Tanya CHAN sought information on the meaning of "other lawful purposes" under the reasons for retaining video clips taken by the Police. CP responded that besides investigation and retention as evidence, video clips taken by the Police were retained for training and review of operations. Such video clips would be destroyed after the training or review concerned had been completed. He said that if it was necessary to retain the video clips for over 31 days, written authorization from a Senior Superintendent should be obtained and such authorization should be reviewed on a monthly basis by the authorizing officer. There was currently no video clip retained for over 31 days. In response to Ms CHAN's question on whether training and review of operations were within the scope of "other lawful purposes", CP replied in the affirmative.

2.41 Mr Michael TIEN said that poor police-community relations was not an excuse for insulting or venting anger at police officers. Consideration should be given to enacting legislation against insulting police officers. He said that in some police regions in the United States of America, complaints against police officers had dropped by 80% after all frontline police officers were equipped with BWVCs. It was also found that 50% of the respondents in Hong Kong would be more retrained before video cameras. He expressed concern about whether all frontline police officers would be equipped with BWVCs, which would facilitate identification of the facts and hence acceptance of the enactment of legislation against insulting police officers. CP responded that BWVCs had been found effective in the identification of facts and reducing clashes between police officers and members of the public. He said that more BWVCs were being procured and the mobile communication devices of frontline police officers would incorporate video-recording function.

Procurement of vehicles and equipment

2.42 Referring to Reply Serial No. 083, Mr SHIU Ka-chun sought information on the number of times for which six armoured vehicles procured in 2009 and three unmarked armoured vehicles procured in

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the previous year for the Special Duties Unit had been deployed in operations and the current condition of such vehicles. He also sought information on the reasons for the procurement of three additional unmarked armoured vehicles for the Special Duties Unit in 2017-2018. CP agreed to check and provide information on the number of times for which such vehicles had been deployed. He said that it was necessary for the Police to be equipped with such armoured vehicles for combating terrorist activities. Such vehicles had a deterrent effect on terrorist activities, even if they were seldom deployed.

2.43 Referring to Reply Serial No. 084, Mr Nathan LAW expressed concern that the Police had not provided detailed information on specialist supplies and equipment procured by the Police for the reason that it was part of the operational deployment details. He considered that in line with the international trend in facilitating the monitoring of procurement of police equipment, such as the disclosure of information on procurement of police equipment in England and Wales in 2015 as well as the review of procurement procedures for police equipment in Scotland in 2014, more information on the procurement of specialist supplies and equipment by the Police should be disclosed.

2.44 S for S responded that there were established procurement procedures for government bureaux and departments. CP said that specialist supplies and equipment included operational gear and supplies such as firearms and ammunition, communications equipment and forensic equipment. Disclosure of the information concerned might disclose the total amount of supplies and specific equipment and hence undermine the Police's capability in combating crime. He added that it was inappropriate to compare the policy of different places on the disclosure of such information, as the circumstances differed from one place to another.

Traffic management

2.45 Mr LAM Cheuk-ting expressed concern about heavy traffic congestion in the North District and said that the Police should consider

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allocating more manpower for traffic management in the North District. CP agreed to consider the suggestion.

Manpower establishment and strength

2.46 Noting from Reply Serial No. 114 that vacancies in the Hong Kong Police Force ("the Force") were not completely filled in 2016-2017, Mr POON Siu-ping expressed concern about how the 608 posts to be created in 2017-2018 would be filled. CP responded that although the filling of vacancies arising from retirement and increase in manpower establishment could be planned in advance, vacancies arising from resignation, illness and death were unexpected and the filling of such vacancies would inevitably take time. The training of newly recruited police officers and inspectors would also take six and nine months respectively.

Conduct of police officers

2.47 Dr KWOK Ka-ki said that the abuse of power by seven police officers and a former superintendent reflected the abuse of power by police officers, who had been turned into a political tool during the Occupy Movement. He queried whether this was consistent with Force Values.

2.48 Dr Elizabeth QUAT said that it was unfair to draw a conclusion on the conduct of police officers on the basis of isolated cases.

2.49 S for S disagreed with the views of Dr KWOK Ka-ki and said that it was unfair to draw a conclusion on the conduct of police officers on the basis of isolated incidents. He stressed that the Police had always enforced the law impartially. CP also disagreed with the views of Dr KWOK. He said that the Police had always acted impartially in accordance with the law. There was no question of police officers being turned into a political tool. Any breach of the law by police officers was strictly followed up by the Police. Besides disciplinary actions and prosecution, each case would be reviewed by the Police.

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The Police attached great importance to Force Values. Integrity management was launched for police officers at different levels. A Customer Satisfaction Survey conducted by an independent organization in 2009, 2012 and 2015 showed that 80% of the community was satisfied with the Police's services. The overall crime rate in Hong Kong was the lowest since 1979. This could not have been achieved without a professional Force.

Emotion regulation training for police officers

2.50 Mr James TO said that the stability of the Force was vital to the stability of Hong Kong. Some people had expressed concern that the recent assembly of a large number of members of police unions reflected the state of instability of police officers.

2.51 Referring to Reply Serial No. 101, Ms Tanya CHAN expressed concern about the details of emotion regulation training for police officers and the number of police officers who had undergone such training.

2.52 Referring to Reply Serial No. SB063, Mr Christopher CHEUNG expressed concern about the increase in the number of public assemblies in 2016. He asked whether the Police would strengthen emotion management training for police officers, especially frontline police officers.

2.53 CP responded that police officers were also members of the community and had emotions. The recent assembly of a number of members of police unions had provided them with an opportunity to express and exchange their views. He pointed out that frontline police officers were subject to heavy pressure when performing their duties. Emotion management training was provided by the Police's Psychological Services Group to police officers. Psychological counselling service for police officers was provided by 11 clinical psychologists and 19 welfare officers. Some police officers had established the Carelinks Cadre and Carelinks Helpline on a voluntary basis to provide peer support to police officers. The Police provided

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training on psychological quality and emotion adjustment for police officers as well as psychological support in large-scale operations. In addition, vigorous promotional efforts were made by the Police in the application of positive psychology, thereby enabling officers to maintain positive work attitude and positive emotions. The police management maintained close communication with staff associations and staff members. The Force was stable and cohesive.

Chapter III : Planning and Lands

3.1 At the invitation of the Chairman, Secretary for Development, Mr Eric MA, ("SDEV") briefed members on the major initiatives and expenditure on the policy area of planning and lands for the 2017-2018 financial year (Appendix IV-2).

Land supply

Housing land supply

3.2 Ir Dr LO Wai-kwok and Mr Wilson OR referred to the announcement made by the Administration in 2014 that a total of some 150 potential housing sites had been identified through land use reviews, among which some 70 sites fall within "Green Belt" ("GB") zoning. They enquired about the statutory procedures for and the substantial progress of rezoning such sites for housing development. Ir Dr LO advised that apart from going through the statutory rezoning procedures, the Administration should, at the same time, proceed with the planning of the relevant supporting infrastructures so that such sites could be made ready for commencement of housing development as soon as possible.

3.3 In response, Director of Planning ("D of Plan") advised that in accordance with the statutory rezoning procedures prescribed under the Town Planning Ordinance (Cap. 131), amendments to outline zoning plans had to be exhibited for public inspection for a period of two months. Such amendments had to be submitted to the Chief Executive in Council for approval within nine months after the expiry of the plan exhibition period. Since the announcement of various initiatives to increase land supply in the 2013 Policy Address, the Administration had identified a total of some 190 potential housing sites. As at end-February 2017, 94 sites (among which 20 sites were originally zoned "GB") had been zoned or rezoned for housing development, and the statutory rezoning procedures for another 20 sites had been initiated. The Administration would continue to proceed with the rezoning of the remaining sites.

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3.4 Mr WU Chi-wai mentioned that the overall private housing land supply had exceeded the annual target of housing units supply for three consecutive years. On the other hand, the supply of public housing units had been below its target for three consecutive years. Given that there were many different sources for private housing land supply, e.g. railway property development projects and projects of the Urban Renewal Authority ("URA"), Mr WU considered that the Administration should re-prioritize the allocation of land resources and allocate more sites for public housing development in its plans. Mr LEUNG Kwok-hung expressed similar concerns.

3.5 SDEV advised that under the Long Term Housing Strategy, the public/private split of 60:40 would be maintained. The Development Bureau ("DEVB") and the Planning Department ("PlanD") would continue to identify suitable housing sites to meet the housing supply targets. The Administration had recently identified 26 additional sites for housing development on which over 60 000 flats could be constructed with over 80% as public housing units. The Administration had converted four sites in the Kai Tak Development Area originally zoned for private housing development to public housing sites. It was expected that around 6 000 flats could be provided.

3.6 Ms Alice MAK declared that she was a non-executive director of the URA Board. She suggested that URA should, after acquiring the properties in proposed redevelopment projects, consider collaborating with the Hong Kong Housing Society in developing subsidized housing units for sale or lease in future, so as to increase the supply of public housing in the urban area. SDEV took note of Ms MAK's suggestion. He advised that in the area of housing supply, the positioning of URA was to improve the living environment in Hong Kong through undertaking, encouraging, promoting and facilitating urban renewal.

3.7 Mr LAM Cheuk-ting and Mr Andrew WAN expressed concern that the area of land resumed by the Administration in the past three years by invoking the Lands Resumption Ordinance ("LRO")

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(Cap. 124) for implementation of public works projects was less than before. They opined that the Administration should, having regard to public interests, invoke LRO to resume deserted agricultural land and private land that had been idle for a long period of time in the New Territories so as to construct more public housing units. Mr WAN specifically pointed out that the Administration should consider resuming the private land in the vicinity of Wang Chau, Yuen Long for the early implementation of the public housing development plan at Wang Chau, Yuen Long.

3.8 In response, SDEV advised that it generally took a longer time to plan for medium and long term major development projects, such as projects on new development areas ("NDA") and new town extensions. The Administration was proceeding in full steam to implement projects on developing NDAs and new town extensions, with the expectation that starting from 2018-2019, LRO would be invoked to resume the private land in the New Territories for the implementation of the projects on the Kwu Tung North and Fanling North NDAs, Hung Shui Kiu NDA, Yuen Long South Development, etc. SDEV advised that the public housing development plan at Wang Chau, Yuen Long was implemented by the Transport and Housing Bureau ("THB"), and the Lands Department ("LandsD") would, in support of THB's policy, carry out the necessary land resumption exercises.

Brownfield sites

3.9 Dr KWOK Ka-ki and Mr Alvin YEUNG expressed dissatisfaction that the Administration had failed to provide statistics on the distribution of brownfield sites in the New Territories. D of Plan and Director of Lands ("D of L") advised that PlanD would commission the "Study on Existing Profile and Operations of Brownfield Sites in the New Territories" ("the Study") in 2017 to survey the distribution and uses of brownfield sites in the New Territories, and suggest a definition for "brownfield sites". Prior to the completion of the Study and the reaching of a consensus on the definition of "brownfield sites", there was no basis on which LandsD might compile statistics on

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whether individual sites could be categorized as "brownfield sites". Therefore, LandsD was not in a position to provide a breakdown of the distribution of brownfield sites.

3.10 Dr KWOK Ka-ki did not accept the Administration's explanation. He pointed out that in reply to the question on small houses in the New Territories raised by Mr LEE Wing-tat at the Council meeting of 11 January 2012, the Administration had provided information on the numbers of applications that were submitted by indigenous inhabitants for building small houses by land use zoning (including "Village Type Development" zone, "Agriculture" zone, and "GB" zone) and were awaiting approval by the authorities. He expressed dissatisfaction that the Administration had, on the ground that there was no clear definition for "brownfield sites", refused to provide the number of "brownfield sites" on government land granted with short-term tenancies ("STTs"). He requested the Administration to make reference to its response to the above question, and provide a post-meeting written response regarding the statistics on the distribution of brownfield sites.

3.11 Mr Holden CHOW, Mr Kenneth LAU and Mr LEUNG Che-cheung enquired about the details of the Study. Mr CHOW suggested that the recording of cases of illegal occupation of government land for undergoing brownfield operations should be included in the remit of the Study to facilitate the Administration in strengthening the relevant enforcement efforts. D of Plan replied that the Study would include a comprehensive examination of the overall distribution and uses of brownfield sites in the New Territories through site inspections, questionnaire surveys and stakeholder (e.g. brownfield site owners, brownfield site operators and service users, and local communities) interviews, etc. to facilitate the Administration's formulation of appropriate policies and measures for tackling brownfield sites in a holistic manner. The Study was expected to be completed at the end of 2018 and the Administration would make public the major outcomes of the Study. D of Plan explained that in respect of cases of illegal occupation of government land for undergoing brownfield operations, the Administration had to conduct

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investigation on the merits of each case and take enforcement actions according to relevant legislation. The aforesaid tasks were different from the objectives of the Study.

3.12 Mr Michael TIEN subscribed to the Government's initiatives of seeking to increase land supply by releasing the land currently occupied for brownfield operations. He opined that the Administration should implement appropriate measures to relocate the existing brownfield operations, in particular those involving large-scale machineries which could not be moved into multi-storey buildings ("MSBs"). In response, SDEV advised that the Administration recognized that at present, many of the brownfield operations were serving important functions to support various economic sectors or industries. The Administration would improve the land utilization of brownfield sites by exploring feasible measures to accommodate or consolidate brownfield operations through land efficient means such as MSBs, taking Hung Shui Kiu NDA as a pilot case. The Civil Engineering and Development Department commissioned relevant feasibility studies on MSBs for brownfield operations in 2016. Apart from MSBs, the Administration would also explore the possibility of and the need for accommodating certain operations which could not be moved into MSBs on suitable open-air sites with provision of proper infrastructure.

Land for economic activities

3.13 Ms Tanya CHAN was concerned about the Administration's plan to demolish the General Post Office ("GPO") building in Central. She queried whether the supply of floor area of offices in Central was in such shortage that the GPO building had to be demolished for commercial development. SDEV advised that the market demand for office space in Central was very keen as evidenced by the prevailing rent levels. Deputy Secretary for Development (Planning and Lands)1 ("DS(P&L)1/DEVB") explained that the GPO building was situated in Site 3 of the new Central Harbourfront ("Site 3") to the south of Lung Wo Road. PlanD had conducted two stages of extensive public engagement exercises for the Urban Design Study for the New Central

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Harbourfront ("UDS"). UDS recommended Site 3 to be developed as a comprehensive commercial development mainly for office and retail uses with the provision of a continuous landscaped deck, public open space and other supporting facilities. According to the planned design scheme of Site 3, the GPO building, after being reprovisioned suitably, would be demolished for the construction of a continuous pedestrian deck connecting to the future New Central Harbourfront and its vicinity.

3.14 Mr HUI Chi-fung pointed out that the utilization of Murray Road Car Park ("MRCP") in Central in the past three years had been on the rise. He queried whether the problem of insufficient parking spaces in Central would be aggravated if the Administration converted the MRCP site to commercial use. In response, SDEV and D of Plan advised that regarding the MRCP redevelopment project, the Administration had commissioned a consultant to conduct a traffic impact assessment and the assessment outcomes showed that there would be adequate supply of parking spaces for private cars for use by the public in the car parks in the vicinity during the period between the decommissioning of the MRCP and the reprovisioning of parking spaces. In future, the redeveloped MRCP had to provide public parking spaces as required under the traffic impact assessment.

Land management and enforcement

3.15 Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung questioned the Administration's justifications for granting the renewal of the land lease of the Sha Tin Racecourse by way of private treaty in 2016. D of L replied that the Sha Tin Racecourse Site had all along been planned for horse racing and related purposes with the main objective of providing the public with facilities to enjoy horse racing and take bets legally. Having regard to the unique nature of the land use of the Sha Tin Racecourse, with the policy support of the Home Affairs Bureau, the Administration approved the grant of a 50-year special purpose lease to the Hong Kong Jockey Club ("HKJC") so that such land could continue to be used for horse racing and related purposes. HKJC was required to pay full market value premium for

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the Members' Club Building in the Sha Tin Racecourse and nil premium for the land used for horse racing and related purposes. The Administration had briefed the Sha Tin District Council on the relevant arrangements before the aforesaid special purpose lease was granted.

3.16 Mr Nathan LAW pointed out that the policy on requesting developers to construct public open space in their private commercial development projects for public use by virtue of land lease conditions had been put in place for many years. In recent years, wide public concerns about the accessibility of such public open space in private developments ("POSPD") had been aroused. The Administration subsequently announced the "Public Open Space in Private Developments Design and Management Guidelines" ("the Guidelines"), but the Guidelines failed to regulate the owners and the management companies effectively for suitable management of POSPD due to the absence of any penalties. Mr LAW suggested that the Administration should consider setting corresponding penalties.

3.17 In response, SDEV advised that the Guidelines were advisory in nature and aimed to set out a set of good practices to encourage the owners and the management companies to accommodate as wide a range of permissible uses in POSPD as reasonably possible. The owners and the management companies had to ensure their continued compliance with the relevant land lease conditions. For alleged breach of the land lease conditions, the Administration would follow it up.

3.18 Mr CHAN Chun-ying referred to the Report on Direct Investigation into "Lands Department's System of Regularization of Illegal Occupation of Government Land and Breach of Lease Conditions" published by the Office of The Ombudsman in September 2016. The Ombudsman proposed a number of recommendations, including urging LandsD to re-deploy its resources to set up a mechanism for proactive inspections to detect illegal occupation of government land and breach of land lease conditions, and enhance its enforcement efficiency, so as to deter irregularities more effectively.

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Mr CHAN enquired about the Administration's work in following up on The Ombudsman's recommendations.

3.19 D of L replied that LandsD had strategically conducted self-initiated inspections and stepped up enforcement in a number of targeted areas in the past two years, e.g. it had stepped up enforcement against structures on private agricultural land that were in breach of land lease conditions and made risk-based enforcement arrangements against industrial buildings that were in breach of land lease conditions. In the light of the situation where government lands were illegally occupied, LandsD announced on 28 March 2017 that it would strengthen its enforcement measures and tighten its arrangements for processing applications for "regularization of unlawful occupation of government land" ("regularization applications"). For cases of unlawful occupation of government land commencing on or after 28 March 2017, LandsD would no longer accept any regularization applications made by the occupiers. In other words, LandsD would not allow the occupiers the opportunity to continue the occupation of the land concerned through regularization applications. Upon identification of unlawful occupation, the occupier had to cease the occupation and demolish the structures thereon before the date stipulated in the statutory enforcement notice; otherwise LandsD would consider instituting prosecution. As for cases of unlawful occupation of government land that had already commenced before 28 March, if the occupiers submitted regularization applications before expiry of the period stipulated in the statutory enforcement notices, LandsD would tighten the arrangements for processing the applications to prevent opportunists from seeking to stall the enforcement actions of LandsD by submitting applications. The new arrangements included requiring an applicant to pay in advance a fee for his or her act of unauthorized land occupation, which was in effect a punishment to a certain extent.

3.20 Mr Andrew WAN enquired whether LandsD had sufficient manpower for handling cases of unlawful occupation of government land. D of L replied that the number of civil servants in LandsD responsible for handling land control work (including cases of unlawful occupation of government land) in 2017-2018 was 218. In addition,

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LandsD would employ retired officers to undertake some of the work on Post-Retirement Service Contract terms. As a general principle, LandsD would accord top priority to cases which posed a risk to public safety by taking, upon detection of such cases, immediate land control action. Higher priority would also be accorded to cases involving unlawful occupation of larger areas of government land and cases causing serious nuisances.

3.21 Mr Kenneth LAU was concerned whether the brownfield operations currently undertaken on government land leased under STTs would be affected by the aforesaid strengthened enforcement measures (which were announced on 28 March). Mr LAU also pointed out that many enclosed government lands had been left derelict for a long time, and the unhygienic conditions on such lands had affected nearby residents and shop operators. He urged the Administration to strengthen its efforts in tackling the problems. Mr Steven HO pointed out that many fish ponds in the New Territories were on government land and some fish farmers had been in operation for many years. He was concerned about the impacts of the aforesaid strengthened enforcement measures on the fish farmers concerned.

3.22 D of L replied that the strengthened enforcement measures announced on 28 March by LandsD were targeted at unlawful occupation of government land while cases for which STTs had been granted would not be affected. As regards the fish ponds that had been operating on government land in the New Territories over the years, the nature might be quite special and LandsD would continue to communicate with the trade and properly handle such cases.

3.23 Mr WU Chi-wai suggested that the Administration should consider carrying out a territory-wide demarcation exercise to clearly demarcate all government lands and to ensure that no government land would be unlawfully occupied. In response, D of L advised that at present, LandsD would send its staff to conduct on-site follow-up inspection for cases involving alleged unlawful occupation of government land. If an occupier disputed the border of the land concerned, LandsD would handle such issues through demarcation.

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D of L advised that carrying out a territory-wide demarcation exercise for all government land required massive manpower and time, which would instead undermine enforcement efficiency.

Enforcement against cases involving breaches of land lease conditions in industrial buildings

3.24 Mr LAU Kwok-fan expressed concern that as the Administration had strengthened its enforcement actions against cases where the occupiers of industrial building units breached land lease conditions by changing the uses of such units, many tenants of those industrial building units which were used for arts, cultural and recreational purposes had been affected. He opined that the Administration should handle the cases involving arts, cultural and recreational purposes more leniently. He also suggested that the Administration should consider allowing factory canteens located on the ground floor in industrial buildings to apply for restaurant licences for their operation.

3.25 In response, D of L advised that LandsD had put in place risk-based enforcement arrangements against cases of breach of uses in industrial buildings, which targeted units in breach of land lease conditions matching two conditions simultaneously, i.e. other premises in the same industrial building where such units were located were currently issued with Licences for Manufacture and/or Storage of Dangerous Goods by the Fire Services Department; and the breach of uses of the units concerned attracted a massive flow of people. For these cases which involved a higher risk, LandsD would handle them in a stringent manner through the means of taking re-entry actions to compel the parties concerned to rectify the breach of land lease conditions as early as possible with a view to safeguarding the safety of members of the public accessing such categories of units. As for cases involving other categories of breach of land lease conditions in industrial buildings, if the breach of uses did not involve a massive flow of people, such as the studios of cultural and creative artists for their own use, LandsD would continue with its current arrangement, i.e. under normal circumstances, LandsD would issue a warning letter to

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the relevant owners requiring that the breach of uses be purged within a deadline of 28 days and if the rectification was not completed upon the expiry of the warning period, LandsD would register the warning letter at the Land Registry (i.e. commonly known as "imposing an encumbrance"), and reserve the right to take further lease enforcement action in the future. As for factory canteens, the operators could apply for restaurant licences for operation if relevant fire safety legislation was complied with.

Inspection of mini-storages

3.26 Mr Jeremy TAM mentioned that the Buildings Department ("BD") had commenced a special joint operation with other relevant departments since June 2016 to inspect mini-storages territory-wide for improvement of the fire safety level of mini-storages. He noted that while BD had issued 305 removal orders and 305 repair orders against the mini-storages concerned but only five orders each were discharged. He enquired how the Administration would follow up on the mini-storage cases where removal orders or repair orders had not been complied with in a timely manner.

3.27 Director of Buildings replied that the special joint operation that had commenced since June 2016 involved the inspection of 885 mini-storages territory-wide and the inspection of 864 mini-storages had been completed. BD had issued removal orders or repair orders progressively against the mini-storages concerned which were given a period of six months for following-up by the relevant parties. BD was closely monitoring the compliance with such removal orders or repair orders and would consider instituting prosecution against those who had failed to comply with the orders concerned before the deadline without reasonable excuse.

3.28 Mr Jeremy TAM requested the Administration to provide supplementary information on the number of cases with expired deadlines for compliance among those mini-storages against which removal orders or repair orders had been issued by BD. He urged the Administration to draw up improvement guidelines on fire hazards

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specific to mini-storages as soon as possible for further improvement of the fire safety level of mini-storages.

Urban Renewal

3.29 Mr LEUNG Che-cheung noted that to encourage and help more property owners secure the necessary technical support in carrying out building maintenance works, a commitment of \$300 million had been included by the Administration in the 2017-2018 draft Estimates to allow property owners to participate in the "Smart Tender" Building Rehabilitation Facilitation Services scheme implemented by URA at a concessionary rate. The proposed concessionary fees were three-tiered, based on 5%, 20% and 50% of the current fees respectively. He enquired about the reasons why a three-tiered concessionary fee approach was adopted. Deputy Secretary for Development (Planning and Lands)2 ("DS(P&L)2/DEVB") replied that the proposed tiered concessionary fees, which were set by the Administration and URA as discussed with reference to the experience gained by URA in its previous implementation of the "Smart Tender" scheme, were aimed at providing more incentives to encourage and help owners of grassroots buildings in stronger need (i.e. buildings with lower average annual rateable values) carry out building maintenance works.

3.30 Mr CHAN Chun-ying and Ms Alice MAK expressed concern that the number of applications under the "Smart Tender" scheme in future might increase significantly. They enquired whether the Administration would provide additional resources to URA to handle the increased applications. DS(P&L)2/DEVB replied that URA would continue to deploy its in-house staff to administer the "Smart Tender" scheme. If the circumstances so warranted, URA would engage external service providers to cope with the increased workload. The Administration would reimburse URA with such additional out-of-pocket expenses on an accountable basis.

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Taking forward harbourfront development

3.31 Ms Tanya CHAN enquired about the details of a sum of \$500 million earmarked by the Administration as dedicated funding for taking forward harbourfront development. In response, DS(P&L)1/DEVB advised that a provision of \$500 million had been earmarked as an internal financial arrangement by the Administration to implement harbourfront enhancement initiatives through a dedicated team with dedicated funding. In taking forward individual initiatives, the Administration would follow the established procedures to seek the approval of the Finance Committee if the estimated cost was above the upper limit of \$30 million for the provision.

Small Houses in the New Territories

3.32 Mr Andrew WAN enquired about the reasons why the Administration had not, in the past five years, conducted any consultancy studies on the New Territories Small House Policy ("the Policy"). He also enquired whether the current-term Government would consider launching a public consultation on the rights of New Territories indigenous inhabitants to build small houses. Dr YIU Chung-yim expressed similar concerns. In response, SDEV advised that the Policy had been in operation for a long time. Any review inevitably involved complicated issues in various aspects such as legal, environment, land use planning and demand on land, all of which would require careful examination. The key task of DEVB under the current-term Government was to increase land supply. Taking into account the priority of resource allocation, the current-term Government had no plans to complete the review of the Policy or conduct public consultation exercises thereon.

3.33 Mr Andrew WAN noted that the Administration received 141 small house applications involving land in the "Agriculture" zone in 2016, among which 64 applications were approved, accounting for around 45% of all applications, which was a significant increase in the percentage of approved applications from around 19% in 2015. He enquired why there was such a percentage increase. D of L advised

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that since LandsD examined each application on its own merits, although the numbers of applications the processing of which was completed by LandsD each year were more or less the same, the number of approved cases might not be so consistent. LandsD did not notice an upward trend in the number of approved applications.

3.34 At the request of Mr Andrew WAN and Dr YIU Chung-yim, the Administration would provide supplementary information on the area of the "Agriculture" zone involved in approved small house applications in recent years, as well as the number of cases approved for building small houses on government land.

Manpower establishment in the Planning Department

3.35 Ms Alice MAK noted that in 2017-2018, 36 non-directorate posts would be deleted in PlanD mainly due to the lapse of time-limited posts created in previous years for various initiatives. She enquired about the transfer arrangements for the incumbents of those posts which were about to lapse. She suggested that PlanD should consider setting up a manpower pool to retain the aforesaid posts on a continual basis. The Administration would provide a written response after the meeting.

Chapter IV : Works

4.1 At the Deputy Chairman's invitation, Mr Eric MA, Secretary for Development ("SDEV"), briefed members on the major initiatives and expenditure on the policy areas of works for the 2017-2018 financial year (Appendix IV-3).

Cost control for public works projects

4.2 Mr LAU Kwok-fan enquired about the reasons for cost overruns in a number of large-scale public works projects (including whether the cost overruns were related to the cumbersome requirements under the Buildings Ordinance (Cap. 344)), and whether the newly-established Project Cost Management Office ("PCMO") would examine the projects which experienced cost overruns with a view to enhancing project cost control.

4.3 Permanent Secretary for Development (Works) ("PS/DEV(W)") said that since its establishment in June 2016, PCMO had adopted a three-pronged approach to enhance project cost control, i.e. comprehensively reviewing existing works policies and requirements (including the requirements under the Buildings Ordinance), enhancing project management of works projects and closely scrutinizing project estimates. So far, PCMO had examined the project estimates of about 60 works projects and achieved total savings of about \$13 billion in project costs.

4.4 Mr Nathan LAW enquired about the reasons why savings in project costs could be achieved and whether such issues as faulty construction works and original estimates being unreasonably high were involved. PS/DEV(W) explained that PCMO would examine the estimates of works projects at the planning and design stage and collaborate with other departments to optimize project designs according to a "no-frills" principle for cost saving purpose.

4.5 Mr LEUNG Kwok-hung considered that the total cost savings of some \$13 billion achieved for the projects examined by PCMO since June 2016 were incomparable to the significant cost overruns in other projects. He sought information from the Administration on the

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amounts and percentages of cost overruns involved in the public works projects which required application to the Finance Committee ("FC") for additional funding in recent years, particularly the five projects, namely Hong Kong-Zhuhai-Macao Bridge, Liantang/Heung Yuen Wai Boundary Control Point, Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, West Kowloon Cultural District and MTR Shatin to Central Link.

4.6 PS/DEV(W) replied that FC approved a total of about 650 Category A works projects with a total provision of \$770 billion in the past 10 years. Among them, about 70 projects (approximately 10% of the projects) required application to FC for additional funding, which totalled around \$60 billion (represented some 8% of the total provision). Meanwhile, about 850 Category A works 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, leaving behind a balance of about \$30 billion. Overall speaking, while individual projects experienced cost overruns, some other projects recorded surpluses. Moreover, as some projects had yet to settle the final accounts, the relevant information was not available at this stage.

4.7 The Deputy Chairman was concerned whether cost overruns in a number of major public works projects were attributed to the concurrent implementation of such projects. He commented that the Administration should learn a lesson and avoid launching several major works projects at the same time in future.

4.8 PS/DEV(W) pointed out that infrastructural investment was conducive to promoting the development of Hong Kong. That said, the Administration would keep a close eye on the issues which might arise from the bunching of works projects while controlling project costs through PCMO. The Administration would brief members on the work of PCMO at the meeting of the Panel on Development in due course.

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Construction manpower

4.9 Dr LO Wai-kwok said that according to the information provided by the Construction Industry Council ("CIC"), the average age of registered workers was 46 as at the end of 2016. The industry also observed that there was a shortfall of skilled workers in Hong Kong. Dr LO enquired about the measures in place to encourage young people to join the construction industry and to train construction workers to become skilled workers, and the number of trainees who joined the construction industry after completing CIC's training courses.

4.10 PS/DEV(W) responded that the volume of construction output in future was expected to maintain at a high level (about \$240 billion each year) and the industry required an additional of 10 000 to 15 000 skilled workers. As such, the Administration was very mindful of the tightening construction manpower situation in Hong Kong. It was working with CIC to provide a wide range of training courses to workers, including creating a commitment of \$100 million to support CIC in launching a pilot scheme for training semi-skilled workers to become skilled workers. CIC would conduct a timely review of the effectiveness of the pilot scheme. He undertook to provide the number of trainees who joined the construction industry after graduating from CIC's training courses after the meeting.

Energizing Kowloon East

4.11 Mr Nathan LAW was concerned that the redevelopment project in Kwun Tong would result in less public space in the district. He urged the Administration to convert the site in Kowloon East to open space with a view to supporting the development of local art, cultural and creative industries.

4.12 Head of Energizing Kowloon East Office ("H/EKEO") said that the Energizing Kowloon East Office ("EKEO") was committed to enhancing public space in Kwun Tong and more such space had been provided in recent years. EKEO was in the process of identifying additional public space in Kowloon Bay Action Area and Kwun Tong

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Action Area to support the development of art, cultural and creative industries.

4.13 Mr Jeremy TAM referred to the Administration's written reply (DEVB(W)058) and pointed out that the detailed feasibility study for the Environmentally Friendly Linkage System ("EFLS") for Kowloon East ("KE") would be completed in stages in 2017. Mr TAM enquired about the exact date of completion of the entire study. Mr TAM also took the view that should connect Ngau Tau Kok and Kwun Tong even though the EFLS alignment would possibly overlap with that of the existing MTRC Kwun Tong Line.

4.14 Director of Civil Engineering and Development ("DCED") replied that the feasibility study for EFLS for KE was conducted in two stages. The first stage of the study was to evaluate various green public transport modes (e.g. monorail, modern tramway) and select the most suitable and cost-effective green public transport mode(s). The public would be consulted on the selected transport mode(s). Only after public views had been collected would the concrete proposals in respect of EFLS (e.g. the EFLS alignment) be taken forward in the second stage. SDEV said that the Administration would consider Mr TAM's suggestion of aligning EFLS to connect Ngau Tau Kok and Kwun Tong.

Water supply and safety

4.15 Ms Claudia MO was concerned that large quantities of fresh water were discharged into the sea every year due to reservoir overflow. She considered it unacceptable for the Development Bureau to state in its written reply (DEVB(W)094) that the discharge of large quantities of fresh water from impounding reservoirs did not incur additional expenditure.

4.16 Mr Alvin YEUNG enquired when the proposed desalination plant at Tseung Kwan O ("TKO") would achieve its ultimate target of having a water production capacity of 100 million cubic metres ("mcm") per year. Director of Water Supplies ("DWS") explained

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that the proposed TKO desalination plant would be developed in two stages: the construction work for the first stage of the proposed plant, which would have a water production capacity of 50 mcm per year, was expected to be completed in 2021 at the earliest; and in the second stage, the production capacity would be increased to an ultimate capacity of 100 mcm per year. Upon completion of the first stage works, the Administration would review the timetable for commencing the second stage works having regard to the prevailing water demand in Hong Kong and the progress of developing new water resources (e.g. exploring the extension of the salt water flushing supply system and the use of reclaimed water for flushing, as a substitute for fresh water flushing system currently still being used in some parts of Hong Kong). As regards infrastructure, the Administration would reserve land for the second stage and construct common facilities including the submarine intake and outfall facilities for shared use in the second stage during the implementation of the first stage works.

4.17 Mr Alvin YEUNG sought confirmation from the Administration that the current supply agreement with the Guangdong authorities for Dongjiang ("DJ") water was due to expire in the end of 2017. He considered that in its negotiation with the Guangdong authorities for the next agreement, the Administration should take into account the impact of commissioning of the proposed TKO desalination plant on Hong Kong's demand for DJ water.

4.18 DWS confirmed that the current supply agreement for DJ water would be expired in the end of 2017 and the Administration was negotiating with the Guangdong authorities for another three-year (from 2018 to 2020) DJ water supply agreement. As the first stage of the proposed TKO desalination plant would commence operation no earlier than 2020, the impact of the commissioning of the desalination plant on the demand for imported DJ water could not be reflected in the next water supply agreement.

4.19 Ms Claudia MO suggested that instead of adhering to the existing "package deal lump sum" approach, the new water supply agreement should adopt the "payment on actual supply quantity"

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approach. Mr Andrew WAN said that as the actual quantities of DJ water imported from Guangdong in the past few years did not reach the annual supply ceiling under the agreement, the Administration should lower the ceiling in order to bring down the cost of purchasing water. In the event that additional DJ water had to be imported from Guangdong due to insufficient local rainfall, it should then purchase the water on a "payment on actual supply quantity" basis to make up for the shortfall. Ms MO was concerned whether the unit water price of DJ water imported to Hong Kong was higher than that for other cities in Guangdong. Mr WAN was also concerned whether the unit water price of DJ water imported to Hong Kong was too high.

4.20 DWS responded that the total fresh water consumption in Hong Kong exceeded 900 mcm per year and the quantities of rainwater collected from local reservoirs ranged from some 100 mcm to 300 mcm annually in the past, while the remaining some 600 mcm to 800 mcm were imported from DJ. According to the water supply agreement, the annual ceiling of DJ water supplied to Hong Kong was 820 mcm under the "package deal lump sum" approach. In 2011, the imported DJ water was close to the supply ceiling. The arrangement could ensure that in case of insufficient local rainfall, there would still be adequate fresh water supply. Given that the local demand for DJ water could not be determined with certainty in advance, the insurance concept behind the annual water supply ceiling specified under the "package deal lump sum" approach had guaranteed Hong Kong's right to water. As regards the price of DJ water, the price adjustment was based on factors such as exchange rate between Renminbi and Hong Kong dollar, the relevant price indices of both sides, etc. Nevertheless, the Administration would raise the suggestion for the adoption of a "payment on actual supply quantity" approach for the purchase of DJ water during its discussion with the Guangdong side for the next water supply agreement

4.21 Mr Andrew WAN said that the Administration had undertaken earlier that it would draw up a water sampling proposal within six to nine months in order to arrange testing of the drinking water of public rental housing estates again. He was dissatisfied that

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now that the deadline had lapsed but the Administration still stated in its written reply (DEVB(W)102) that the Water Supplies Department ("WSD"), together with relevant bureaux/departments, were deliberating on relevant implementation details.

4.22 DWS explained that the Commission of Inquiry into Excess Lead Found in Drinking Water had put forward a number of recommendations in its report for improving the safety of drinking water in Hong Kong. The Administration would take forward the recommendations made in the report by adopting the approach of implementing policy initiatives once they were ready. For instance, the Administration would introduce the Waterworks (Amendment) Bill 2017 to the Legislative Council in April 2017 to provide for the obligations of the persons designated for carrying out plumbing installation works and licensed plumbers. WSD had also updated the relevant technical requirements and guidelines on plumbing materials standards for the trade's reference. Moreover, WSD had introduced new administrative measures to step up efforts to monitor the use of materials. Such measures included launching a voluntary labelling scheme for approved plumbing products, publishing the Good Practice Guide on Plumbing Works and conducting random inspection of plumbing works during construction stage.

Built heritage conservation

4.23 Ms Tanya CHAN was concerned whether sufficient resources were available to assist the Antiquities Advisory Board in its work on the grading of historic buildings. Deputy Secretary for Development (Works) 1 ("DS(W)1") advised that the Administration had made available sufficient resources to cope with the aforesaid work through deployment of existing resources, and no additional resources were required at this stage.

4.24 Mr Holden CHOW noted that the Administration would offer economic incentives to owners of privately-owned historic buildings (e.g. relaxing the plot ratio restriction for the site concerned) with a view to encouraging them to conserve their historic buildings.

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Expressing concern that the measure might be abused by some private property owners for a profit, Mr CHOW sought details from the Administration on the previous relaxation of the plot ratio restriction for the sites concerned.

4.25 DS(W)1 explained that the Administration would offer appropriate economic incentives to encourage private owners to conserve their historic buildings. Such incentives included provision of financial assistance under the Financial Assistance for Maintenance Scheme, or compensation to private owners for their loss due to the conservation of the buildings in question, e.g. a minor relaxation of the plot ratio and building height restrictions for the site concerned. He undertook to provide the information requested by Mr CHOW after the meeting.

4.26 Mr YIU Si-wing pointed out that apart from earmarking funds for the promotion of revitalization projects under the Revitalizing Historic Buildings Through Partnership Scheme, the Administration would also provide funding to the Hong Kong Tourism Board ("HKTb") for the implementation of a pilot scheme to support tourism activities showcasing Hong Kong's local characteristics, under which funding support would be provided to organizers for hosting activities with tourism appeal to showcase Hong Kong's local characteristics. He was of the view that there should be better coordination between the two schemes, and certain historic buildings with distinctive features should be highlighted in the promotion activities to attract more visitors to Hong Kong to visit those buildings. After these promotion highlights had achieved the intended effect, the Administration might extend the promotion coverage to other historic buildings.

4.27 DS(W)1 advised that the Commissioner for Heritage's Office under the Development Bureau had been working closely with HKTb to promote historic buildings in Hong Kong in ways that catered for the preference of visitors from specific source markets. Examples included creation of heritage trails designed to link up different historic buildings and promotion of the heritage trails through HKTb's network.

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4.28 Mr LUK Chung-hung was concerned about how the historic buildings, upon completion of the maintenance works financed by the Financial Assistance for Maintenance Scheme, would be promoted from the perspectives of tourism, culture and history education, as well as the policy rationale and the resources required for such promotion. Mr LUK also suggested that the Administration should increase the amount of funding to be provided under the pilot scheme to support tourism activities showcasing Hong Kong's local characteristics.

4.29 DS(W)1 replied that provision of grants for carrying out maintenance works for historic buildings under the Financial Assistance for Maintenance Scheme did not necessarily mean that the uses of such buildings would be changed. For instance, public visits to historic buildings which were used for residential purpose might not be allowed after completion of the maintenance works. As for historic buildings used for other public purposes (e.g. schools), the Administration would discuss with the managing bodies to open the buildings for public visits as far as practicable after completion of the maintenance works. Apart from promoting the aforesaid heritage trails to in-bound visitors through HKTB, the Commissioner for Heritage's Office had worked with the Antiquities and Monuments Office ("AMO") and the Leisure and Cultural Services Department ("LCSD") in a joint effort to publicize information related to historic buildings to local citizens through their websites. Guided tour service would also be provided in a number of historic buildings. The Administration would relay to relevant departments the views of Mr LUK on increasing the amount of the funding under the pilot scheme to support tourism activities showcasing Hong Kong's local characteristics.

4.30 Mr HUI Chi-fung opined that AMO had not put in sufficient effort in protecting historic buildings in Hong Kong in recent years, and the mechanism for assessing historic buildings was not open and transparent enough. Director of Leisure and Cultural Services ("DLCS") advised that in order to address the public demand for protecting historic buildings and cope with the increasing workload of conservation work, the civil service establishment of AMO would

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increase from 72 as at April 2016 to 98 in April 2017 and to 104 in April 2018. She stressed that AMO had been committed to preserving historic buildings in Hong Kong and pressing ahead with heritage conservation work in collaboration with various stakeholders in the society. The Administration would seek to secure additional resources to step up efforts on this front as and when necessary.

Tree management and greening works

4.31 Ms Tanya CHAN cited the written response of the Administration (DEVB(W)005)), which stated that in 2016-2017, 244 LCSD staff were involved in day-to-day tree management on full-time basis. However, it was not disclosed in the written response how many among them possessed professional qualifications in arboriculture. She enquired about the number of personnel possessing professional qualifications in arboriculture among the 244 staff.

4.32 In response, DLCS advised that as at February 2017, a total of 210 LCSD staff possessed professional qualifications in arboriculture (including arborists, tree climbers and tree risk assessors, etc.). Every year, LCSD also provided different training programmes for personnel who were involved directly or indirectly in tree management.

4.33 Mr HUI Chi-fung enquired how the Administration would protect stonewall trees, and about the additional cost incurred for the relevant work. DS(W)1 explained that the Tree Management Office had drawn up guidelines on the ways to protect stonewall trees and Old and Valuable Trees ("OVTs"). The conditions of OVTs were under closer monitoring than other trees in general. As protection of stonewall trees was part and parcel of the overall tree management work, there was no information on the cost breakdown for the protection of stonewall trees.

4.34 Mr MA Fung-kwok cited the written response of the Administration (DEVB(W)071)). He noted that under the project on reconstruction and improvement of Tuen Mun Road, about 10% of the plants planted on the vertical green panels and roof green panels were

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replaced by the contractors last year due to their unsatisfactory conditions. He enquired about the details of the irrigation systems for the relevant greening features, the criteria based on which the contractors replaced the plants, whether such replacement ratio was similar to that of greening works of the same kind, whether further replacement was required for the remaining plants, and whether the growth conditions of the newly-planted plants were satisfactory after the replacement.

4.35 Director of Highways ("D of Hy") responded that irrigation systems were installed at the relevant greening features by the contractors. If greening plants were found to have withered, they would be replaced by the contractors. Since vertical greening and roof greening at highways were new attempts, the Administration did not have statistics on the percentage of plants which were replaced in similar works, and was unable to assess whether further replacement would be required for the remaining plants. D of Hy added that the greening features along the section of Tuen Mun Road near Tsuen Wan had not yet been handed over to the Highways Department due to the unsatisfactory growth conditions of the plants. The contractor concerned had been requested to improve the greening features in question.

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5.1 At the invitation of the Chairman, Mr Clement CHEUNG, Secretary for the Civil Service ("SCS") briefed members on the civil service establishment and the financial provisions related to the policy area of central management of the civil service (Appendix IV-4).

Civil service disciplinary matters

5.2 Mr LAM Cheuk-ting noted that, regarding disciplinary actions against civil servants convicted of criminal offences, while those convicted civil servants who were dismissed would forfeit all claims to retirement benefits, some other convicted civil servants would receive part or all of their pension benefits upon retirement in accordance with the relevant pension legislation. Citing a case in which it was reported that a senior police officer who had been convicted of the offence of misconduct in public office was only punished by compulsory retirement and might be allowed to receive part or all of their pension benefits upon retirement, Mr LAM was concerned whether the current disciplinary framework had sufficient deterrent effect to uphold the integrity of the civil service.

5.3 SCS affirmed that the disciplinary mechanism for the civil service had to achieve deterrent effect and uphold the principles of integrity and fairness in the civil service. For civil servants convicted of criminal offences of serious nature, they might be punished by dismissal and therefore were not eligible for pension benefits. As regards civil servants who were convicted of any duty-related offence liable to lead to loss of confidence in the public service, they might also be punished by dismissal without pension benefits.

Extension of service of civil servants

5.4 Noting that as at 30 June 2016, while most of the bureaux/departments ("B/Ds") had employed a few full-time staff under the Post-retirement Service Contract ("PRSC") Scheme, the Customs and Excise Department ("C&ED") had employed 129 staff under this scheme, both Dr CHIANG Lai-wan and Mr Holden CHOW sought the reasons for the relatively high figure and details of work performed by

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these staff.

5.5 SCS explained that prior to the introduction of the PRSC Scheme in November 2015, C&ED had already employed a number of retired civil servants to cope with urgent operational needs arising from the implementation of the regulatory measures on the export of powdered formula. These staff had subsequently been employed under the PRSC Scheme. The arrangement of engaging retired civil servants to cope with short-term operational needs had proved to be very effective and, for this reason, the Civil Service Bureau ("CSB") had then introduced the PRSC Scheme as one of the initiatives to engage retired/retiring civil servants on contract terms to fill non-directorate positions to perform ad hoc/time-limited/seasonal/part-time tasks which required specific civil service expertise or experience. SCS further said that this scheme was only introduced in November 2015 and the cost had to be borne by B/Ds from their own resources. Most B/Ds had employed a few staff under this scheme so far. In view of the effectiveness of this scheme, the Administration would consider providing B/Ds with additional resources to employ staff under this scheme in future where justified.

5.6 Noting that the revised arrangements for processing applications for final extension of service of civil servants for a maximum of 120 days ("the revised arrangement") had taken effect since February 2016, and as at 24 February 2017, relevant B/Ds had received 3 271 applications, of which 2 693 applications had been processed, Mr POON Siu-ping enquired about the processing time of the remaining 578 applications. SCS replied that relevant B/Ds would timely process these applications before the retirement of the applicants, so that they could retain suitable serving officers to meet specific operational and succession needs.

5.7 Mr POON Siu-ping enquired about the posts involved for individual applications under the revised arrangements. SCS replied that although CSB had not collected such information, reference might be made to statistics on the applications under different salary groups, which revealed that the approval rates for the upper, middle and lower

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salary groups were similar at around 70%.

5.8 Mr KWOK Wai-keung noted that the approval rates of the applications made under the revised arrangements in selected B/Ds, such as C&ED, the Correctional Services Department ("CSD") and the Electrical and Mechanical Services Department ("EMSD"), were less than 10%. He asked for the reasons for the low approval rates.

5.9 In reply, SCS explained that C&ED and CSD had engaged a comparatively larger number of PRSC staff who could be employed beyond retirement age for up to five years, thus affording an alternative venue to retain experienced personnel. As regards EMSD, the status as a trading fund might have a bearing on its manpower planning strategy.

5.10 Mr POON Siu-ping urged the Administration to expeditiously implement the adjusted mechanism of further employment beyond retirement age for a longer duration than 120 days. Mr POON also suggested that civil servants appointed from 1 June 2000 to 31 May 2015 should be given the option under a one-off arrangement to extend their service beyond their currently applicable retirement age up to the retirement age applicable to new recruits appointed on or after 1 June 2015, i.e. 65 in respect of civilian grades and 60 in respect of disciplined services grades, without going through any selection by the management.

Training and development for civil servants

5.11 Mr CHAN Chun-ying noted that the estimated number of visits to the Cyber Learning Centre Plus ("CLC Plus") for civil servants in 2017 was 605 000 and enquired whether the Administration had provided post-course self-evaluation tools for evaluating the effectiveness of selected courses in CLC Plus. In reply, SCS advised that post-course self-evaluation tools might not be available for all courses in CLC Plus, but some activities or competitions might be arranged for civil servants to assess their knowledge in a particular area. The Administration would consider the suggestion made by Mr CHAN.

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5.12 Given that some learning resources on CLC Plus covered leadership, management, language and communication skills, Mr CHAN Chun-ying asked whether the Administration would collaborate with local universities or tertiary institutes to offer transferable credits for the civil servants who had completed these e-learning courses, with a view to improving the attractiveness of these courses as part of continuing education.

5.13 SCS replied that most of these e-learning courses were short courses which might not be eligible for earning credits. In addition to the learning resources on CLC Plus, the Civil Service Training and Development Institute would organize training programmes for civil servants, and arrange civil servants to attend training programmes organized by local and overseas institutions. The Administration also provided subsidies on course fees for civil servants attending courses of operational relevance at their own spare time.

Commendation schemes for the civil service

5.14 Regarding the Long and Meritorious Service Travel Award ("LMSTA") Scheme implemented by the Administration to recognize long and meritorious service of civil servants, Mr KWOK Wai-keung expressed concern that the quota ratio under this scheme was only fixed at one award for every 27 officers meeting the service requirement. He asked whether there were cases in which civil servants who were eligible for the LMSTA Scheme had not received the award before their retirement.

5.15 SCS responded that the Administration had over the years improved the quota ratio under the LMSTA Scheme. The quota ratio had been increased from one award for every 33 officers meeting the service requirement to one award for every 27 officers in 2014-2015. SCS further said that CSB had not collected the information as mentioned by Mr KWOK, but he stressed that the travel award under the LMSTA Scheme was not a condition of service, and hence not all eligible civil servants would be granted the award. The Administration had to take into account the resource implication when

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considering further improving the quota ratio.

Measures to boost the morale of civil servants

5.16 Dr Elizabeth QUAT asked whether the Administration would consider the request raised by officers of the Fire Services Department ("FSD") to establish an independent grade structure and pay scale for FSD, with a view to boosting their morale.

5.17 SCS advised that the Administration was very concerned about the pressure faced by the officers of FSD due to the recent incidents of injury or fatality of fire personnel. As an immediate relief, the Administration had planned to create 331 new positions to strengthen the existing capability of FSD in firefighting and disaster relief as well as for the establishment of an Incident Safety Team and Tactical Support Unit, etc. in 2017-2018. Consideration was also given to introducing new type of job-related allowance or recognition to officers of FSD for carrying out special duties. As regards the proposal of establishing an independent pay scale for FSD officers, he assured members that the Administration would examine this proposal as a long-term measure, having regard to factors such as the financial implication of the proposal as well as the implications for the grade structures of other disciplined services. The Administration would maintain communication with both the management and staff sides of FSD.

5.18 In view of some incidents where public officers were insulted or provoked by members of the public with abusive language, both Dr Elizabeth QUAT and Mr Holden CHOW enquired about the Administration's position on the enactment of legislation to prohibit acts of insulting public officers on duty in order to protect public officers enforcing the law from being insulted. Dr CHIANG Lai-wan was greatly concerned about the heavy pressure faced by public officers arising from these incidents, and called on the Administration to allocate more resources for implementing measures to alleviate their pressure.

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5.19 SCS pointed out that, as advised by the Secretary for Security in his reply to a question raised by a Member at the Legislative Council meeting on 22 March 2017, the Administration remained open on whether to legislate against the act of insulting public officers, having regard to a host of factors, including whether such legislation would cause further social division. SCS further advised that as arbitrary acts of insulting civil servants would increase the work stress of civil servants, the Administration would enhance the clinical psychology service provided by the Families Clinics by increasing the number of clinical psychologists from one to three in 2017-2018, which would assist civil servants in coping with stress arising from work, family or other personal circumstances. CSB was also preparing separate guidelines for civil servants to deal with verbal abuse.

5.20 Mr LEUNG Kwok-hung expressed dissatisfaction that the Administration had not apologized for the incident in which seven police officers were accused of assaulting a person during the "Occupy Central" movement. He held the view that disciplined officers had been trained to discharge their duties in a professional manner. As such, he objected to the enactment of legislation to prohibit acts of insulting public officers on duty because such legislation might cause further social division.

Civil service establishment

5.21 Whilst welcoming the creation of 3 378 additional civil service posts in 2017-2018, Mr HO Kai-ming enquired about the underlying reasons behind the decrease of 156, 23 and 12 civil service posts in the Hospital Authority ("HA"), the Home Affairs Bureau ("HAB") and the Census and Statistics Department ("C&SD") respectively.

5.22 SCS explained that upon establishment of HA on 1 December 1991, civil servants working in the then Hospital Services Department could choose to retain their civil service status and be accommodated in shadow posts. As 156 civil servants were expected to retire or leave the service in the coming year and the resultant vacancies would be

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filled by HA staff, a corresponding number of shadow posts would have to be deleted. As regards HAB and C&SD, SCS advised that the decrease in the establishment of these two departments was mainly due to the lapse of time-limited civil service posts which were created to provide manpower support for various time-limited tasks.

5.23 Mr HO Kai-ming further sought the Administration's rationale for employing civil servants to fill time-limited posts but engaging some non-civil service contract ("NCSC") staff for more than 10 years for some positions. SCS clarified that the terms of employment of a position depended on a number of factors, including its job type, service nature and working hours. He pointed out that, by way of an example, Hongkong Post engaged some part-time NCSC staff for sorting, loading/unloading of mails, the workload of which tended to peak at certain hours of a day but would require staff to work less than the conditioned hours of civil servants. Hence, it was not appropriate for civil servants to carry out these jobs.

Non-civil service contract staff

5.24 Noting that the Leisure and Cultural Services Department ("LCSD") and the Education Bureau each had engaged more than 1 000 NCSC staff as at 30 June 2016 and some of these staff had served in the same position for ten years or more, both Mr CHAN Chun-ying and Mr LUK Chung-hung sought the reasons for not replacing these NCSC positions by civil service posts. Mr POON Siu-ping urged the Administration to convert these NCSC positions to civil service posts as soon as possible.

5.25 Ms Tanya CHAN shared a similar concern and enquired about the types of work performed by the NCSC staff who had served in the same position for five years or more. Ms CHAN called on the Administration to review the need for replacing these NCSC positions by civil service posts.

5.26 SCS explained that of the 11 923 full-time NCSC staff as at 30 June 2016, some 3 800 of them had served in the same position for

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five years or more. Most of these NCSC staff were employed by trading fund departments, such as Hongkong Post and EMSD, to meet service needs that were subject to market fluctuation or only required staff to work less than the conditioned hours of civil servants. As regards the NCSC staff in LCSD, SCS advised that most of them were engaged for enhancing support at aquatic venues and dealing with seasonal changes in patronage, such as seasonal lifeguards, and apart from full time staff, LCSD also engaged part-time staff who worked on a need basis.

5.27 SCS further explained that for those NCSC positions engaged to meet service needs which were under review and likely to be changed, CSB would continue to urge B/Ds to conclude the reviews and decide on the most appropriate mode of service delivery as early as possible. CSB would also liaise with relevant B/Ds to ascertain the possibility of replacing some NCSC positions which required expertise in a particular area to civil service posts. SCS pointed out that the Administration would continue to report updated position on the employment of NCSC staff to the Panel on Public Service.

5.28 In reply to Mr LUK Chung-hung's enquiry about the replacement of NCSC positions by civil service posts, SCS advised that 405 civil service posts had been approved in 2017-2018 for replacing NCSC positions of which more than 90% had existed for five years or more. The Administration would progressively replace NCSC positions, for which the long-term need had been established, by civil service posts.

Other issues

5.29 Both Mr LUK Chung-hung and Mr WU Chi-wai voiced concern on the welfare of some 50 000 staff involved in the provision of outsourced services of the Administration. Mr WU asked whether the Administration had implemented measures to protect the wage level of outsourced service staff and requested the Administration to provide information on the comparison of their remuneration packages with civil service counterparts in various B/Ds.

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5.30 SCS replied that outsourcing was an alternative mode of service delivery adopted by B/Ds. Individual departments would have regard to their operational needs when deciding on the most suitable mode of delivery of services. Some services, such as the hotline service provided by the Water Supplies Department, were provided under a hybrid mode through civil servants, NCSC staff and agency workers. The issue about the welfare of outsourced service staff fell outside the policy purview of CSB and had recently been discussed by the Panel on Manpower. He would liaise with the relevant B/Ds to provide some relevant information in response to Mr WU's enquiry after the meeting.

5.31 Mr LEUNG Kwok-hung expressed concern about the limited dental services provided by the Administration to the elderly. As the capacity and funding for dental and medical services provided to civil servants had been progressively enhanced, he called on the Administration to allocate more resources to provide the elderly with better and more comprehensive coverage.

Chapter VI : Administration of Justice and Legal Services

6.1 At the invitation of Chairman, Mr Rimsky YUEN, Secretary for Justice ("SJ"), and Miss Emma LAU, Judiciary Administrator ("JA") highlighted the major financial provisions and key programmes related to the policy portfolios of administration of justice and legal services ("AJLS") (Appendix IV-5-a and IV-5-b).

Prosecutions

6.2 Mr Jeffrey LAM noted that there had been criticisms from the public that the progress of the prosecution work of certain cases was slow and that the sentences for some convicted cases were heavier than those of other cases of similar nature.

6.3 SJ responded that all prosecution work was handled strictly in accordance with the Prosecution Code, relevant law and evidence, without any political consideration. Prosecutors would continue to handle prosecution work in a fair, impartial and apolitical manner.

6.4 Noting from Reply Serial No. SJ029 that the figures for the establishment and vacancy of Court Prosecutor grade officers were 100 and 28 respectively, Mr Jeffrey LAM enquired about the reason(s) for such a high vacancy rate and why no recruitment exercise had been conducted since 2008. Noting that a consultation with regard to the review of the handling of prosecution work before the Magistrates' Court was launched in mid-2016, Mr LAM asked whether the review covered the duties and responsibilities as well as the entry requirements of Court Prosecutor grade officers. Mr LAM further said that there were views that the recruitment difficulties for judicial officers in the Magistrates' Court might reflect the need to enhance their remuneration package by making it comparable to that of private legal practitioners.

6.5 SJ responded that since the last review on the job arrangement for the Court Prosecutor Grade conducted in around 2007, new recruits

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could only handle certain types of criminal prosecution cases (unless they were legally qualified). As to the future arrangement for the Court Prosecution Grade, an internal review was conducted in 2016 and relevant stakeholders were also consulted on this issue. SJ further advised that members of the AJLS Panel would be briefed on this issue under the agenda item "Handling of prosecution work before the Magistrates' Court" at the meeting scheduled for May 2017.

6.6 Mr Dennis KWOK considered the progress of the prosecution work in relation to the Occupy Central Movement too slow and opined that delay in making prosecution decisions would amount to injustice according to the legal maxim "justice delayed is justice denied".

6.7 DPP advised that the nature of Occupy Central Movement, in terms of its scale and complexity, was unprecedented in Hong Kong and thus DoJ had to be very cautious when handling prosecutorial matters in this regard. Among others, the prosecution had to review the cases in respect of all the suspects in a holistic manner to assess the types and nature of any possible charges, the relationship between/impact of charging one/some offender(s) on the other(s) and/or the incident as a whole. Moreover, "time" was not the sole factor in assessing whether there was "access to justice".

6.8 In response to Mr Dennis KWOK's query of whether there was a timeline for closing all the cases relating to the above said event, DPP advised that it would be unnecessary, unless there was a time bar for charging the offence(s) concerned under relevant Ordinance(s), and it would also be impractical to do so since there might be new evidence and/or new development in time. Whenever there was new development, the cases had to be reassessed and the factors for consideration would include, inter alia, the time spent in the investigation, access to justice and public interests as a whole. DPP supplemented that in some overseas sexual offence cases, new evidence

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could still be found a long time, say 10 years, after the occurrence of the incidents.

6.9 Mr LEUNG Kwok-hung also opined that the progress of prosecution work of Occupy Central Movement was slow. Mr LEUNG was unconvinced about SJ's explanation as he noted that the judicial review case concerning the "disqualification of Legislative Council ("Legco") members" had been handled promptly by the Administration.

6.10 SJ responded that comparing the work progress of cases relating to the Occupy Central Movement with that of legal proceedings concerning the Legco oath taking incident was inappropriate. While the former was a criminal case, the latter was a civil case. SJ said that the volume of cases related to the Occupy Central Movement was heavy and that issues involved were complex, while the law governing oath taking by Legco members had been clearly set out in Article 104 of the Basic Law and the relevant Ordinance. Moreover, the relevant legal considerations were also set out in the judgment of Hartmann J in the case of LEUNG Kwok Hung v The President of the Legislative Council of the HKSAR (2004).

6.11 Noting that Mr WOO kwok-hing, a retired judge, had suggested enacting legislation for Article 22 of the Basic Law, which stipulated that no department of the Central People's Government and no province, autonomous region, or municipality directly under the Central Government might interfere in the internal affairs of Hong Kong, Mr LEUNG Kwok-hung asked about DoJ's stance in this regard. In response, SJ advised that DoJ was not the relevant bureau/department responsible for the related policy matter and thus it would not be appropriate for him to advise on any matter in this regard.

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6.12 Mr KWOK Ka-ki opined that the way in which the Administration handled the recent cases of Occupy Central Movement, Mong Kok Incidents and disqualification of Legco members was based on political cause and was thus against the rule of law, and amounted to violation of the doctrine of separation of powers under the common law system.

6.13 SJ responded that as he had pointed out at the Ceremonial Opening of the Legal Year 2017, one should not simply judge the courts' work and DoJ's prosecution work from a political perspective. SJ stressed that all matters relating to the LegCo oath-taking incident had only been considered solely on legal points. Moreover, past records on Hong Kong's rule of law international ranking were good indicators to support the fact that the Administration had been committed to doing its utmost to safeguard the rule of law.

6.14 Mr Holden CHOW said that he had every confidence in the public officers of DoJ that they were committed to safeguarding the rule of law and that they had all along acted professionally in handling the cases mentioned by Mr KWOK Ka-ki.

Briefing out of prosecution cases

6.15 Dr Priscilla LEUNG raised concern about the issues relating to briefing out of prosecution cases to barristers and solicitors in private practice. She was particularly concerned about the work relating to making prosecution decision of "Occupy Central Movement" cases and opined the cases should be handled by in-house government counsels. In this regard, Dr LEUNG raised query as to whether private legal practitioners could be able to handle prosecution matters in an objective manner. Moreover, for cases handled by overseas legal private practitioners, she was concerned whether they were familiar with the Hong Kong's situation.

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6.16 SJ advised that the majority of the prosecutions, including "Occupy Central Movement" cases, were conducted by public prosecutors, i.e. in-house staff of DoJ. SJ further advised that there was a need for briefing out some of the prosecution cases arising out of Occupy Central Movement where there was a need for expert assistance or it was deemed appropriate to obtain independent outside counsel's advice or services so as to address possible perception of bias or issues of conflict of interest. SJ assured members that DoJ had been acting cautiously to monitor the briefed-out cases to ensure that the cases were dealt with strictly in accordance with law and legal principles and in an objective manner.

6.17 Noting that an additional eight Government Counsel posts and two Senior Government Counsel posts would be created, Mr Holden CHOW asked about the timetable for the appointment of these posts. Mr CHOW also asked whether it would be possible to reduce the number of briefing-out cases in the future with additional manpower in DoJ.

6.18 SJ advised that DoJ targeted to create the above mentioned 10 posts within the financial year of 2017-18. SJ further advised that the creation of these posts would allow counsel in the Prosecutions Division to have more opportunities to appear in court for prosecution work so as to further refine their advocacy expertise. With regard to the briefing-out arrangement, SJ responded that the manpower situation of DoJ was not the sole factor for considering whether to resort to briefing-out. Apart from the operational need of DoJ and those cases in which special expertise was required, provision of training opportunities for young barristers and solicitors was another relevant consideration. SJ further said that briefing out of prosecution cases to barristers and solicitors in private practice served to provide opportunities for young barristers and solicitors to gain the experience in prosecution work, which was important to the development of the

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legal profession in Hong Kong.

Arbitration services

6.19 Dr Priscilla LEUNG welcomed DoJ's effort in promoting and developing Hong Kong's arbitration service in the past years. Nevertheless, she noted that the number of students enrolling on the arbitration and dispute resolution programmes in the three local law schools had decreased in recent years when compared to the figures in the 1990s. In order to facilitate the development of Hong Kong as a regional arbitration hub, Dr LEUNG opined that the Administration should devise measures to attract more people to attain recognised professional qualifications in arbitration so as to strengthen professional services in the arbitration field in Hong Kong.

6.20 SJ said that the Administration had been attaching great importance to strengthening Hong Kong's status as a leading centre for international legal and dispute resolution services in the Asia-Pacific region. To this end, training and development of professionals in the relevant field was essential. Nevertheless, SJ advised that attaining qualification in arbitration and dispute resolution streams/programmes via the three local law schools was just one of the channels for getting qualified as arbitrators, and that the reasons for the decreasing number of registrations as mentioned by Dr Priscilla LEUNG were yet to be identified. SJ further advised DoJ had been maintaining close contact with relevant stakeholders, including relevant organizations overseas, in the provision of various training and developing opportunities. DoJ was discussing with them the provision of training in Hong Kong on arbitration in general and arbitration in special areas, for example, maritime arbitration. Further, internship programme for young practitioners was considered essential for equipping them with solid experience for their professional practice. Last but not least, DoJ also endeavored to encourage young practitioners to participate in

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conferences and seminars related to other sectors which served to enhance collaboration between different sectors.

The work of the Law Reform Commission ("LRC") of Hong Kong and the work progress of the LRC Subcommittee on Archives Law

6.21 Mr Nathan LAW was concerned about the progress of the five on-going projects (mentioned in Reply Serial No. SJ036), including the work progress relating to Archives Law, under LRC and asked whether the Administration would explore ways to enhance the efficiency of LRC. Noting that members of LRC worked on volunteer basis, Mr LAW opined that the inadequacy in manpower resources in LRC might prolong the consultation progress of its projects. Mr LAW also noted that, in response to the views of members of the AJLS Panels expressed during the meetings held in 2015-2016, SJ had advised that he hoped to come up with a report on the proposal of making the LRC into a full-time body. Mr LAW then asked about the progress of the proposal in this regard.

6.22 SJ responded that DoJ was preparing a paper on the proposal of converting the LRC into a full-time body with reference to the practice adopted in other jurisdictions and he hoped that the relevant paper would be ready for discussion at the LRC within the current-term Government. However, it was worthy to note that in considering the matter, a number of issues would need to be taken into account, including the implication on resources and the organization structure of LRC. SJ supplemented that although many members of LRC and its sub-committees currently worked on volunteer basis, there was also a team of full-time DoJ staff to provide support services to the LRC, including the provision of legal support and research services.

6.23 Mr Nathan LAW said that the management of Government records was an issue of wide public concern and thus he asked about

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the direction and progress of the LRC's work on the subject of archives law. SJ advised that there were currently two sub-committees working on this subject and recently their terms of references were being reviewed to avoid duplication of work. In response to Mr LAW's enquiry of whether a timetable had been set for the consultation on archives law, SJ responded that as the review on the terms of references mentioned above was still in progress, the timetable for the consultation work was yet to be set.

Law reform on gender recognition

6.24 Mr CHAN Chi-chuen was concerned about the work progress of the high level Inter-departmental Working Group on Gender Recognition ("IWG") chaired by SJ. Noting from Reply Serial No. SJ001 that a total of 15 formal meetings were conducted by the IWG, Mr CHAN enquired why only two meetings had been conducted in the financial year of 2016- 2017 whereas 13 formal meetings were held in the year before.

6.25 SJ responded that the IWG was currently focusing on the completion of the English version of the consultation paper and the translation thereof. SJ supplemented that owing to the technical nature of the issues under the IWG's study, the time needed for the drafting and translation work was longer than that originally expected. Nevertheless, SJ reiterated that the IWG would endeavour to publish the consultation paper as early as possible within the current-term Government.

6.26 Mr CHAN Chi-chuen opined that the completion of the consultation paper was only the first step of the IWG's study and he hoped that the Administration would continue to follow up the matters relating to gender issues in a proactive manner, since the Court of Final Appeal case of *W v Registrar of Marriages* had set out a very clear

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policy direction in this regard.

6.27 Dr Priscilla LEUNG said that she had enquired about the resources, if any, which the DoJ had allocated to legal research policy on safeguarding the freedom of religious belief and sexual orientation, in particular, same sex marriage. Whilst the Administration did not provide any information (in the Reply Serial No. SJ046) on the resources allocated to certain specific policies and/or measures relating to above said issues, Dr LEUNG had observed that much more resources were spent on policies or measures in support of same sex marriage than that on those on harmonizing diverse values and beliefs. Dr LEUNG stressed that as stipulated in Article 32 of the Basic Law, Hong Kong residents should enjoy freedom of religious belief. Dr LEUNG further said that, as a member of Advisory Group on Eliminating Discriminating against Sexual Minorities, she had been involved in the discussion on matters relating to concerns about discrimination faced by sexual minorities in Hong Kong and she noted that major view on issues relating to same sex marriage was that legislative reform might not be a right policy direction. Dr LEUNG urged the Administration to work hard on harmonizing diverse values and beliefs and explore all other possible means, such as administrative arrangement, education and mediation, to resolve the disputes arising from gender related issues.

6.28 SJ clarified that the scope of the consultation paper which he mentioned was confined to gender recognition issues, i.e. legal issues concerning the rights of transsexual persons in Hong Kong, and that same sex marriage was not covered in the terms of reference of IWG. SJ supplemented that the policy relating to same sex marriage was under the purview of the relevant policy bureau and that DoJ would provide legal advice and/or assistance on the subject if it was considered necessary by the policy bureau concerned. SJ assured that in advising on matters relating to gender issues, "freedom of

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conscience", as stipulated in Article 32 of Basic Law, and "right to equality" would be the prime considerations. As regards resource allocation, SJ stressed that DoJ did not have any stance on same sex marriage and that DoJ would only act upon request for legal advice from the bureau(x)/ department(s) concerned. The policy issues relating to same sex marriage should be handled by relevant policy bureau.

Co-location arrangements

6.29 Mr Alvin YEUNG was concerned over the issue of the co-location of customs, immigration and quarantine ("CIQ") facilities of the Mainland and Hong Kong sections of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("co-location arrangements"). In this regard, he enquired:

- (a) whether DoJ had conducted studies on other options of co-location arrangements and other clearance arrangements, such as the arrangement of "separate-location of facilities" or "CIQ clearance procedures on trains"; and
- (b) if the answer to (a) was positive, whether DoJ would put forward other options that had been studied in the proposal for public consultation.

6.30 SJ responded that it had all along been the Administration's objective to implement co-location arrangements upon the commissioning of the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"). In response to Mr Alvin YEUNG's enquiry, SJ confirmed that DoJ had also studied the arrangement of "CIQ clearance procedures on trains". It was the DoJ's plan, apart from introducing the Government's

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recommendation, to make public other major options that had been studied by DoJ, so that members of the public could understand the rationale of the Administration in putting forward the recommendation, which it regarded as the most practicable and consistent with the Basic Law and the "One Country, Two Systems" principle.

6.31 Responding to Mr Alvin YEUNG's enquiry as to whether the public consultation relating to the relevant arrangement would be conducted before 1 July 2017, SJ said that it was the aim of the Government to make public its proposal of implementing the co-location arrangements before the end of its term.

Judicial review

6.32 Mr Kenneth LAU sought information on the judicial review ("JR") cases handled by DoJ in the past five years –

- (a) the number of cases with adverse rulings;
- (b) the number of appeals against JR decisions;
- (c) the details of the case which incurred the largest amount of public money, including expenditure on briefing-out expenses and court costs; and
- (d) the details of the case which required the longest time to bring the case to conclusion and the amount of court costs incurred in the case concerned.

6.33 SJ was agreeable to providing the available information after the meeting in response to such supplementary question to be raised. He stressed that the number of JR cases handled by DoJ and the complexity of these cases were both increasing in recent years. The

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briefing-out expenses and the public money incurred varied depending on the number of JR cases, which was not within the control of DoJ.

Review of the civil jurisdictional limit of the Small Claims Tribunal ("SCT")

6.34 Referring to Reply Serial No. JA060, Mr Paul TSE said that he welcomed the Judiciary's proposal to increase the jurisdictional limit from \$50,000 to \$75,000 for the SCT. Mr TSE enquired whether the Judiciary could provide the statistics on the number of the cases filed with the SCT, for which the claimants were willing to suppress the claim amount within \$50,000 so that the claims could be handled at the SCT. He considered that a claim amount at \$50,000 might be an indication for such cases. JA said that the Judiciary did not have statistics on the cases in which the claimants had suppressed the claim amount to a sum within \$50,000 so that the claim could be handled at the SCT. Mr TSE then suggested that statistics be kept with regard to the claim amount, particularly for the cases for which the claim amount was exactly \$75,000, i.e. the jurisdictional limit after the implementation of the proposed increase. JA said that the Judiciary would consider keeping the relevant statistics as suggested by Mr TSE.

6.35 Mr Paul TSE then asked whether inflation was one of the factors for consideration for the above said review of jurisdictional limit. JA responded in the affirmative and supplemented that the factors taken into account in the review also included the impact on the demand for court services and the resource implication for the Judiciary. It was noted that the Judiciary Administration would brief members of the AJLS Panel on the results of the review of the civil jurisdictional limits of the District Court and SCT at the panel meeting scheduled for April 2017.

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6.36 Mr Paul TSE also expressed concern for the long waiting time for SCT owing to judicial manpower shortage and heavy caseload of judges and asked whether the Judiciary had assessed the resource implication arising from the proposed increase in jurisdictional limit. JA responded that four posts of Adjudicators at the SCT would be created, two for easing off the already very heavy workload and two for coping with the projected increase in workload arising from the implementation of the proposed increase in civil jurisdictional limit of SCT.

Judicial manpower

6.37 Mr Dennis KWOK expressed concern on the judicial manpower situation and asked:

- (a) whether the Judiciary Administration had any plan to fill the 31 vacancies at District Court Masters' Office, Magistrates' Courts/Specialized Court/Other Tribunals, so as to alleviate the heavy workload of judges and judicial officers ("JJOs") as soon as practicable; and
- (b) why judges with experience in handling civil cases when they were in private practice were deployed to hear criminal cases only.

6.38 JA responded that a new round of open recruitment exercise for the rank of Permanent Magistrates was launched in December 2016 and was still in progress. It was envisaged that the number of existing vacancies at District Court Masters' Office, Magistrates' Courts/Specialized Court/Other Tribunals would be reduced as a result of new appointments arising from this recruitment exercise.

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6.39 JA said that as reiterated at other meetings, the Judiciary had been facing persistent recruitment difficulties at the Court of First Instance of the High Court ("CFI") level. In the light of this, the Judiciary had embarked on a number of reviews with a view to attracting quality candidates to join the bench and retaining talents, including one review on the conditions of service for JJOs and another on the statutory retirement ages of JJOs. As regards the latter review, the consultant engaged by the Judiciary would submit its final report around mid-2017. The Judiciary would consider the consultant's report and submit its recommendations to the Administration at an appropriate juncture. As regards listing in the High Court, the Chief Judge of the High Court ("CJHC") was responsible for giving general instructions of listing cases for individual judges. Judges would be deployed to hear criminal cases, civil cases or both types of cases having regard to their expertise and experiences. Apart from hearing cases, judges were required to deal with paper applications as well. The relevant work would be distributed to judges specialized in different fields/areas.

6.40 In response to Mr Dennis KWOK's and Mr Alvin YEUNG's enquiries regarding whether the Judiciary had planned to recruit judges from overseas jurisdictions, JA advised that professional and judicial qualities were two important considerations in the appointment of judges as set out in the Basic Law. Apart from the posts of Chief Justice of the Court of Final Appeal and the CJHC, other judges and judicial officers (JJOs) may be recruited from other common law jurisdictions. JA added that appointments of JJOs at the Court of First Instance of the High Court level and below were made through open recruitment exercises. The recruitment advertisements were placed on the Judiciary's website so that all qualified candidates might apply.

Solicitors' hourly rates

6.41 Mr Dennis KWOK urged for the progress of the review of the solicitors' hourly rates. JA responded that the report for the first stage consultancy study had been completed and the consultancy work for the second stage had commenced. Based on the current progress, the Judiciary Administration was confident that all the work for the second stage would be completed by end of 2017.

Support services for courts' operation

6.42 Noting from Reply Serial No. JA069 that the Judiciary had no plan to further enhance the audio/visual facilities of the Technology Court in the near future and in view of the lack of interpretation services for court proceedings, Ms YUNG Hoi-yan asked whether the Judiciary would consider enhancing the facilities for video conferencing so as to facilitate the giving of evidence by witnesses and/or provision of services by interpreters from all over the world thereby helping to shorten the hearing time of court proceedings.

6.43 JA advised that the Technology Court was currently located at the High Court. JA supplemented that during the renovation of the court building of the Court of Final Appeal and the construction of the West Kowloon Law Courts Building, a courtroom in each of the two buildings had been equipped with audio/visual facilities to the standard as those of the Technology Court. In response to Ms YUNG's further enquiry on whether video conferencing would be available in other courts, including the Magistrates' Court and District Court, JA responded that there was plan to make available portable audio/visual facilities in mobile carts for share-use among courtrooms in various court buildings.

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6.44 Noting that there were only about 118 and 130 cases with the submission of electronic bundles in the High Court in 2015 and 2016 respectively, Ms YUNG asked whether the Judiciary would consider upgrading the facilities for submission of electronic bundles and revamping the workflow as well as enhancing the promotion in this regard so as to boost the usage rate of electronic bundles.

6.45 JA responded that the Judiciary had been striving for continuous improvement with regard to the processing of electronic bundles. JA advised that the promotion of wider usage of electronic bundles would be the long term goal and that currently pilot schemes relating to the use of electronic bundles was launched in the High Court. JA further advised that when other courts were better equipped with the necessary facilities, the provision of services in relation to electronic bundles would be further developed.

Chapter VII : Constitutional and Mainland Affairs

7.1 At the Chairman's invitation, Mr Raymond TAM, Secretary for Constitutional and Mainland Affairs ("SCMA"), briefed members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau ("CMAB") in 2017-2018 (Appendix IV-6).

Public elections and electoral arrangements

Legislative Council by-election

7.2 In response to Dr KWOK Ka-ki's question on the arrangement for holding a Legislative Council ("LegCo") by-election arising from the disqualification of two Members-elect from assuming their office, SCMA said that when vacancies arose in the membership of LegCo, the Electoral Affairs Commission would arrange for by-election(s) in accordance with the relevant legislation. He further said that the Registration and Electoral Office ("REO") had reserved about \$320 million in 2017-2018 for the preparation and conduct of any possible by-elections, including a provision of \$155 million for holding a LegCo by-election for the New Territories East ("NTE") and Kowloon West geographical constituencies ("GCs") in 2017-2018.

7.3 Noting that the estimated amount of \$320 million was much larger than that for the 2010 LegCo By-election for the five GCs or the 2016 LegCo By-election for the NTE GC, Mr Nathan LAW and Dr Elizabeth QUAT asked how many LegCo by-elections would be held in 2017-2018. SCMA said that for budgetary purpose, the presumption was holding two separate LegCo by-elections. The expenditure would include the rental for hiring venues as the polling stations and counting stations, staff cost and the subsidies under the financial assistance scheme for candidates of by-elections.

Voter registration measures and suspected theft of notebook computers of the Registration and Electoral Office

7.4 Mr LAU Kwok-fun expressed concern about the loss of two notebook computers containing personal data of registered voters at the fallback venue at Asia World-Expo ("AWE") for the 2017 Chief

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Executive ("CE") election. Mr LAU Kwok-fun, Mr Michael TIEN and Mr LAM Cheuk-ting questioned the need to transport the personal data of nearly 3.8 million GC voters to AWE as only 1 194 members were listed as voters for the CE election. Chief Electoral Officer ("CEO") of REO apologized for any distress and inconvenience caused to the public by the incident. He said that the data in the computers concerned was used to check the identities of the Election Committee ("EC") members at the entrance of AWE should the fallback venue be used. CEO explained that the personal data stored in the computers could help verify voters' identity by inputting their Hong Kong identity card numbers. In previous elections, the system had also been set up at dedicated polling stations in police stations, so that the polling staff of a dedicated polling station could verify a detainee's voting eligibility through the system. CEO said that upon preliminary review of the practice, REO considered it inappropriate to adopt, in the CE election, the system originally designed for use in the LegCo and District Council elections as the bases of the electorate of these elections were different. In future CE elections, the computers would only store information of EC members.

7.5 Mr LAM Cheuk-ting and Ms Alice MAK asked whether it was because of insufficient provision that no funds had been allocated to hire additional security staff to guard the computers. Mr IP Kin-yuen asked whether the incident involved possible breaches of the prevailing security requirements for transportation and safekeeping of large volume of personal data. CEO said that relevant issues were under review by REO.

7.6 Dr Elizabeth QUAT expressed worry about the implications of the suspected theft incident. CEO said that REO had informed all GC electors of the incident via email or letters to increase their awareness and to minimize potential damage. In response to Mr Michael TIEN's question, CEO said that the REO's letters to all GC electors cost about \$5 million which would be absorbed under the recurrent provision of REO in the financial estimates. Members noted that the Panel on Constitutional Affairs ("CA Panel") had scheduled a special meeting for 11 April 2017 to discuss the incident and relevant

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follow-up measures.

7.7 Ms Alice MAK enquired whether the Administration would seek additional provision to strengthen information security to safeguard voters' personal data in view of the severity of the incident. She was concerned whether REO had sufficient manpower and resources to conduct various checking measures and follow up on suspected false address cases. SCMA said that the Administration would consult the CA Panel at its meeting on 19 April 2017 on whether legislative amendments should be made to introduce the requirement for address proofs to address concern about suspected false address cases.

7.8 Mr LUK Chung-hung said that some electors were aware of the removal of their names from the final registers ("FR") only on the polling day. He expressed concern that some electors might have lost their voting rights simply because they were not aware of REO's inquiry letters or the need to respond to such letters. CEO advised that in the 2016 VR cycle, of the 90 000-odd electors who were removed from FR, 60 000-odd were removed due to failure to respond to the statutory inquiry procedures conducted by REO, and there were some 20 000 deceased electors. In carrying out the checking process, REO also contacted the electors under inquiry through other communication means provided by the electors (if any), such as phone, email or fax, reminding them to confirm or update their registered addresses by the statutory deadline. He said that in the 2016 VR cycle which was an election year, VR work was carried out by a team comprising 95 civil servants and around 400 contract staff.

7.9 Mr LUK Chung-hung enquired about the manpower arrangement for implementing VR and checking measures in the 2017 VR cycle. CEO said that VR work would be carried out by a team comprising 104 civil servants and around 50 contract staff. In response to Ms Alice MAK's enquiry on the funding provision, CEO said that REO would allocate sufficient manpower and resources in 2017-2018 to conduct the checking work; the expenditure on staff remuneration and related operational expenses were estimated to be

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around \$51 million.

7.10 Mr LUK Chung-hung asked whether home visits would be conducted in conducting the VR checking process. SCMA advised that while home visits had been conducted in the past VR cycles through the District Offices to reach out to electors, this arrangement was considered not very cost-effective. He said that electors would be encouraged to provide their email addresses, phone numbers or any other communication means to REO as far as possible to facilitate the VR checking process.

7.11 Mr Martin LIAO asked about the key performance indicators for VR. CEO said that in the 2017 VR cycle, it was expected that there would be about 80 000 new registrations and about 140 000 requests for updating registration particulars. SCMA said that taking into account the registration rate of more than 70% in Hong Kong, the registration rate of eligible young people aged between 18 and 20 was relatively on the low side. He stressed that sustained efforts would be made to encourage more people especially the young people to register in the VR campaign.

7.12 Dr Priscilla LEUNG enquired about the numbers of electors removed from the 2016 FR involving elderly persons, Hong Kong people who were in the Mainland and/or Hong Kong people with "dual-residence" (living in both the Mainland and Hong Kong). CEO undertook to check if relevant information was available.

Promoting the Basic Law

7.13 Mr Kenneth LAU sought details of the activities to be organized in the Mainland to celebrate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region ("HKSAR") and the Mainland bodies to be collaborated in organizing these activities. Dr KWOK Ka-ki enquired whether a major review would be conducted on the implementation of the "one country, two systems" in Hong Kong. SCMA said that the year 2017 marked the 20th anniversary of the establishment of HKSAR. The Government

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would organize a wide variety of celebration events during the year to showcase the successful implementation of "one country, two systems", and various arts and cultural groups would be given funding support to stage performance in major cities in the Mainland. Permanent Secretary for Constitutional and Mainland Affairs ("PSCMA") said that in 2017-2018, the Hong Kong Economic and Trade Offices in the Mainland ("the Mainland Offices") and the liaison units under their purview would organize a series of events in their respective service areas to celebrate the 20th anniversary of the establishment of HKSAR. These events included exhibitions, cultural performances, gala dinners or receptions, youth or student programmes, film festivals, etc. The Mainland Offices would collaborate with relevant authorities in the Central People's Government and the provincial governments, non-government organizations as well as Hong Kong business groups in the Mainland in organizing these events.

7.14 Noting that CMAB would continue to set aside about \$16 million in 2017-2018 for promoting the Basic Law ("BL"), Mr Kenneth LAU asked whether new media channels (such as Facebook, YouTube) would be used in order to deepen young people's understanding of BL. Mr Christopher CHEUNG queried the effectiveness of the existing measures in promoting BL, and requested the Administration to conduct a review in this area. He suggested that the Administration should increase the provision of resources in promoting BL through the new media in order to appeal to the young people.

7.15 Deputy Secretary for Constitutional and Mainland Affairs 2 said that the Administration had already included the use of new media, such as the Internet, smart-phone applications, online interactive games and quizzes to appeal to the younger generation. She said that BL promotional activities would be organized through different means, including sponsorships to non-government organizations and community groups. She said that apart from using electronic media (such as Internet and smart-phone applications) to promote BL widely to different strata of society, roving exhibitions would be organized at the district level and BL mobile resource centres would be arranged to

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pay visits to different districts and schools.

Rights of the individual

Office of the Privacy Commissioner for Personal Data and Equal Opportunities Commission

7.16 Mr Alvin YEUNG enquired about the adequacy of the total provision of \$191.6 million for meeting the operational expenses of the Office of the Privacy Commissioner for Personal Data ("PCPD") and the Equal Opportunities Commission ("EOC") respectively. He expressed concern whether PCPD would have sufficient resources to take follow up measures in the wake of the suspected theft of the notebook computers of REO. SCMA said that in 2017-2018, the Government earmarked a subvention of \$115.5 million for EOC (representing a 7.7% increase compared with that for 2016-2017), and a subvention of \$76.1 million for PCPD (which was on par with that for 2016-2017). He said that PCPD was conducting a compliance check on the incident and had not raised request for additional resources in connection with the incident. The Administration would keep in view PCPD's need for additional resources.

Children's rights

7.17 Mr IP Kin-yuen enquired whether efforts would be made to step up publicity of the Children's Rights Education Funding Scheme since only a total of 14 schools had received funding support under the Scheme from 2014-2015 to 2016-2017. He also asked about the criteria for approving such applications. Under Secretary for Constitutional and Mainland Affairs ("USCMA") said that while community organizations and schools had been encouraged to make such applications, an independent vetting committee was responsible for assessing the funding applications having regard to multiple factors, including the objectives, content and feasibility of the proposed activities under application. SCMA undertook to consider taking further measures to publicize the Children's Rights Education Funding Scheme, including sending email and letters to schools. Members

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were also welcome to provide suggestions in this regard.

Anti-discrimination on grounds of sexual orientation and gender identity

7.18 Dr Priscilla LEUNG considered that a charter on non-discrimination of sexual minorities should be drawn up for voluntary adoption by relevant organizations and persons. SCMA said that the Administration would consult the stakeholders on the content of a draft charter within this year. SCMA said that the Administration was conducting further study on the experience of other jurisdictions in tackling discrimination through legislative and non-legislative measures. Mr CHAN Chi-chuen enquired about the timing for the completion of the Administration's further study, and requested the Administration to provide a timetable for conducting public consultation on how legislation should be introduced to outlaw discrimination on grounds of sexual orientation and gender identity. SCMA undertook to relay Mr CHAN's view to the CE-elect's Office. Mr Holden CHOW said that views were diverse on taking legislative means to tackle the problem of discrimination on such grounds. He considered that administrative measures and public education were equally effective in combating these discriminatory acts.

7.19 Mr CHAN Chi-chuen called on the Administration to provide more funding support to worthwhile community projects under the Equal Opportunities (Sexual Orientation) Funding Scheme. He asked about the reasons for not utilizing the provision under the Scheme in 2016-2017 as only about 60% of the provision had been spent. USCMA said that in 2016-2017, some applicants decided not to pursue their approved projects due to different considerations and so did not utilize the earmarked resources. Mr CHAN suggested that in the circumstances, any unspent amount of the funding could be reallocated to some other worthwhile projects under application. Dr Priscilla LEUNG also suggested that applications from community organizations which aimed to provide assistance and address needs, but not those of a promotional nature, should be sponsored under the Equal Opportunities (Sexual Orientation) Funding Scheme.

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Regional cooperation with the Mainland

7.20 Mr MA Fung-kwok enquired whether the Administration had commissioned any academic institutions in 2017-2018 to conduct a study on the Mainlanders' impression of Hong Kong people with a view to eliminating misunderstanding and conflicts between people of the two places. In response, SCMA noted that some local academic institutions and those in the Mainland had adopted different methodologies in conducting relevant studies.

7.21 Mr Holden CHOW requested the Administration to maintain records of the number of cases dealt with by the Mainland Offices in providing assistance to Hong Kong residents and enterprises in the Mainland so as to evaluate the effectiveness of the work of the Mainland Offices. PSCMA said that with the establishment of a few more liaison units under the relevant Mainland Offices by the middle of this year, the HKSAR Government would have a comprehensive network of offices in the Mainland, comprising five Mainland Offices and 11 liaison units in total. Statistics on requests for assistance would be maintained with breakdown by the Mainland Offices which received the requests.

Chapter VIII : Financial Services

8.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury ("SFST") briefed members on the main initiatives and expenditure on the policy area of financial services in 2017-2018 (Appendix IV-7).

Development of financial market

8.2 Mr James TO pointed out that in recent years, the share prices of some Mainland enterprises fluctuated significantly after they were listed in Hong Kong. He expressed concern about the serious problem of false accounting among Mainland enterprises (particularly private enterprises) and asked the Government about the measures taken to protect investors and the ways to strengthen cooperation with the relevant Mainland regulators. Dr KWOK Ka-ki was concerned about the lack of improvement in the quality of Mainland enterprises listed in Hong Kong following the launch of the Shanghai-Hong Kong Stock Connect ("S-HK SC") and the Shenzhen-Hong Kong Stock Connect ("Sz-HK SC"). He asked whether the Administration would warn retail investors against investing in the shares of Mainland private enterprises.

8.3 SFST stressed that both the Government and the Securities and Futures Commission ("SFC") attached great importance to the quality maintenance of Hong Kong's listing platform and the protection of investors' interests. He said that SFC would follow up and investigate the misconduct of certain listed companies and had taken a number of measures aimed at improving market quality (including reviewing the regulation of the Growth Enterprise Market). SFC would continue to strengthen enforcement efforts and enhance investor education. SFST added that following the launch of S-HK SC and Sz-HK SC, SFC had strengthened communications and cooperation with the China Securities Regulatory Commission in a number of areas (including investigations and working meetings), so as to combat market malpractices.

8.4 Mr CHAN Chun-ying enquired about the expenses to be incurred by the Administration in 2017-2018 for promoting Hong

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Kong's offshore Renminbi ("RMB") business. Noting that Hong Kong's offshore RMB liquidity pool was not big enough, Mr Jeffrey LAM was concerned that this could hinder the development of Hong Kong's offshore RMB business.

8.5 SFST responded that the promotion of offshore RMB business was undertaken mainly by the Hong Kong Monetary Authority ("HKMA") at present, while the Financial Services and the Treasury Bureau was responsible for the coordination of the relevant policy matters. He said that although total RMB deposits in Hong Kong have decreased, the average daily turnover on Hong Kong's RMB Real Time Gross Settlement system reached about RMB900 billion. The objective of the Government was to increase the use of RMB and enlarge the RMB liquidity pool by facilitating mutual market access between Hong Kong and Mainland (including S-HK SC, Sz-HK SC and the Mainland-Hong Kong Bond Market Connect ("Bond Connect")), with a view to strengthening the position of Hong Kong as the global offshore RMB business hub.

8.6 Mr Jeffrey LAM opined that the establishment of a corporate treasury centre in Hong Kong by the Asian Infrastructure Investment Bank ("AIIB") was very important to the development of the financial services industry in Hong Kong. He enquired about the progress made by the Administration in this respect. SFST advised that the Government was actively lobbying for AIIB to set up a corporate treasury centre in Hong Kong but no details could be reported at this stage.

8.7 Mr CHAN Chun-ying enquired about the expenses and details for 2017-2018 in connection with the Administration's seizure of the opportunities presented by the nation's Belt and Road Initiative ("BRI"), including the promotion of Hong Kong as a financing centre, asset management centre, corporate treasury centre and offshore RMB business centre, as well as the development of Islamic bonds.

8.8 SFST responded that the Government would continue to comprehensively examine ways to assist the sector in seizing the

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business opportunities presented by BRI. Part of the legal framework in this respect has been in place. For example, HKMA was promoting the establishment of a corporate treasury centre in collaboration with the relevant authorities. Part of HKMA's efforts in connection with BRI (such as the establishment of the Infrastructure Financing Facilitation Office) was not funded by the Government. As far as the development of the fund industry was concerned, the Government was drawing up a legislative proposal to extend profits tax exemption to onshore privately-offered open-ended fund companies.

8.9 Mr CHAN Chun-ying enquired about the resources allocated by the Administration for the development planning of the "Guangdong-Hong Kong-Macao Bay Area", the relevant details and timetable, as well as whether the expenses in this respect would be absorbed by its internal resources. Mr Jeffrey LAM enquired about the role of Hong Kong in the development of "Guangdong-Hong Kong-Macao Bay Area".

8.10 SFST pointed out that Hong Kong's participation in the development planning of "Guangdong-Hong Kong-Macao Bay Area" would facilitate the development of local financial services industry. He explained that the development planning of "Guangdong-Hong Kong-Macao Bay Area" covered a vast area and involved a number of government bureaux and departments, requiring a holistic consideration of the planning internally within the Government. The Government would consult the relevant Mainland authorities on the work concerned, examine the need for a change in existing policies and apply for resources for work priorities on a need basis, with a view to facilitating the development planning.

Tackling money lending-related malpractices

8.11 Miss Alice MAK noted that the Government had imposed additional licensing conditions on all money lender licences to tackle money lending-related malpractices since December 2016 and would conduct a review six months after the implementation of the new measures. She enquired about the direction of the review and whether

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the Government would consider reviewing the Money Lenders Ordinance (Cap. 163) with a view to introducing a licensing system for financial intermediaries. Regarding raising people's awareness of debt management, Miss MAK asked whether, in addition to enhancing publicity, the Government would consider providing consultation services on debt management.

8.12 Regarding the review on the imposition of additional licensing conditions on all money lender licences, SFST advised that after the implementation of the new measures, the Government would examine whether unscrupulous financial intermediaries had used new tactics to circumvent regulation by the Government and whether the new measures could assist the Police in its investigation and evidence-gathering. As far as public education on debt management was concerned, the Government had allocated resources to non-governmental organizations for the provision of consultation services on debt management. The Government would keep the situation under review to see whether there was a need to provide other forms of services. Regarding whether a licensing system should be introduced for financial intermediaries, SFST said that amending the Money Lenders Ordinance would involve a very complicated and time-consuming process. The Government was of the view that the imposition of additional and more stringent licensing conditions on money lender licences would be able to combat more directly and timely the problem of overcharging borrowers by unscrupulous financial intermediaries. The Government would review the implementation and effectiveness of the new measures before considering the need for other measures.

The Financial Services Development Council

8.13 Mr CHAN Chun-ying enquired about the details concerning the estimated expenditure of \$9.9 million in 2017-2018 for the Financial Services Development Council ("FSDC") and how the Government had worked out the estimated expenditure for FSDC. He was concerned that the consistent lack of resources for FSDC had

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hindered its efforts to strive for the implementation of its recommendations.

8.14 Mr YIU Chung-yim noted that FSDC was mainly responsible for conducting researches and talent matching for financial services institutions. He asked whether FSDC would, in the future, conduct researches on how Hong Kong would cope with the challenges posed by the development of global financial services industry.

8.15 The Permanent Secretary for Financial Services and the Treasury (Financial Services) ("PS(FS)") pointed out that the estimated expenditure of \$9.9 million in 2017-2018 for FSDC represented an increase of about 6% over the previous year, of which about \$2.2 million was for salaries of the civil servants in the FSDC Secretariat, the remaining about \$7.7 million would be mainly used for the engagement of consultants as well as promotional and research activities. The Government had taken into account FSDC's work plan and the availability of government resources in working out its estimated expenditure.

8.16 Regarding the role of FSDC, SFST reiterated that FSDC was a high-level consultative body set up and supported by the Government and its main task was to advise the Government on financial services development (including the nourishment of talents in the financial services industry). Since its establishment, FSDC had published more than 20 research reports. As many of its members were practitioners in the financial field, its reports were drafted from the market point of view and the recommendations therein were often practicable. The Government had adopted some of these recommendations and was studying the feasibility of others. Should the need arise, the Government would invite FSDC to advise on the challenges faced by the financial services industry, so as to assist the Government in formulating future policies on financial matters. Moreover, FSDC would also conduct high-level activities overseas to promote Hong Kong's financial services industry. Such activities had been highly effective because they were promoted and participated by the practitioners in the industry.

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8.17 Mr CHAN Chi-chuen pointed out that the Government submitted a proposal for the creation of a non-civil service Executive Director position in FSDC to the Establishment Subcommittee of LegCo in 2016 but the proposal was subsequently withdrawn. He asked whether the Government would submit the proposal again. Mr CHAN also pointed out that during her election campaign, the Chief Executive-elect proposed the establishment of a "Financial Leaders Forum" to be chaired by the Financial Secretary, which would play the dual role of regulator and promoter. He asked whether the Forum would replace FSDC.

8.18 SFST advised that the creation of an Executive Director position in FSDC would be able to enhance the Secretariat's support to FSDC. The Government had withdrawn the staffing proposal in view of the different opinions among Members. Nevertheless, the Government would examine afresh the proposal and submit it again later. Regarding the proposal for the establishment of a "Financial Leaders Forum", SFST said that the proposal aimed at setting up a high-level coordinating mechanism, rather than replacing FSDC. He believed that the mechanism would facilitate cooperation between FSDC and other regulators (including HKMA and SFC).

The legal status of the Hong Kong Dollar

8.19 Ms Claudia MO said that there had been comments that RMB could replace the Hong Kong Dollar ("HKD") around 2020 to 2022. She urged the Government to respond to such comments and address public anxiety, including whether the replacement of HKD by RMB was in breach of Article 111 of the Basic Law which provided that "The Hong Kong Dollar, as the legal tender in the Hong Kong Special Administrative Region, shall continue to circulate". She was worried that the phrase "shall continue to circulate" might be interpreted by the Mainland authorities as paving the way for RMB to become another legal tender in Hong Kong.

8.20 SFST remarked that HKD's legal status had been enshrined in Article 111 of the Basic Law. He noted some market comments that

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HKD might be unpegged with the US Dollar and be pegged with RMB instead. However, he considered such comments nothing more than "academic discussions", as RMB would not become an internationally traded reserve currency in the foreseeable future. He emphasized that the market remained confident about Hong Kong's Linked Exchange Rate System. Hong Kong was still seeing an inflow of funds despite the recent highly volatile external financial and currency markets.

Development of Financial Technologies ("Fintech")

8.21 Dr Elizabeth QUAT expressed concern about the sluggish development of Hong Kong's Fintech, as many of our financial infrastructures (e.g. e-payment system) were lagging behind those on the Mainland. She urged the Government to expeditiously promote the development of Fintech in Hong Kong. Dr QUAT said that the development plan of "Guangdong-Hong Kong-Macao Bay Area" had enormous potential and she enquired about how the Government would promote mutual access in e-commerce between the Mainland and Hong Kong through participating in the relevant process, including the amount of resources to be allocated and the detailed timetable for implementation.

8.22 SFST advised that there were a number of payment systems in Hong Kong which members of the public could choose to use according to their own habits. Some people who were more concerned about privacy might have reservations about using new payment systems. He pointed out that the Mainland was a special case in Fintech development. Unlike the development processes of many other economies, the Mainland quickly and directly entered the development stage of third-party payment system. Regarding the development of "Guangdong-Hong Kong-Macao Bay Area", the Government's vision would be to achieve mutual access in e-commerce and financial services industries between the two places. Although there was no specific implementation timetable at present, the Government would formulate the relevant policies first and then coordinate resource allocations in this respect. The development of

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local payment system would facilitate mutual access in e-commerce between the two places.

8.23 Mr Holden CHOW noted that since the commencement of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) in 2016, a total of 13 stored value facility ("SVF") operators had been issued with licences. Expressing his concern that it might be more difficult for small and medium enterprises ("SMEs") to obtain an SVF licence, he asked about the number of licensed SVF operators which were of small and medium size, and whether the Government would adopt the same criteria when handling licence applications by SMEs and large enterprises. Mr CHOW also enquired whether the Government planned to set up a uniform payment platform for different payment facilities.

8.24 PS(FS) said that HKMA was responsible for vetting applications for an SVF licence and the current 13 licensed SVF operators comprised both large enterprises and SMEs, including local and multinationals. The Government could provide information about the 13 licensed operators after the meeting. As for standardization of payment systems and the establishment of a mutual access platform, SFST said that licensed SVF operators would have their own considerations and might not be willing to cooperate with their counterparts. He added that HKMA was developing a new Faster Payment System ("FPS"), which operated in a similar mode to that of "Real Time Gross Settlement system" ("RTGS"). It was expected that FPS would facilitate the development of local payment platform and the Government would closely monitor the development in this respect.

The Silver Bond market

8.25 Mr Kenneth LAU pointed out that the first batch of the Silver Bond issued by the Government in 2016 was well received by the market. He enquired whether the Government would increase the issue amount of the second batch of the Silver Bond to be issued in this year, and he also enquired about the redemption arrangements for the Silver Bond as well as the related fees.

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8.26 Mr Christopher CHEUNG asked why the Government allowed only banks to handle subscriptions for the Silver Bond. He said that while some small investors wished to subscribe the Silver Bond through securities firms, the local securities industry had also contributed to the development of the bond market in Hong Kong and the implementation of the Bond Connect. He urged the Government to review the existing subscription arrangements for the Silver Bond and allow the participation of securities firms. Mr CHEUNG also enquired whether the Government would consider establishing a secondary market for the Silver Bond.

8.27 SFST responded that the issue amount of the second batch of the Silver Bond would be HK\$3 billion, the same as that of the first batch. Deputy Secretary for Financial Services and the Treasury (Financial Services) 1 added that no fees would be charged for the redemption of the Silver Bond, and as at 24 March 2017, the redemption amount of the first batch of the Bond was HK\$20.97 million.

8.28 Regarding the issuance of the Silver Bond, SFST said that the Bond was a new investment product with the objective of providing steady returns to senior citizens, and was different in nature from the iBond which had a secondary market and could be invested on a short-term basis. To encourage senior citizens to hold the bonds until maturity for a stable income, the Silver Bond had no secondary market. The Government would review the issuance arrangements upon completion of the two-year Silver Bond Pilot Scheme.

Mandatory Provident Fund System

8.29 Mr Kenneth LAU noted that the Administration had planned the development of eMPF, a centralized electronic platform. He enquired about the implications of such a measure for the management fees of mandatory provident funds ("MPFs"). Miss Alice MAK enquired about the concrete timetable for the launch of the eMPF platform; and she urged the Government to implement the measure as

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soon as possible with a view to lowering the management fees of MPF schemes.

8.30 SFST remarked that the Government attached great importance to the establishment of the eMPF platform for the purpose of lowering the management fees of MPF schemes, having regard that high administration cost was one of the main contributory factors for the relatively high MPF management fees. The Government had not assessed the implications of eMPF for MPF management fees, but a consultancy report had pointed out that MPF administration fees amounted to approximately 0.75% per annum of the net asset value of MPF constituent funds. As such, the establishment of the eMPF platform would result in a substantial reduction in MPF fees. SFST also remarked that the establishment of the eMPF platform involved complicated work, including changes in the existing workflow of the MPF System, so it would take some time to work out detailed plans before implementation. The Government would set up a working group in mid-2017 to discuss with the Mandatory Provident Fund Schemes Authority and the industry on the details of establishing such an electronic platform.

8.31 Mr Kenneth LAU asked whether the Government would encourage MPF trustees to offer MPF schemes investing in green finance, so as to dovetail with the broad direction of developing green finance in Hong Kong. SFST advised that the Government did not have a predetermined position on this subject and it welcomed comments from the industry.

Resource allocations for departments under the Financial Services and the Treasury Bureau

8.32 Mr Kenneth LEUNG opined that Hong Kong's obligations to comply with various international regulatory requirements relating to tax matters in recent years had resulted in an increasing workload for the Inland Revenue Department ("IRD") and led to a trend of lengthened processing time for handling related cases. Yet, there would be no significant increase in IRD's manpower resources in

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2017-2018. He urged the Government to conduct a detailed review of the adequacy of the resources allocated to IRD.

8.33 SFST pointed out that the Government recognized IRD's increasing workload in recent years (for instance, the need to assist in the enforcement of anti-money laundering and terrorist financing measures), and the Government would provide additional resources for IRD accordingly taking into account its operational needs.

8.34 Miss Alice MAK pointed out that staff of the Official Receiver's Office ("ORO") were concerned about the significant increase in workload in recent years and were of the view that albeit ORO had outsourced some of its works, that did not imply there was room for manpower streamlining. She enquired about the plans the Government had in place to increase ORO's manpower.

8.35 The Official Receiver responded that in recent years, ORO had been reviewing and streamlining its workflow as well as reprioritizing its work with a view to enhancing its operational efficiency. ORO would also ensure the adequacy of its manpower and resources so as to cope with the relevant workload.

Reforming the regulatory regime for listed entity auditors

8.36 Mr Kenneth LEUNG enquired about the progress of reforming the regulatory regime for listed entity auditors and the details of the proposed framework of disciplinary hearing. PS(FS) said that the Government was discussing with the stakeholders on the details of the new regime and aimed to introduce the relevant bill into LegCo within the current legislative session.

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9.1 At the Chairman's invitation, Prof K C CHAN, Secretary for Financial Services and the Treasury ("SFST"), highlighted the major initiatives and expenditure on public finance under his purview in 2017-2018 (Appendix IV-8).

Work of the tax policy unit

9.2 Mr CHAN Chun-ying noted that the Administration had earmarked about \$3.5 million for the creation of four non-directorate posts arising from the setting up of a tax policy unit ("TPU"). In addition, the Inland Revenue Department ("IRD") would create 12 new posts in 2017-2018 (involving an additional annual expenditure of \$6.02 million on payroll) to cope with duties such as arrangements for profits tax exemption for onshore privately offered open-ended fund companies, tax concessions for aircraft leasing business, and assessment of tax discrepancies between Hong Kong and its major competitors in the region, etc. Mr CHAN was concerned about whether the increase in resources and manpower was adequate to facilitate the tax reform in Hong Kong, and to handle the on-going work of studying tax discrepancies.

9.3 Mr Kenneth LEUNG expressed concern over the possible overlap of the structures and functions between TPU and the existing Joint Liaison Committee on Taxation ("JLCT"). He enquired about the division of duties between the two and whether the Government would consider merging them.

9.4 SFST said that the Government advocated the setting up of the new TPU under the Financial Services and the Treasury Bureau ("FSTB") to be tasked with undertaking preliminary research work on the formulation of tax policy, while JLCT's main function was to relay the industry's views on proposals put forth by the Government. TPU, whose members would include tax experts, would also consult the industry as and when necessary. He further indicated that the Government would closely monitor IRD's manpower and workload (in particular the ever-increasing workload in relation to Hong Kong's cooperation with the international community on tax matters), review the situation on a timely manner and consider increasing IRD's

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manpower where necessary.

9.5 Mr Jimmy NG enquired whether TPU's study areas would cover the provision of tax concessions for capital expenditure incurred by Hong Kong manufacturers on acquisition of machinery and intellectual properties. He added that such machinery and intellectual properties might be used in production lines on the Mainland as well as countries and regions along the Belt and Road. If such studies found that providing tax concessions could help to foster the development of industries, whether the Administration would consider introducing legislative proposals to assist small and medium enterprises in making investments and expanding businesses outside Hong Kong, especially in countries and regions along the Belt and Road.

9.6 SFST explained that TUP's top priority was to study and analyze relevant tax measures to complement the development of scientific research. The Government welcomed suggestions from the industry regarding TPU's direction of work and study areas. The Commissioner of Inland Revenue ("CIR") pointed out that according to the existing Inland Revenue Ordinance (Cap. 112) ("IRO"), tax deduction could be claimed for certain capital expenditure on the purchase of intellectual properties. The Government was also in the process of drafting an amendment bill which would include three new types of intellectual properties in the scope of tax deduction. In addition, allowances for depreciation of machinery and equipment by wear and tear would be granted if the requirements under the IRO were satisfied.

9.7 Mr Holden CHOW enquired whether TPU would also study ways to accelerate the signing of Comprehensive Avoidance of Double Taxation Agreements ("CDTAs") with Hong Kong's trading partners, with a view to facilitating the development of high value-added maritime industry in Hong Kong. SFST said that the duties of TPU would not include negotiations for CDTAs. IRD had dedicated staff for such work and would continue with its efforts to expand Hong Kong's network of CDTAs and accelerate negotiations with other tax jurisdictions for the signing of CDTAs.

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9.8 Mr Holden CHOW noted that the number of companies with assessable profits below \$5 million in Year of Assessment 2015-2016 had decreased by about 10% when compared with 2013-2014 and 2014-2015, and he enquired about the reasons for that. CIR said that the number of such companies in Year of Assessment 2015-2016 only reflected the number of assessments completed as of 28 February 2017, and was different from the figures in 2013-2014 and 2014-2015 which reflected the respective numbers for the whole year of assessment. It was expected that upon the completion of the assessment process for Year of Assessment 2015-2016, the number of companies with assessable profits would increase.

Comprehensive Avoidance of Double Taxation Agreements and Automatic Exchange of Financial Account Information in Tax Matters

9.9 Mr CHAN Chun-ying enquired about the progress of the Administration's CDTA negotiations with the countries and regions along the "Belt and Road" route, including the number of tax jurisdictions which had signed CDTAs with Hong Kong, the number of tax jurisdictions which was having CDTA negotiations with Hong Kong, and the number of tax jurisdictions with which the Administration was planning to hold CDTA negotiations.

9.10 CIR pointed out that Hong Kong had signed 37 CDTAs so far, 16 of which were signed with the countries and regions along the "Belt and Road" route. Moreover, the Administration had concluded CDTA negotiations with three tax jurisdictions, started or would soon start CDTA negotiations with six tax jurisdictions, and planned to invite four tax jurisdictions for CDTA negotiations.

9.11 Mr Kenneth LEUNG noted that the Administration had introduced Inland Revenue (Amendment) (No. 3) Bill 2017 to LegCo, which mandated financial institutions ("FIs") in Hong Kong, from 1 July 2017, to conduct due diligence and collect information from account holders who were tax residents of 72 newly added tax jurisdictions for future automatic exchange of financial account

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information in tax matters ("AEOI") with the tax jurisdictions which had signed bilateral Competent Authority Agreements with Hong Kong. Mr LEUNG asked how the Administration would protect the privacy of taxpayers and ensure the confidentiality of the information collected for such purpose.

9.12 CIR said that the tax jurisdictions concerned must follow the Common Reporting Standard promulgated by the Organization for Economic Co-operation and Development ("OECD") for AEOI. OECD would also examine the information technology systems of those tax jurisdictions which had committed to adopting AEOI, in order to ensure that the systems would meet the requirements in terms of confidentiality and information protection. Hong Kong passed OECD's examination in June last year. Moreover, IRD engaged information technology security companies every year to examine its information technology system in order to ensure that the system would meet security requirements. CIR also pointed out that should the information technology system of another competent authority fail to pass OECD's examination, IRD would not conduct AEOI with it.

Earmarked provisions

9.13 Mr WU Chi-wai enquired about the circumstances under which the Administration would consider earmarking provisions for the expenditure of a particular item, as a show of commitment for the item (e.g. the \$50 billion set aside for retirement protection in 2015), or setting up for the item a fund which would be accumulated to earn interests (e.g. the \$27.5 billion set aside for establishing a Housing Reserve in 2014). He was concerned about the concealment of public resources by the Government under various names and how the Administration would ensure that the purchasing powers of such earmarked provisions would not be eaten away by such factors as inflation.

9.14 SFST and the Permanent Secretary for Financial Services and the Treasury(Treasury) ("PS(T)") remarked that generally speaking, if some projects were still in planning stage and their actual funding

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requirements could not be clearly worked out, the Government would consider setting aside funds to meet future expenditures and set upper limits on future provisions. PS(T) added that regarding the Housing Reserve, for example, the Government had expected that should the need for further injection of funds to the Housing Authority arise, it would entail a huge financial commitment. As such, a fund was established to accumulate earmarked provisions and investment returns, with a view to catering for future needs in the form of savings.

9.15 Mr WU Chi-wai further enquired how the Administration would ensure that the use of earmarked provisions could conform with their original policy intentions and specific objectives, as well as the mechanism for dealing with unused provisions (if any). He also enquired about the reasons why the situation about earmarked provisions was not reflected in the accrual-based consolidated financial statements of the Government.

9.16 SFST pointed out that earmarked provisions reflected the Government's financial arrangements and commitments in respect of certain policies (such as healthcare reform). Should the policy concerned be adjusted in the future, it might not be necessary to allocate the full amount of the earmarked provisions to the policy bureau concerned. He explained that earmarked provisions were not contingent liabilities and were different from accrual-based expenses, it was therefore not necessary to reflect them in the accrual-based consolidated financial statements of the Government. PS(T) added that the Medium Range Forecast in the Supplement of the Budget contained information on large earmarked provisions. Such earmarked provisions would not affect the fiscal surplus of the financial year concerned.

The costs for the facilities upkeep for the official residence of the Chief Executive

9.17 Mr Kenneth LAU noted that official residence for the Chief Executive ("CE") (i.e. the Government House) was a declared monument. For appropriate maintenance of the building, 1 255 works

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projects had been undertaken for its facilities upkeep at a total cost of \$29.77 million over the past five years. Mr LAU asked whether the maintenance and repair for CE's official residence required procurement of special materials, thereby incurring higher maintenance and repair costs than those for the official residences of other Secretaries. He also enquired about the most costly repair item and what measures would be taken by the Administration to save the costs for repair works for CE's official residence.

9.18 The Director of Architectural Services said that the maintenance and repair works for CE's official residence would be undertaken in harmony with its architectural style and would use its original materials as far as possible. A complete replacement of roof supports and tiles was carried out for CE's official residence in the Financial Year 2012-2013 at a cost of more than \$6 million, which was the most costly repair item in the past five years. He added that as the floor area of CE's official residence was much bigger than those of the official residences of other Secretaries, its costs for facilities upkeep were accordingly higher. Nevertheless, the unit cost per square meter for CE's official residence was more or less the same as those for the official residences of other Secretaries.

Chapter X : Innovation and Technology

10.1 At the invitation of the Chairman, Mr Nicholas YANG, Secretary for Innovation and Technology ("S for IT"), briefed members on the key areas of work under the Innovation and Technology ("I&T") portfolio for the 2017-2018 financial year (Appendix IV-9).

Use of land for innovation and technology development

10.2 Ms Claudia MO commented that the Administration had not yet provided the particulars, such as the costs and expenditures, about the development of the Hong Kong-Shenzhen Innovation and Technology Park at Lok Ma Chau Loop. S for IT advised that the relevant Panel(s) of the Legislative Council would be briefed on the project details and funding approval from the Finance Committee would be sought in accordance with the procedures. Ms Claudia MO noted that the costs of development, etc., of the Hong Kong-Shenzhen Innovation and Technology Park, though being a joint project between Hong Kong and Shenzhen, were to be borne by the Hong Kong side, and the Shenzhen side might participate in the management of the Park. Ms MO considered that the arrangement was unfair to Hong Kong. In response, S for IT stressed that the ownership of Lok Ma Chau Loop was 100% in the hands of Hong Kong, which also assumed full control over the Hong Kong-Shenzhen Innovation and Technology Park.

10.3 Mr CHU Hoi-dick noted that the Administration had earmarked five sites for uses related to I&T development. He enquired whether the five sites would suffice to meet the needs of future I&T development in Hong Kong. He noticed that the Administration had also earmarked some land in Wang Chau for industrial estate ("IE") expansion. Mr CHU suggested that the Administration might consider converting the technology development sites in Wang Chau for relocating brownfield.

10.4 Commissioner for Innovation and Technology ("CIT") said that the Administration earmarked land for the expansion of the Hong Kong Science Park ("HKSP") and establishment of the Data Technology Hub and Advanced Manufacturing Centre, and for development of the Hong Kong-Shenzhen Innovation and Technology

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Park and IEs at Lok Ma Chau Loop and the Liantang/Heung Yuen Wai Boundary Control Point respectively. These sites could meet the purposes of industrial production and I&T development in Hong Kong in the mid-to-long term. The Administration would examine the earmarked sites in other areas (e.g. Kwu Tung) and consider whether they could be converted to other development uses. As for the earmarked sites in Wang Chau, CIT said the land was used mainly for the expansion of Yuen Long IE.

10.5 Mr LEUNG Kwok-hung mentioned that the Government supported the Hong Kong Science and Technology Parks Corporation ("HKSTPC") to construct an InnoCell adjacent to HKSP to provide residential units with flexible design. However, the 19-storey-high InnoCell had a higher plot ratio than other buildings in the vicinity. Mr LEUNG also noted that the plan was rejected by the Town Planning Board ("TPB"). Mr LEUNG questioned the actual need of the proposed building density of InnoCell, and was worried that the plan would end up as nothing but a real estate development.

10.6 CIT said that HKSTPC was responsible for the design of InnoCell, but the implementation of the plan required the endorsement of TPB. Despite the rejection by TPB, HKSTPC had filed an appeal to TPB. CIT added that in order to secure TPB's endorsement, HKSTPC could adjust the design details of InnoCell based on the views and requests of TPB. CIT stressed that InnoCell would not turn out to become a real estate project as it provided accommodation only for the overseas employees or visitors of incubatees/tenants and partner companies admitted to HKSP.

Use of information technology within the Government

10.7 Regarding the use of information technology within the Government to enhance the quality of public services, Mr Martin LIAO commented that the progress of some information technology projects was far from satisfactory. Mr LIAO enquired whether professional organizations were contracted or hired by the Administration to conduct user requirement studies, system design and procurement, and about the

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specific strategies the Administration had in place to address situations where the quality of some contractors' deliverables did not meet the requirements. Government Chief Information Officer ("GCIO") said that dependent on their respective situations, government departments might decide whether to outsource tasks (such as user requirement studies) of information technology projects, or to absorb such work by their own manpower. Regarding the problems of project delay and quality not meeting the required standard, GCIO said that departments were required to submit periodic reports and conduct timely reviews. The Office of the Government Chief Information Officer ("OGCIO") would follow up on the project delay and work out improvement solutions with the departments. GCIO added that the Administration would explore more effective solutions to drive improvement in aspects from procurement to implementation of information technology projects. As for under-performing contractors, the Administration would consider suspending these contractors from tendering for other projects until they made appropriate improvement.

10.8 Regarding the training provided within the Government to enhance staff knowledge about information and communications technology ("ICT"), Dr Elizabeth QUAT opined that such initiatives should not only target information technology staff but should also apply to other staff who were not tasked with information technology duties so as to enhance their ICT application abilities across the board. S for IT concurred and remarked that the relevant training initiatives of the Administration were supposed to be cross-industry and cross-sector in their pursuit.

10.9 Regarding the Administration's proposal of earmarking \$500 million in this financial year to promote the use of I&T within the Government for enhancing the quality of public services, Dr Helena WONG enquired whether the Innovation and Technology Bureau ("ITB") would request departments to put forward improvement solutions before considering their funding applications, or would initiate proposals for them on the use of I&T to improve their existing services. In response, Permanent Secretary for Innovation and Technology ("PSIT") said that ITB would invite departments to put

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forward improvement solutions, as well as initiate proposals for them. Dr Helena WONG suggested that the Administration consider applying I&T techniques in improving the food tracing system so as to enhance food safety.

Estimated expenditure of the Innovation and Technology Bureau

10.10 Mr CHAN Chun-ying queried why the estimated expenditure under Head 135—Government Secretariat: Innovation and Technology Bureau for 2017-2018 did not present the operating expenditure of the committee on innovation and technology development and re-industrialization to be established. PSIT and CIT said that since the work related to the operation and secretariat support of the committee on innovation and technology development and re-industrialization would be absorbed by the existing manpower of the Innovation and Technology Commission, no additional resources were involved.

Promoting R&D and application of innovation and technology

10.11 Mr CHAN Chun-ying enquired about the effectiveness of the Research and Development Cash Rebate Scheme launched by the Administration, and whether it would be reviewed. S for IT said that the scheme aimed at encouraging private enterprises to increase their investment in technology research. CIT supplemented that the scheme was generally well received by the sector since its launch.

10.12 Ir Dr LO Wai-kwok asked how the Administration would take forward the Midstream Research Programme for Universities. CIT said that the programme aimed at promoting midstream research in universities and encouraging cross-disciplinary and cross-institutional cooperation, with a focus on subjects related to Government policies. At the end of last year, the Administration invited six tertiary institutions to submit R&D proposals on elderly health and care, in particular caring for dementia patients. More than a hundred project proposals were received by now, among which about 70% involved cross-disciplinary or cross-institutional projects. CIT supplemented that the Administration would vet and approve the project proposals submitted. It was believed that many of such proposals could end up

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being applied in caring for the elderly.

10.13 Mr Nathan LAW asked whether ITB took the lead in promoting the development of e-sports, which in his opinion touched upon the portfolios of digital entertainment and sports. S for IT said that the Administration had invited Cyberport to study the development and prospect of the e-sports industry. It was expected that Cyberport could submit the study report to the Government in the middle of the year. ITB would, in collaboration with relevant departments, consider Cyberport's report and map out the directions for the development. The report would be made available for public access. S for IT concurred that the development of e-sports involved different bureaux and departments. With a track record in digital entertainment development and hosting e-sports competitions and venues, Cyberport could play an active role in e-sports development.

10.14 Mr YIU Si-wing commented that the number of applications received and approved under the Technology Voucher Programme ("TVP") was fewer than expected. CIT explained that after the launch of TVP, many small and medium enterprises had signed up to indicate their interest in applying. Due to the incompleteness of information provided by many applicants, or their failure to submit the supporting documents required, many applications could not be processed and had to be returned to the applicants for submission of supplementary information. CIT added that more than 90% of the applications were approved after the applicants had provided the required documents.

10.15 Dr Helena WONG enquired how the Administration would improve people's lives through the Innovation and Technology Fund for Better Living. PSIT said that the Innovation and Technology Fund for Better Living could provide subsidy for about 20 projects a year, which covered services to drive improvement in areas such as transportation, healthcare, education, elderly care and support for the disadvantaged, as well as promotion of digital inclusion. The Administration expected to accept applications in end-May, and the subsidized projects were expected to commence in 2018 at the earliest.

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10.16 Regarding the continuous provision of additional funding to six local universities through the Innovation and Technology Fund to enhance their capabilities of technology transfer, Dr Helena WONG enquired about the other incentives to be provided by the Administration to encourage the academia to undergo a focus shift from academic research and step up effort in technology transfer. CIT explained that the Administration currently provided direct subsidies to the technology transfer offices of universities, and stepped up support in terms of manpower and legal services to assist the related organizations of universities to obtain patents, etc. The Administration also encouraged universities to collaborate with private enterprises on R&D projects, and supported them to establish start-ups for the commercialization of the technologies developed.

Smart city and e-government services

10.17 On promoting the development of smart city, Dr Elizabeth QUAT enquired whether the Administration had earmarked any resources to establish an information exchange platform for Government bureaux and departments ("B/Ds"), and the role of ITB in implementing electronic identification ("eID"). S for IT said that the Administration would publish the report of the Hong Kong Smart City Blueprint Consultancy Study in the middle of the year which would elaborate on the direction of the future development of information exchange and sharing among B/Ds.

10.18 As regards the implementation of eID, GCIO advised that the first generation of eID was launched in as early as 2001 though the take-up rate was low. The Administration had commissioned a consultant to review and examine the ways to implement eID. Meanwhile, a public consultation would also be conducted. The study was expected to be completed in the middle of the year.

10.19 Mr Alvin YEUNG noted that OGCI had provided funding support to several digital inclusion mobile applications ("apps") projects but he considered the amount of funding not in proportion with the number of downloads of those apps. Mr YEUNG enquired about

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the reasons for the low download rate and whether resources were earmarked to assist funded organizations in meeting the expenses on product promotion. GCIO explained that in selecting sponsored projects, consideration would be given to how the proposed apps could improve the lives of people with special needs so as to achieve the objective of digital inclusion. GCIO was of the view that the undesirable download rate of certain apps might be attributed to the fact that they had been launched for a short time and were not widely known in the market. While part of the funding provided by the Administration could be used on product promotion, the Administration would not participate in the promotional activities of individual products.

10.20 Mr YIU Si-wing urged the Administration to provide free Wi-Fi services at all tourist spots and government museums, and suggested that priority should be given to various control points in the provision of Wi-Fi hotspots and free Wi-Fi services. In response, GCIO pointed out that factors such as people flow, cost-effectiveness, etc. would be taken into account in identifying locations for Wi-Fi hotspots and consideration would be given to shutting down Wi-Fi hotspots with relatively low usage rate. The Administration would continue to collaborate with the Hong Kong Tourism Board to publicize and promote "Wi-Fi.HK" services.

10.21 Mr CHAN Chi-chuen enquired whether the Administration had reviewed the use of social media by B/Ds to achieve their policy objectives. S for IT agreed that it was not necessary to strictly require B/Ds to develop mobile apps for providing information or services, and B/Ds could make their own decision according to individual circumstances. GCIO said that guidelines were issued to B/Ds on choosing social media tools for information dissemination or service provision.

10.22 Mr KWONG Chun-yu commented that the popularity of ITB's website was low. He enquired about the ways to promote the work of ITB. In response, S for IT said that the policy objectives of ITB were to promote diversification of the Hong Kong economy and

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increase quality employment opportunities. The popularity and hit rate of its website were publicity issues which might not reflect the effectiveness of ITB's efforts in promoting and implementing its policy objectives.

Formulation of a strategy for the long-term development of Innovation and technology

10.23 Ir Dr LO Wai-kwok sought details of the Administration's formulation of a strategy for the long-term development of I&T. S for IT responded that the Administration, together with the relevant advisory committee, had set nine performance indicators relating to the work to develop Hong Kong's I&T, including Hong Kong's research and development expenditure as a percentage of its Gross Domestic Product, the number of start-ups, etc. The Administration would further explore concrete proposals for implementing the various policy objectives.

10.24 Mr Kenneth LAU noted that some I&T products and services (e.g. Uber) which brought convenience to people's lives might contravene existing legislation. He enquired about the Administration's stance in such I&T developments. Mr LAU asked whether the proposed committee on I&T development and re-industrialization would examine the option of improving the operating environment of the I&T industry by legislative amendments. S for IT responded that legislative amendments must strike a balance between fostering the growth of industries and public interest. The development of I&T could be promoted through existing policy measures or other feasible means and it was not necessary to achieve the objectives by legislative amendments.

Information security

10.25 Referring to the loss of Registration and Electoral Office ("REO") computers, Mr LEUNG Kwok-hung enquired whether computers used by B/Ds were equipped with encryption devices to protect against data leaks. In response, GCIO explained that OGCI had issued guidelines to advise B/Ds that measures should be taken to

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encrypt computer data. The encryption technology currently adopted by the Government had attained the highest standard accepted by the industry. As the loss of REO computers was under criminal investigation, GCIO remarked that it was inappropriate to make any comment on the incident.

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

Administration Wing

Records management and enactment of relevant legislation

11.2 Ms Tanya CHAN said that while the current-term Government had undertaken to take forward the enactment of an archives law, the Law Reform Commission ("LRC") was so far still studying whether and how an archives law should be introduced. She queried if the Administration was committed to the enactment of an archives law.

11.3 Director of Administration ("D of Admin") responded that the Archives Law Sub-committee ("the Sub-committee") formed by LRC in 2013 had already held 36 meetings. Given that the Sub-committee had to study a number of issues, including the archive laws of different jurisdictions, their applicability to Hong Kong and the inadequacies of the existing administrative regime for records management, and the tasks involved were complicated, no timetable had yet been set for the enactment of an archives law. LRC intended to conduct a public consultation on the studies of archive laws and a detailed timetable would be decided by the LRC Secretariat.

11.4 Ms Tanya CHAN requested the Administration to submit an interim report on the enactment of an archives law. D of Admin advised that this legislative exercise was not led by the Administration Wing but she was a member of the Sub-committee, and according to her understanding, LRC had no plans to issue an interim report on the enactment of an archives law.

11.5 Ms Claudia MO expressed grave concerns over the Administration's destruction of records, pointing out that 56 633 linear

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metres ("lm") and more than 200 000 lm of records had been destroyed in 2016 and the period between 2014 and 2016 respectively. Given that the governance of the current-term Government had sparked some major controversial incidents such as the National Education row, the Umbrella Movement and the Wang Chau incident, she questioned that government departments might have a motive for destroying important documents and concealing relevant facts. Unfortunately, in the absence of an archives law, the Government Records Service ("GRS") had no right to interfere with the destruction. She criticized the Administration for delaying the enactment of an archives law.

11.6 In response, D of Admin said that the Administration might seem to have destroyed a large amount of records in the past few years in terms of lm but the key point was about the contents of the records that had been destroyed. Take year 2016 as an example, merely the arrival and departure cards of the Immigration Department, the tax returns of the Inland Revenue Department, etc. had accounted for 67% of the total quantity of destroyed documents already. This percentage would go further up to 94% if the routine official documents from eight government departments, including the Department of Health, the Hong Kong Customs and Excise Department and the Leisure and Cultural Services Department, were taken into account.

11.7 Ms Claudia MO quoted the views of Dr Simon CHU Fook-keung, the former GRS Director, that the Administration had allowed government departments to destroy their records at will and sought to sideline GRS, which had raised objections to the way government records were destroyed, by appointing officers from the more submissive Executive Officer Grade to take up the post of the GRS Director, thereby creating a history gap in terms of the archival records maintained by the Government. She requested the Administration to respond to this issue. In response, D of Admin said that Dr CHU's remarks and accusations were completely unsubstantiated.

11.8 Mr Nathan LAW cited the views that for the "1967 riots", the information available in the Public Records Office ("PRO") was

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incomplete and was of a much smaller amount than the archived information on similar historical events (e.g. the "1956 rightist riots" and the 1966 Kowloon disturbances).

11.9 D of Admin responded that all information pertaining to the "1967 riots" was available for public inspection in PRO located in Kwun Tong. She explained that some old records might have been written in English and had to be searched by inputting English keywords. Due to this reason, members of the public might not be able to retrieve all relevant records when they conducted studies by searching for documents in PRO. In the light of the views cited by Mr LAW, GRS had prepared a topical guide on the "1967 Disturbances" in which major English keywords were set out to facilitate the public's access to relevant documents.

11.10 Mr Nathan LAW requested the Administration to provide information on the amount of documents on the "1967 riots" and the amount of archived documents relating to similar historical events (e.g. the "1956 rightist riots" and the 1966 Kowloon disturbances) archived by GRS for a comparison to be made. D of Admin said that she had to consult designated officers in GRS before responding to Mr LAW's question.

11.11 Mr Nathan LAW criticized the Administration for having informal consultation with local communities on Wang Chau development without any written record on the process. He asked the Administration whether it had put in place any guidelines to stipulate the types of meetings for which minutes had to be compiled; if such guidelines were in place, whether government officers would be penalized for not complying with the guidelines.

11.12 D of Admin advised that in addition to General Circular No. 2/2009 "Mandatory Records Management Requirements", various policy bureaux and government departments would, according to their needs, establish business rules for government officers in respect of the creation of various files for dealing with official matters. As for the informal consultation on Wang Chau development, it was her

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understanding that the officers concerned had prepared records for the relevant meetings and reported to their supervisors by emails, or had recorded such consultations in the relevant public consultation documents, and that only minutes of meetings were not compiled.

Procurement of records from places outside Hong Kong

11.13 Mr MA Fung-kwok and Mr Holden CHOW pointed out that at present, quite a large number of archival records in PRO came from the National Archives of the United Kingdom ("TNA"). Mr CHOW enquired whether the Administration would make regular procurements from the United Kingdom given that their archival records would be publicized periodically. Mr MA asked the Administration whether it had plans to acquire archival records relating to Hong Kong from other places (e.g. the National Archives of the United States and the State Archives Administration of the Mainland), and whether it would consider requests initiated by members of the public on procurement of archival records.

11.14 D of Admin advised that GRS officers would visit the website of TNA regularly to identify and procure suitable archival records. For example, GRS noted that records for the time period shortly before and after the signing of the Sino-British Joint Declaration by the two sides in 1984 would soon be released, and had asked relevant personnel to follow up closely. Apart from TNA, GRS had also made procurements from the National Archives of the United States. In response to the views of Mr MA, it would contact the State Archives Administration of the Mainland to acquire suitable records. Meanwhile, GRS often consulted scholars and historians on the procurement of records from places outside Hong Kong. GRS welcomed the views of Mr MA and other experts in this respect.

11.15 Mr MA Fung-kwok enquired how PRO conducted user surveys. D of Admin said that in order to collect visitors' views, GRS would ask PRO visitors to fill out questionnaires in which one of the questions was about the kinds of records that they had failed to retrieve in PRO.

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11.16 Mr MA Fung-kwok enquired whether the provision of \$300,000 earmarked for the procurement of records for the next year was sufficient, given that more records would be declassified. D of Admin said that the provision was reasonable as it was estimated based on the average expenditure over the past three financial years. However, if GRS later found that more resources were needed for the procurement of records from places outside Hong Kong, resources from other expenditure items under the Administration Wing might be re-deployed for this purpose. There had been cases where GRS spent \$450,000 and \$600,000 on record procurement in a financial year.

The Chief Executive-elect's Office

11.17 Dr YIU Chung-yim opined that the office rental expenditure of the Chief Executive-elect's Office ("CEEEO") was considerably high. Noting that the Chief Executive-elect ("CE-elect") was elected a few days before the end of 2016-2017, he asked the Administration to explain in detail why the amount of estimated expenditure on office rentals in 2016-2017 was similar to that in 2017-2018.

11.18 D of Admin explained that the Administration had to rent an office six weeks before the CE-elect was elected (i.e. around mid-January this year) to ensure sufficient time for refurbishment so that the office could be ready for use by the CE-elect soon after election. Besides, after the CE-elect assumed office on 1 July, the tenancy of the CEEEO's office, instead of being surrendered immediately, would continue until August to allow time for reinstatement. Therefore, the tenancy period of the CEEEO's office was from mid-January 2017 to August 2017, spanning over two financial years. Principal Executive Officer (Administration), Administration Wing added that the Administration was also required to make an advance payment of about two months' rentals in 2016-2017, the estimated expenditure on office rentals in 2016-2017 was therefore similar to that in 2017-2018.

11.19 Mr Kenneth LAU was concerned about the expenditure of CEEEO. He asked the Administration whether it would consider

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implementing initiatives on shared economy by, say, using a shared office or reusing existing government supplies such as furniture.

11.20 D of Admin said that as it was not cost effective to rent an office on a long-term tenancy or designate an area in government premises for the sole purpose of setting up CEEO, the Administration decided to set up CEEO by renting an office on a short-term tenancy. Moreover, given that there might be frequent communication between the CE-elect and the incumbent Chief Executive ("CE"), the Administration considered it necessary for CEEO to be located in the vicinity of the Central Government Offices. The Administration would consider implementing the concept of using a shared office. With regard to the reuse of existing government supplies, D of Admin said that as a cost-saving measure, most of the furniture and computers used by CEEO were existing government supplies and did not involve procurement.

11.21 The Deputy Chairman enquired whether the existing furniture and computers were currently placed in government depots for use when necessary and whether they would be disposed of after use. D of Admin said that the existing government furniture and computers in use were on loan from various policy bureaux/government departments and would not be disposed of after use.

11.22 Mr Kenneth LAU asked how the Administration would handle the computers used by CEEO to prevent leakage of confidential information. D of Admin said that the Administration attached great importance to the security of CEEO's computers and stringent procedures were in place to deal with relevant information.

11.23 Mr Kenneth LAU enquired about the expenditure on and arrangement for procuring vehicles for CEEO. D of Admin said that the vehicles concerned were on loan from the Government Logistics Department and did not involve procurement.

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Celebration events of the 20th anniversary of the reunification of Hong Kong

11.24 Mr Christopher CHEUNG noted that the provision for providing hospitality to dignitaries visiting Hong Kong for the celebration events of the 20th anniversary of the reunification of Hong Kong would cover expenditure for greeting and seeing-off ceremony, hotel accommodation and meals, transportation, security arrangements and other related expenses. He sought information on the breakdown of the expenses, in particular the expenditure on security.

11.25 D of Admin advised that the Administration had not come to a finalized arrangement concerning the guests visiting Hong Kong for the celebration events of the 20th anniversary of the reunification of Hong Kong at the moment, the estimation provided was therefore an expenditure limit for the costs needed. The Administration was unable to provide a detailed breakdown of the expenses.

11.26 Expressing concern that dignitaries such as national leaders, foreign consular officers and high-ranking officials would participate in the celebration events of the 20th anniversary of the reunification of Hong Kong, Mr Christopher CHEUNG enquired whether the Administration had conducted security assessment in this connection to ensure that these dignitaries were free from disturbance caused by the demonstration activities which might take place on that day.

11.27 D of Admin advised that the Police would be responsible for the security arrangements for the celebration events of the 20th anniversary of the reunification of Hong Kong, and the Administration was therefore unable to provide the relevant information at the present stage. The Deputy Chairman suggested that the Administration might consider making reference to the arrangements for similar events in the past.

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Expenditure on repairs carried out at the Financial Secretary's official residence

11.28 Mr CHAN Chi-chuen criticized that, regarding the expenditure on repairs carried out at the Financial Secretary's official residence, the Administration did not provide any information on the departments (the Administration Wing, the Financial Secretary's Private Office or the Architectural Services Department ("ArchSD")) that had proposed the carrying out of necessary repair and restoration works. He also noted the Administration's remarks that after completion of these works, there would be no need to carry out similar works when the Financial Secretary ("FS") of the next-term Government assumed office. In this connection, Mr CHAN enquired whether the next-term FS could raise requests for carrying out similar works if his/her requirements for official residence were different from the existing one, which would then result in additional expenses.

11.29 D of Admin advised that the next-term FS, upon assumption of office, might visit his/her official residence with ArchSD representatives to review the conditions of his/her official residence and, depending on the actual building conditions, decide if further repair works were required. The previous large-scale repair works of the FS's official residence was carried out in 2007 when the then FS Mr John TSANG Chun-wah took office. The cost concerned was \$2.84 million.

11.30 Mr CHAN Chi-chuen enquired about the reasons why the total expenditure on repairs carried out at the FS's official residence was \$830,000, while the related expenses borne by ArchSD was \$590,000.

11.31 D of Admin advised that the total expenditure on repairs carried out at the FS's official residence was \$830,000, of which \$590,000 was borne by ArchSD while the rest was absorbed by the Administration Wing or other government departments. At the request of Mr CHAN, D of Admin undertook to provide after the

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meeting supplementary information on the breakdown of the expenses on all repair works carried out at the FS's official residence.

The role of the Central Policy Unit

11.32 Mr James TO enquired about the reasons why the Head of the Central Policy Unit ("CPU") was absent from the special meetings of the Finance Committee ("FC"). D of Admin explained that representatives attending the special meetings of FC were the Controlling Officers of different Heads. CPU was an organization under the Administration Wing. Therefore, according to the established procedures, she herself should be responsible for answering the relevant questions. She would also invite other officers, including the Deputy Head of CPU, to attend the meetings when necessary to assist in answering questions raised by members.

11.33 Dr Helena WONG enquired about the salary of Ms Sophia KAO Ching-chi, one of the members of CPU. The Deputy Head of CPU advised that Ms Sophia KAO held the position of Member (3) of CPU with an annual salary of HK\$3 million in 2017-2018.

11.34 Dr Helena WONG noted that CPU did not have the authority to approve or reject the final nomination list and appointment list for appointment of members to the advisory bodies under the purview of the policy bureaux and appointment authorities. However, according to her understanding, Ms Sophia KAO, a member of CPU, had tried to influence the decisions made by policy bureaux and appointment authorities on appointment of members to advisory bodies. She sought information on the role of Ms Sophia KAO in the appointment of members to advisory bodies. The Deputy Head of CPU responded that policy bureaux could consult CPU when preparing lists of candidates for appointment. Ms Sophia KAO, a member of CPU, was only responsible for giving advice or recommendations on potential candidates. The decision of finalizing the nomination lists and appointment lists rested with various policy bureaux and appointment authorities. CPU did not have the authority to approve and reject the lists.

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11.35 Dr Helena WONG criticized that the Administration's response was untrue and also inconsistent with the remarks made by the former FS and Mrs Carrie LAM, the CE-elect. She requested the Government to provide specific information about the advice and recommendations given by Ms Sophia KAO, a member of the CPU, when bureaux/departments consulted CPU on the preparation of lists of candidates for appointment to committees under their purview in the past five years, including information on bureaux/departments bound by the advice of Ms KAO, whether there was any case that Ms KAO had rejected the proposal of candidates for appointment, and whether the bureaux/departments concerned had followed the advice and recommendations of Ms KAO.

11.36 Mr James TO criticized that CPU had been turned into a personnel consultancy organization. He asked the Administration to provide information on whether CPU had provided advisory services in respect of the drawing up of lists of candidates for appointment to ICAC committees, and whether Ms Sophia KAO, a member of CPU, had given any advice and recommendations; if so, of the details (including who instructed the parties concerned to make the relevant arrangements). The Deputy Head of CPU undertook to provide the relevant information after the meeting.

11.37 Citing the views given by Mrs Carrie LAM, the CE-elect, that it was no longer appropriate for CPU to provide advice on the appointment of members to advisory bodies by policy bureaux, Dr Helena WONG asked whether, in such a case, it was no longer necessary for CPU to earmark funds for the appointment of Member (3) of CPU. In response, the Deputy Head of CPU believed that, when the CE-elect re-organized CPU upon assumption of office, she would consider the work and functions of the re-organized CPU in a holistic manner and determine the retention or deployment of various posts in CPU.

11.38 Dr Helena WONG noted that the functions of CPU included carrying out other tasks assigned by CE, the Chief Secretary for Administration or FS. Dr WONG sought supplementary information,

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in the form of a table, on the details of the above tasks in the past five years, including who assigned the tasks and their contents.

Chief Executive's Office

Expenses on the management, repair and maintenance of the Government House

11.39 Ms Tanya CHAN pointed out that in view of the public's questions about the expenses incurred by CEEO, the Administration had adjusted downward the relevant estimated expenditures. She was also concerned about the substantial adjustment of the expenses on the management, repair and maintenance of CEO over the past few years, which were reduced from \$17.29 million in 2012-2013 to \$2.06 million in 2016-2017. She enquired about the departments that were responsible for approving facilities maintenance works carried out at CE's official residence.

11.40 Permanent Secretary, CE's Office ("Perm Secy/CEO") responded that the official residence of CE was in the Government House which was a declared monument over 160 years old. As such, its maintenance and repairs works were not only subject to ArchSD's professional assessment, but the advice of the Antiquities and Monuments Office was also necessary to draw up appropriate repair plans for the Government House with a view to properly preserving the monumental style of the Government House.

Meetings between CE and the officers of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region

11.41 Mr Dennis KWOK enquired about whether the incumbent CE had meetings with the officers of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region ("the Liaison Office") in the Government House, as well as the number of such meetings and what had been discussed at the meetings. Perm Secy/CEO confirmed that CE had, during his term of office, met with

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officers of the Liaison Office. However, the Government had not compiled information on such meetings.

11.42 Mr Dennis KWOK questioned the reasons why, despite members' repeated questions on this issue, the Administration still did not compile information on the meetings between CE and the Liaison Office. He considered that the Administration could refer to the CE's diary for the number of visits made by officers of the Liaison Office. Perm Secy/CEO pointed out that CE, as the Head of HKSAR, frequently met with people from various sectors of the community, therefore the Government did not compile statistics on a particular type of meetings. While CE's diary contained information on CE's scheduled activities of different types, there would not be records on whether officers of the Liaison Office were also present at the events. Therefore, it was not prudent if a reply was given to Mr KWOK on the sole basis of the records in CE's diary.

11.43 Mr Dennis KWOK asked the Administration to provide written information on the records in CE's diary about visits made by officers of the Liaison Office since the incumbent CE assumed office.

Remuneration for officers under special appointment

11.44 Mr KWONG Chun-yu noted that the expenditure incurred by CEO on the hiring of officers under special appointment for this year (2016-2017) was as much as over \$60 million. It was noted that such amount was 70% higher than the corresponding expenses incurred during the term of office of the former CE, Mr TUNG Chee-hwa. He expressed dissatisfaction that the remuneration for officers in CEO was too high, and asked the Administration how it determined the remuneration of such officers.

11.45 Perm Secy/CEO advised that the salary levels and remuneration packages of politically-appointed officials ("PAOs") and officers under special appointment in CEO were subject to approval by LegCo upon the creation of the posts. For instance, the Director of CEO was remunerated on the same pay scale as that of Directors of

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Bureaux, and FC had, earlier in 2017, approved the upward adjustment of his salary with effect from 1 July this year. When the remuneration of such officers was adjusted upward according to contractual terms, the overall remuneration expenses would then be higher than those in previous years. In addition, the contracts of current-term PAOs and officers under special appointment employed by CEO would expire by 30 June 2017, and end-of-contract gratuities would be paid to all of them except the Director of CEO. As the relevant expenses would also be reflected in the estimates, the relevant estimated expenditures for this financial year would therefore be higher.

11.46 Mr KWONG Chun-yu pointed out that, among the officers under special appointment in CEO, the remuneration for the Driver for the Director of CEO was as much as \$580,000. He asked the Administration to explain the employment terms of this position. Perm Secy/CEO clarified that this officer was originally in the civil service establishment and had reached retirement age. Under the existing mechanism, the Driver for the Director of CEO could be an officer under special appointment. Therefore, after this officer had reached retirement age, CEO continued to employ this officer by way of special appointment with contractual terms comparable to the remuneration packages of his civil service counterparts. This officer was also eligible for end-of-contract gratuity.

11.47 Mr KWONG Chun-yu criticized that Mr Andrew FUNG, the incumbent Information Coordinator, while receiving an annual remuneration of \$3.77 million, did not perform his duties properly. Mr KWONG sought information on the comments about the performance of officers under special appointment in CEO. Perm Secy/CEO said that the Government would not comment in public the performances of individual officers or publicly respond to the views of outside parties on their performances. She reiterated that the remuneration packages as well as the appointment and removal of officers under special appointment were regulated by established systems which had obtained LegCo's approval.

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Independent Commission Against Corruption

11.48 Mr CHAN Chun-ying declared that he was a member of the Operations Review Committee and Panel of the Witness Protection Review Board of the Independent Commission Against Corruption ("ICAC").

11.49 Mr CHAN Chun-ying agreed with ICAC's proposed direction to recruit additional manpower to deal with the increasingly complex corruption cases involving listed companies. He pointed out that most of the companies currently listed in Hong Kong were incorporated in the Mainland or other countries, and enquired whether ICAC had put in place any mechanism for exchanging investigation information with the law enforcement agencies ("LEAs") of the Mainland and other countries and for seeking mutual assistance in investigations. He was worried that the "0-1-1" cost saving programme implemented by the Government might have an impact on the additional recurrent expenditure arising from such work. Commissioner, Independent Commission Against Corruption ("Commissioner, ICAC") said that ICAC had established mechanisms for mutual assistance in investigation matters between it and overseas LEAs. Currently, the annual provision for recurrent expenditure was adequate to cover the relevant expenditure.

11.50 Mr CHAN Chun-ying noted that the remuneration for special appointments for the coming year had more than doubled, mainly due to the provision of an end-of-contract gratuity to the Commissioner, ICAC for his five-year contract. He enquired about the reasons for including the full amount of gratuity payment in the account for the year in which the contract expired instead of spreading it over the five-year period. Assistant Director (Administration), Independent Commission Against Corruption responded that the end-of-contract gratuity for Commissioner, ICAC in respect of his five-year contract would only be paid upon his completion of the contract (i.e. Commissioner, ICAC would normally not be entitled to gratuity if he left office before the completion of his contract). Hence, the

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Administration would not include such expenditure in the accounts for the fiscal years before the year in which the contract was due to expire.

11.51 Mr Jimmy NG noted that among the 847 corruption complaints received by ICAC in 2016, only about half were pursuable cases and only 31 persons were eventually prosecuted. He asked if the Administration had looked at the significance behind the statistics, including whether there were abuses of the corruption complaint mechanism.

11.52 Director of Investigation, Independent Commission Against Corruption advised that according to the review of ICAC, in the past three years, while there had been an upward trend in the number of corruption complaints, there were no significant changes in the number of these complaints involving individual government departments. As regards Mr NG's observation that the percentage of pursuable complaints involving government departments and the public sector was lower compared to those involving the private sector, ICAC was of the preliminary view that this might be attributable to a larger number of anonymous complaints involving the former. Non-anonymous complaints involving the private sector accounted for about 70% of the total, while those involving the government departments and the public sector only accounted for 50% of the total. Notwithstanding this, as long as there were any matters in a complaint which warranted investigation, ICAC would follow up as appropriate, irrespective of whether the complaints were anonymous or otherwise.

11.53 Mr Jimmy NG said that ICAC publicized its work to the private sector through the Hong Kong Business Ethics Development Advisory Committee. However, he understood that the Committee was formerly the Ethics Development Advisory Committee. He queried whether the use of the word "Business" in the name of the Committee would confine it to only serving the private sector, thus neglecting the public sector.

11.54 Commissioner, ICAC clarified that although the Hong Kong Business Ethics Development Advisory Committee was formerly

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known as the Ethics Development Advisory Committee, whose name did not contain the word "Business", it had all along been promoting ICAC's work among the private sector through various chambers of commerce and raising the alertness of the private sector against corruption risks. Therefore, retitling the Ethics Development Advisory Committee as the Hong Kong Business Ethics Development Advisory Committee had given greater clarity to its functions. ICAC would launch other anti-corruption publicity programmes for the general public.

11.55 Mr James TO said that the Mainland Government had been committed to combating corruption in recent years, and enquired whether ICAC had strengthened cooperation with relevant Mainland authorities and whether the number of corruption cases under cross-boundary investigation had risen. Commissioner, ICAC advised that ICAC had all along been co-operating with LEAs of the Mainland in fighting against corruption. Under "one country, two systems", LEAs of the Mainland and Hong Kong were responsible for the anti-corruption work in their respective places, given the differences in the legal and administrative systems of the two places. Notwithstanding this, there was a mechanism for provision of assistance in investigations. There was no substantial increase in the number of relevant cases in the past year.

The Legislative Council Commission

Water consumption of the Legislative Council Complex

11.56 Dr CHIANG Lai-wan enquired about the reason for the sudden increase in the water consumption of the Legislative Council ("LegCo") Complex in 2015-2016, which nearly doubled that in 2014-2015. Secretary General, Legislative Council Secretariat ("SG, LC") advised that the low water consumption recorded in 2014-2015 was due to the failure of a water meter in the LegCo Complex. The Water Supplies Department already took follow-up actions in this regard. The amounts of water consumed in 2015-2016 and 2016-2017 were both accurate figures.

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Expenditure involved in filibusters

11.57 In response to Dr CHIANG Lai-wan's enquiry, SG, LC advised that the estimated average hourly expenditure of the Legislative Council Secretariat ("the Secretariat") incurred for servicing meetings of the Legislative Council ("LegCo") and its committees in 2016-2017 was \$282,000, which was mainly the hourly average of the total expenditure on staff cost and support services provided by the Secretariat.

11.58 Dr CHIANG Lai-wan enquired about the additional expenditure arising from the filibusters of Members of LegCo (such as by requesting quorum counts and aborting meetings). SG, LC advised that there were practical difficulties for the Secretariat to compile statistics on the additional expenditure arising from the filibusters described by Dr CHIANG Lai-wan. He explained that as the Secretariat had a fixed staff establishment, the increase/decrease in number of meeting hours would not have an impact on the relevant expenditure. Nevertheless, the Secretariat could provide information on the number of quorum calls, the time spent on quorum calls and the meeting time reduced due to adjournment of the Council because of the lack of a quorum.

11.59 Deputy Chairman pointed out that the definition of filibusters varied among individual Members. He opined that Dr CHIANG Lai-wan could work out an estimate by multiplying the time spent on filibusters by the average hourly expenditure of the Secretariat.

11.60 Mr LEUNG Kwok-hung queried the way in which the Secretariat expressed the time spent on quorum calls. In his view, it should be expressed as the meeting time unused due to adjournment of the Council because of the lack of a quorum. A quorum call should not be construed as a filibuster because it was conducted in accordance with the Basic Law and the Rules of Procedure.

11.61 SG, LC clarified that the Secretariat provided the relevant statistics on quorum calls in response to Members' questions. It had

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not passed any judgment on whether Members should make the quorum calls or not.

11.62 Mr LEUNG Kwok-hung asked how the Secretariat defined the meeting time reduced due to adjournment of the Council because of the lack of a quorum. SG, LC explained that it was the difference between the time when an early adjournment of the Council took place and the scheduled end time of the meeting.

Overtime work of Secretariat staff

11.63 Mr KWOK Wai-keung was concerned that the total number of overtime hours worked by Secretariat staff was about 17 265 hours, with an increase of about 966 hours as compared with the preceding year. He asked whether the Secretariat would recruit additional staff to deal with the situation. Moreover, in the 2015-2016 session, the average overtime hours of Secretariat staff was about 34 hours per year. He enquired whether there were cases in which staff who had worked overtime could not take time-off in lieu. SG, LC said that regarding the need for additional manpower, the Secretariat created 12 posts in the Security Grade in 2016-2017, including one Security Officer and 11 Security Assistant II posts, to strengthen its support services to the Council and Members. If any Secretariat staff at certain ranks (such as Security Assistant) had worked overtime but could not take time-off in lieu due to operational needs, they would be compensated by overtime allowance. The arrangement was similar to that in the civil service.

Equipment and training for security staff

11.64 Mr KWOK Wai-keung noted that in the Secretariat's budget for 2016-2017, there were provisions for installing additional large security fixtures and equipment in the LegCo. However, personal equipment was not included in the expenditure. He said that in case of conflicts in the Council, the security staff of the Secretariat would usually be most hard-hit. He enquired whether the Secretariat would enhance the equipment of the security staff to safeguard their

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occupational safety. SG, LC advised that apart from installing additional large security fixtures and equipment in 2016-2017, the Secretariat had been providing sufficient equipment and diversified training to its security staff to ensure their safety in performing routine duties.

11.65 Mr KWOK Wai-keung expressed concern that there were signs of decrease in the expenditure incurred year on year for the training and drills provided to security staff. He was worried that the training for security staff was inadequate. SG, LC explained that the Secretariat had commissioned a consultancy study in 2014-2015. Pursuant to the recommendations of the consultant report, special training concerning large-scale demonstration activities was provided for the staff. Since then, regular training programmes were provided. This had resulted in less expenditure on training in the past two years. He stressed that the Secretariat had been providing suitable training for its staff according to operational needs and would not be stingy about the spending in this respect.

Public guided tours

11.66 Mr YIU Si-wing noted that compared to the figures in past years, there had been a significant increase in the number of public guided tours to the Legislative Council in recent years. He asked whether the Secretariat had set a ceiling on the number of public guided tours, and whether the existing manpower was sufficient to handle such tours. SG, LC advised that the number of public guided tours that could be handled by the Secretariat depended on a host of factors, including manpower requirement and actual circumstances. While the existing manpower was sufficient to receive more guided tours, the arrangements for Council and committee meetings and other Council activities should be taken into consideration. The Secretariat reviewed the arrangement for public guided tours from time to time, with a view to attracting more members of the public to visit LegCo and to understand its work.

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11.67 Mr YIU Si-wing enquired whether the Secretariat had compiled statistics on the number of non-local visitors who had participated in the public guided tours. If the answer was in the negative, he suggested that the Secretariat should consider compiling such statistics in future. SG, LC said that as guided tours were open to the public who could visit the LegCo Complex either as individuals or in groups, the Secretariat did not compile any statistics on the number of non-local visitors. Generally speaking, the number of public guided tours arranged by travel agencies were not significant.

11.68 Mr YIU Si-wing enquired whether the Secretariat had any plan to regularly update the education and exhibition materials in the LegCo Complex. He also enquired about the progress of updating the education and exhibition materials on 3/F of the LegCo Complex. SG, LC said that the Secretariat would normally update the education and exhibition materials in the Complex during prorogation of LegCo. The updating work for 3/F of the LegCo Complex as mentioned by Mr YIU was completed last summer.

11.69 The Deputy Chairman enquired whether photos relating to the history of LegCo would be updated. SG, LC advised that during the prorogation period, the Secretariat would add new photos to enhance the exhibition materials relating to the history of LegCo. Moreover, the Secretariat would regularly review the exhibition modes (e.g. electronic display boards were provided in the Main Lobby recently) so as to accommodate more photos.

Chapter XII : Environment

12.1 At the invitation of the Chairman, Mr WONG Kam-sing, Secretary for the Environment ("SEN"), briefed members on the financial provisions and the main initiatives of the Policy Area: Environment for the 2017-2018 financial year (Appendix IV-10).

Waste management

Disposal of construction and demolition waste

12.2 Dr KWOK Ka-ki, Dr Elizabeth QUAT and Mr KWONG Chun-yu expressed concern about the possible aggravation of illegal land filling and fly-tipping activities after the new construction waste disposal charges had taken effect from 7 April 2017. They enquired whether the Administration would allocate additional manpower resources for enhancing the relevant patrolling and enforcement work. Dr CHIANG Lai-wan and Mr KWONG also enquired about the progress of adopting the Global Positioning System ("GPS") on construction waste collection vehicles to track the movements of these vehicles and detect illegal dumping of construction and demolition ("C&D") waste, as well as installation of surveillance cameras at black spots.

12.3 Deputy Director of Environmental Protection (1) ("DDEP(1)") added that an inter-departmental coordination mechanism had been put in place, under which the Environmental Protection Department ("EPD") was coordinating efforts of relevant government departments to monitor the situation of illegal land filling and fly-tipping of C&D waste, in particular after implementation of the new construction waste disposal charges. EPD would continue to enhance relevant enforcement actions as necessary. Measures being considered included stepping up patrols of black spots, installing surveillance cameras at more black spots and mandating the use of GPS on construction waste collection vehicles. It was expected that these measures together would help combat the problem at source. DDEP(1) said that enforcement actions against illegal dumping of C&D waste formed part of EPD's routine integrated enforcement duties, and manpower resources for enforcement against these activities would be deployed as

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and when necessary. Permanent Secretary for the Environment ("PSEN") and DDEP(1) assured members that EPD would allocate sufficient manpower resources to step up related enforcement work.

12.4 PSEN and Deputy Director of Environmental Protection (4) ("DDEP(4)") further said that having regard to the experience of the pilot trials, the Administration was considering the operational details of using GPS on construction waste collection vehicles, and formulating the relevant proposal. It would report the matter to the Panel on Environmental Affairs in due course.

Municipal solid waste charging

12.5 Mr Tommy CHEUNG commended the Administration's efforts in the Food Wise Hong Kong Campaign. He suggested that the Administration offer incentives such as tax concessions or rebates to operators in the food and beverage industry on the basis of food waste reduced or food donated.

12.6 SEN responded that the Administration reckoned the need to consider in a holistic manner the strategies to reduce waste including food waste in Hong Kong, and to complement the implementation of the prospective municipal solid waste ("MSW") charging. Both the Government and the community should keep an open mind to new thinking and suggestions in this regard.

Producer responsibility schemes

12.7 Mr Tommy CHEUNG opined that EPD should consider, in consultation with the Food and Environmental Hygiene Department, operating a "deposit-and-return system" for consumers to deposit glass containers at refuse collection points ("RCPs") in return for financial or other incentives. In his view, this would enhance the recovery of such containers, while facilitating the glass management contractors to be appointed under the producer responsibility scheme ("PRS") on glass

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beverage containers to collect the containers.

12.8 DDEP(4) responded that the Administration had invited tenders for the provision of collection and treatment services for the recycling of glass containers. The contractors to be appointed could decide whether and how to provide incentives to waste producers and private waste collectors with a view to encouraging them to return the glass containers for recycling. The Administration did not consider it appropriate for it to set up collection points of glass containers at RCPs, or operate the suggested deposit-and return system at these facilities.

12.9 Mr Frankie YICK enquired whether the Administration would implement a PRS and collect levy on the rechargeable batteries of electric vehicles ("EV batteries") and vehicle tyres with a view to enhancing recovery and recycling of these products.

12.10 SEN responded that the Administration had been considering the need and priority for introducing PRSs for different types of products including vehicle tyres mentioned in the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022. Priority was currently being given to implementing the PRSs for waste electrical and electronic equipment and for glass beverage containers. A feasibility study on a PRS for suitable plastic containers would also be conducted. The Administration would continue to promote recycling of EV batteries and vehicle tyres in parallel.

Community Green Stations

12.11 Dr Elizabeth QUAT enquired about the role of Community Green Stations ("CGSs") in supporting community recycling, and whether they were intended to replace other non-profit organizations ("NPOs") currently undertaking the relevant work. PSEN advised that the Administration was developing a CGS in each of the 18 districts to promote environmental education and provide waste reduction and recycling support for the local community. CGSs were operated by

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NPOs selected through open tender. The CGSs in Sha Tin, Eastern District, Kwun Tong and Yuen Long had already commenced operation, whereas the one in Sham Shui Po was expected to be completed for commissioning in 2017. CGSs were expected to complement, and not replace, the role of NPOs and other stakeholders in community recycling. Having regard to the introduction of MSW charging, the Administration would continue to review the roles and work of different organizations and stakeholders in the recycling network with a view to minimizing overlap of work and ensuring better utilization of resources.

Sewage services

12.12 Dr CHIANG Lai-wan expressed concern about the persistent problem of seawater stench at the coastal areas of Hung Hom and other districts, which might be caused by misconnection of foul sewers to the stormwater drainage system. Dr CHIANG enquired about the timeframe for installation of dry weather flow interceptors to improve the water quality and reduce the odour problem of the Victoria Harbour.

12.13 Director of Drainage Services responded that the Administration would seek funding approval from the Finance Committee in the coming few months for the construction of dry weather flow interceptors at Cherry Street and in West Kowloon and Tsuen Wan, with a view to improving the water quality of and reducing odour in the Victoria Harbour. Subject to the Finance Committee's approval, the relevant works would commence by the end of 2017 and complete in about two to three years' time.

Air quality

Ex-gratia payment scheme for phasing out pre-Euro IV diesel commercial vehicles

12.14 Noting that the ex-gratia payment application for phasing out Euro II diesel commercial vehicles ("DCVs") would close on 31 December 2017 but the market supply of Euro V DCVs for

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replacing Euro II DCVs (in particular light buses) was inadequate, Mr Frankie YICK enquired whether the Administration would consider postponing the application deadline.

12.15 Deputy Director of Environmental Protection (3) ("DDEP(3)") responded that the Administration would continue to discuss with the vehicle manufacturers and vendors concerned about the market supply of Euro V DCVs including light buses to tie in with the timetable of phasing out Euro II DCVs and implementation of the ex-gratia payment scheme. The Administration considered it pre-mature at this stage to determine whether it was necessary to postpone the deadline for ex-gratia payment application in respect of the phasing out of Euro II DCVs. Mr YICK said that he would write to the Administration to explore the possibility of providing additional ex-gratia payment for DCV owners if they replaced their pre-Euro IV DCVs by Euro VI ones. The Administration had taken note of the member's suggestion.

Promoting the use of electric vehicles

12.16 Mr HUI Chi-fung opined that the first registration tax ("FRT") concession for electric private cars, which was capped at \$97,500 with effect from 1 April 2017, would not help contain private car growth and improve roadside air quality, if measures targeting at reducing petrol and diesel private cars were not implemented concurrently, such as increasing the annual vehicle licence fees or first registration tax for these types of private cars. He enquired whether the Administration would consider providing economic incentives to car owners for replacing their petrol/diesel private cars by electric ones.

12.17 Under Secretary for the Environment ("USEN") emphasized that the Administration's policy was to promote the use of public transport and discourage private car ownership, in order to achieve the dual purposes of reducing road traffic congestion and improving air

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quality. FRT waiver for EVs was intended to reduce the price premium between EVs and conventional vehicles, and to support the adoption of EV technologies in Hong Kong. The Administration observed that with advancement in technology in recent years, electric private car manufacturers had been producing mass-market electric private car models with prices, reliability and driving performance that were increasingly competitive with those of conventional cars. In the light of the latest development, the Administration considered it appropriate to reduce the FRT concession for electric private cars. As regards the suggestion of introducing an incentive scheme to encourage car owners to scrap their petrol/diesel private cars and switch to electric ones, the Administration had no plan at this stage to introduce such scheme. USEN further advised that measures to contain vehicle growth in order to improve air quality would be more appropriately considered in the context of the review of the Air Quality Objectives.

Nature conservation

Conservation of rural areas

12.18 Mr Kenneth LAU noted that the Government would establish a preparatory committee to study the ambit and modus operandi of a conservation fund, as well as the legislation and resources required for setting up the fund. He enquired about the progress and implementation timetable in taking forward this initiative.

12.19 Deputy Director of Environmental Protection (2) ("DDEP(2)") explained that the Administration would set up a preparatory committee to examine issues relating to the establishment of a dedicated conservation fund with a coordinated mechanism for implementing long-term projects to conserve and revitalize remote rural areas. In considering the ambit and modus operandi of the fund, the existing efforts on similar areas would need to be reviewed and relevant

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overseas experiences would need to be studied. Taking into account the time required for making preparations, the Administration tentatively estimated that the preparatory committee could be established in the latter half of 2017.

Environment and Conservation Fund

12.20 Dr Elizabeth QUAT expressed concern about the rigid criteria of the Environment and Conservation Fund ("ECF") that restricted applicants from seeking recurrent funding for projects, including those undertaken by NPOs to educate the public on environmental protection and recycling, etc. The NPOs might need to terminate on-going projects or re-package the projects as new ones in order to meet the ECF funding criteria. She enquired whether the Administration would consider revising the criteria or setting aside specific funding for financing projects on a longer-term basis. PSEN advised that it was not an objective of ECF to provide continuous or recurrent funding support to an approved project. The Administration would take into account the roles of different stakeholders and effective use of resources including ECF when considering allocation of resources for waste reduction and recycling, and how the relevant measures could complement the implementation of MSW charging.

Protection of wild animals

12.21 Ms Claudia MO opined that as protection of wild animals was related to nature conservation, it should be under the purview of the Environment Bureau ("ENB"), and the Agriculture, Fisheries and Conservation Department ("AFCD") should be under ENB instead of the Food and Health Bureau ("FHB"). Noting that the number of Chinese White Dolphins ("CWDs") recorded in 2015 had dropped to 65, whereas the number of stranded CWDs recorded in certain areas of the Hong Kong waters had increased in the past five years, Ms MO sought elaboration on the conservation of CWDs.

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12.22 SEN responded that AFCD was accountable to FHB in certain areas of work and to ENB in other areas. The relevant policy framework and division of work in nature conservation and biodiversity had made reference to international norms and practices. Director of Agriculture, Fisheries and Conservation ("DAFC") advised that AFCD had been regularly monitoring the occurrence and distribution of CWDs in local waters and had put in place a variety of measures that were conducive to the conservation of CWDs in Hong Kong waters. The Administration would continue its efforts in this regard.

12.23 Ms Claudia MO expressed dissatisfaction about the conduct of wild pig hunting operations of the wild pig hunting teams and enquired whether the Administration would consider disbanding the hunting teams.

12.24 DAFC responded that the Administration adopted a multi-pronged approach in tackling environmental hygiene and public safety issues brought about by wild pigs. It was only under circumstances where there were confirmed public reports of damage to property or threat to human safety by wild pigs would AFCD deploy the hunting teams to conduct hunting operations. AFCD was considering various long-term preventive measures, such as sterilisation, and would be launching a trial programme by introducing a contraceptive drug to wild pigs with a view to controlling the wild pig population in Hong Kong.

12.25 Noting that the estimated expenditure and manpower involved in the protection of endangered species in 2016-2017 were \$38.8 million and 54 staff respectively, of which \$27.4 million and 39 staff were for enforcing the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) ("PESAPO"), Ms Tanya CHAN was concerned whether the manpower resources provided for enforcing PESAPO were sufficient, in particular as PESAPO would be amended soon for phasing out the local trade in ivory.

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12.26 DAFC responded that the Government was committed to the protection of endangered species and regulating the trade in endangered species through enforcing PESAPO which gave effect to the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES") in Hong Kong. The relevant list of endangered species was updated from time to time in accordance with the requirements under CITES, and manpower resources were allocated accordingly to step up enforcement against illegal trading of endangered species.

Promotion of green tourism

12.27 Mr YIU Si-wing noted that AFCD had been promoting the Hong Kong United Nations Educational Scientific and Cultural Organization Global Geopark ("HKUGG") and popularization of science through a variety of publicity and education activities with a provision of \$8 million. To further promote HKUGG, tour packages such as guided tours with shuttle bus services to the High Island Reservoir East Dam ("East Dam") had been introduced. Mr YIU opined that the Administration should step up its efforts in promoting HKUGG by, for example, subsidizing ferry routes and kaito services to and from HKUGG to enhance its accessibility and visitor flow. Mr YIU also enquired about the requirements and mechanism for qualifying as Recommended Geopark Guides ("R2Gs").

12.28 DAFC advised that AFCD had been enhancing the facilities of HKUGG, such as construction of a wooden boardwalk to extend the High Island Geo-trail in East Dam, and hiring of a contractor to operate the HKUGG Volcano Discovery Centre. In addition, a new tour-cum-shuttle bus services between Sai Kung town centre and East Dam had commenced operation, and the service might be extended to weekdays if the visitor flow would justify so and taking into account the views of the local residents and the relevant District Council. As regards the kaito service between Lai Chi Wo and Ma Liu Shui, the operation and utilization rate was satisfactory and hence AFCD did not consider it necessary to subsidize the service at this stage. AFCD would continue to enhance publicity of geo-tourism and the ancillary facilities/services

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such as the kaito service with a view to enhancing the visitor flow to HKUGG. This would in turn be conducive to a sustainable operation of the kaito service.

12.29 DAFC further advised that the Geopark Guide System was established by AFCD in collaboration with the Travel Industry Council of Hong Kong and non-governmental organizations to achieve high standard guided services for HKUGG. Tour guides could choose to be qualified as R2Gs on a voluntary basis. Interested candidates should have completed any of the geotourism, geopark or equivalent courses recognized by the Geopark Guide System Secretariat and fulfilled other assessment criteria. In response to Mr YIU Si-wing's enquiry, DAFC said that the circumstances were not ready at this stage to make the R2G qualification a mandatory requirement for tour guides to provide guided service to tourists of HKUGG.

12.30 Ms Tanya CHAN enquired whether the Administration would consider additional measures to protect areas of high conservation value in HKUGG and the country parks, such as by prohibiting the use of concrete for building footpaths, and limiting the number of visitors entering those areas and the parks at large.

12.31 DAFC responded that AFCD had taken into account the relevant facilities and accessibility when considering the promotion and publicity of particular geosites in HKUGG and country parks. AFCD had been monitoring the number of visitors to HKUGG and did not find any undue disturbances or damages caused by the visitors to the park. The visitor flow to country parks in general remained stable at about 13 million each year on average in the past few years. DAFC further said that most of the footpaths in the country parks were built with natural materials. It was only in areas with substantial soil erosion that concrete and other artificial materials would be used instead for stabilizing soil and preventing further deterioration.

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Energy

Scheme of Control Agreements

12.32 Regarding the terms of the new Scheme of Control Agreements ("SCAs") to be signed between the Government and the two power companies, Dr KWOK Ka-ki enquired about the progress of discussion on the measures to ensure supply of electricity at reasonable prices, reduce the permitted rate of return ("RoR") for the power companies, and monitor their capital investments under the SCAs. Deputy Secretary for the Environment responded that the Government was proactively discussing with the power companies the terms of the new SCAs with a view to, among other things, lowering the permitted RoR, taking into account the views received during the Public Consultation on the Future Development of the Electricity Market conducted in 2015. The new SCAs would be finalized and announced before expiry of the current SCAs in end 2018.

Development of renewable energy

12.33 Mr Martin LIAO noted that the Electrical and Mechanical Services Department ("EMSD") had commissioned a specific study on the potential for photovoltaic ("PV") installation on rooftops and facades at an estimated cost of about \$700,000. He opined that the measures taken and the resources allocated by the Administration for promoting the development of renewable energy ("RE") were limited and lacked clear policy objectives. Referring to the development of solar power in Seoul and Singapore, Mr LIAO pointed out that the Seoul Metropolitan Government ("SMG") and the Singapore Government had taken various measures for the development of solar PV systems in Seoul and Singapore. For example, SMG had provided long-term operating rights of related projects to energy companies, rented out unused public sites at concessionary rate to encourage privately-funded projects, and provided government subsidies and loans for project operators.

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12.34 SEN responded that the Government had released Hong Kong's Climate Action Plan 2030+ setting out in detail the key measures on mitigation, adaptation and resilience to combat climate change, including measures to further promote energy saving as well as RE development. Based on currently mature and commercially available technologies, it was estimated that Hong Kong had about 3-4% of realisable RE potential that could be exploited between now and 2030. In this connection, the Administration would continue to take the lead to develop RE, as well as promote small-scale distributed RE projects conducted by the community. As stated in the 2017 Policy Address, the Government had earmarked \$200 million for the provision of RE installations at government buildings, venues and community facilities. The Administration was also discussing with the two power companies new measures in the context of the new SCAs to further promote the development of RE in the community.

12.35 Director of Electrical and Mechanical Services supplemented that 3% to 4% of the total energy source of Hong Kong was equivalent to about 1.3 billion to 1.7 billion KWh of electricity. The study on the potential for PV installation on rooftops and facades of Hong Kong buildings aimed at estimating more accurately the space available for installation of such power generating facilities. The estimated project cost was about \$700,000.

Chapter XIII : Housing

13.1 At the invitation of the Chairman, Prof Anthony CHEUNG, Secretary for Transport and Housing ("STH"), briefed members on the financial provisions and the main initiatives for the policy area of housing for the 2016-2017 financial year (Appendix IV-11).

Measures to contain the rise in flat prices

13.2 Mr KWOK Wai-keung enquired about the measures to suppress the sharp property price rises including those of small residential units. Ir Dr LO Wai-kwok said that the Administration had imposed measures including increasing the ad valorem stamp duty chargeable on residential property transactions to a new flat rate of 15% and tightening property mortgage lending by banks. In view that the prices of first-hand flats kept soaring whereas the second-hand residential property market remained stagnant, he was concerned about the difficulties faced by the younger generation and people with lower and middle income in realizing their aspirations for home ownership. Dr KWOK Ka-ki opined that the Administration's demand-side management measures could not effectively halt the soaring property prices.

13.3 STH replied that the International Monetary Fund had acknowledged in a concluding statement published following the 2016 Article IV Consultation Discussions that the Government's three-pronged approach to limit risks in the property market including boosting housing supply, macro-prudential measures to limit stability risks, and stamp duties to contain speculative activities should remain in place. Relevant data showed that after the Government had announced the new flat rate of 15% for the ad valorem stamp duty, the investment demand for residential properties had been reduced. To address the current supply-demand imbalance, the fundamental solution was to increase supply continuously, particularly the supply of public housing.

13.4 Dr KWOK Ka-ki opined that people who were not eligible for public housing could not afford to buy private flats given their high prices, and enquired whether the Administration would provide Home

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Ownership Scheme ("HOS") units at the land sites which were originally reserved for providing private housing. Mr WU Chi-wai enquired whether part of the private housing sites such as those at Anderson Road Quarry would be converted for providing subsidized sale flats. Mr LEUNG Kwok-hung enquired whether a Chief Executive's candidate's suggestion that 60% of Hong Kong people would live in public housing was practicable. STH replied that based on the latest projection announced in the Long Term Housing Strategy ("LTHS") Annual Progress Report 2016, the Government had adopted a total housing supply target of 460 000 units for the 10-year period from 2017-2018 to 2026-2027. The public housing supply target was 280 000 units, comprising 200 000 public rental housing ("PRH") units and 80 000 subsidized sale units. The Government maintained a public/private split of 60:40 for the supply of new housing units to underline the Government's commitment in increasing public housing supply, while ensuring the stable and healthy development of the private market. Reducing the supply of private flats might exert pressure on the already high prices in the private residential market.

13.5 Mr Jimmy NG said that some middle-class families who wished to buy their own homes had difficulties to pay the large initial down payment. He enquired whether the Administration would consider providing financial assistance in the form of loans to them for buying their homes. STH replied that during the public consultation on LTHS, the LTHS Steering Committee had considered whether to resume the Home Starter Loan Scheme, but concluded it inappropriate to do so under the tight demand-supply situation, lest it would encourage more housing demand and push up property prices. To meet the housing demand, the Government would continue to increase the supply of public housing units. Over the years, the Hong Kong Housing Authority ("HA") had reviewed the HOS income limits in accordance with the established mechanism and made adjustment taking into account the prevailing economic situation. The HOS income limits, currently at \$52,000 for family applicants, would allow some middle-class families to be eligible for HOS flats.

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13.6 Mr LEUNG Che-cheung was concerned about the soaring prices of subsidized sale flats including those under HOS and the Green Form Subsidised Home Ownership Pilot Scheme ("GSH"), and enquired about the current-term Government's position on the suggestion of providing subsidized sale flats at cost. STH replied that the prices of HOS flats were determined by applying a discount to the market values of the flats and taking into account the affordability of eligible households. Prices of flats under GSH were also set in accordance with a mechanism similar to that of HOS, but with a higher rate of discount.

13.7 Mr Jeremy TAM referred to the cases of Mainland-funded consortia investing huge sums of money to buy residential sites in Hong Kong, and opined that such practices would push up flat prices. He suggested that to discourage such practices, the Administration should put up land for sale by public auction so that the identities of bidders would be made known to all parties participating in the auction. STH replied that he would relay the suggestion to the Development Bureau ("DEVB").

Supply of housing land

13.8 Mr Wilson OR noted that the Administration had identified land for the construction of about 236 000 public housing units for the ten-year period from 2017-2018 to 2026-2027, and was concerned whether the Administration could identify and secure the sites for providing the remaining 44 000 public housing units. Deputy Director of Housing (Development & Construction) ("DD of H(D&C)") replied that the Government would continue to adopt a multi-pronged strategy to increase housing land supply. Permanent Secretary for Transport and Housing (Housing) ("PSTH(H)") advised that the LTHS Annual Progress Report 2016 presented on the Government's efforts in increasing housing land supply, including measures in the short, medium and long-term. The Transport and Housing Bureau ("THB") would continue to liaise with relevant bureaux to increase public

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housing production as far as possible.

13.9 Ms Alice MAK enquired whether the Administration would explore options, including collaboration between HA and public organizations such as the Urban Renewal Authority ("URA") and the Hong Kong Housing Society, to make good use of the Housing Reserve to provide subsidized flats. STH replied that the mission of URA was to accelerate urban redevelopment by replacing old buildings to provide a better living environment and neighbourhood but not providing public housing. During the redevelopment process, URA acquired private properties and sold redeveloped flats at market prices. Its provision of subsidized sale flats at Kai Tak Development in 2015 was a one-off measure.

13.10 Mr WU Chi-wai said that the Administration had reserved a site of about 60 hectares in Penny's Bay on Lantau Island for the Phase 2 development of the Hong Kong Disneyland. In view that the development on the site was unlikely to commence within a short time, he enquired whether the Administration would provide temporary housing at the site for accommodating needy households. Mr Andrew WAN enquired whether the Administration would provide housing units at the site similar to those in Long Bin Interim Housing. STH replied that he did not have the information about the planned use and timetable of development of the site, and would suggest the relevant bureau to look into the matter in light of members' suggestion. DD of H (D&C) said that the Government would continue to explore suitable sites for the development of public housing units as far as possible.

13.11 In response to Ms Claudia MO's concern that some developers had been hoarding land and deferring development, Director of Lands ("D of Lands") advised that for a development project, the lot owner was required to complete the construction of the minimum gross floor area specified in the land grant or lease conditions and obtain an occupation permit from the Building Authority within the Building Covenant ("BC") period specified in the land grant or lease conditions. In general, the BC period for residential developments normally ranged from 48 to 72 months counting from the execution date of the land

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grant document. The actual length of the BC period depended on the scale and complexity of the proposed development. D of Lands further advised that apart from the sites sold by the Government, developers might acquire private agricultural lots and wait for opportunities to pursue development projects on them by applying to the Government for land exchanges.

13.12 Ms Tanya CHAN enquired about the circumstances under which the Government would grant land sites by way of private treaty. D of Lands replied that while government land could be sold by public auction or tender, there were cases in which the Government would dispose of land by way of private treaty grant for specific purposes, such as land granted to the MTR Corporation Limited.

Housing development projects

13.13 Dr KWOK Ka-ki enquired whether the slow progress of the various engineering feasibility studies or preliminary development reviews for potential housing sites at Yuen Long and Tuen Mun such as San Hing Road, Long Bin, Tan Kwai Tsuen, Wang Chau remaining phases and Tuen Mun Central was owing to opposing views from influential people in the localities. PSTH(H) replied that in formulating development proposals for public housing, the Government would consider the views of the local communities, including those of the indigenous and non-indigenous residents. The Planning Department had briefed the relevant district council ("DC") on the public housing project at Tan Kwai Tsuen, and was considering how to proceed with it having regard to the relevant DC's views. As regards the San Hing Road project, in view that the original proposal was not supported by the DC concerned, the Government was considering ways to adjust the plan. He assured members that the Government would continue to take forward the studies and reviews mentioned by Dr KWOK in a timely manner.

13.14 Mr Andrew WAN enquired whether the Administration would adopt the approach used in the development of the North East New Territories' new development areas to implement the development of

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Wang Chau, Yuen Long. PSTH(H) said he understood that the public housing development at Wang Chau was different from a new town development. In response to Mr KWONG Chun-yu's enquiry about the Chief Executive-elect's suggestion of adopting a public-private partnership approach in pursuing housing development projects at one or two land sites, STH replied that details of the suggestion mentioned by Mr KWONG should be considered by the next-term Government. In fact, the Government had previously considered the feasibility of re-introducing the Private Sector Participation Scheme and introducing a Mixed Development Scheme, but concluded that it would not be the appropriate juncture to implement such schemes in the midst of tight housing land supply.

Private housing

13.15 Mr LEUNG Che-cheung enquired whether the current-term Government would deal with the problems arising from the increasing number of "nano flats" in the market. Ms Alice MAK enquired whether the Administration would conduct a study on the matter. In response to Mr Wilson OR's enquiry about the circumstances under which the Administration would impose in the Conditions of Sale requirements on the minimum size of flats available for sale, STH said that DEVB had earlier advised that it would consider the appropriateness of imposing such requirements, and if so, the details of such requirements.

13.16 Ms Tanya CHAN enquired how the Administration would ensure that the sale of flats built on the sites selected for the "Hong Kong Property for Hong Kong People" ("HKPHKP") measure was restricted to Hong Kong people. She further enquired about the resale restrictions for the flats sold. D of Lands replied that according to the conditions set out in the land leases granted under the HKPHKP measure, the sale of flats built on the land concerned was restricted to Hong Kong Permanent Residents for 30 years from the date of the relevant land grant. All buyers were required to obtain a Consent Letter from the Lands Department. The Consent Letter required each buyer to make a statutory declaration that he or she was a Hong Kong

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Permanent Resident, and each Agreement for Sale and Purchase should contain a certification by a solicitor that the buyer was a holder of a Hong Kong Permanent Identity Card and that each buyer had made the required statutory declaration.

Subdivisions of flat units and interim housing

13.17 Mr Kenneth LAU enquired about the removal orders that had been issued by the Buildings Department against unauthorized building works in subdivisions of flat units ("SDUs") since 2011, and the manpower required to continue inspection of SDUs. Director of Buildings replied that he did not have the information requested by Mr LAU on hand, and advised that the Government had set an annual target number of SDUs for inspection.

13.18 Prof Joseph LEE was concerned that the residents affected by the Administration's enforcement action against SDUs had difficulties in securing new accommodations affordable to them. He enquired whether to meet their housing need, the Administration would rent vacant industrial buildings and convert them into interim housing. He further enquired whether the current-term Government would relay the suggestion on reinstating tenancy control to the next-term Government for consideration. STH replied that given the current shortage of developable land, suitable sites for housing development should be reserved for the construction of public housing units as far as possible, as it was the most direct and effective way to benefit the inadequately housed households. Even if sites which did not have other immediate uses could be identified, the provision of transitional housing would still require additional infrastructural works and take time to complete. During the public consultation on LTHS, the LTHS Steering Committee had invited the public to give views on the introduction of a licensing or landlord registration system to regulate SDUs. It was noted that respondents, including organizations championing the interest of SDU tenants, had expressed reservations towards the suggestion, worrying that the proposed regulatory regime might reduce the supply of SDUs and drive up the rents of SDUs.

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13.19 Mr Andrew WAN enquired about the number of SDUs affected by the Administration's enforcement actions against SDUs and the number of affected tenants who had moved into interim housing in the past year. He was concerned whether interim housing units were sufficient to meet the temporary housing needs of affected tenants. Mr KWOK Wai-keung said that the vacancy rate of interim housing was increasing in recent years. He enquired whether the Administration had made effective use of interim housing to help relieve SDU tenants' housing difficulties. PSTH(H) replied that the Government would provide supplementary information in light of Mr WAN's enquiry. According to the relevant survey conducted by THB in 2015, there were about 88 000 SDUs in Hong Kong. STH advised that for households affected by the Government's clearance actions and unable to find alternative accommodation themselves, they might apply through referrals by relevant Government departments for admission to the Housing Department's transit centres, while waiting for eligibility vetting for further rehousing to interim housing units, as appropriate; or looking for alternative accommodation themselves.

13.20 Mr HO Kai-ming expressed concern on whether the eligibility criteria for Po Tin Interim Housing and the rents of these interim housing units were reasonable. Deputy Secretary for Transport and Housing (Housing) ("DS(H)") advised that persons who became homeless as a result of natural disasters might be accommodated in transit centres such as Po Tin Transit Centre. For those households who were PRH applicants and had stayed in the transit centre for three months, and was proven to have no alternative accommodation, if they could fulfil the eligibility criteria for PRH including income limit, asset limit and "no-domestic-property" requirement, they would be admitted to interim housing while awaiting PRH. The eligibility requirements were necessary to strike a balance between the demand and supply of interim housing.

13.21 Mr Jeremy TAM and Mr HO Kai-ming were concerned about the living conditions in the transit centre. Mr TAM referred to the media report about the living conditions of Po Tin Transit Centre, and enquired whether residents of transit centre would be provided with

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mattresses. Deputy Director (Estate Management), Housing Department ("DD(EM)/HD") replied that residents of transit centre were provided with bed spaces but not mattresses. The Housing Department had commissioned contractors to manage transit centres, and would follow up any complaints about the conditions of transit centres. The Housing Department had been assessing the service quality of the contractors regularly and the assessment would take into account the results of complaint investigations. In response to Mr TAM's enquiry about whether the Government would upon his request make arrangements for him to attend a site visit to Po Tin Transit Centre, STH advised in the affirmative.

13.22 In view that URA provided buildings in urban districts for rehousing the residents affected by its redevelopment projects, Mr HO Kai-ming enquired whether the Administration would liaise with URA on providing accommodations in these buildings for needy households affected by the Administration's clearance exercises. STH replied that Mr HO's suggestion would be considered by the relevant Bureau. He explained that the supply of interim housing was constrained by the availability of land resources.

13.23 Mr KWONG Chun-yu opined that the Administration should provide more interim or transitional housing to accommodate households on the PRH waiting list. STH replied that even if a vacant site could be identified, it would still require additional infrastructural works which might not be completed in the short term. Providing adequate public housing would be the most effective solution to the housing problem.

Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme

13.24 Mr Andrew WAN noted that the Independent Checking Unit ("ICU") had issued several batches of statutory notices under the Mandatory Building Inspection Scheme ("MBIS") and Mandatory Window Inspection Scheme ("MWIS"), and having regard to the general views of the community after the two schemes were launched,

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ICU had slowed down the pace of implementation of the schemes. He enquired about the details in this regard. Mr WAN further enquired about the Administration's measures to assist owners in discharging the statutory notices issued to them. He suggested that information about the schemes operated by organizations to assist owners in carrying out the inspection or repair works, such as the "Smart Tender" Building Rehabilitation Facilitating Services Scheme ("Smart Tender Scheme") administered by URA, should be provided together with the statutory notices issued to owners.

13.25 Head (Independent Checking Unit), Housing Department Permanent Secretary's Office ("H/ICU") advised that the common difficulties encountered by owners included reaching an agreement on the scope of works among the property owners, and the lack of credible arrangement in appointing the contractors. He took note of Mr WAN's suggestion and affirmed that the Government would continue to provide advice and relevant information to owners to facilitate owners' discharge of the requirements in the statutory notes issued to them. Since the Smart Tender Scheme was launched by URA in 2016, and the Government would consider providing information about the scheme together with the statutory notices issued to owners in future.

13.26 Mr LEUNG Che-cheung enquired about the Administration's measures to deal with the statutory notices that had not yet been compiled with. Noting that among the first four batches of MWIS statutory notices issued by ICU, some cases had applied for and were granted with extension of time, Mr Andrew WAN enquired whether there was a time limit on the extension period. H/ICU replied that over 95% of the MWIS statutory notices which had expired had been complied with. Reminders through the Incorporated Owner and direct warning letters had been served on non-complying cases with the ultimate issue of Fixed Penalty Notices. He further advised that ICU would grant extension of time to a case only if it had justifiable reasons, whilst such cases would be reviewed on six-month basis.

13.27 In response to Prof Joseph LEE's concern about the risk of tender-rigging in target buildings under MWIS, H/ICU explained that

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owners served with MWIS statutory notices were required to appoint a registered contractor to carry out the prescribed repair, and it was normally done by requesting quotations instead of tendering. There were sufficient contractors in the market whilst owners might file complaints with ICU or the Buildings Department regarding contractors' questionable repair works.

Sales of First-hand Residential Properties Authority

13.28 Mr Kenneth LAU enquired about the time generally required by the Sales of First-hand Residential Properties Authority ("SRPA") for handling a complaint case. The Director of Sales of First-hand Residential Properties Authority ("D/SRPA") replied that the time taken for handling a complaint case mainly depended on the complexity of the case concerned. In response to Mr LAU's enquiry about how SRPA conducted inspections on vendors' sales offices, D/SRPA advised that the inspections were conducted by SRPA's staff, and were not made known to the vendors beforehand.

13.29 Mr Kenneth LAU asked about the compliance situation regarding the requirements under the Residential Properties (First-hand Sales) Ordinance (Cap. 621), and the number of prosecution cases against vendors under the Ordinance. In response to his enquiry on whether the Administration would review the Ordinance given that it had been in full implementation about four years, D/SRPA replied that SRPA was accumulating experience from the implementation of the Ordinance, and would continue to monitor its effectiveness with a view to identifying the areas that required improvement.

Acquisition of multiple residential properties under a single instrument

13.30 Noting from the STH's opening remarks that the Administration was examining whether transactions involving acquisition of multiple residential properties under a single instrument were extreme cases or whether they had become a common phenomenon, Ms Alice MAK opined that such transactions should not

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be exempted from the relevant stamp duty requirements, no matter whether they were extreme cases or not. Mr James TO, Dr KWOK Ka-ki, Mr LEUNG Kwok-hung, and Mr Andrew WAN held the view that such transactions had become a general trend, and urged the Administration to tackle the problem in a timely manner. Mr TO said that when scrutinizing a bill on stamp duty, he had raised the concern about the loophole. Dr KWOK and Ms Claudia MO enquired whether the Administration would introduce legislative amendments to plug the loophole. Mr LEUNG opined that acquisition of multiple residential properties under a single instrument had demonstrated a clear investment intent.

13.31 STH replied that the Government had noted the public concern over the recent increase in transactions involving acquisition of multiple residential properties under a single instrument, and had been closely monitoring the situation, including whether there was an increasing trend of these transactions. Measures would be introduced to deal with the situation as and when necessary.

13.32 Mr Jeremy TAM declared that his family members had purchased properties recently. He opined that the Hong Kong Monetary Authority ("HKMA") had issued a letter to banks with respect to acquisition of multiple residential properties under a single instrument, and the Administration should take corresponding measures to handle the situation as soon as possible. He suggested that in considering the measures, the Administration should study whether two adjacent residential units with the partitioning walls between the units demolished should be regarded as a single residential property if the property would be owner-occupied. STH replied that the Government had noted HKMA's views on the subject matter, and would consider Mr TAM's suggestion.

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14.1 At the Chairman's invitation, Prof Anthony CHEUNG, Secretary for Transport and Housing ("STH") briefed members on the financial provisions and main initiatives related to the policy area of transport (Appendix IV-12).

Land Transport

Implementation of railway projects

14.2 Mr Michael TIEN was concerned that most railway projects entrusted by the Government to the MTR Corporation Limited ("MTRCL") experienced cost overruns, quite a number of which were attributable to inadequate preliminary investigations. He pointed out that although the Geotechnical Engineering Office ("GEO") of the Civil Engineering and Development Department ("CEDD") had compiled the Geoguide with reference to the international standards to provide standards for carrying out ground investigations, geological conditions in Hong Kong were complex. In view of this, he enquired whether the Administration would amend the Geoguide to enhance the standards for ground investigations, and whether GEO would conduct on-site supervision to ensure that MTRCL carried out investigation work in accordance with the standards.

14.3 Director of Highways ("D of Hy") said that to his understanding, apart from making reference to overseas standards, GEO had taken into account local geotechnical characteristics when drawing up the Geoguide. Regarding members' suggestion of amending the Geoguide, the Development Bureau ("DEVB") had indicated at the meeting of the Public Works Subcommittee earlier that it would follow up on relevant views.

14.4 Ir Dr LO Wai-kwok was concerned about whether any new railway projects would commence in a timely fashion immediately after the successive commissioning of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Shatin to Central Link so as to continue to make good use of the existing construction manpower and other project resources. He enquired whether the Administration had assessed the continuity of the railway

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projects under the Railway Development Strategy 2014.

14.5 STH responded that the Administration concurred that new railway projects should be implemented in an orderly manner to cater for the manpower situation of the construction industry. He added that MTRCL had just submitted a proposal for the Northern Link (and Kwu Tung Station), in addition to that for the Tuen Mun South Extension. He pointed out that prior to the finalization of a new railway scheme, the Government would, as an established procedure, conduct detailed assessment on the proposal submitted by MTRCL and consult relevant District Councils in due course. At the request of Ir Dr LO, he agreed to provide a written response to Ir Dr LO's enquiry after the meeting.

Land Transport Infrastructures

Implementation of Route 11

14.6 Dr KWOK Ka-ki estimated that the construction cost of the proposed Route 11 would be very high, but its traffic volume might not be as high as originally projected. Taking Tai Lam Tunnel as an example, the actual traffic volume of the tunnel was only 80% of the original projection. He considered that the construction of Route 11 would simply be meaningless unless the Government planned in parallel to take forward transport infrastructure works to connect the artificial islands in the East Lantau Metropolis and Hong Kong Island.

14.7 STH emphasized that the Administration would not indiscriminately take forward transport infrastructure works. He pointed out that there were calls in the community and the Legislation Council for the implementation of Route 11. At present, the Administration intended to conduct a feasibility study on Route 11 in order to understand the benefits it would bring about. Quite a number of past examples showed that after transport infrastructures were commissioned and put into service, they could realize their economic benefits in tandem with continuous urban development.

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14.8 Mr LEUNG Che-cheung opined that it took time to implement Route 11, which might not be able to meet the imminent transport needs of the residents in the Northwest New Territories ("NWNT"). He pointed out that the transport services in NWNT, including Tuen Mun and Yuen Long, were nearly saturated especially during the morning peak hours, and there would be serious congestion in case of traffic accidents happened on the urban-bound carriageway of Yuen Long Highway. He and Mr LUK Chung-hung urged the Administration to expedite the feasibility study on the construction of Route 11 and commence the works as soon as possible.

14.9 STH advised that the Administration also wished to take forward Route 11 as soon as possible, but it still had to follow the procedures in implementing the project. He stated that the Administration hoped to draw views from stakeholders' as early as possible in the project design stage in order to reduce the likelihood of works delay due to their opposition.

Construction safety and monitoring of the Hong Kong-Zhuhai-Macao Bridge project

14.10 Expressing concern about the large number of casualties after a string of industrial accidents on the Hong Kong-Zhuhai-Macao Bridge ("HZMB") project, Mr LUK Chung-hung enquired about the expenditure involved in the implementation of site safety measures for major transport infrastructure works in the past, and whether the Administration was aware that contractors might overlook the monitoring of site safety as they strived to speed up the works programme. He also enquired whether the Highways Department ("HyD") would penalize those contractors who had been involved in fatal industrial accidents, including suspending them from tendering for HyD's projects for a period of time or adopting a point deduction system in the assessment of tenders so that the contractors concerned would be given a lower score.

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14.11 D of Hy advised that the Administration attached great importance to occupational safety on construction sites and imposed relevant requirements on occupational safety in public works contracts. The contractual payments made by the Administration to contractors also covered the costs relating to the implementation of site safety measures. He pointed out that if a fatal industrial accident occurred on the construction site of a contractor, besides accident investigations by the Labour Department, DEVB would also conduct a hearing and impose a penalty on the contractor concerned. In the past, there were occasions where the contractors were suspended from tendering for this reason. Moreover, HyD assessed a contractor's performance, including the implementation of site safety measures, and reflected it in the performance reports quarterly. The past performance of the contractor concerned in the implementation of site safety measures was also one of the factors for consideration in the tender assessment, which might even affect the contractor's eligibility for tendering for public works contracts.

14.12 Dr KWOK Ka-ki and Mr CHAN Chi-chuen were concerned about the various issues involved in the HZMB project, including cost overruns, delays and the occurrence of a number of industrial casualties. Mr CHAN Chi-chuen queried whether there was sufficient manpower in the HZMB Hong Kong Project Management Office ("HKPMO") of HyD to monitor the project and whether the monitoring efforts were adequate. He enquired whether HyD had reviewed and identified the inadequacies of HZMB HKPMO that had led to frequent occurrence of problems. He was also concerned about the implementation of various major cross-boundary transport infrastructure projects and the number of casualties involved in these projects.

14.13 D of Hy pointed out that the day-to-day monitoring of the construction of HZMB was mainly undertaken by the consultants engaged by the Administration, and HyD staff and the consultants also conducted regular site inspections. After a recent serious fatal accident, HyD immediately took corresponding measures, including meeting with the resident engineer consultant, the resident chief engineer and senior staff of the contractor to gain an understanding of

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the incident and suspending all major construction activities under the works contract concerned pending a comprehensive safety assessment until the consultant engaged by HyD was satisfied with the safety of the construction procedures. Moreover, HyD had set up an Independent Investigation Task Force ("the Task Force") to investigate the possible causes of the accident, including whether the contractor had carried out construction works in accordance with the contractual and statutory requirements. HyD had informed relevant law enforcement departments of the preliminary findings of the Task Force for their follow-up. The Task Force was expected to conclude the investigation and submit a report in three months' time.

14.14 Noting with concern that as at February 2017, the total amounts of the claims against HyD in respect of HZMB Hong Kong Boundary Crossing Facilities and Hong Kong Link Road projects were about \$3.4 billion and about \$2.5 billion respectively, Mr KWONG Chun-yu enquired whether the Administration had sought the contractors' consent to disclose the information of individual claims.

14.15 D of Hy responded that according to relevant confidentiality terms under the works contracts, the Administration could not disclose the information concerning any individual claims of the contractors without their consent. At present, HyD had not obtained consent from the contractors concerned in this respect. STH added that the Administration would perform its gate-keeping duties properly in respect of these claims to ensure that the claims and the amounts claimed were justified.

Study on alleviating traffic congestion

14.16 Mr Frankie YICK enquired when the Administration would formally commence the consultancy study on parking spaces, and whether it would consult relevant academics on the scope of study. Noting that the Transport Department ("TD") had identified a total of 318 on-street overnight commercial vehicle parking spaces and was consulting the local communities in phases, he enquired when the Administration would make these parking spaces available for public use and whether it would consider providing more such parking spaces.

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14.17 STH indicated that the Administration would inform the Panel on Transport of the details of the consultancy study on parking spaces in May 2017 and would receive members' views in this regard. Commissioner for Transport ("C for T") supplemented that the parking needs of every district would be explored in the study on parking. Apart from engaging a consultant to undertake the study, the Administration would also exchange views with the trades. She also pointed out that as at February 2017, of the aforesaid 318 proposed on-street overnight commercial vehicle parking spaces that met the traffic safety requirements, 47 had to be shelved due to local objections, 94 were undergoing local consultation in phases and 38 were in the process of dealing with opposing views collected during the consultation period. In addition, TD had completed the planning work for 57 such parking spaces. These parking spaces would be available for public use upon the completion of the associated works by HyD. She further pointed out that TD would continue to actively identify suitable locations for use as on-street overnight commercial vehicle parking spaces, for example, by suitably raising the proportion of commercial vehicle parking spaces in short-term tenancy car parks and suitably increasing the number of commercial vehicle parking spaces available for public use in newly developed buildings.

14.18 Mr CHAN Han-pan expressed concern about the shortage of parking spaces. Noting that compared with the 2014-2015 financial year, the number of parking spaces for private cars decreased considerably by over 2 000 and that for commercial vehicles also decreased by over 1 000 in the 2015-2016 financial year, he enquired why the Administration reduced the number of commercial vehicle parking spaces. He was also concerned that while the Government was issuing new vehicle licences on the one hand, it was reducing the number of parking spaces on the other, which would aggravate the problems of illegal parking and traffic congestion. He requested the Administration to provide information on the total number of parking spaces in public car parks across the territory broken down by district, as well as information on how the Administration would make up for the shortfall in parking spaces in public car parks which had been decreasing in number year by year since the 2013-2014 financial year.

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14.19 STH pointed out that as a matter of parking policy, the Administration would accord priority to considering and meeting the parking needs of commercial vehicles. C for T added that the relatively considerable decrease in the number of private car parking spaces (i.e. by 1 180) in Yau Tsim Mong District in the 2015-2016 financial year was mainly attributable to the closure of a multi-storey car park in the district. She pointed out that before the closure of the car park concerned, TD had reviewed if an alternative site was available in the vicinity for reprovisioning the parking spaces. Also, developers were required to provide a suitable number of parking spaces in new development projects in accordance with the standards to meet the parking demand generated by the development projects and the local need for public car parks. She further said that it was always not easy to reprovision the same number of parking spaces in districts with heavy traffic. The Administration had been encouraging the public to use public transport services as far as possible in order to alleviate traffic congestion.

14.20 Mr Charles Peter MOK noted that based on the needs of the feasibility study on the Electronic Road Pricing Pilot Scheme in Central and the study on the rationalization of traffic distribution among the three road harbour crossings and the three land tunnels between Kowloon and Sha Tin ("the two studies"), the consultants engaged by the Government would collect traffic and transport data by sampling to facilitate the analysis and formulation of detailed proposals. He considered that proposals formulated based on the data collected by sampling might be misleading and was therefore unsatisfactory. In his view, the Administration should provide all the traffic and transport data to the consultants so that they could carry out a comprehensive analysis using big data with a view to formulating objective proposals.

14.21 C for T advised that regarding the two studies, the Administration would conduct an analysis using the traffic and transport data collected in order to draw up different concrete and feasible proposals for further public discussion. She added that in taking forward the studies, the Administration would keep an open mind and conduct a reasonable analysis with objective data. It would not have a pre-set stance.

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Enhancing pedestrian and transport accessibility

Hillside escalator links and elevator systems

14.22 Expressing grave concern about the slow progress in the implementation of hillside escalator link and elevator system ("HEL") projects, Mr CHAN Han-pan enquired whether the Administration would consider setting up a dedicated fund of \$5 billion for HEL ("the Fund") to expedite the funding process and taking other measures to expedite the implementation of the projects. He also requested the Administration to adopt more new suggestions on the provision of HEL, which would be conducive to reducing the demand for transport services.

14.23 STH pointed out that the suggestion of setting up the Fund concerned the Government's general practice in financial management, which entailed discussion with the Financial Services and the Treasury Bureau. He added that it was mentioned in the Chief Executive's 2017 Policy Address that the Administration planned to commence a study at the end of 2017 to review and improve the assessment mechanism for proposed HEL projects and related issues. Mr CHAN's suggestion would be considered at the time.

14.24 Dr Priscilla LEUNG enquired whether there would be opportunities to take forward the proposal to provide an elevator to link Chak On Estate and Lei Cheng Uk Swimming Pool in Sham Shui Po after the aforesaid review. STH replied that the current priority of projects would remain largely unchanged. The reviewed and improved assessment mechanism would be applied in the consideration of new proposals.

Trial scheme for low-floor public light buses

14.25 Ms Tanya CHAN pointed out that low-floor public light buses ("PLBs") were bigger in size and more expensive than ordinary green minibuses ("GMBs"). She enquired about the duration of the trial scheme for low-floor PLBs ("the Trial Scheme") and whether the Administration had any plan to promote the use of low-floor PLBs if

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they worked satisfactorily.

14.26 STH replied that the three operators currently participating in the Trial Scheme would purchase and operate, at their own cost, three low-floor PLBs of different models manufactured in different places for trial run on three GMB routes plying to and from hospitals. During the trial, TD would review the performance and operation of these low-floor PLBs, such as the time taken to pick up and drop off passengers. It was estimated that the trial would need to run for at least a year before more comprehensive data could be collected for review and analysis. Subject to the actual results of the Trial Scheme, the Administration would then consider whether low-floor PLBs should be further promoted.

[Post-meeting note: After the meeting, the Administration supplemented that one of the operators had informed TD in mid-April that it would not proceed with the purchase of the model originally proposed and would instead purchase another model manufactured in a different place. Since the latter model was the same as the one selected by another operator, there would only be two different models of low-floor PLBs participating in the Trial Scheme eventually.]

Bicycle-friendly policy

14.27 Mr Dennis KWOK enquired about the Government's policy to encourage more people to use bicycles as a mode of transport in urban areas and its measures to improve cycling safety. Pointing out that in Hong Kong, there were quite a number of roads with damaged or defective surfaces, including potholes, cracks or unevenness, which posed danger to cyclists, he enquired whether the Administration would rectify such road surfaces and introduce legislation to require cyclists to wear helmets.

14.28 STH said that the Administration would develop Hong Kong into a "bicycle-friendly" city in an orderly manner. He explained that the current-term Government had changed its policy from one that encouraged people to ride bicycles for recreational purposes to one that

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promoted the use of bicycles as a mode of short-distance transport in new towns and new development areas. However, owing to the heavy road traffic in urban areas, promoting cycling on the roads in these areas had safety implications and, therefore, warranted thorough consideration. Deputy Secretary for Transport and Housing (Transport) 3 added that cyclists were not required to wear helmets in most overseas cities. The Administration also took note of the views that requiring cyclists to wear helmets would, in effect, discourage the public from cycling and that cyclists might become less vigilant about safety after wearing helmets. Regarding damaged or defective cycle tracks, D of Hy undertook to follow up on the matter. At the request of Mr Dennis KWOK, the Administration agreed to provide supplementary information in writing on the measures to follow up on the existing roads in urban areas with damaged or defective surfaces.

Registration system for vehicle maintenance trade

14.29 Noting that the number of vehicle maintenance workshops ("vehicle workshops") successfully registered under the Voluntary Registration Scheme for Vehicle Maintenance Workshops had reached 1 735, equivalent to about 64% of all vehicle workshops in Hong Kong, Mr POON Siu-ping enquired about the scale and manpower situation of these registered vehicle workshops. Also noting that the Electrical and Mechanical Services Department had commenced an in-depth study on the feasibility of putting in place a mandatory registration system for vehicle workshops, he enquired about the progress and the Administration's measures to facilitate the registration of vehicle workshops.

14.30 Director of Electrical and Mechanical Services said that the Administration had made very good progress in implementing the Voluntary Registration Scheme for Vehicle Maintenance Workshops. He explained that there were four types of registration, which were: Type One—"Franchised Bus Company Workshop" or "Vehicle Dealer Workshop", with 84 registered out of the total of 104; Type Two—vehicle workshops employing at least five vehicle mechanics, with 106 registered out of the total of 114; Type Three—vehicle workshops employing at least one valid registered vehicle mechanic

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and having at least one vehicle working bay, with 777 registered out of the total of 1 420; and Type Four—vehicle workshops only pledging to endeavor to abide by the Practice Guidelines for Vehicle Maintenance Workshops or those situated at a residential building or a composite building with domestic part. Type Four vehicle workshops were only transitional in nature as their overall facilities had failed to meet the registration requirements, and 768 out of the total of 1 286 had been registered. The above figures reflected very high numbers of registrations among large and medium vehicle workshops, i.e. Type One and Type Two vehicle workshops. As there was a large number of small vehicle workshops, the Administration hoped that they would complete their registration as soon as possible. He added that registered vehicle mechanics accounted for nearly 90% of all vehicle mechanics.

Fees charged for issue of Closed Road Permits for non-cross-boundary vehicles

14.31 Mr LEUNG Che-cheung was concerned that TD charged fees for the issue of Closed Road Permits for cross-boundary vehicles and Lantau Closed Road Permits, but the Hong Kong Police Force issued Closed Road Permits, free of charge, for non-cross-boundary vehicles entering the Frontier Closed Area. He enquired whether the Administration would consider cancelling the fees charged for the issue of Lantau Closed Road Permits because the existing arrangement was unfair to the residents on Lantau Island.

14.32 C for T responded that pursuant to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E), C for T was required to charge fees for the issue of specified Closed Road Permits. Yet, the Regulations did not empower C for T to waive the fees for any person. She further said that the Administration was conducting a review on the fee levels. At the request of Mr LEUNG Che-cheung, she agreed to provide a written response to Mr LEUNG's enquiry.

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Irregularities concerning Passenger Service Licence holders operating non-franchised public buses

14.33 Noting that under section 30 of the Road Traffic Ordinance (Cap. 374), if Passenger Service Licence ("PSL") holders were suspected of operating without permission or contravening any licensing conditions or PSL conditions, C for T could appoint a public officer to hold an inquiry against such PSL holders for the suspected irregularities, Mr POON Siu-ping enquired about the reasons for the considerable increase in the number of inquiries from 35 in 2015 to 63 in 2016 and the service types involved in those irregularities.

14.34 C for T explained that since the number of inquiries in a year was a reflection of the irregularities which occurred in and/or before that year, a considerable increase in the number of inquiries in a year did not necessarily represent a considerable increase in the number of irregularities in that particular year. She agreed to provide after the meeting the details of the irregularities involved in the 63 inquiries held in 2016.

Safety of left-hand-drive vehicles driven in Hong Kong

14.35 Ms Claudia MO noted that as at the end of February 2017, the cumulative number of applications approved for direct issue of Hong Kong driving licences without test on the strength of Mainland driving licences was nearly 240 000, and that of left-hand-drive ("LHD") vehicles registered and licensed in Hong Kong was over 3 000. She was concerned that allowing a large number of Mainland vehicles to be driven in Hong Kong might affect the traffic safety in Hong Kong because of the different driving attitudes between Hong Kong drivers and their Mainland counterparts. She referred to a past case in which a vehicle of the People's Liberation Army Hong Kong Garrison ("Hong Kong Garrison") went in the wrong direction while travelling on the road in Hong Kong allegedly due to the different driving arrangements between Hong Kong and the Mainland. She was also concerned about the legal protection for victims in the event of a traffic accident involving these vehicles. As such, she enquired whether the operation of Hong Kong Garrison vehicles in Hong Kong was subject to the

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regulation of the legislation of Hong Kong, such as ordinances relating to illegal parking.

14.36 C for T confirmed that as at the end of February 2017, the cumulative number of LHD vehicles from the Mainland (i.e. those with registration marks prefixed by "FU" or "FV") which were registered and licensed in Hong Kong exceeded 3 000, among which 233 were registered and licensed in the 2016-2017 financial year (up to end of February 2017). She pointed out that as the aforesaid vehicles had Hong Kong-Mainland licences, they did not stay in Hong Kong only. Regarding Ms MO's enquiry about the Hong Kong Garrison vehicles, STH advised that the Law of the People's Republic of China on the Garrisoning of the Hong Kong Special Administrative Region provided for military and non-military businesses conducted by Hong Kong Garrison members. He agreed to provide a written response to Ms MO's enquiry after the meeting.

Sea transport

Pier improvement works

14.37 Mr Frankie YICK pointed out that he had, at the Panel on Transport, requested the Administration to provide information on the names and locations of the 10 public piers in the New Territories and the Islands District to be renovated under the pier improvement programme, and details of the improvement works to be carried out. He urged the Administration to provide a response as soon as possible. He then asked whether the Administration had consulted the industry to identify its needs before selecting those 10 public piers for improvement works.

14.38 C for T replied that the pier improvement programme would be taken forward by CEDD under the Development Bureau, and TD would refer Mr YICK's enquiry to CEDD for response. According to her understanding, in selecting piers for improvement works, priority would be given to piers which were located at relatively remote locations or those which facilitated access of people visiting the countryside to places that were relatively not easily accessible, such as

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the geoparks.

Promoting the development of waterborne transport services

14.39 Dr Priscilla LEUNG commented that TD was previously too passive in promoting the development of waterborne transport services. She cited as an example that TD had not conducted further tendering since its invitation of tenders for the operation of two ferry services plying between Hung Hom and Central and between Hung Hom and Wan Chai in 2010. As a result, Hung Hom Ferry Pier currently provided only one ferry route between North Point and Hung Hom, and the operator had required a fare increase recently in order to maintain the service of this route. She further noted that there had been a proposal to introduce ferry services connecting the Kai Tak Cruise Terminal ("KTCT") and Tsim Sha Tsui/Hung Hom but TD did not actively follow up on the proposal. She urged TD to promote the development of waterborne transport services by actively pursuing policies from a macro perspective. She was of the view that TD should establish an inter-departmental group to consider revitalizing Hung Hom Ferry Pier and introducing new ferry/kaito services at the Pier so as to attract more tourists, thereby increasing the patronage of such services.

14.40 C for T advised that TD had kept an open mind on the proposal of introducing new ferry services. If there was any ferry operator showing interest to operate a new ferry service, TD would take follow-up actions such as conducting a tender exercise, but over the years, TD had not received any proposals from operators to operate a new ferry service to and from Hung Hom or plying between Kowloon and Hong Kong Island. She added that due to a decrease of around 10% in the patronage of the "Hung Hom—North Point" ferry route since the commissioning of the Kwun Tong Line Extension, coupled with such factors as soaring costs, a fare increase for this ferry route was needed. She also pointed out that should there be any specific proposals to revitalize the Hung Hom Ferry Pier for tourism promotion purpose, TD would work towards this.

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Provision of services by the Marine Department

14.41 Mr Holden CHOW commended the Marine Department ("MD") for its previous efforts in making the fleet of Hong Kong-registered ships the world's fourth largest among flag states. He enquired how MD would implement the provision of 24-hour year-round services to tie in with the development of the high value-added maritime industry in Hong Kong. He also noted that in 2017-2018, MD would continue to enhance the appeal of the Hong Kong Shipping Register by introducing an online certificate verification service. In this regard, he enquired about the progress of implementation.

14.42 The Director of Marine pointed out that in order to enhance shipping services, MD had maintained close liaison with the industry. In this connection, the industry had recommended, amongst other things, that the service hours of MD be extended to facilitate the timely delivery of registration services to fleets of ships from different countries. She advised that MD would progressively implement the aforesaid recommendations. Currently, MD provided emergency service on a 24-hour basis year-round by providing remote emergency support to ship owners via telephone, including assisting fleets of ships stranded in ports abroad to solve technical problems. In addition, MD would provide registration services on a pre-booked basis, during non-office hours. She also pointed out that in response to requests from the industry, MD was carefully studying the proposal of introducing an online certificate verification service, and the proposal was expected to be implemented in 2018.

Air transport

14.43 Mr Jeremy TAM pointed out that since it took as long as about seven years to train air traffic control ("ATC") staff, he supported that the Civil Aviation Department ("CAD") should, on a timely and ongoing basis, recruit more ATC staff to cope with the needs arising from future developments, including the Three-Runway System ("3RS") project being implemented. Moreover, he noted that CAD had invited the National Air Traffic Services Ltd ("NATS") of the

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United Kingdom to participate in a total of eight tender/quotation exercises in relation to air traffic management or other services. In a single written quotation exercise, NATS was awarded a service contract to provide consultancy services on three-runway capacity study ("3R capacity study") for the Hong Kong International Airport ("HKIA"). Given that there was no urgency about the consultancy study, Mr TAM queried why the Administration conducted the tender exercise in the form of a single written quotation. In addition, Mr TAM and Ms Tanya CHAN enquired about the warranty period for the software and hardware of the new Air Traffic Management System ("ATMS"), and whether any limit was set on the frequency of maintenance.

14.44 Director-General of Civil Aviation ("DGCA") pointed out that, NATS had all along been engaged to provide consultancy services for the Airport Authority ("AA"). If another firm was engaged to conduct the 3R capacity study, it would need to go through voluminous background information. Therefore, open tender was not the most cost effective way to conduct the aforesaid study. He further said that, under the procurement contract for ATMS, the contractor was required to provide hardware and software warranty service for two and five years respectively starting from November 2015, which included fixing the problems caused by software vulnerability or deficiency, and the contract did not set any limit on the frequency of maintenance.

14.45 Mr YIU Si-wing expressed concern about the year-on-year increase in the number of applications for runway slots made for passenger flights and charter flights which were turned down in the past three years. He was worried that this would undermine the competitiveness of HKIA. He enquired about the measures by which the number of applications for runway slots being refused and the resultant impact could be reduced before the completion of 3RS. Mr Jeremy TAM also hoped that CAD would discuss with AA to approve more applications for runway slots made for passenger flights and charter flights.

14.46 STH and DGCA pointed out that the existing two-runway system ("2RS") had a maximum capacity of handling 68 flights per hour. CAD and AA had engaged a consultant to carry out a study on

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how to enhance the capacity of the existing 2RS to meet the needs of airlines. DGCA supplemented that more timeslots would be available for application by airlines if they used quieter aircrafts for night-time flight operations in compliance with the environmental requirements. In addition, starting from 1 April 2017, AA provided eight additional timeslots for airlines to apply by reducing the time for closure of the runways for repair by 15 minutes. CAD would explore with airlines ways to optimize the use of the few remaining slots in daytime.

14.47 Regarding Mr YIU Si-wing's concern about passenger departure flight delays, DGCA pointed out that, while the number of passenger departure flights delayed by more than 15 minutes had increased year-on-year between 2012-2013 and 2015-2016, the number of such delays dropped in 2016-17 (up to 31 January 2017) to 30%. In this connection, CAD and the Civil Aviation Administration of China had established a mechanism for information exchange with a view to enhancing flight punctuality.

Chapter XV : Home Affairs

15.1 At the invitation of the Chairman, Mr LAU Kong-wah, Secretary for Home Affairs ("SHA") briefed members on the key areas of work of the Home Affairs Bureau ("HAB") in 2017-2018 (Appendix IV-13).

Youth development

Hostels for working youth

15.2 Mr CHAN Chun-ying and Mr KWONG Chun-yu considered that the progress of implementation of the Youth Hostel Scheme ("YHS") was too slow and enquired whether the Administration would further develop more hostels other than the six YHS projects under planning. SHA replied that the YHS projects involved complex issues such as town planning issues. For example, additional time was required due to the need to seek the permission from the Antiques Advisory Board for the Tung Wah Group of Hospitals' project in Sheung Wan as the site concerned was adjacent to the Man Mo Temple which was a declared monument. SHA further said that the Government was confident that the 2 800 youth hostel places could be completed by batches and he hoped that more non-governmental organizations ("NGOs") would offer available sites for the development of youth hostels.

Youth Development Fund

15.3 Mr CHAN Chun-ying noted that HAB had approved matching grants under the Youth Development Fund to NGOs to help young people start their own businesses. He commented that the failure rate of first-time start-up businesses was high and enquired whether the Administration would provide any matching resources for NGOs to enhance their support for the young entrepreneurs, such as organizing more sharing sessions. SHA replied that the Government strived to offer support to help young entrepreneurs succeed in their start-up businesses and reduce their risk of failure. In addition to the subsidy for entrepreneurship projects in the form of matching fund, suitable guidance and support from mentors would be provided to the

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young entrepreneurs.

Youth exchange and internship programmes

15.4 Dr LAU Siu-lai expressed concern that more resources had been allocated to fund youth exchange programmes conducted in the Mainland than those in overseas countries. In her view, it was essential for the Administration to encourage young people to broaden their horizons and international perspectives through participation in overseas exchanges. Dr LAU and Mr Nathan LAW enquired about the Administration's plan to expand the International Youth Exchange Programme ("IYEP") with the additional non-recurrent provision of \$100 million being applied.

15.5 SHA explained that the existing IYEP involved two-way exchange visits subject to bilateral discussions between HAB and certain overseas countries, while the additional provision of \$100 million would be used to sponsor community organizations to provide more overseas exchange opportunities to Hong Kong young people through a new funding scheme. The expansion of the international youth exchange programme aimed to enhance young people's global exposure and broaden their horizons. He said that there was no restriction on the destination countries. The Deputy Secretary for Home Affairs (1) added that community organizations would be welcome to apply for the additional provision to organize overseas youth exchange programmes. The cash flow requirement for 2017-2018 was estimated at \$3 million and the expenditure was expected to increase gradually in subsequent years as the number of applications was expected to rise. At the request of Mr Nathan LAW, the Government undertook to provide the estimation of the cash flow of the \$100 million provision after 2017-2018 and the basis of the estimation after the meeting.

Youth Square

15.6 Mr CHAN Chi-chuen expressed grave concern about the revised estimate of \$40.1 million deficit of the Youth Square in

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2016-2017. He enquired whether there would still be a deficit even if the key facilities of the Youth Square were fully utilized. Mr CHAN also urged the Administration to review the business model of the Youth Square. SHA stressed that the Youth Square was not a business but an investment in youth development. In recent years, the Youth Square had maintained a cost-recovery ratio of roughly 50%, a level recommended by a consultancy study completed in 2013.

Sports development

Recreational and sports facilities

15.7 Ms Tanya CHAN said that there was no sports ground in Central and Western District for local residents' use and queried whether it was justifiable for the Government to demolish the Wan Chai Sports Ground which had an extremely high utilization rate. SHA said that the Government would continue to consult all relevant stakeholders on the proposals to use the Wan Chai Sports Ground for comprehensive development and to redevelop the Hong Kong Stadium into a sports ground for community use.

15.8 Mr LEUNG Che-cheung noted that the number of major local football matches had been on the rise in recent years and these matches had tended to use natural turf pitches instead of artificial turf ones. Mr LEUNG raised concern that natural turf football pitches had been replaced with artificial turf ones and enquired whether this policy contradicted the objective of promoting elite sports. The Director of Leisure and Cultural Services ("DLCS") explained that artificial turf football pitches were capable of handling more frequent uses than natural turf ones (270 sessions and 60 sessions per month respectively). A number of major local matches were held at artificial pitches in the past years, while some natural turf pitches would be kept for holding international matches.

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Support for athletes

15.9 Mr MA Fung-kwok questioned whether the Government's injection of additional \$1 billion to the Elite Athletes Development Fund ("EADF") was adequate to meet the funding demands of the Hong Kong Sports Institute ("HKSI"). The Permanent Secretary for Home Affairs ("PSHA") explained that the injection of \$1 billion to EADF aimed to increase the investment returns of EADF and the Government would continue to provide more resources to support the long-term development of elite sports in Hong Kong.

15.10 Mr LUK Chung-hung expressed concern that the average amounts of direct financial support per athlete through HKSI had declined in the past years for both full-time elite athletes and athletes with disabilities. The Commissioner for Sports ("C for S") advised that the direct financial support covered the costs of training and participating in competitions, while the individual financial support for the athletes was not included. The individual financial support offered to athletes was up to \$38,000 a month per athlete depending on the athlete's level of performance. C for S undertook to provide the respective average amounts of personal allowance and funding for each athlete after the meeting.

Building management

15.11 Referring to Reply Serial Nos. HAB118 and HAB136, Mr Alvin YEUNG noted that 113 Liaison Officers were engaged in 18 District Building Liaison Teams and 128 Liaison Officers in building management duties. He enquired about the details of their duties. The Director of Home Affairs ("DHA") explained that 15 of the 128 Liaison Officers were stationed at the Home Affairs Department ("HAD") headquarters to carry out building management duties such as central coordination and the review of the Building Management Ordinance (Cap. 344). In reply to Mr YEUNG, DHA clarified that the expenditure of \$73.8 million covered Liaison Officers at various ranks, including Principal Liaison Officer, Chief Liaison Officer, Senior Liaison Officer and Liaison Officer. In respect of the

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work relating to the owners/management bodies of private buildings, HAD had replaced the indicator "visit" with the new indicator "liaison" which included participation in activities in which liaison work with owners' corporations ("OCs") was involved. The part-time District Community Organizers would also underpin Liaison Officers in the liaison work.

15.12 Mr WU Chi-wai expressed concern about the heavy workload of the Liaison Officer grade staff in building management, such as implementing the Building Management Professional Advisory Service Scheme to assist "three nil" buildings in forming OCs. Mr WU called on the Administration to review HAD's manpower and equip Community Organizers with the professional knowledge of building management in order to strengthen support for OCs' work. SHA said that the Urban Renewal Authority had introduced the "Smart Tender" Building Rehabilitation Facilitating Services to provide technical and professional assistance to owners for carrying out building maintenance works. The Government would also launch the Building Management Dispute Resolution Service to help facilitate the resolution of building management disputes without going through costly legal proceedings. SHA believed that these services could help relieve the Liaison Officers' workload relating to building management, while the Government would also conduct manpower review from time to time.

Licensing of guesthouses

15.13 Mr YIU Si-wing enquired about the Administration's measures to combat the problem of unlicensed guesthouses in the past year. DHA said that the Government had stepped up law enforcement including sending undercover officers posing as customers and keeping track of the online advertisements of illegal guesthouses. In the light of the difficulty in evidence-gathering, the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) was currently under review. In response to Mr YIU's enquiry, DHA said that the Government would continue to collaborate with the Hong Kong Tourism Board to promote licensed accommodation premises to visitors.

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Arts, culture and museums

Sale of museum souvenirs

15.14 Mr YIU Si-wing expressed concern about the small volume of sales of the souvenirs at museum shops under the management of the Leisure and Cultural Services Department ("LCSD"). DLCS explained that LCSD collaborated with local designers to develop some souvenirs based on museum collections as part of a special exhibition in 2014. Having regard to experience gained, LCSD would continue to enhance the design and sale of museum-related souvenirs.

Art development

15.15 Mr MA Fung-kwok noted that a total of 11 applications were received and approved under the first round of the Art Development Matching Grants Pilot Scheme ("the Pilot Scheme"). Meanwhile, 18 projects and 17 small and medium arts organizations had been approved under the first round of the Hong Kong Arts Development Council's ("HKADC") own matching fund scheme. Mr MA requested a list of the amount of grant approved for each application, as well as whether the coverage of the Pilot Scheme and the matching fund scheme of HKADC would be extended to other arts groups. PSHA said that both schemes were well received, and \$50 million and \$4.2 million had been approved under the two schemes respectively. The Government would review the arrangements of the Pilot Scheme in due course. PSHA undertook to provide further information on the grants approved for each applicant under the first round of the Pilot Scheme and that on the funded arts organizations under HKADC's matching fund scheme after the meeting.

Cultural venues

15.16 Mr HO Kai-ming noted that the East Kowloon Cultural Centre ("EKCC") was anticipated to stage about 1 000 performances and attract around 400 000 audiences annually. He enquired whether the pedestrian links between EKCC and Kowloon Bay MTR Station

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would be adequate to handle the anticipated number of audiences and whether there would be priority for the local arts organizations nearby to perform at EKCC. DLCS said that EKCC would be linked to Kowloon Bay MTR Station with an additional footbridge and served by a number of bus routes. LCSD would ensure smooth pedestrian and traffic flows in liaison with other government departments such as the Energizing Kowloon East Office and the Highways Department.

Rural representatives

15.17 Mr Steven HO noted that rural representatives, namely Village Representatives and Kaifong Representatives, were each granted an honorarium of \$2,420 per quarter. He pointed out that fishermen representatives were also members of rural committees and urged the Government to grant the same honorarium to them to ensure fairness. SHA replied that the Government acknowledged Mr HO's view and the honorarium arrangement for rural representatives was currently under review.

Celebration of the 20th anniversary of the establishment of the Hong Kong Special Administrative Region

15.18 Mr Christopher CHEUNG noted that HAB had earmarked \$76 million for organizing or sponsoring celebratory activities for the 20th anniversary of the establishment of the Hong Kong Special Administrative Region. He raised grave concern that some of the celebratory activities such as "Sha Tin District Beautification Scheme - Cleansing of 3-nil Buildings (Tai Wai town)", "Inter-school Cross-curricular Project Competition on Climate Change 2016/17" and "Vibrant Golden Age: Sustainable Elderly Visits" were not related to celebrating the handover. Mr CHEUNG and Mr LAM Cheuk-ting enquired whether the Administration was using the celebration of the handover as an excuse to finance irrelevant activities. SHA and PSHA explained that caring for the underprivileged was one of the themes of the celebratory activities, and that the Government welcomed community-initiated activities which were in line with the themes of the 20th anniversary celebrations. The Government hoped that the needy

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and the elderly could share the joy of the celebration through participating in a wide range of celebratory activities.

Information services

15.19 Ms Claudia MO expressed concern that reporters of online media were still prohibited from covering Government events and activities notwithstanding the concerns earlier raised by The Ombudsman in this regard. She enquired about the progress of the follow-up action taken by the Administration in response to The Ombudsman's concerns. The Director of Information Services said that the Information Services Department was reviewing the existing arrangements for the admission of reporters of online media to cover Government events and activities in the light of the relevant overseas practices. The review would be completed as early as possible.

Chapter XVI : Commerce, Industry and Tourism

16.1 At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the financial provisions and the major initiatives under the commerce, industry and tourism portfolio for the 2017-2018 financial year (Appendix IV-14).

Commerce and industry

Proposed comprehensive development of Wan Chai Sports Ground

16.2 Ms Tanya CHAN noted that according to the information provided by the Leisure and Cultural Services Department, the usage rates of Wan Chai Sports Ground ("WCSG") in the past five years, for peak hours and non-peak hours, were 96% and 83% respectively, and its overall usage rate was 89%. In 2016, the number of track and field events held at WCSG even reached 208 times. Ms CHAN pointed out that the Administration had invited the Hong Kong Trade Development Council ("TDC") to conduct a feasibility study on the proposed comprehensive development of WCSG, the scope of which covered the demolition and conversion of WCSG into a comprehensive development, comprising convention and exhibition ("C&E") venues, sports, recreation and other community facilities. Ms CHAN enquired whether the scope of the study would cover the feasibility of retaining WCSG and the impacts to be brought about by the demolition of WCSG.

16.3 SCED advised that the purpose of the study was to explore the feasibility of comprehensive development at WCSG. The scope of the study did not include the feasibility of retaining WCSG. In conducting the study, TDC would take into account views of different stakeholders, including members of C&E industries, the sports sector and the academia, etc. The Government had not yet finalized the specific arrangements for the comprehensive development for the time being.

16.4 Mr Nathan LAW enquired about the expenses incurred and the timetable for conducting the feasibility study on the proposed

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comprehensive development of WCSG by the Government in 2017-2018. Mr LAW queried if the Administration's option of inviting TDC to engage a consultant to conduct the study rather than doing so by itself was aimed to circumvent monitoring by the Legislative Council.

16.5 SCED advised that the Government had invited TDC to conduct a feasibility study on the proposed comprehensive development of WCSG and the expenses of the study was borne by TDC. Therefore, the Government had not provided additional funding to TDC for the feasibility study concerned in 2017-2018. The reason for inviting TDC to conduct the study was because TDC possessed rich experience in this respect.

Support for small and medium enterprises

16.6 Regarding the number of applications for special concessionary measures under the Small and Medium Enterprises Financing Guarantee Scheme ("SFGS") launched by the Hong Kong Mortgage Corporation Limited ("HKMC"), Mr CHAN Chun-ying enquired about the reasons why the "number of applications received", the "number of applications approved" and the "facility amount for applications approved" were all on the decline in the past three years. Mr CHAN enquired whether the aforesaid situation had improved after the Administration reduced the annual guarantee fee rate for the measures by 10% and removed the minimum guarantee fee rate for the measures starting from 1 June 2016.

16.7 Deputy Secretary for Commerce and Economic Development (Commerce & Industry) 3 ("DS/CED(C&I)3") advised that after conducting a review on SFGS in the second quarter of 2016, HKMC had, in coordination with participating lenders, streamlined some of the application procedures, and the number of applications was on the rise again in recent months. The Government believed that with further extension of the application period of the special concessionary measures to the end of February 2018, more applications would be attracted. The Government was aware that quite a number of small

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and medium enterprises ("SMEs") had indicated their interest in continuing to apply for the loan.

16.8 Mr CHAN Chun-ying noted that HKMC had received a total of 775 net default claims under SFGS as at the end of February 2017, but among them, only 175 default claims were completed, and 600 cases involving a total claim amount of \$1.34 billion were outstanding. In 2016, HKMC completed a total of 94 claim cases. Based on this progress, it would take six more years for HKMC to clear the 600 outstanding cases. Mr CHAN enquired whether the slow progress in processing the applications was one of the reasons for SFGS being less popular. Mr CHAN also enquired about the differences between SFGS and the Special Loan Guarantee Scheme launched by the Administration at the end of 2008.

16.9 SCED said that HKMC should be very cautious in processing default claims, given that the use of public money was involved. He believed that HKMC would expedite the processing of the applications as far as possible. DS/CED(C&I)3 added that special concessionary measures under SFGS provided by HKMC, with 80% of credit risks being borne by the Government, charged a lower guarantee fee and offered a more preferential lending rate as compared to those guarantee schemes which did not have concessionary measures. According to SMEs, such measures could help relieve their liquidity problems.

Professional Services Advancement Support Scheme

16.10 Of the 37 applications received in the first round of applications under the Professional Services Advancement Support Scheme ("PASS") launched by the Administration to provide support for the professional services sector, including assistance to the sector to participate in projects relating to the Belt and Road Initiative ("the B&R Initiative"), Ir Dr LO Wai-kwok enquired about the number of them which had a theme directly related to the B&R Initiative. Ir Dr LO suggested that in order to increase the opportunities for local SMEs to participate in national-level projects under the B&R Initiative,

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the Administration should provide assistance to SMEs for forming alliances to bid for projects under the B&R Initiative.

16.11 SCED advised that TDC might provide assistance to SMEs for forming alliances. Deputy Secretary for Commerce and Economic Development (Commerce & Industry) 2 ("DS/CED(C&I)2") added that PASS received applications all year round on a quarterly basis. The first round of applications was closed on 28 February 2017. The Secretariat was carefully examining the applications and for the time being could not provide the number of applications which had a theme directly related to the B&R Initiative. The Government would report the progress of PASS to the relevant Panels in due course.

Hong Kong Export Credit Insurance Corporation

16.12 Mr CHUNG Kwok-pan enquired how much of the current \$40 billion cap on the contingent liability of the Hong Kong Export Credit Insurance Corporation ("ECIC") under contracts of insurance had been used; and why among the 891 applications for newly acquired policies in the 2016-2017 financial year, only about half of them (422 applications) were approved. Mr CHUNG was told by some members of the commercial and industrial sector that they were unsuccessful in their applications for policies from ECIC but were successful in obtaining policies from the China Export and Credit Insurance Corporation in the Mainland. He also noted that there had been cases where a company intending to apply for a policy for one client was requested by ECIC to apply for policies for all other clients, which had in effect increased the premiums.

16.13 SCED advised that as the liability commitment of ECIC currently amounted to \$37.3 billion, which was close to the \$40 billion statutory cap, it was necessary to increase the cap on the contingent liability of ECIC to \$55 billion. Deputy Secretary for Commerce and Economic Development (Commerce & Industry) 1 supplemented that ECIC, being a self-financing body, had all along been adopting the principle of prudent financial management in managing its finances and

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approving the policy applications. CEDB would relay the issues raised by Mr CHUNG to ECIC for follow-up.

Competition Commission

16.14 Given that the staff establishment of the Competition Commission ("the Commission") in 2016-2017 was 57, and only about half of them were expert staff directly involved in professional works relating to investigations, Mr Alvin YEUNG and Mr Holden CHOW enquired respectively whether such establishment was sufficient to cope with major cases that had already commenced and the investigations that took years to complete.

16.15 SCED advised that the Government had regular meetings with the management of the Commission to understand its latest operation and resource requirement. In determining the amount of subsidy to be granted to the Commission, the Government would also take into account its budget and operational needs. The staff establishment of the Commission had also been expanded in recent years.

Free Trade Agreements

16.16 Mr Frankie YICK enquired whether the Administration had confidence that the Free Trade Agreements ("FTA") between Hong Kong and the 10 member states of the Association of South East Asian Nations could be signed successfully within this year.

16.17 SCED advised that the FTA negotiation involved complicated technical issues. As the negotiation was in its final stage, the Government was quite confident about the signing of FTA by the end of 2017, so that local businessmen and investors could reap the benefits of FTA as soon as possible.

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Trade Single Window

16.18 Mr Frankie YICK enquired about the timetable for setting up the Trade Single Window ("SW") and how it aligned with the customs clearance arrangements in the Mainland.

16.19 SCED advised that SW involved extensive and complicated legal issues and work. DS/CED(C&I)2 added that traders were currently required to lodge a total of 51 trade documents (including those relating to trade declaration and customs clearance) to the Government, and SW enabled the one-stop lodging of such trade documents via a single information and technology platform. The Government would carry out the legislative exercise and the relevant arrangements expeditiously, and would report the progress to the Panel on Commerce and Industry in April 2017.

Copyright Ordinance

16.20 Mr MA Fung-kwok enquired whether the Administration would conduct a fresh round of consultations on the amendments to the Copyright Ordinance (Cap. 528) ("CO") in 2017-2018. Moreover, he enquired whether the Administration had studied if the situation of broadcasters facing operating difficulties one after another or even surrendering their broadcasting licences to the Administration in recent years were attributed to the failure of CO to progress with the times.

16.21 SCED advised that the Government reviewed Hong Kong's copyright regime from time to time with a view to keeping abreast of technological developments and international legal norms. Nonetheless, the current-term Government did not have plans to restart the legislative amendment work relating to CO. Moreover, the Government did not conduct any analysis on how the operation of broadcasters would be affected if no amendments were made to CO, but it believed that CO could progress with the times and would be able to bring about positive effects on the copyright protection for broadcasters' work.

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Trade Descriptions Ordinance

16.22 Mr Andrew WAN noted that the Travel Industry Bill would study the introduction of regulation for the purchase of tourism products on the Internet. Given that the Trade Descriptions Ordinance (Cap. 362) ("TDO") was currently not applicable to non-locally registered companies/merchants, Mr WAN suggested that the Administration should consider extending the scope of regulation under TDO to cover other categories of consumer spending, so as to provide protection for online shoppers. Mr WAN also noted that while only 190 staff of the Customs and Excise Department ("C&ED") were responsible for the implementation of TDO in the past three years, the number of complaint cases increased from 6 447 in 2014 to 7 260 in 2016. Mr WAN requested a breakdown by trade of the complaint cases, and enquired whether the Administration had any plans to increase manpower for enforcement.

16.23 Commissioner of Customs and Excise advised that the major portion of the increase (1 672 cases) in the number of complaint cases in 2016 was mainly due to the closing down of a large-scale fitness centre chain. Excluding the complaints relating to this incident, the total actual number of complaints was 6 000 in 2016, which was broadly in line with the figures of the past three years. As for the breakdown, among complaints against the services sector in 2016, most of them were related to fitness and yoga, followed by beauty care and hairdressing, while tourism ranked the third. As for the breakdown by category of goods, most of the complaints were related to beverage/food; other categories, in order of frequency, were electronic goods and convenience shops/supermarkets. At present, C&ED had sufficient manpower to enforce the law effectively.

16.24 Pointing out that the Administration had not proposed any improvement policies in respect of the sales practices of the beauty industry so far, Dr KWOK Ka-ki suggested that CEDB should study the introduction of a licensing scheme for the beauty industry and the provision of a cooling-off period for service contracts.

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16.25 SCED advised that trades regulated by TDO included the beauty services sector. As the Consumer Council ("CC") was conducting a study on the provision of a cooling-off period for service contracts, the Government would consider the recommendations put forward by CC in future. SCED further said that the introduction of a licensing scheme for the beauty industry might not help solve the problems relating to its sales practices. As the beauty industry was related to medical services, it might not be appropriate for CEDB to take charge of the study on the licensing scheme.

Tourism

The Expansion and Development Plan at Phase 1 site of the Hong Kong Disneyland Resort

16.26 Mr Michael TIEN expressed opposition to the Administration's injection of funds under the existing arrangements of royalties and management fees into the Hong Kong Disneyland Resort ("HKDL") to enable the expansion and development plan at the Phase 1 site of HKDL to be proceeded with. At the meeting of the Panel on Economic Development on 27 February 2017, he moved a motion which was passed by the Panel to request the Government to hold discussion with the Walt Disney Company ("TWDC") on the calculation of the fees concerned, so that the calculation basis for royalties and management fees could be changed to linking them with earnings after interest, tax, depreciation and amortisation. Separately, Mr TIEN also suggested that should HKDL make a loss, the royalties and management fees payable in the financial years concerned must be used to offset the loss. Mr TIEN sought the Administration's response to his views.

16.27 SCED advised that to improve HKDL's operating and financial performance and to facilitate the then expansion plan for the three new themed areas, the Government and TWDC reached an agreement in 2009 on the improvements to the calculation of management fees of HKDL. The overall solution currently reached for the expansion and development plan at Phase 1 site of HKDL

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(including the arrangement of waiving variable management fees for two years) was already the best that could be achieved on the existing basis. The Government considered the offsetting arrangement proposed by Mr Michael TIEN infeasible.

Visitor arrivals

16.28 Mr Alvin YEUNG noted that according to the Administration's estimate, the number of ship calls at the Kai Tak Cruise Terminal ("KTCT") would increase from 95 in 2016 to almost 200 in 2017. He enquired how the Administration arrived at the aforesaid figures, and why the number of cruise vessel calls in 2017 doubled that in 2016. For cruises with passengers embarking or disembarking at Hong Kong, Dr CHIANG Lai-wan enquired about the reasons for the drop in the number of ship calls in 2016 (112) as compared with that in 2015 (116), and the projected figure for 2017.

16.29 The Commissioner for Tourism ("C for Tourism") advised that the aforesaid number of ship calls was based on the booking of berthing slots received as of early March 2017, and advance bookings for ship calls in general seldom changed. KTCT and the Hong Kong Tourism Board ("HKTB") had been co-operating with cruise operators and introducing measures to attract more cruise vessels to berth at Hong Kong. The numbers of ship calls by cruises with passengers embarking or disembarking at Hong Kong in the past two years were largely the same. The Government could provide the projected figure for 2017 after the meeting.

16.30 Ms Claudia MO noted that with the implementation of "one trip per week" measure since 13 April 2015, the number of Mainland visitors travelling on "multiple-entry" and "one trip per week" Individual Visit endorsements decreased by about 30% in 2016. Ms MO pointed out that these same-day visitors mainly included parallel traders. She enquired about the measures put in place by the Government to further reduce the number of arrivals of parallel traders.

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16.31 SCED advised that since the implementation of "one trip per week" measure in April 2015, the numbers of same-day visitors and visitors previously travelling to Hong Kong on "multiple-entry" Individual Visit Endorsement had been most seriously affected. In 2016, overnight visitor arrivals amounted to 26.55 million. The Government would continue with publicity and promotional efforts to attract more overnight visitors to consume in Hong Kong.

Marketing efforts

16.32 Noting that there was a decline in the marketing resources invested in Southeast Asia region/countries by HKTb in 2017-2018, Mr Holden CHOW enquired about the reasons for such decline.

16.33 The Executive Director of HKTb ("ED/HKTb") said that the proposed budget for marketing in Southeast Asia region/countries in 2017-2018 did not include the additional fund that had been earmarked to HKTb in the Policy Address and the Budget, which amounted to \$238 million in 2017-2018. HKTb was currently looking at the distribution of resources to be invested in various source markets, and could provide Members with the relevant figures in due course if required.

16.34 Mr Holden CHOW noted that up till now, the Matching Fund for Overseas Tourism Promotion by Tourist Attractions ("MFTA"), which was set up in September 2015, had approved applications from various attractions involving 223 promotions. Mr CHOW suggested that the Administration could select 10 to 15 more successful attractions as promotion highlights.

16.35 ED/HKTb said that since its launch, MFTA had been well received by the trade with three phases of it having been rolled out so far. HKTb was identifying the most successful cases in each phase and encouraging the attractions to step up marketing efforts in different markets or areas to facilitate the efficient use of relevant resources.

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16.36 Mr YIU Si-wing noted that after an eight-year operation, the Mega Events Fund ("MEF") expired by the end of March 2017. In 2017-2018, the Government would allocate \$93.3 million to adopt a new strategy to support the staging of events and activities. Mr YIU was of the view that the previous MEF-supported events such as the Hong Kong Dragon Boat Carnival and the Dragon and Lion Dance Extravaganza, etc. did not require substantial funding, but they could attract a large number of visitors. He enquired whether the Administration would continue to support such events in the future and what new events and activities would be highlighted in its marketing campaign.

16.37 C for Tourism advised that as the Hong Kong Dragon Boat Carnival could attract a large number of visitors in each of those years when it was held, the Government would provide continuous support for the staging of this mega event in Hong Kong. Under the new strategy, the Government would increase the financial provision for HKTb, which would be used to fund the Hong Kong Dragon Boat Carnival to be held this year. In addition, the Government would provide an additional funding to HKTb this year for launching pilot schemes which aimed to provide funding support to organizers for hosting activities with tourism appeal in Hong Kong to showcase Hong Kong's local characteristics.

16.38 Mr YIU Si-wing noted that to attract more small to medium-sized Meetings and Incentive Travels ("M&Is") and conventions to be held in Hong Kong, the Government allocated an additional \$5 million to HKTb in 2016-2017 to provide financial support to local travel agents in developing their business by enhancing their ability to provide more attractive offers to the organizers of these small to medium-sized M&Is and conventions. Mr YIU enquired about the number of applications approved by HKTb under the scheme and the funding amount involved, as well as the adequacy of the additional \$5 million allocated by the Government in 2017-2018 in providing continuous support to the scheme concerned.

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16.39 ED/HKTb said that the relevant scheme was launched in August 2016 and was enhanced in November 2016. As at the end of February 2017, HKTb had approved 150 applications, involving a total subvention of over \$3.6 million.

16.40 Mr YIU Si-wing noted from the Estimates that pilot schemes would be launched respectively to support the organization of tourism events with local characteristics and green tourism, and to incentivize visitors to extend their stay in Hong Kong in order to drive more high spending transient and overnight visitors. Mr YIU enquired about the timetables for the pilot schemes concerned, and whether the authorities would consult the trade before launching the schemes.

16.41 SCED said that the Government and HKTb would work out the details of the schemes with the travel trade expeditiously while liaising with the trade. It was expected that the specific details would be announced after mid-2017.

16.42 Mr CHAN Chi-chuen noted that to commemorate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region ("HKSAR"), the Government had allocated an additional funding of \$70 million to HKTb for organizing a series of celebratory events in 2017, including debuting a carnival in summer temporarily entitled as "Hong Kong Summer Party". Mr CHAN enquired about the usage of such funding and if it was sufficient, as well as the number of visitors expected to be drawn to Hong Kong.

16.43 C for Tourism indicated that, among the \$70 million subvention, \$35 million would be spent on marketing and promotion, and the other \$35 million would be used to organize the "Hong Kong Summer Party". ED/HKTb supplemented that the \$35 million would mainly be spent on promoting the celebration of the 20th anniversary of the establishment of the HKSAR in the Mainland and short-haul markets, including through online or television advertisements containing elements related to the celebration of the 20th anniversary of the establishment of the HKSAR. The "Hong Kong Summer Party", tentatively scheduled to be held at the Central Harbourfront Event

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Space from 4 to 6 August 2017, was expected to draw 30 000 revelers, of which about 10% would be tourists. Moreover, HKTB's regular promotional activities for the year would contain messages related to the 20th anniversary of the establishment of the HKSAR. Mr LEUNG Kwok-hung opined that it would be too late to hold celebratory events in August 2017 to commemorate the 1 July reunification.

Travel Industry Bill

16.44 Mr HO Kai-ming pointed out that all along in the travel industry, tourist guides and tour escorts were not entitled to reasonable employee benefits, and they were neither covered by labour insurance. Mr HO asked whether the authorities would take the opportunity of introducing the Travel Industry Bill ("the Bill") to the Legislative Council for the establishment of the Travel Industry Authority to address the bad practices of the industry.

16.45 C for Tourism said that if the cooperation between travel agents, tourist guides and tour escorts was regarded as a kind of employment relationship and was subject to regulation, other industries and sectors would also be affected. As such, the issue might not be dealt with specifically in the context of the Bill. SCED added that the industry was discussing the relevant issues while making proactive attempts to resolve the problem.

Food Truck Pilot Scheme

16.46 Mr Tommy CHEUNG opined that to enhance the Food Truck Pilot Scheme ("the Pilot Scheme"), the Administration might consider allowing food trucks to provide catering services for private banquets on the premise that such services were provided at a time, location and in a manner that would not cause obstruction to traffic, so as to expand the survival space for food trucks. Moreover, he suggested that food trucks should be allowed to use liquefied petroleum gas for cooking as a solution to the problem of inadequate power supply currently faced by the food trucks. Dr CHIANG Lai-wan also suggested that to increase visitor flow and boost revenue, the Pilot Scheme could be

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enhanced by making reference to Germany, Taiwan and other places where food trucks were allowed to park and do business in the form of night markets at specified locations

16.47 SCED indicated that Members' views would be proactively considered. SCED pointed out that the operation of food trucks under the Pilot Scheme had started for only two months, it would take some time to rationalize the operational issues. According to the authorities' understanding, business might be different for different operators operating at the same location, which hinged very much on the business strategies of the operator and the attractiveness of the food sold. The Government would continue to keep in view the situation of individual operating locations, conduct review from time to time and maintain flexibility for enhancement of the Pilot Scheme.

Other issues

16.48 Mr HO Kai-ming asked if the authorities would consider reducing or waiving the fees for the renewals of Tour Guide Passes/Tour Escort Passes in order to alleviate the financial burden on members of the tourism industry.

16.49 C for Tourism responded that the Travel Industry Council of Hong Kong ("TIC") was responsible for issues relating to the renewals of Tour Guide Passes/Tour Escort Passes. The Administration would relay Mr HO's suggestion to TIC.

16.50 Ms Claudia MO pointed out that Hongkong Post planned to cover the British crown markings and royal ciphers on existing posting boxes, but the Government subsequently decided to review the plan as it met with strong opposition from the public. Ms MO asked whether the authorities would undertake that it would no longer proceed with the plan for the conservation of the historical and heritage characteristics of Hong Kong that were appealing to tourists. SCED indicated that the Government was still studying the issue and would take into account the views of different stakeholders during the process.

Chapter XVII : Communications and Creative Industries

17.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development ("SCED"), briefed members on the key areas of work under the communications and creative industries portfolio for the 2017-2018 financial year (Appendix IV-15).

Radio Television Hong Kong

New Broadcasting House of Radio Television Hong Kong

17.2 Mr Alvin YEUNG noted that the Administration had yet submitted a fresh proposal after the funding proposal of the New Broadcasting House ("New BH") of Radio Television Hong Kong ("RTHK") was voted down by the Public Works Subcommittee ("PWSC") in 2014. He enquired about the difficulties encountered by the authorities and the timetable for re-submitting the works proposal and the funding application. Mr CHAN Chi-chuen raised the same query. Given that there had not been any progress in implementing the project of New BH of RTHK so far, Mr HUI Chi-fung was worried that the project would eventually be left unfinished. He queried whether Administration's failure to put forward a revised proposal expeditiously for implementing the New BH project was due to costs, technical considerations or political concerns.

17.3 In response, SCED said that when PWSC considered the funding proposal of New BH in 2014, members requested the Administration to further reduce the cost of the works. While the Administration had been actively following up on the project, it had to ensure that the revised proposal should properly address Members' demand for cost reduction on the one hand, and meet the future development needs of RTHK on the other. Given that achieving these two objectives was no easy task and it took time, the Administration could not put forward an updated proposal for consultation with Members for the time being. Director of Broadcasting added that the option of constructing a joint-user building was being explored with the relevant departments, with a view to enhancing the cost-effectiveness

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of the project. He advised that the Administration would conduct consultation on the proposal upon completion of the planning work.

Employment package for non-civil service contract staff of RTHK

17.4 Ms Tanya CHAN pointed out that the remuneration of non-civil service contract ("NCSC") staff of RTHK was far lower than that of their civil service counterparts of the same rank. She enquired how the employment package for NCSC staff was determined. Ms CHAN also enquired, among the 19 civil servants recruited by RTHK in 2016-2017, how many were converted from NCSC staff engaged by RTHK. Director of Broadcasting explained that in determining the pay level of NCSC staff, RTHK followed the guidelines of the Civil Service Bureau, taking into consideration the prevailing employment market, recruitment situation of relevant job categories and remuneration packages of comparable civil service ranks. As regards the number of staff among the 19 civil servants recruited by RTHK in 2016-2017 who were former NCSC staff of RTHK, Director of Broadcasting undertook to provide supplementary information in writing after the meeting.

Community Involvement Broadcasting Service Project of RTHK

17.5 Mr HUI Chi-fung enquired about the way forward of the Community Involvement Broadcasting Service ("CIBS") Project launched by RTHK after the discontinuation of digital audio broadcasting ("DAB") services. Director of Broadcasting advised that given the popularity of CIBS Project, RTHK planned to increase the weekly programme hours from the present 14 hours to 16 hours, and would continue to implement CIBS Project using its existing AM/FM channels.

Digital audio broadcasting

17.6 Regarding the DAB policy, Mr CHAN Chi-chuen requested the Administration to give an account of the total expenditure on the development and implementation of DAB over the past years at a

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meeting of the Panel on Information Technology and Broadcasting. Dr CHIANG Lai-wan enquired how the relevant transmission installations and broadcasting facilities would be dealt with after the termination of DAB services. In response, SCED said that all the facilities solely used for DAB would be dismantled, and some DAB programmes of RTHK might be broadcast on its existing AM/FM channels instead.

Analogue terrestrial television services

17.7 Mr Charles Peter MOK was concerned about whether the Administration could switch off the analogue terrestrial television services in 2020 as scheduled so as to allocate the vacated spectrum for the development of mobile telecommunications. Noting that the Administration had to conduct frequency coordination with the Mainland regulatory authorities to avoid cross-boundary interference, Mr MOK asked whether the Administration would have to wait until after 2020 before it could proceed with the plan to switch off the analogue terrestrial television services, thus causing further delay to the planned release of new spectrum. SCED advised that the Administration still needed to conduct discussion and frequency coordination with the Mainland regulatory authorities. The work target currently was still to switch off the analogue terrestrial television services by 2020.

Provision of Internet service in remote areas

17.8 Pointing out that some remote areas in Hong Kong, particularly the outlying islands, still had no access to Internet service, Mr Charles Peter MOK asked whether the Administration would consider providing public network tunnels for private operators to access users in remote areas. SCED said that there were currently at least four fixed network operators actively establishing networks in rural and remote areas so as to provide broadband services. Director-General of Communications emphasized that with the full liberalization of the telecommunications market in Hong Kong, all fixed broadband services were provided on the basis of market

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competition. The provision of the relevant service, the area of network coverage, the type of technologies adopted and the charges were determined based on commercial considerations.

Safety of radio base stations

17.9 Dr CHIANG Lai-wan was concerned that the densely packed antennas currently mounted on rooftops of urban buildings might affect the health of nearby residents. Dr CHIANG asked whether the Administration would request communications operators to share the use of transmission and reception facilities, so as to reduce the number of such facilities, thereby safeguarding public health. SCED explained that all the installations of communications operators must comply with the requirements of international radiation safety standards.

Development of the film industry

17.10 Mr Holden CHOW enquired about the differences between the Film Production Financing Scheme ("FPFS") under the Film Development Fund and the Film Guarantee Fund ("FGF"). He also enquired whether the loans made in respect of the approved cases under FGF between 2003 and 2007 had been fully repaid. Head of Create Hong Kong explained that FGF was established to provide loan guarantee to those who needed to obtain bank loans for the production of films. The film investors still needed to bear the investment risks of the film production concerned. As far as FPFS was concerned, the Government would provide no more than 40% of the production cost of the entire film as an investment. Head of Create Hong Kong added that under FPFS, the Government played the role of a share holding investor to share the risks of film-making with film investors.

17.11 Head of Create Hong Kong further supplemented that among the 12 applications approved under FGF between 2003 and 2007, except one withdrawn application and one other case in which the applicant was repaying the loan by installments, the loans involved in the remaining cases had been fully repaid.

Chapter XVIII : Food Safety and Environmental Hygiene

18.1 At the invitation of the Chairman, Dr KO Wing-man, Secretary for Food and Health ("SFH") briefed members on the main initiatives and expenditure on the policy area of food safety and environmental hygiene for the new financial year (Appendix IV-16).

Provision and management of public markets

18.2 Mr Andrew WAN expressed concern that the Planning Department ("PlanD") had revised the Hong Kong Planning Standards and Guidelines in April 2009 by deleting the population-based planning standard for public markets (i.e. one public market stall should be provided for every 55 to 65 households or approximately 40 to 45 stalls per 10 000 persons) and adding a basket of considerations. He asked whether PlanD had, in preparing or reviewing such standards, consulted the Food and Environmental Hygiene Department ("FEHD") to ascertain whether there was a need to reserve land for building public markets.

18.3 SFH said that to address public demand for fresh markets, the Administration had initially identified suitable sites in the Tung Chung New Town Extension Area and Hung Shui Kiu New Development Area for building public markets. The Administration hoped that the two new strategically located public markets could be developed into large-scale markets in their respective regions. In response to Mr POON Siu-ping's enquiry, SFH advised that the Administration had been looking for suitable sites in other districts for providing public markets. It would report to the relevant Panel if there was any progress in this regard.

18.4 Noting that FEHD planned to close Shau Kei Wan Market and Tsuen King Circuit Market in 2017-2018, Mr Andrew WAN asked whether consideration would be given to letting out long-standing vacant stalls in under-utilized markets at a concessionary rate with a view to enhancing the attractiveness of vacant stalls.

18.5 Director of Food and Environmental Hygiene ("DFEH") responded that under the existing "concessionary upset prices"

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arrangement, FEHD reduced the upset auction prices for stalls which had been vacated for more than six months and eight months respectively to 80% and 60% of the Open Market Rental and let out the stalls through a three-year tenancy. Since the implementation of the arrangement, more than 2 000 stalls had been let out at concessionary rent. This apart, the Administration was committed to improving the operating environment of public markets. It had earmarked about \$0.3 billion for FEHD to carry out market improvement works in the past few years. The scope of the improvement works included installation of lifts and escalators, improvement of ventilation, electricity and fire services systems, etc.

18.6 Noting that four tenants had to permanently give up their stalls and move out from the Shui Wo Street Market Cooked Food Centre ("CFC") due to the fact that air-conditioning retrofitting works was to be carried out in that CFC, Mr Jeremy TAM enquired about the assistance to be provided by the Administration to the stall tenants concerned during the relocation process and whether consideration would be given to offering compensation to the stall tenants if they decided to close down their business. Mr TAM said that the stall tenants might be reluctant to move to markets with lower customer flow. Besides, the relocation cost might be a burden for them.

18.7 SFH and DFEH said that according to the air-conditioning installation proposal for Shui Wo Street Market CFC, four out of 20 stalls had to be permanently removed from the market. FEHD would continue to liaise with the tenants concerned with a view to reducing the impact on their operation and explore if they wished to move to other markets to continue their business. Permanent Secretary for Food and Health (Food) ("PSFH(F)") added that the tenants concerned could also participate in the open bidding exercise for vacant stalls in other public markets. Under the existing practice, stall tenants who needed to be relocated to other markets due to development plans/renovation works could enjoy certain concessionary rental arrangements provided by FEHD. Mr Jeremy TAM urged the Administration to offer compensation to the affected tenants if they chose to close down their business in the end.

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Hawker policy and Establishment of bazaars

18.8 Dr KWOK Ka-ki enquired about the Administration's progress in processing bazaar proposals put forward recently by various district organizations and the involvement of other government bureaux/departments in setting up bazaars. SFH advised that the Food and Health Bureau ("FHB") had been rendering support and providing resources for bazaar development in various districts in collaboration with the relevant government bureaux/departments as well as the 18 District Councils ("DCs"). With the concerted efforts of relevant parties, two cooked food bazaars had been successfully held in Sham Shui Po during the 2017 Lunar New Year and one more bazaar would be set up in the same district during the coming Easter Holiday.

18.9 Mr HO Kai-ming noted that the number of licensed hawkers operating in the 43 fixed pitch hawker areas had decreased from 4 335 to 3 676 after the implementation of the five-year Assistance Scheme for Hawkers in Fixed-pitch Hawker Areas ("the Assistance Scheme") and some of the hawkers had surrendered their licences under the Assistance Scheme. He asked whether consideration would be given to issuing new hawker licences to interested parties to fill the vacant pitches in the hawker areas.

18.10 SFH advised that the Assistance Scheme aimed to provide financial assistance to hawkers in the 43 hawker areas for stall reconstruction and relocation in order to expedite the work of reducing fire risks. FEHD would take the opportunity of the relocation exercise to rationalize the layout of the 43 hawker areas. As some of the hawker stalls were close to the staircase discharge points of the adjacent buildings, these stalls had to be relocated to other areas and the pitches so vacated could not be re-used. The total number of stalls in the 43 hawker areas would thus be reduced after the conclusion of the Assistance Scheme. In deciding whether or not to issue new hawker licences so as to fill up the vacant pitches, FEHD would take into account the circumstances of individual hawker areas, including their fire safety and environmental hygiene situations, the business environment, comments of relevant government departments as well as

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the views of the relevant DCs and local residents. To address public demand for shopping facilities, the Administration would continue to render support for bazaar development in various districts.

Food safety

Incident concerning the quality of frozen and chilled meat and poultry meat imported from Brazil

18.11 Dr Helena WONG expressed concern about the follow-up actions taken by the Centre for Food Safety ("CFS") to safeguard public health in response to the recent incident concerning the quality of frozen and chilled meat and poultry meat imported from Brazil ("the incident"). She asked how consumers could ascertain that the meat products currently available in the local market did not come from the 21 meat plants under investigation by the Brazilian authorities.

18.12 SFH said that the Administration attached great importance to ensuring food safety to safeguard public health. Following media reports about product quality issues of some meat plants in Brazil on 18 March 2017, CFS immediately liaised with the Brazilian authorities to gather relevant information. For the sake of prudence, CFS decided to temporarily suspend the import of all frozen and chilled meat and poultry meat from Brazil starting from the evening of 21 March as a precaution. On 24 March, the Government received notification from the Consulate General of Brazil in Hong Kong that the Brazilian authorities had decided to impose a ban on exports from 21 meat plants under investigation. Based on this piece of updated information, CFS ordered in that evening a recall of all frozen and chilled meat and poultry meat imported from the 21 plants and liaised with the local importers to follow up on the recall. As at 6 April, CFS had recalled over 89 000 kilograms of the relevant products from local importers and distributors. These products were not allowed to enter the market unless the authenticity of the relevant health certificates was verified by the Brazilian authorities and the test results of their samples were confirmed satisfactory by CFS. The Administration believed that with the above follow-up actions taken, the risk of meat products imported

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from the 21 plants entering the market had been minimized.

18.13 SFH further advised that after taking into consideration the latest information provided by the Brazilian authorities and the satisfactory test results of all samples collected during continuous surveillance of meat and poultry meat from Brazil, CFS announced in the evening on 28 March 2017 that the scope of import ban on frozen and chilled meat and poultry meat from Brazil would be restricted to the 21 plants under investigation. CFS would continue to monitor the development of the incident closely.

18.14 Mr Jeffrey LAM said that the incident had caused wide public concern. Given that frozen and chilled meat and poultry meat from Brazil accounted for a substantial share of the relevant market in Hong Kong, he considered that the Administration should find out as soon as possible the root cause of the problem so as to formulate appropriate measures to tackle the incident and minimize its impact on the trade and the general public. Noting that CFS had stepped up surveillance of frozen and chilled meat and poultry meat from Brazil since the incident, Mr LAM asked about the resources involved in conducting the tests and inspections on Brazilian meat. He was also concerned about the impact of the incident on the local economy.

18.15 SFH responded that the enhanced testing and surveillance work were absorbed within the existing resources. As at 5 April 2017, 140 samples of frozen and chilled meat and poultry meat imported from Brazil had been tested for meat deterioration and other food safety indicators. The tests results of all the samples were satisfactory. While the Administration had not estimated the impact of the incident on local economy, it should be noted that among some 1 500 Brazilian meat plants currently permitted to supply meat products to Hong Kong, only 21 meat plants were involved in the incident and import licences had been issued by CFS to six of the 21 plants under investigation in the six weeks since early February 2017.

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Measures to strengthen food safety control

18.16 Dr Helena WONG sought information on how the Administration had made use of the food tracing mechanism established under the Food Safety Ordinance (Cap. 612) ("FSO") to identify the source of problematic foods in case of food incidents. She was concerned whether the mechanism had enabled CFS to take more effective and prompt action when dealing with food incidents to safeguard public health. PSFH(F) said that the Administration stood ready to provide supplementary information on CFS' work related to the food tracing mechanism, including the number of inspections conducted by CFS in recent years against food importers' and food distributors' compliance with the requirements under FSO.

18.17 Dr Helena WONG expressed support for allocating more resources to enhance food safety control. Noting that the Administration would provide an additional funding of \$24 million in 2017-2018 for FEHD to re-engineer CFS' workflow and overhaul its IT systems to substantially strengthen its data management and analysis for enhanced food safety control, Dr WONG expressed concern on whether the amount of funding was sufficient to carry out the whole project. She asked whether CFS would seek support from the Innovation and Technology Bureau to enhance CFS' IT systems to improve the food tracing mechanism. PSFH(F) responded that the Administration had proposed to create a supernumerary post of Senior Principal Executive Officer (D2) in CFS for about seven years for taking forward the revamping of CFS' IT systems for effective data management to enhance food safety control work and to support interface with the Trade Single Window project to capitalize the benefits of this new initiative.

18.18 Noting that the Administration was exploring the reprovisioning and expansion of the Food Safety Laboratory of the Government Laboratory ("GL"), Mr Tommy CHEUNG suggested that the Administration should take this opportunity to increase the manpower of GL to enhance its testing capability and operational efficiency for tests relating to food safety. Government Chemist

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responded that CFS sent about 30 000 food samples to GL for testing every year. GL would keep in view its manpower need and the need to enhance its testing capability from time to time.

Regulation of genetically modified food

18.19 Prof Joseph LEE expressed concern that the Administration had yet to come up with a timetable for conducting a public consultation on the introduction of a mandatory pre-market safety assessment scheme for genetically modified ("GM") food. He asked whether CFS had received any complaints concerning GM food in recent years. SFH and Controller, CFS responded that according to the World Health Organization, GM foods currently traded on the international market were not likely, nor had been shown, to present risks for human health. While the World Health Organization had not set any labelling standards for GM food, it had published guidelines on safety assessment of GM food suggesting, among others, the adoption of a pre-market safety assessment scheme to evaluate the safety of GM food. The Administration had been considering the proposal of introducing a pre-market safety assessment scheme, with a view to providing additional safeguards to consumers on GM food being sold in Hong Kong.

Licensing work

18.20 Mr Tommy CHEUNG noted that the maximum validity period of a liquor licence had been extended to two years. He asked whether the Administration would make reference to this arrangement and consider extending the maximum validity period of a restaurant licence from one year to two years. DFEH responded that FEHD had in recent years imposed restrictions by adding licensing conditions upon the renewal of restaurant licences. Under the existing requirements, FEHD had to notify the licensee of new licensing conditions 90 days prior to the renewal date of a licence. To allow flexibility for FEHD in introducing timely licensing conditions for the purpose of enhancing food safety and hygiene, the Administration considered it appropriate to keep the validity period of a restaurant

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licence to one year at the present stage.

18.21 Mr Tommy CHEUNG expressed concern about the long processing time required for applications for restaurant licence, liquor licence and outside seating accommodation for licensed premises. He urged the Administration to deploy additional manpower to handle the applications so as to shorten the processing time. DFEH said that apart from manpower, the processing time for an application was contingent upon the time spent by the applicant in complying with the relevant licensing requirements, settling objections raised by the public or other departments concerned and addressing relevant land issues, if any.

Environmental hygiene

18.22 Prof Joseph LEE and Dr CHIANG Lai-wan expressed concern about the rodent infestation problem in Yuen Long and Sham Shui Po districts and the diseases directly transmitted by rodents. They enquired about the measures to be taken by the Administration to control rodent infestation.

18.23 SFH said that on top of increasing the frequency of anti-rodent operations carried out by roving cleansing teams, FEHD would continue to step up law enforcement actions to combat public cleanliness offences and enhance civic education to promote a clean and hygienic environment. The launch of a six-month pilot scheme on installation of Internet Protocol ("IP") cameras in the Central and Western, Sham Shui Po and Yuen Long districts ("pilot scheme") to strengthen the monitoring of offences at refuse dumping black spots was also one of the initiatives aiming at improving district environmental hygiene. The initial responses to the pilot scheme from the three districts were positive so far.

18.24 Mr LEUNG Che-cheung said that there had been media reports on large rodents found in some refuse collection points in Yuen Long and a man living in the district was diagnosed to have infected with life-threatening hantavirus. The matter had caused wide public

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concern. Noting that some locations in Yuen Long with rodent problem were not covered in the list of 142 hygiene black spots identified by FEHD for enhanced clean-up operations, Mr LEUNG asked whether the Administration would review and include into the list the hygiene black spots identified by DC members. He further enquired whether the Administration would consider allocating additional resources to step up the anti-rodent work in Yuen Long and setting up more refuse collection points in the district.

18.25 SFH said that to address district environmental hygiene issues, the Government would provide an additional funding of about \$119 million for FEHD in 2017-2018 to further enhance the cleansing efforts. FEHD would flexibly deploy the resources to tackle district environmental problems. He assured members that FEHD would enhance the frequency of clean-up operations at locations where the hygiene condition was poor even though the locations were not listed as hygiene black spots. SFH and DFEH further said that a review on the effectiveness of the pilot scheme would be carried out upon its completion in late June 2017. If the pilot scheme was proven to be effective, FEHD would consider extending the pilot scheme to other districts with support of respective DCs. Respective DCs could put up to FEHD in the meantime their proposals for installation of IP cameras at hygiene black spots in their districts.

18.26 Dr Priscilla LEUNG said that some MTR's construction sites had serious rodent problem, but MTR failed to tackle the problem. She hoped that FEHD could follow up with MTR on rodent control to minimize the nuisance caused to residents living in nearby areas. Dr LEUNG further said that the rodent infestation situation at some fresh markets managed by private contractors/entities had caused nuisance to local residents. She wondered whether any measures could be taken by FEHD to tackle the rodent problem at those fresh markets.

18.27 SFH and DFEH responded that FEHD had stepped up anti-rodent operations at districts where the rodent problem was particularly serious and had enhanced the cleansing efforts at hygiene

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black spots to tackle the problem at source. FEHD had been providing advice and assistance to different parties/organizations, including schools and property management companies, on rodent prevention and control. It welcomed collaboration with community organizations to explore ways to control rodent infestation.

18.28 Dr CHIANG Lai-wan considered that the Administration should explore as many ways as possible to prevent and control rodent infestation. In her view, consideration could be given to setting up a hotline for members of the public to report the rodent infestation situation in various districts and organizing anti-rodent campaigns in the 18 districts of Hong Kong. She also suggested that the Agriculture, Fisheries and Conservation Department ("AFCD") should avoid performing euthanasia of animals and consider training up stray cats caught by AFCD to help catch rodents in various districts. SFH assured members that euthanasia was adopted as a last resort in handling stray animals. While noting Dr CHIANG's suggestions, SFH indicated that whether the keeping of stray cats for rodent control was a feasible option would need further consideration.

18.29 Dr Priscilla LEUNG suggested that FEHD's rodent control staff should exchange views with Mainland experts (e.g. experts from the Guangdong Province where the climate was similar to Hong Kong) on rodent control, in addition to attending pest control conferences organized by overseas organizations/associations. SFH and DFEH said that FEHD would arrange exchange activities for its staff with experts/organizations from different places which had experience in rodent control, including the Mainland.

Shop front extensions

18.30 Mr POON Siu-ping enquired about the manpower deployed by FEHD to combat against illegal shop front extensions ("SFEs"). DFEH responded that apart from thehawker control teams deployed at district level, FEHD had set up five task force teams to further strengthen the enforcement against SFEs. The creation of the task force teams enabled FEHD to deploy resources flexibly to combat SFEs

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at black spots across the territory.

18.31 Regarding the 73 joint enforcement actions taken by government departments against SFEs between 24 September and end of December 2016, Mr POON Siu-ping enquired about which government departments had been involved and the number of frontline Foreman grade staff of the Cleansing Sections of FEHD deployed in the joint operations, and whether target or priorities had been set for enforcement action against SFEs every year.

18.32 Dfeh responded that for SFEs associated with the trading of goods, FEHD would carry out enforcement actions mostly on its own. For illegal extension of business by shops not involving selling activities, which was a street management problem that fell within the purview of a number of government departments, joint enforcement operations involving relevant departments under the coordination of the Home Affairs Department would be carried out. The core function of FEHD in these joint operations was maintaining environmental hygiene. On average, two frontline Foreman grade staff of the Cleansing Sections of FEHD were involved in each joint operation.

New Agriculture Policy

18.33 Dr KWOK Ka-ki enquired about the implementation progress of the New Agriculture Policy and the measures to be taken by the Administration to preserve farmland for agricultural production/purposes.

18.34 SFH responded that following the completion of an engineering feasibility study on the proposed establishment of an Agricultural Park ("Agri-Park"), the Administration had recently commissioned a consultancy study to undertake the investigation work of the potential site and detailed design of the Agri-Park. In addition, FHB and the Development Bureau would jointly commission another consultancy study later this year to identify quality agricultural land for setting up Agricultural Priority Areas, and explore suitable policies and measures to provide incentives for land owners to put fallow farmland

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into long-term agricultural use.

Sustainable Fisheries Development Fund

18.35 Mr YIU Si-wing queried the cost-effectiveness of those projects related to the development of recreational fisheries, which were supported by the Sustainable Fisheries Development Fund. He enquired about the number of fishermen participated in the Fisheries-related Eco-tour Guide Training Programme for Fishermen (North-eastern Waters) and the Fishery & Eco, Conservation Program (Cheung Chau Waters), each of which had incurred an expenditure of \$2.3 million.

18.36 Director of Agriculture, Fisheries and Conservation ("DAFC") advised that AFCD had been providing technical support and training to fishermen who were interested in switching to recreational fisheries and fisheries-related ecotourism business. The two programmes mentioned above by Mr YIU would provide intensive and practical training to about 50-60 fishermen respectively. The training would cover the concepts of eco-tourism, design of eco-tour programmes with fisheries and fishermen culture elements, business operation and management, promotion strategies and safety aspects. Apart from tutorials, the fishermen would also be required to take part in the operation of eco-tours for members of the public (around 30-40 participants in each tour) in order to obtain practical experience. SFH added that AFCD had been monitoring the effectiveness of the programmes and consulting the tourism industry with a view to enhancing the content of the programmes.

Animal welfare

18.37 Ms Claudia MO expressed concern that the Public Health (Animals and Birds) (Animal Traders) (Amendment) Regulation 2016 ("Amendment Regulation"), which had come into effect on 20 March 2017 to strengthen the control over animal trading and dog breeding activities through enhanced licensing control measures, might produce an unintended effect of legalizing private breeding of dogs.

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In her view, policy issues relating to animal rights which were currently under the purview of FHB and handled by AFCD should be placed under the Environment Bureau which should oversee the work of AFCD. According to her understanding, AFCD considered animal right issues only from the public health and environmental hygiene perspectives. SFH said that the Administration could not agree to the view that the Amendment Regulation would bring about the effect of promoting private breeding of dogs.

18.38 Ms Claudia MO noted with concern that the expenditure of AFCD on handling stray animals caught (including cost for performing euthanasia on animals) in 2016-2017 (i.e. \$32.9 million) was much higher than its expenditure on the prevention of animal cruelty for the same period (i.e. \$3.1 million). She suggested that consideration be given to relaxing the restrictions on the keeping of dogs in public rental housing estates ("PRHs"), in order to address the problem of abandoned pets by PRH tenants and to dispense with the need for setting up a dedicated task force to study/handle relevant issues. DAFC said that the issue of keeping of dogs in PRHs was under the purview of Housing Department and AFCD would provide technical advice to Housing Department if necessary.

Supply of niches

18.39 Ms Tanya CHAN expressed support for early passage of the Private Columbaria Bill. She suggested the Administration organize more educational activities, e.g. seminars and talks, advising consumers not to make decisions on the purchase of private niches rashly prior to the enactment of the Bill.

18.40 SFH responded that the Administration hoped that the Private Columbaria Bill could be passed within the current legislative session for early implementation of a licensing regime to regulate private columbaria in Hong Kong. The Administration would continue with its publicity efforts to protect consumers' interests. On the other hand, the Administration would endeavour to increase the supply of public niches to meet the strong public demand. It had so far obtained

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support from the relevant DCs for 14 projects under the district-based columbarium development scheme. Those 14 projects would provide about a total of 589 000 new public niches, and a significant number of which would start to come on stream from 2020 onwards. In response to Ms Tanya CHAN's further enquiry, SFH advised that members of the public might keep the cremated ashes of their deceased relatives at home or outside Hong Kong. This might be one of the reasons explaining the differences between the number of deaths and the total number of burials and cremations in the past three years.

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19.1 At the Chairman's invitation, Dr KO Wing-man, Secretary for Food and Health ("SFH"), referred Members to his speaking note which was tabled at the meeting for details of the main initiatives and expenditure on the policy area of health services for the coming year (Appendix IV-17).

Public healthcare expenditure

19.2 Referring to the estimated recurrent expenditure of \$61.9 billion on healthcare in the 2017-2018 financial year which covered the recurrent resources allocated to four Heads of Expenditure, namely Head 140 – Government Secretariat: Food and Health Bureau (Health Branch), Head 37 – Department of Health, Head 48 – Government Laboratory and Head 155 – Government Secretariat: Innovation and Technology Commission, Dr Pierre CHAN was concerned that it had not been set out in Volume I of the Estimates the respective breakdown of the estimated health-related recurrent expenditure under Head 48 and Head 155. Permanent Secretary for Food and Health (Health) ("PSFH(H)") advised that the Administration had provided the breakdowns in its reply (serial no. FHB(H)039) to the written question put forth by Dr Pierre CHAN.

19.3 Dr Pierre CHAN noted that the \$207 million medical income estimated to be forgone by the Hospital Authority ("HA") in the 2017-2018 financial year due to the new initiative of extending the medical fee waiver for public hospital and clinic services to cover older Old Age Living Allowance recipients aged 75 or above with assets not exceeding \$144,000 (elderly singletons) or \$218,000 (elderly couples) would be covered under the Government's additional recurrent subvention to HA in 2017-2018. He asked if the additional provision concerned would be recurrent in nature. Chief Executive, HA ("CE, HA") advised that the Administration would increase the annual recurrent provision for HA by \$2 billion from the financial year of 2017-2018 onwards. The additional recurrent subvention would be used to implement, among others, the above new initiative. In response to Dr Pierre CHAN's enquiry as to whether the financial provision to HA had covered the medical income foregone due to the

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granting of medical fee waivers to recipients of the Comprehensive Social Security Assistance and other eligible persons, CE, HA replied in the negative.

19.4 Dr Pierre CHAN noted that for the 2016-2017 financial year, the Government's total subvention to HA was less than the overall operating expenditure of HA. However, HA had provided 231 additional hospital beds, 48 additional operating theatre sessions, 27 000 additional general outpatient clinic attendances and around 3 400 accident and emergency ("A&E") support sessions in the 2016-2017 financial year. He asked how HA could meet the expenditure. CE, HA advised that since HA was unable to recruit sufficient manpower in the past few years, HA had a reserve of around \$3 billion which was accrued from the unused recurrent subvention. With the financial provision of the Government, coupled with HA's own reserve, HA had implemented various measures to enhance its services.

Public hospital development plan

19.5 Dr KWOK Ka-ki asked whether the current-term Government had a timetable for expanding the Tuen Mun Hospital ("TMH") with a view to addressing the problem of persistently high occupancy rates of inpatient beds of public hospitals in the New Territories West ("NTW") Cluster. Ms Alice MAK asked whether the 10-year public hospital development plan covered the expansion of TMH.

19.6 SFH advised that while the expansion of TMH was beyond the 10-year public hospital development plan, it would be accorded a very high priority amongst the longer-term public hospital development projects. Subject to the progress of the implementation of the development plan, the Administration would not rule out the possibility of advancing the timetable for expanding or redeveloping other public hospitals, including TMH.

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Development of private healthcare services

19.7 Ms Tanya CHAN noted that the latest plan of the Hong Kong Sheng Kung Hui ("HKSKH") was to develop a private hospital with about 290 beds and 90 parking spaces at its site at 1 Lower Albert Road in Central. Expressing concern that there had been a number of private hospitals in the Hong Kong Island and the opening of the above new private hospital might worsen the traffic condition in the district, she sought information on the number of beds provided by existing private hospitals and the stance of the Food and Health Bureau ("FHB") on HKSKH's latest proposal. Mr LEUNG Kwok-hung considered that efforts should be made by the Administration to enhance the service capacity of public hospitals instead of promoting the development of medical service industry and facilitating the development of private hospitals which were aimed at making profit.

19.8 SFH advised that the Administration would focus its effort on enhancing the overall service capacity of the healthcare system, which was running on a dual-track basis comprising both the public and private sectors. At present, public hospitals and private hospitals provided around 30 000 and 4 000 beds respectively. From the healthcare perspective, there was currently a high demand for private hospital services. The successful implementation of the Voluntary Health Insurance Scheme ("VHIS") in the future also hinged on, among others, having in place sufficient healthcare capacity to provide quality private healthcare services for the middle class who could afford private hospital insurance and were willing to seek private services. As regards the public healthcare system, the current-term Government had already earmarked \$200 billion for the implementation of a 10-year public hospital development plan, which would provide some 5 500 additional hospital beds and more than 90 additional operating theatres.

Services of the Hospital Authority

A&E services

19.9 Ms YUNG Hoi-yan called on HA to consider strengthening

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the manpower or reviewing the triage system in order to shorten the long waiting time for A&E services at the Prince of Wales Hospital ("PWH"), in particular those triaged as emergency and urgent cases.

19.10 Director (Cluster Services), HA ("D(CS), HA") advised that according to HA's performance pledges, all patients who were triaged as critical patients would be treated immediately, 95% of patients triaged as emergency patients would be treated within 15 minutes and 90% of patients triaged as urgent would be treated within 30 minutes. While the A&E departments of all public hospitals could meet the performance pledges related to patients triaged as critical and emergency cases, most of them could not meet the performance pledge related to urgent cases given the large number of semi-urgent and non-urgent A&E cases. To shorten the waiting time for A&E services, HA had implemented various measures, such as increasing the service quota for general outpatient services and recruiting additional medical and nursing staff outside the A&E departments to work extra hours to manage semi-urgent and non-urgent A&E cases on a voluntary basis with payment of special honorarium.

19.11 SFH added that there were views that under the existing resource allocation model, the resources allocated by HA to three of the seven clusters, namely the New Territories East ("NTE") Cluster (where PWH belonged to), the Kowloon East ("KE") Cluster and the NTW Cluster were not commensurate with the service demand which was considered to be related to the number of patients and population in a cluster. On the recommendation of the Steering Committee on Review of HA, HA would adopt a refined population-based resource allocation model in due course. As a first step, the Government had allocated a time-limited funding to HA for enhancing the existing services of the above three Clusters, so that they could build up the capacity progressively to serve the growing population demand in their catchment districts before the switch over to the refined population-based funding model.

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Mental health services

19.12 Dr KWOK Ka-ki was concerned that while there had been an increase in the number of doctors working in the psychiatric stream of HA, the waiting time of new cases, in particular those triaged as routine cases, for public psychiatric specialist outpatient ("SOP") services from the 2012-2013 to 2015-2016 financial years was increasingly long. He asked how the Administration would address the growing demand in this regard. SFH advised that it was expected that with the increased supply of local medical graduates from 2018, there would be an increase in the number of doctors working in psychiatric stream in HA. That said, it should be noted that the majority of patients queuing up for public psychiatric SOP services were cases of common mental disorders such as mood disorders. Hence, there was a need to enhance training for family doctors in primary care so that they could help providing care to these patients. CE, HA added that HA would make appropriate arrangements in manpower planning for the pressurized specialty of psychiatric. In the meantime, the quota for SOP services had been increased by 1 500 and 800 in 2016-2017 and 2017-2018 respectively with a view to shortening the waiting time.

19.13 Ms YUNG Hoi-yan called on HA to consider increasing resources and healthcare manpower to provide evening consultation services in psychiatric SOP clinics to address the needs in this regard. Alternatively, if the shortage of healthcare manpower was a concern, the provision of depot injection treatment during non-office hours should be strengthened. D(CS), HA advised that HA would accord priority to increasing manpower of the existing psychiatric SOP services to shorten the waiting time. HA would keep in view the demand for and supply of the services and consider providing evening consultation service as and when appropriate.

19.14 Mr CHAN Han-pan called on the Administration to allocate more resources to enhance the mental health services provided by HA to meet the growing service demand, in particular in the two New Territories Clusters. SFH advised that HA had earmarked around \$73 million in the 2017-2018 financial year to augment its mental

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health services, which included, among others, recruitment of additional healthcare professionals in this regard. Furthermore, the Review Committee on Mental Health called for the recruitment of more case managers to support the Case Management Programme for the provision of intensive, continuous and personalized support for patients with severe mental illness. The Government would consider how the Review Committee's recommendation could be taken forward. D(CS), HA supplemented that additional nurses, physiotherapist and supporting staff would be recruited for enhancing the psychiatric inpatient services in the Kowloon Central, KE and NTE Clusters.

19.15 Prof Joseph LEE was concerned that under the Case Management Programme, some complex cases of patients with severe mental illness needed to be taken care of by those case managers who were psychiatric nurses instead of those who were occupational therapists or registered social workers. Hence, the caseload of some psychiatric nurses might reach 70 to 80 cases. SFH advised that efforts would continuously be made to lower the case manager to patient ratio. D(CS), HA supplemented that ongoing case manager recruitment exercise was in progress to fill up some 10 vacancies to enhance the support for the Case Management Programme.

19.16 Noting that the Administration had implemented a two-year pilot scheme, namely Student Mental Health Support Scheme, in 17 schools from the 2016-2017 to 2017-2018 school years, Prof Joseph LEE asked if the Administration had allocated additional resources to HA to recruit psychiatric nurses for the pilot scheme. D(CS), HA advised that HA had additional resources to recruit extra experienced psychiatric nurses to implement the pilot scheme.

Inpatient services

19.17 Ms Alice MAK noted with concern that in the 2015-2016 financial year, the average inpatient bed occupancy rates of gynaecology, medicine and paediatrics of the NTW Cluster were equal to or more than 100%. In the face of the heavy workload, some frontline allied health staff had reflected that the service quality was

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compromised. She urged HA to take steps to address the service demand in this regard. CE, HA advised that the inpatient bed occupancy rates of the NTW, NTE and Kowloon West Clusters were equally high due to inadequacy of facilities and manpower shortage. It was expected that the situation of the NTW Cluster would be gradually improved after the Tin Shiu Wai Hospital commenced services by phases and the manpower was strengthened in 2017-2018.

Gender identity disorder clinic

19.18 Mr CHAN Chi-chuen was concerned about the workflow for handling Gender Identity Disorder ("GID") cases after the establishment of the GID clinic in PWH in October 2016 for the provision of centralized services for GID patients. D(CS), HA advised that patients concerned could first seek consultation from the psychiatric SOP clinics in the hospital cluster of their residence. Those patients assessed with GID would be referred to the GID clinic to receive one-stop services which, according to individual patients' conditions, included psychological counselling services, drug treatment and sex-reassignment surgery. In response to Mr CHAN Chi-chuen's enquiry about the number of patients having received sex-reassignment surgery in each of the past five years, D(CS), HA undertook to provide the information in writing after the meeting.

Total joint replacement centre

19.19 Ms Alice MAK and Mr HO Kai-ming were concerned whether HA would consider setting up a total joint replacement centre in the KE Cluster to shorten the waiting time for total joint replacement surgery. CE, HA advised that subject to the availability of funding and manpower resources, HA would consider setting up a joint replacement centre in Tseung Kwan O Hospital in the KE Cluster in the 2018-2019 financial year.

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Community health centres

19.20 Ms Alice MAK asked whether HA would allocate adequate resources to community health centres in order to promote the development of primary care. PSFH(H) advised that the community health centres currently operated by HA provided integrated multi-disciplinary healthcare services, including, among others, general outpatient services and chronic disease management. The Administration was exploring the feasibility of developing some new community health centres to be operated by NGOs in order to develop a primary care services network.

Pharmacy services

19.21 Prof Joseph LEE was concerned that the current waiting time for collection of drugs at HA pharmacies could last for two to three hours. Noting that a \$10 billion endowment fund had been set up for HA to pursue clinical public-private partnership ("PPP") initiatives, he asked whether pharmacy service would be covered under the fund in order to provide an additional choice for HA's patients to obtain the prescribed drugs from community pharmacies.

19.22 SFH advised that the Administration was open-minded on the types of PPP programmes. D(CS), HA added that to shorten the waiting time for drug collection at public SOP clinics, an express counter was set up in selected SOP clinics to facilitate drug collection by those patients prescribed with only one type of drugs. HA would also recruit more pharmacists and dispensers in 2017-2018 and pilot the implementation of drug refill services in selected outpatient clinics.

Interpretation services for ethnic minorities

19.23 Noting that HA currently did not maintain statistics on the number of ethnic minorities seeking medical consultation in HA, Ms Alice MAK held a strong view that HA should collect data in this regard to ensure adequate provision of interpretation services for ethnic minorities in public hospitals and clinics of HA.

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19.24 CE, HA advised that interpretation services would be arranged for HA patients who were in need of and had requested for such services. Hence, statistics on the provision of the interpretation services could reflect the demand in this regard. Expressing dissatisfaction with the reply, Ms Alice MAK said that she would follow up the issue in the Subcommittee on Rights of Ethnic Minorities formed under the House Committee.

Dermatology clinics of the Department of Health

19.25 Mr KWONG Chun-yu noted with concern that while the target of the Department of Health ("DH") was that 90% of the new dermatology cases would receive treatment within 12 weeks, the actual figure in 2016 and the planned percentage for 2017 was 31%. He sought explanation from the Administration in this regard. Ms Alice MAK expressed a similar concern, and pointed out that HA only provided services for serious psoriasis patients referred by DH and needy patients suffering from psoriasis could only seek consultation at dermatology clinics of DH.

19.26 SFH advised that different specialties of the public healthcare sector, including but not limited to the specialty of dermatology, were facing the problem of medical manpower shortage. That said, various triage systems had been put in place to ensure that patients with urgent conditions would be treated without delay. Regarding the dermatology clinics under DH, Director of Health ("DoH") explained that DH was unable to meet the target of 90% mainly due to the high demands for the service and the high turnover rate of dermatologists. For the employment of doctors, 12 recruitment exercises had been conducted in 2016 but some vacancies could not be filled up. DH had put in place a triage system in dermatology clinics for new skin referrals to ensure that serious or potentially serious cases would be treated in a timely manner.

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Dental care services

19.27 Dr Fernando CHEUNG declared that his daughter was a person with intellectual disability. He pointed out that persons with intellectual disabilities were very anxious when sitting on a dental chair and required special dental care services which were not available in the private sector. Noting that the Administration would review the four-year Pilot Project on Dental Services for Persons with Intellectual Disability ("the Pilot Project"), which was launched in August 2013 and would end in 2017, to examine the future modes of service delivery, he urged the Administration not to implement the Pilot Project under the Community Care Fund with a means test but to regularize the Pilot Project for all persons with intellectual disabilities. Mr KWONG Chun-yu asked whether the Administration could undertake to regularize the Pilot Project.

19.28 PSFH(H) said that the Administration noted the special needs of persons with intellectual disabilities on dental care. The Administration was examining the best way forward to provide appropriate dental care service for persons with intellectual disabilities after completion of the Pilot Project, which had already provided services for more than 1 800 eligible persons. In the meantime, the Administration would continue to subsidize the participating organizations to provide the relevant service in the coming year in order to meet the service needs of the 1 500 eligible persons who were already on the waiting list.

Elderly Health Care Voucher Scheme

19.29 Mr HO Kai-ming referred to the experience of some elderly persons that some medical clinics participating in the Elderly Health Care Voucher ("EHV") Scheme had charged them higher fees, say around \$500 per consultation, when they used EHV. He expressed concern that in these cases, the annual voucher value of \$2,000 would become inadequate for EHV users to manage their acute episodic conditions. Mr LEUNG Che-cheung asked whether participating service providers which charged excessive fees would be sanctioned.

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19.30 Stressing that the Administration attached great importance to the price transparency of the services of service providers participating in the EHV Scheme, DoH advised that DH would continue to conduct routine inspection visits to the participating service providers as well as investigate complaints. Around 2% of all voucher claims made by participating service providers had been checked by DH. Cases suspected of defraud had been referred to the enforcement authorities for investigation and prosecution. Separately, DH had investigated in the past three years more than 10 complaints related to service fees charged by the participating service providers. The majority were not substantiated.

19.31 Mr LEUNG Che-cheung noted that while 84% of eligible elderly persons had made use of EHV in 2016, a local survey revealed that about 7% of the interviewees aged 70 or above were not aware of the EHV Scheme. He called on the Administration to enhance publicity of the EHV Scheme. SFH said that efforts had been and would continuously be made to enhance public awareness of the EHV Scheme. DoH supplemented that the Administration was conducting a study in collaboration with a university to review the EHV Scheme. The study would cover, among others, elderly persons' understanding of the EHV Scheme and possible measures to enhance the Scheme.

Healthcare manpower

19.32 Mr Tommy CHEUNG urged the Administration to increase the number of local medical graduates with a view to increasing Hong Kong's ratio of doctors per 1 000 population from the current level of 1.9 to 2.3, on par with that of Japan, so as to lower the cost of private healthcare services and shorten the waiting time of public healthcare services. SFH said that the number of publicly-funded degree places in medicine had been increased from 320 to 420 in 2012-2013 to 2015-2016 academic years, and had been further increased to 470 in the 2016-2017 to 2018-2019 triennium in order to meet the medical manpower demand. While medical manpower planning in Hong Kong was not based on a target ratio of doctors per 1 000 population, it was foreseeable that the ratio concerned would be gradually increased

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with the growing number of local medical graduates. It should also be noted that the report of a strategic review on healthcare manpower planning and professional development in Hong Kong was expected to be published in the second quarter of 2017.

19.33 Dr Helena WONG asked what measures would be put in place by HA to retain healthcare professionals, in particular experienced doctors, in order to address the manpower shortfall in public hospitals. SFH advised that HA had engaged part-time doctors and implemented a special retired and rehire scheme to re-employ suitable serving doctors upon their retirement or completion of contract at or beyond their normal retirement age to help alleviate manpower shortage in HA. CE, HA supplemented that HA had earmarked about \$300 million a year to attract and retain healthcare staff. There was an additional three-year time-limited funding from the Government of \$100 million per annum (from 2015-2016 to 2017-2018) designated for enhancing staff training and development. To retain doctors, HA had created additional Associate Consultant posts for promotion of doctors with five years' post-fellowship experience by merits. The attrition rate of doctors currently remained stable at about 4.4%. The plan of HA was to recruit more than 420 doctors in 2017-2018 to further strengthen its medical manpower. There would be a net increase of more than 120 doctors, 800 nurses and 250 allied health staff in HA in 2017-2018.

19.34 Noting that the estimated manpower upon full commissioning of the Hong Kong Children's Hospital ("HKCH") was around 1 800 staff and around 300 staff had been recruited so far, Mr POON Siu-ping asked when HA would fill the remaining 1 500 posts and whether HA had encountered any difficulties in staff recruitment. CE, HA advised that HA would adopt a phased implementation approach for service commissioning of HKCH. It was expected that HKCH would require about 400 to 500 staff in its first phase of service in 2018. Apart from the newly recruited staff, some of the existing manpower and expertise serving in the paediatric subspecialties in various HA hospitals would be transferred to HKCH along the service translocation.

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19.35 Noting that the estimated number of civil servants working in HA would drop from 1 533 in 2016 to 1 365 in 2017 due to natural wastage including retirement, Mr POON Siu-ping was concerned about the impact of the possible onset of a wave of retirement in civil servants working in HA on the manpower of HA. CE, HA advised that HA would take into account, among others, the number of retiring staff in its manpower planning.

19.36 Ir Dr LO Wai-kwok declared that he was a member of the HA Board. He said that there was a need to extend the validity period of limited registration for non-locally trained doctors to be approved by the Medical Council of Hong Kong from not exceeding one year to not exceeding three years, so as to attract more non-locally trained doctors especially specialists to practise in Hong Kong. He asked about the Administration's timetable to re-introduce the relevant amendment bill into the Legislative Council. SFH advised that the Administration would introduce an amendment bill into the Legislative Council within the current-term Government.

Development of Chinese medicine

19.37 Mr POON Siu-ping asked whether the services provided by the future Chinese medicine hospital, which would be operated by a non-governmental organization ("NGO"), would be included in the scope of civil service medical benefits. SFH explained that similar to the services of the Chinese Medicine Centres for Training and Research ("CMCTRs"), which were operated on a tripartite collaboration model involving HA, an NGO and a local university, services of the future Chinese medicine hospital would not be regarded as part of HA's standard services and would fall outside the scope of civil service medical benefits.

19.38 In view of the growing number of attendances at the 18 CMCTRs in the past three years, Mr CHAN Han-pan called on the Administration to increase the provision to the NGOs concerned for enhancing the services of CMCTRs and improving the remuneration package for the Chinese medicine practitioners engaged by these

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CMCTRs. SFH advised that the Administration attached great importance to the sustainability of CMCTRs. Consideration was given to providing additional funding to HA for increasing the annual subsidy to the NGOs concerned to enhance, among other things, the remuneration package for the Chinese medicine practitioners.

Regulation of medical devices

19.39 Referring to the Administration's proposed regulatory framework for medical devices, Dr Priscilla LEUNG had reservation to the proposal of requiring user of selected medical devices for cosmetic purposes to be a registered medical practitioner or a person supervised by a registered healthcare professional on site. She remarked that the proposal would impose negative impact on the operation and development of the beauty trade, in particular that of small-sized beauty parlours. In addition, a previous adverse incident at a beauty parlor was caused by professional misconduct on the part of registered medical practitioners. She called on the Administration to consider limiting the use control requirements to cover medical devices for medical purposes only.

19.40 SFH advised that there was a need to regulate the use of certain high-risk medical devices for cosmetic purposes to protect public health. There had been complaints relating to the side effects caused by inappropriate use of medical devices for cosmetic purposes. Those registered medical practitioners involved in adverse incidents relating to the use of medical devices would be subject to professional regulation. PSFH(H) added that the Administration's plan was to first introduce a bill focusing on the "pre-market control" and "post-market control" of the regulatory regime for medical devices into the Legislative Council. Separately, a platform would be set up to further discuss the use control of medical devices.

Promotion of breastfeeding

19.41 Mr HO Kai-ming considered the \$6 million earmarked by the Administration in the 2017-2018 financial year for enhancing the effort

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in promoting breastfeeding was far from adequate, in particular for promoting private enterprises to implement the Breastfeeding Friendly Workplace Policy. He urged the Administration to set a timetable for achieving 100% exclusive breastfeeding rate for infants at six months of age. Under Secretary for Food and Health advised that various measures would be taken to promote, protect and support breastfeeding. Apart from strengthening publicity and education on breastfeeding, including the launch of the Hong Kong Code of Marketing of Formula Milk and Related Products, and Food Products for Infants & Young Children, resources would be allocated to DH to strengthen professional support for breastfeeding. It was expected that public hospitals which provided obstetric services would be progressively accredited by the Baby Friendly Hospital Initiative Hong Kong Association as a baby-friendly hospital. Additional resources would be allocated to further promote breastfeeding where necessary.

Voluntary Health Insurance Scheme

19.42 Ir Dr LO Wai-kyok urged the Administration to expedite the implementation of VHIS to enhance the accessibility and quality of individual hospital insurance products, thus ensuring that those who had taken out such insurance could make use of the protection when they required medical treatment. SFH advised that given the divergent views over the proposed establishment of a High Risk Pool under VHIS, the Administration would re-examine the proposal, which was necessary for the introduction of the two Minimum Requirements of guaranteed acceptance with premium loading cap and portable insurance policy, and the need for enacting relevant legislation at a later stage. The Administration would proceed to implement VHIS with the other 10 Minimum Requirements via a non-legislative regulatory framework. FHB would establish a VHIS Office, and aimed to implement VHIS in 2018 having regard to the time required for formulating the VHIS practice guidelines, issuing a Guidance Note by the future Independent Insurance Authority, and finalizing the details of the tax deduction arrangement for VHIS-compliant policies.

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20.1 At the invitation of the Chairman, Secretary for Labour and Welfare ("SLW") briefed members on the major initiatives and expenditure concerning welfare and women for the 2017-2018 financial year (Appendix IV-18).

Elderly services

Planning on the earmarked provision of \$30 billion

20.2 Noting that the Administration would earmark a total of \$30 billion to strengthen elderly services and rehabilitation services for persons with disabilities, Mr Alvin YEUNG and Mr KWONG Chun-yu enquired how the provision would be apportioned among various social services, and urged for early planning on the use of the provision.

20.3 Dr Fernando CHEUNG expressed dissatisfaction that the Administration had attached greater importance to the development of major infrastructure projects than the needs of the underprivileged. He asked how much of the \$30 billion provision would be allocated to the Elderly Services Programme Plan ("ESPP") for meeting the huge demand of the elderly for subsidized residential care places.

20.4 The Chairman said that, in the cases of foreign countries, developing community care services ("CCS") was the long-term direction for elderly services. He asked how much of the \$30 billion provision would be allocated to CCS for the elderly.

20.5 Dr LAU Siu-lai said that to her understanding, the Administration's subsidy for CCS was insufficient for non-governmental organizations ("NGOs") to provide adequate services to the elderly persons in need. She enquired about the details of the Administration's plan to use the \$30 billion earmarked provision, and called on the Administration to devote resources from the relevant provision to provide adequate elderly services.

20.6 Mr WU Chi-wai enquired about the specific details and funding requirements of the \$30 billion provision, such as whether the

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provision covered the recurrent expenditure on staff costs, etc. He took the view that the programmes to be implemented in accordance with the recommendations of ESPP should be separately funded to cover their recurrent expenditure.

20.7 In response, SLW said that "ageing in place as the core, institutional care as back-up" was the Administration's elderly care policy. The Administration took a forward-looking approach by earmarking a sum of \$30 billion, and this clearly demonstrated that elderly and rehabilitation services would continue to be the Government's policy priorities. In particular, additional resource requirements were expected to implement the series of recommendations put forth in ESPP to be completed this year and those in the new Rehabilitation Programme Plan to be formulated. The details and funding requirements would be ascertained upon receipt of the completed ESPP and upon formulation of the corresponding implementation plans. In accordance with established procedures, the Administration would explain the programmes to be implemented under ESPP to the relevant Panels of the Legislative Council and discuss with Members the details and funding requirements concerned in due course.

Residential care services for the elderly

20.8 Dr Fernando CHEUNG said that 4 290 and 1 814 elderly persons passed away while on the waiting lists for subsidized care-and-attention homes and subsidized nursing homes respectively in 2016, but the Administration would provide only 149 additional subsidized residential care places in 2017-2018, which were inadequate to meet the demand.

20.9 Mr WU Chi-wai said that the Administration's planned provision of additional residential care places for the elderly was unable to meet the growing service demand arising from the ageing population. He requested the Administration to provide the timetable for the provision of adequate residential care services ("RCS") for the elderly.

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20.10 SLW said that the Administration had been actively identifying vacant public housing units and vacant schools for conversion into elderly and rehabilitation service facilities, and would seek to make good use of the space of subsidized homes and purchase places of private homes with good quality in order to increase the provision of subsidized services. At the same time, the Administration was pressing ahead with the Special Scheme on Privately Owned Sites for Welfare Uses to encourage NGOs to provide additional places for elderly services through expansion, redevelopment or new development on the sites owned by them. Based on the rough estimation of the participating NGOs, about 9 000 additional elderly service places, including 7 000 residential care places and 2 000 day care places, would be provided in the next five to 10 years if all the projects could be implemented smoothly. Permanent Secretary for Labour and Welfare ("PS(LW)") supplemented that one of the initial recommendations of ESPP was that the forward planning in provision of elderly services should be strengthened, including reinstating the population-based planning ratios for various elderly facilities in the Hong Kong Planning Standards and Guidelines ("HKPSG"), so as to identify suitable sites for elderly facilities in land development.

20.11 Regarding the Administration's plan to reinstate the population-based planning ratios for various elderly facilities in the HKPSG, Mr WU Chi-wai was concerned whether the Labour and Welfare Bureau ("LWB") and the Social Welfare Department ("SWD") had, in addition to reinstating the planning ratios, assessed the demand of the elderly for RCS for discussion with the Planning Department ("PlanD") on the planning for the provision of elderly facilities in new development areas.

20.12 PS(LW) said that according to the existing mechanism, when a new development area or site was identified, PlanD would discuss with relevant departments (including SWD) and organizations, and consult the District Council on planning for the provision of community facilities in the development project concerned. Under this arrangement, SWD would explore the need for and possibility of providing welfare facilities in the project at an early stage of the

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planning for a new development area. In general, SWD would take into account the needs of the local community, the overall demand for welfare services, the floor area requirements of different welfare facilities, the location and accessibility of the site as well as the advice from all relevant departments on site constraints, development parameters and limitations (including such environmental issues as noise and air quality) in drawing up optimal welfare facilities to meet the service demand arising from such development and also to address the wider community demand.

20.13 Mr POON Siu-ping was concerned about the inspection and monitoring of residential care homes for the elderly ("RCHes") and residential care homes for persons with disabilities ("RCHDs"), including the reasons for the rise and fall in the numbers of warning letters or advisory letters issued to RCHes and RCHDs, as well as the follow-up to issuance of those letters. Given that SWD was planning for the establishment of a new Licensing and Regulation Branch ("LR Branch"), under which the staff of the Licensing Office of Residential Care Homes for the Elderly and the Licensing Office of Residential Care Homes for Persons with Disabilities ("LORCHD") would be integrated, Mr POON asked whether there would be changes to the work of LR Branch as compared with the two licensing offices after the integration of staff.

20.14 Noting that the number of surprise inspections conducted by LORCHD dropped from about 1 900 to 1 300 and the number of non-compliance cases found rose from 1 to 33 in the past three years, Mr KWONG Chun-yu enquired whether any RCHDs had had their Certificates of Exemption ("CoEs") revoked or refused renewal due to non-compliance.

20.15 Director of Social Welfare ("DSW") said that SWD inspectors normally gave guidance to RCHDs and advised them, in the form of advisory letters, to enhance their management and services for compliance with the legislation and the Code of Practice. Depending on the circumstances, SWD would also consider issuing warning letters to the RCHDs concerned in respect of their non-compliance and

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strengthen inspections at these RCHDs to ensure the implementation of improvement measures. If the RCHDs persistently fail to make improvement or meet the requirements prescribed in the warning letter, LORCHD will consider taking prosecution action and/or refusing the renewal of the license/CoE or revoking the license/CoE. As SWD would issue advisory and/or warning letters having regard to the actual circumstances, there would be variation in the relevant annual figures. In addition, since the aforesaid number of surprise inspections was as at end-December 2016, the number of inspections in 2016-2017 as indicated in the Administration's reply was lower. In the past three years, two RCHDs had had their CeoEs revoked or refused renewal due to their non-compliance. DSW added that SWD had proposed to set up a new LR Branch to be specially responsible for the regulation of residential care homes and centres (including RCHEs) licensed or registered by SWD, and the increased manpower would facilitate the adoption of a small team approach to comprehensively strengthen the inspection and monitoring of homes providing RCS. Measures to be taken would include strengthening inspection strategy and inspection back-up, dedicated handling and follow-up of complaints, reviewing the legislation and Codes of Practice and formulating care-related guidelines, improving the quality and skills of home operators/managers/staff, stepping up law enforcement and increasing transparency.

Community care services for the elderly and support for carers

20.16 Mr Alvin YEUNG pointed out that the number of people on the waiting list of the Enhanced Home and Community Care Services rose from 1 200 in 2012-2013 to 4 300 in 2016-2017, reflecting the high demand of elderly persons for CCS. Taking the view that the Pilot Scheme on Community Care Service Voucher for the Elderly ("CCSV Pilot Scheme") alone was insufficient to address the demand, he asked whether the Administration had any short-term measures to address the current issue of relatively long waiting time for CCS for the elderly.

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20.17 The Chairman supported the Administration's policy direction of "ageing in place as the core". He opined that in the light of the high demand for RCS for the elderly, consideration should be given to increasing CCS for the elderly, such as providing additional subsidized day care service places, with a view to mitigating the demand for RCS places.

20.18 SLW said that before completion of the report on ESPP in the second quarter of 2017, the Government would seize each and every opportunity to improve elderly services. A number of initiatives would be introduced to promote ageing in place, including inviting the Community Care Fund to implement two pilot schemes to provide necessary transitional care and support for elderly persons discharged from public hospitals after treatment and provide home care and support services for elderly persons with mild impairment respectively, and providing 2 000 additional vouchers under the Second Phase of the CCSV Pilot Scheme to support ageing in place for elderly persons with moderate or severe impairment.

20.19 Taking the view that the resources currently allocated to elderly services were insufficient to meet the huge demand, Dr LAU Siu-lai requested that additional resources be allocated to continuously cater for the needs of the elderly. Noting that compared with the cost per case served of the Integrated Home Care Services ("IHCS"), the service value of meals consumed by the participants of the Pilot Scheme on Home Care and Support for Elderly Persons with Mild Impairment ("HCSEPMI Pilot Scheme") was higher, Dr LAU queried whether the subsidy for IHCS was sufficient for NGOs to provide adequate meals services.

20.20 DSW said that unlike the participants of the HCSEPMI Pilot Scheme, those using IHCS (Ordinary Cases) were mostly able-bodied elderly persons for whom a lower proportion of rehabilitation services were needed, hence the difference in cost between the two kinds of services. In addition, the HCSEPMI Pilot Scheme adopted a co-payment arrangement. The amount of co-payment payable by elderly persons for meals would be set at 20% to 45%, whereas the

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remaining service value of meals would be paid by the Administration. DSW added that elderly persons could use IHCS according to their actual needs. Moreover, the HCSEPMI Pilot Scheme would incorporate the case management approach under which service providers would be required to discuss with eligible elderly persons and formulate individualized care plans for them with reference to the assessment results. Eligible elderly persons can choose suitable service providers and service packages based on their needs to receive meals and/or home services.

Human resources for care services

20.21 Mr POON Siu-ping was concerned about the situation of participation in the Navigation Scheme for Young Persons in Care Services ("Navigation Scheme"). Given that there were still training places available under the Navigation Scheme, he enquired about the measures to be taken by the Administration to attract more young people to join the scheme. Mr POON sought information on the effectiveness of the publicity efforts for the Navigation Scheme.

20.22 DSW responded that to encourage the participation of young persons in the Navigation Scheme, SWD had produced promotional posters and leaflets for distribution in secondary schools, study rooms and welfare organizations providing youth services. The Navigation Scheme had also been widely publicized via public transport and Internet platforms before and after the release of the Hong Kong Diploma of Secondary Education Examination results. A press conference was held on 11 July 2016 for introducing the features of the Navigation Scheme in which trainees were arranged to share their learning experience under the scheme. DSW said that the relevant publicity efforts had effectively attracted young people to join the Navigation Scheme.

20.23 Mr LEUNG Che-cheung noted that of the 555 trainees recruited to the Navigation Scheme, 424 had been arranged to work in elderly/rehabilitation service units and 12 were awaiting placement matching/re-matching. He requested the Administration to provide

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information on the reasons why some trainees had not yet been arranged to work in elderly/rehabilitation service units. Mr LEUNG was also concerned about how the shortage of healthcare manpower in RCHEs would be addressed.

20.24 SLW said that the Administration was aware of the need for the welfare sector to set up a promotion ladder for the care industry in order to attract young people to join the industry. To alleviate the shortage of nurses in the welfare sector, SWD had collaborated with the Hospital Authority ("HA") since 2006 to organize a two-year Enrolled Nurse (General)/Enrolled Nurse (Psychiatric) Training Programme. A total of 14 training classes had been organized so far, providing a total of about 1 800 training places. Another 920 training places would be provided in the coming few years. The trainees were required to sign an undertaking to work in the welfare sector continuously for two years upon graduation. As regards professional therapists, in the 2016-2017 to 2018-2019 triennium, the numbers of training places of undergraduate programmes in physiotherapy and occupational therapy were increased by 20 and 10 per cohort respectively. To encourage graduates from these two programmes to join the welfare sector, SWD has also implemented a Training Sponsorship Scheme to provide funding support for NGOs to sponsor the tuition fees of students recruited by these NGOs. The sponsored students must work for the NGOs for at least two years after graduation. On the other hand, studies were also being conducted on ways to unleash women labour force with a view to supplementing the workforce in social welfare care services.

Elderly Services Programme Plan

20.25 Regarding the recommendation of ESPP that planning ratios for elderly services should be reinstated into HKPSG, Dr Fernando CHEUNG considered that the planning ratio for RCS as proposed by Administration was higher than that for CCS, thus being unable to align with the Administration's policy direction of "ageing in place as the core". Dr CHEUNG asked why the Administration had not earmarked

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more sites for providing adequate CCS when the planning ratios were set.

20.26 PS(LW) said that CCS were relatively diverse in form, and users might use such services having regard to the actual circumstances. Therefore, they had varying demand for such services. On the other hand, some frail elderly persons still had a certain demand for RCS. Accordingly, the planning ratios recommended in ESPP were drawn up having regard to the stakeholders' views collected in public engagement exercises and the analysis conducted by the consultant team engaged for ESPP.

20.27 Dr CHIANG Lai-wan said that the recommendations of ESPP should consider how to address the demand for elderly services among childless middle class people and elderly persons living close to the poverty line. Dr CHIANG suggested that the Administration should take the elderly services in foreign countries as reference to enhance the provision of elderly services.

20.28 SLW and PS(LW) said that ESPP would consider providing elderly persons with different elderly services to choose from, through the concept of co-payment and having regard to the actual circumstances, thus meeting the needs of different elderly persons, including the middle class. The Elderly Commission had visited Japan to learn from its experience in elderly services, such as how to apply technology in elderly services. Deputy Secretary for Labour and Welfare (Welfare)2 added that ageing in place was also the way forward for the elderly services in Japan. The RCHEs in Japan would apply technologies in elderly services, including technologies that facilitated elderly rehabilitation, as well as those that would reduce the manpower required by service providers and the risk of injury to staff members.

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Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families

20.29 Mr KWONG Chun-yu held the view that the Administration should consider improving the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families by, for example, cancelling the asset test for the applicants. He asked whether the pilot scheme would be regularized. DSW responded that the Administration had commissioned a consultant to review the effectiveness of the pilot scheme. If the consultant report confirmed the effectiveness of the scheme, consideration might be given to regularizing the scheme.

Rehabilitation and medical social services

20.30 Ms Alice MAK was concerned that the numbers of medical social workers in Tin Shui Wai Hospital and North Lantau Hospital were only three and four respectively, which were insufficient to meet the service demand. In view of the ageing population and the increasing demand for CCS by patients, Ms MAK enquired whether the Administration would allocate more manpower and resources to such services, and about the relevant criteria for manpower allocation.

20.31 Deputy Director of Social Welfare (Services) responded that the Administration provided appropriate medical social services as and when necessary in conjunction with the launch of the hospital services. SWD would keep in view the existing services and resources and make suitable deployment or seek new resources to meet changing service needs while taking into account the community needs and development of HA's healthcare services, etc.

20.32 Regarding Mr KWONG Chun-yu's suggestion of providing evening out-patient services for patients with mental illness, SLW undertook to relay the suggestion to the Food and Health Bureau and HA for consideration.

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20.33 Dr KWOK Ka-ki was concerned about the progress of and timetable for providing assistance to integrated community centres for mental wellness ("ICCMWs") which had not yet identified suitable sites for permanent accommodation. Dr KWOK enquired about the measures in place to attract clinical psychologists or psychiatrists to provide services for ICCMWs.

20.34 SLW said that 15 ICCMWs were currently operating in permanent accommodation. Suitable sites for permanent accommodation had been identified for five ICCMWs, where fitting-out/building works or district consultation were being/would be carried out. For four other ICCMWs, while space had been preliminarily reserved in new development or redevelopment projects under planning, the projects had yet to be confirmed at this stage. These four ICCMWs were currently renting commercial premises for service provision or office use with subsidy from the Government. In the meantime, the Administration had substantially increased the funding for such centres over the past years, and would still increase the number of relevant social workers and supporting staff and continue to study with HA how to strengthen collaboration on the improvement of the services provided by ICCMWs in the coming years. SLW undertook to provide, after the meeting, supplementary information on the progress of and timetable for the establishment of permanent accommodation for ICCMWs.

20.35 Mr WU Chi-wai held that there were currently varying degrees of disabilities among persons with disabilities in RCHDs, resulting in difficulties for staff members of RCHDs to take care of different persons with disabilities. He urged the Administration to review the operation of RCHDs in order to improve the service quality. Mr LEUNG Kwok-hung called on the Administration to establish a dedicated department for monitoring the operation of RCHDs.

20.36 PS(LW) responded that the Chief Executive announced in his 2017 Policy Address that after the Elderly Commission completed the formulation of ESPP, the Administration would start formulating a new Hong Kong Rehabilitation Programme Plan by making reference to the

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relevant experience, and would collect stakeholders' views on the operation of RCHDs during the formulation process.

Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities

20.37 Mr POON Siu-ping asked whether the Administration had set a timetable for the remaining route group, consisting of six routes in total, to join the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("Concession Scheme"). SLW responded that the operator concerned was carrying out the necessary preparation work so as to meet the accounting and auditing requirements, with a view to participating in the Concession Scheme as soon as possible.

20.38 Mr Frankie YICK pointed out that quite a number of operators of public light bus ("PLB") routes wished to join the Concession Scheme and had made suggestions on the relevant arrangements. He urged the Administration to conduct studies and follow-up actions on the extension of the scheme to cover PLBs as soon as possible.

20.39 SLW said that the mode of operation of PLBs was different from that of green minibuses ("GMBs"). The routing and fare of PLBs were not regulated by the Government. The Government currently had no plan to extend the scheme to cover PLBs. Under the current policy, the Government would encourage the conversion of PLBs to GMBs by planning and introducing more new GMB routes. The Government would consider the scope of the modes of public transport under the scheme in the comprehensive review scheduled to take place in 2018-2019.

20.40 Mr Jeremy TAM said that it was difficult for persons with disabilities to board and alight from light buses, thus rendering them less likely to benefit from the Concession Scheme. Mr TAM was concerned about the details and way forward of the Trial Scheme for Low-floor Light Buses introduced by the Administration, including

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how the issue of low-floor light buses that were of a length and weight exceeding the statutory limits of PLBs in Hong Kong would be addressed and how the current situation of persons with disabilities encountering difficulties in taking light buses would be improved.

20.41 Commissioner for Transport responded that to facilitate the access of wheelchair users to PLBs, the Government and GMB operators had identified new low-floor wheelchair-accessible PLB models, which would be introduced for trial on three hospital routes. If the length of such low-floor wheelchair-accessible PLB models exceeded the current statutory length limit of PLBs at seven metres in Hong Kong, the Commissioner for Transport would consider exercising her discretionary power to grant exemption in respect of vehicle length to facilitate the trial runs of those low-floor PLB models in Hong Kong. It was expected that the trial scheme would commence in the second half of 2017 and last for half to one year. Upon commencement of the trial scheme, the authorities would review the operational effectiveness of the vehicles with the operators, including the feasibility of the technical operation, repair and maintenance, and passengers' feedback. If the trial was considered feasible and desirable after the review, the Administration would discuss with the trade the feasibility of further promoting low-floor PLBs.

Social security and retirement protection

20.42 Dr Priscilla LEUNG called on the Administration to provide more welfare measures on retirement protection for persons aged 60 to 64, such as the provision of mobile dental service vehicles, so as to enable them to benefit from the concession scheme. SLW noted the suggestion and advised that at present, the Administration would provide appropriate welfare measures for those in need. With longer average life expectancy, it was necessary for the authorities to consider the financial burden arising from changes in welfare measures.

20.43 Dr LAU Siu-lai noted that the Administration had set aside \$50 billion in 2015 for the purpose of implementing retirement

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protection in future. She enquired about the progress of utilizing the earmarked funding.

20.44 SLW advised that the Administration's proposal of setting aside \$50 billion was a reflection of its commitment to improving the retirement protection system. Regarding the welfare measures related to retirement protection, two proposed enhancements to the Old Age Living Allowance ("OALA") were announced in the 2017 Policy Address. Upon full implementation of these measures for the first 10 years, an additional expenditure of about \$76 billion would be incurred. Taking into account the aforesaid enhancements to OALA, as well as the measures proposed in the 2017 Policy Address to better cope with the medical needs of the elderly, the estimated additional expenditure on retirement protection would exceed \$90 billion for the first 10 years.

20.45 Dr LAU Siu-lai noted that if an elderly applicant of the Guangdong Scheme ("GD Scheme") was an authorized public housing tenant, he would be required to surrender his public rental housing ("PRH") unit or delete his name from the tenancy, as appropriate, before leaving Hong Kong. Dr LAU enquired whether an elderly applicant of GD Scheme who eventually applied for taking up permanent residence in Hong Kong could have accommodation in PRH or have his name reinstated in the tenancy. DSW advised that applicants of GD Scheme could apply for a letter of assurance from the Housing Department/Hong Kong Housing Society, so that they would not need to apply for PRH afresh through the Waiting List ("WL") again if they subsequently chose to return to Hong Kong for good. The allocation of units to the applicants concerned would, however, be subject to availability of PRH units at the time. Applicants should also meet other prevailing eligibility criteria on the WL, such as the income and asset limits.

20.46 Ms Claudia MO said that the number of eligible applicants of the Comprehensive Social Security Assistance ("CSSA") Scheme increased substantially since SWD had restored the "one-year residence requirement" implemented before 1 January 2004. She asked whether

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the Administration would be able to bear the expenditures required for CSSA Scheme in the long run.

20.47 SLW advised that CSSA Scheme aimed to provide social security for people in need, and its assets test was to ensure that those with genuine needs could be benefited from the Scheme. Moreover, SWD also commissioned NGOs to provide employment assistance services for able-bodied CSSA recipients who had the ability to work, so as to enhance their employability, assist and motivate them to seek employment and to be self-reliant. SLW added that the number of CSSA recipients had been decreasing for 69 consecutive months.

20.48 Mr LEUNG Kwok-hung considered that the amount of the Low-income Working Family Allowance was inadequate to assist those in need, and expressed dissatisfaction with the Administration's failure to implement universal retirement protection. He urged the Administration to provide welfare measures on dental care services for the poor.

Women's interests and employment

20.49 Mr CHAN Chun-ying supported the Administration's continuous efforts to encourage more female participation in the work of advisory and statutory bodies ("ASBs"), so as to achieve the 35% gender benchmark. He enquired whether any specific measures would be put in place to help ASBs achieve the 35% gender benchmark, and about the reasons for the proportion of female non-official members in ASBs being lower than 35%. Mr CHAN sought information on the number of curricular vitae provided by male data subjects in the Central Personality Index.

20.50 Ms Alice MAK enquired how the Administration would promote more female participation in the work of ASBs, so as to achieve the 35% gender benchmark.

20.51 Dr Helena WONG enquired about the reasons for the drop of the proportion of appointed female non-official members to ASBs from

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32.0% in 2014 to 31.7% in 2016, in particular the reasons why some ASBs associated with universities failed to achieve the 35% gender benchmark.

20.52 PS(LW) responded that the appointments of non-official members to ASBs were made on the basis of the merit of individuals concerned, taking into account a candidate's ability, expertise, experience, integrity and commitment to public service, and with due regard to the functions and nature of business of the ASBs concerned as well as the statutory provisions of ASBs in this regard. Efforts would continue to be made to attract capable women to participate in community and public service, and to invite organizations and bodies to nominate female members for inclusion into the Home Affairs Bureau's Central Personality Index. LWB would from time to time remind bureaux and departments that, when considering the appointment of members to their ASBs on the basis of the aforesaid principle, they should comply with the updated 35% gender benchmark as far as possible and provide justifications and make improvements expeditiously in case they failed to achieve the benchmark. The failure of some ASBs to achieve the 35% gender benchmark was attributed to the higher male proportion in their relevant industries. The Administration had requested ASBs to try their best to make improvements. PS(LW) agreed to provide the information requested by Mr CHAN Chun-ying after the meeting.

20.53 Dr Helena WONG was concerned about the training provided by the Administration for Gender Focal Points ("GFPs") within bureaux and departments, and enquired about the efforts made by these GFPs in promoting gender equality.

20.54 PS(LW) advised that the Administration had provided various gender-related training programmes for GFPs, including seminars and training programmes taught by professionals. Since April 2015, all bureaux and departments had adopted gender mainstreaming and applied the gender mainstreaming checklist developed by the Women's Commission when formulating major government policies and initiatives.

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Child care services and after-school support

20.55 Mr HUI Chi-fung queried the effectiveness of measures implemented by the Administration for enhancing the remuneration for child care staff, and considered that such measures were insufficient to retain and attract child care staff. Mr HUI expressed concern about the operation of subsidized child care services, including the utilization rate of aided standalone child care centres ("CCCs") having reached 100%, publicity of occasional child care services being insufficient, ancillary facilities for child care services failing to cope with users' demand, etc. He requested the authorities to keep information about the waiting time of child care services, and provide information on how to better cope with the demand for child care services for infants aged zero to three.

20.56 Ms Alice MAK noted with concern that there was no aided standalone CCC in some districts such as Southern, Islands, Kwun Tong, Wong Tai Sin districts, and enquired how the Administration would cater for the demand of parents in these districts for child care services.

20.57 SLW responded that since 2015-2016, SWD had provided in phases about 5 000 additional places of Extended Hours Service at aided CCCs and kindergarten-cum-CCCs in districts with high demand so that more pre-primary children who were aged below six and in need could continue to receive extended hours of care in the same service units, alleviating the pressure of their working parents. SWD also planned to provide about 100 additional places at aided standalone CCCs in Sha Tin district in 2018-2019 for provision of whole day services for infants aged below three, and would explore the feasibility of attaching child care service facilities to government buildings to be constructed in Tseung Kwan O. NGOs participating in the Special Scheme on Privately Owned Sites for Welfare Uses would also provide additional child care services through the Scheme. Moreover, in December 2016, SWD commissioned the University of Hong Kong to conduct a consultancy study on the long-term development of child care services. The study would take stock of the existing child care

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services in Hong Kong, and make reference to the experiences in providing child care services in other places. It would also conduct in-depth analyses on different aspects of child care services in Hong Kong, such as objectives, contents, targets, financing modes, service models, demand and supply situation, facility planning, manpower planning and training, and would make recommendations on the long-term development of the services.

20.58 Mr Holden CHOW noted that there were only 20 child carers participating in the Neighbourhood Support Child Care Project ("NSCCP") in the Islands District at present. He considered that the variation in the number of child carers in 18 districts was relatively great, and requested the Administration to provide information about the criteria for manpower deployment. He urged the Administration to assess the service demand for NSCCP, such as keeping the information about the waiting time of NSCCP, with a view to providing appropriate services.

20.59 DSW advised that in renewing service contracts of NSCCP in 2014, SWD had reviewed the contents of NSCCP with operators in 18 districts, so as to lift the age limit of child beneficiaries from below six to below nine. The Administration had not formulated any criteria for manpower deployment for NSCCP, and would discuss with the operators in a timely manner, so as to enable them to increase service places flexibly having regard to the needs of the local communities and obtain additional funding from SWD.

Supporting children with special needs

20.60 Ms Alice MAK considered that the waiting time of pre-school rehabilitation services was relatively long at present, and urged the Administration to implement measures to shorten the waiting time.

20.61 Dr KWOK Ka-ki considered that service places at supported hostels provided by the Administration was insufficient and the waiting time was long, rendering children with special needs unable to obtain appropriate services as and when necessary. He called on the

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authorities to inject more resources to support children with special needs.

20.62 SLW advised that through the Special Scheme on Privately Owned Sites for Welfare Uses and other channels, service places at supported hostels had been increased. The Administration would also continue to increase places for pre-school rehabilitation services and provide training subsidy for children who were waiting for subsidized pre-school rehabilitation services. In 2015, the Administration launched a two-year Pilot Scheme on On-site Pre-school Rehabilitation Services, which provided about 2 900 service places for over 480 kindergartens or kindergarten-cum-CCCs. Starting from 2017-2018, the Administration would reserve an annual recurrent funding of \$582 million to enhance the support for children with special needs, including regularizing the Pilot Scheme and providing 7 000 service places by phases, with a view to shortening the waiting time of the relevant services.

Services for street sleepers

20.63 Mr Nathan LAW commented that the Administration currently did not have any inter-departmental policies to improve the livelihood of street sleepers. He was dissatisfied that statistics related to street sleepers, such as the number of those receiving services for street sleepers, a breakdown of the expenditure and manpower establishment of shelters, the average length of their stay in hostels, the reasons for their leaving the hostels or shelters, etc., were not available. Without these statistics, the Government was unable to formulate effective policies. Mr LAW requested the authorities to provide information on the reasons for street sleepers being provided with emergency relief fund, and urged the authorities to raise the amount of emergency relief fund provided for street sleepers.

20.64 DSW responded that the relevant statistics were not available because NGOs had been operating and providing the services for street sleepers on a self-financing basis. The Administration currently provided financial assistance and rent subsidy to street sleepers and

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provided them with emergency relief fund through NGOs according to their needs. In recent years, the amount of emergency relief fund had increased from \$70,000 to \$90,000 for each Integrated Services Team for Street Sleepers per year to enable eligible users to cover various expenses, such as payment of rent, rental deposit, other removal expenses and short-term living costs.

Services for ethnic minorities

20.65 Ms Alice MAK considered that the number of leaflets currently produced by government departments to inform ethnic minorities ("EMs") of the services available to them was insufficient, and some EMs could not obtain the relevant information via the Internet. She urged the Administration to tackle the relevant problems.

20.66 DSW responded that SWD had taken a series of measures to ensure that EMs enjoyed equal access to social welfare services. These measures included translating booklets/leaflets on major services, etc. into various EM languages and providing sufficient copies for distribution to EMs at the Integrated Family Service Centres.

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21.1 At the invitation of the Chairman, Mr Stephen SUI, Secretary for Labour and Welfare ("SLW") briefed members on the main initiatives and expenditure on the policy area of labour and manpower development for the coming year (Appendix IV-19).

Occupational safety and health

Enforcement work

21.2 Dr KWOK Ka-ki and Dr LAU Siu-lai expressed grave concern about the considerable number of fatalities and injuries in the construction industry, in particular those concerning the construction of Hong Kong-Zhuhai-Macao-Bridge ("HZMB"). They raised concern about the Administration's efforts in safeguarding occupational safety of construction workers and prevent recurrence of similar accidents. Dr KWOK also called for imposition of heavier penalty on convicted cases related to fatal industrial accidents in the construction industry by introducing relevant legislative amendments so as to increase the deterrent effect against non-compliance with the occupational safety and health ("OSH") legislation.

21.3 Mr POON Siu-ping expressed concern about the number of industrial fatalities in the past few months. Mr POON held the view that in addition to the publicity and promotional efforts in minimizing work hazards in the construction industry, the Labour Department ("LD") should step up inspection and enforcement actions to ensure work safety of the construction industry.

21.4 Referring to 1 521 summons convicted in 2016 in relation to the construction industry and that the total amount of fines was \$17,426,160 i.e. an average of \$11,457 for a summon convicted, Mr HO Kai-ming was of the view that the level of penalty for violation of the OSH legislation was disproportionate to the construction cost of most of the projects. Noting that there were 2 765 non-fatal industrial accidents in the construction industry in the first three quarters of 2016 and that LD had only issued a total of 686 suspension notices ("SNs") and 2 399 improvement notices ("INs") in 2016, Mr HO queried about

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the effectiveness of the work of LD's Prosecutions Division. He called on the Administration to make appropriate improvements to achieve greater deterrence.

21.5 In response to members' concerns and views, SLW and Commissioner for Labour ("C for L") made the following points:

- (a) violation of the Occupational Safety and Health Ordinance (Cap. 509) ("OSHO") would be liable to a maximum fine of \$500,000 and an imprisonment of 12 months. In a bid to raise the level of penalty for non-compliance with the safety requirements, LD submitted comprehensive information to the court for reference in sentencing. Such information included the serious consequences arising from the accidents in question, the upward trend of the number of accidents concerned, and the highest penalty imposed on similar cases in the past, etc. Depending on the circumstances of individual cases, LD would request the Department of Justice to consider filing a review or an appeal to the court in respect of the conviction and the penalty when necessary to enhance the deterrent effect. The fines imposed by the court on convicted cases related to fatal industrial accidents in the construction industry had increased in recent years when compared with the past. With a fine of \$28,368 on average for a summons, the amount of fines in 2016 had increased by 36% as compared with those in 2014. It was noteworthy that the amounts of total fine imposed on two convicted cases in January 2017 were \$185,000 and \$520,000 respectively; and
- (b) LD staff had been conducting inspections to workplaces of various industries and trades. In the light of the recent spate of construction fatalities and injuries which were mainly associated with work-at-height, LD had redeployed additional staff to step up site inspections

and would take immediate enforcement actions without prior warning upon discovery of unsafe work practices contravening the safety legislation during inspections to the work sites. If an unsafe practice was detected during the site inspection, LD would issue an SN for the immediate suspension of any hazardous work or process which might cause an imminent risk of serious bodily injury to workers. The employer could not resume the work process until LD was satisfied that measures to abate the relevant risks had been taken. LD had issued some 200 SNs/INs in the last two weeks of March 2017 and would take out 132 prosecutions against non-compliance with the OSH legislation. LD would continue its efforts on this front.

21.6 SLW added that LD would strive to minimize work hazards in the construction industry through raising the awareness of employers and employees, inspection and enforcement, publicity and promotion, as well as education and training. In response to the series of recent fatal industrial accidents, LD was actively organizing a large-scale campaign to enhance the safety awareness of the construction industry.

21.7 Mr LEUNG Kwok-hung, however, expressed the view that subsequent to the issuance of SNs, contractors concerned might be under great pressure to catch up with the works progress. Under such circumstances, construction workers would be more prone to industrial accidents.

Injuries and fatalities in connection with construction of HZMB

21.8 Mr Holden CHOW noted with concern about the increasing number of injuries in connection with the construction of HZMB over the years. He asked whether the Administration had looked into the causes of such industrial accidents in a bid to prevent recurrence of accidents of similar nature. He also called on the Administration to strengthen its regulatory efforts.

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21.9 C for L responded that the Administration had investigated all fatal cases that happened at HZMB construction sites. It was noteworthy that the number of construction workers engaged varied at different stages of the construction of HZMB. The accident rate per 1 000 workers was 22.5 for the HZMB local projects whereas the overall accident rate per 1 000 workers was 34.8.

21.10 Mr CHU Hoi-dick enquired about the number of injuries/fatalities in connection with the construction of HZMB in areas outside Hong Kong. C for L said that LD did not have such statistics. C for L further said that LD would conduct investigation into each fatal case at work. It was understood that the Highways Department ("HyD") had set up an Independent Investigation Task Force on 30 March 2017 to investigate the possible causes of the fatal accident on 29 March 2017 to prevent recurrence of similar accidents and to develop improvement measures on site safety. The Task Force would submit a report to the Director of Highways in three months. Mr CHU's request for the provision of the abovementioned statistics and investigation report would be relayed to the Transport and Housing Bureau and HyD.

Occupational injuries statistics

21.11 Mr Nathan LAW cast doubt about the accuracy of LD's record on fatalities related to the HZMB local projects, given that the record showed that there were only five fatalities since the commencement of work in 2011. To his knowledge, there were more than five such cases. Mr LEUNG Kwok-hung said that the Administration should make available the total number of injuries and fatalities in connection with the construction of HZMB, regardless of whether the fatalities were sea-based or land-based.

21.12 C for L explained that the above cited record covered the period up to the first three quarters of 2016. Since the commencement of the work in 2011, there were nine fatalities in connection with the HZMB local projects, including the two recent fatalities happened in late March 2017. He added that two fatal accidents in 2014 which

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involved workers on vessels were not industrial accidents as defined under the Factories and Industrial Undertakings Ordinance (Cap. 59).

Other related issues

21.13 Dr LAU Siu-lai sought information on the amount of employees' compensation payable to injured workers related to the construction of HZMB. C for L advised that the requisite information was not available. It was also noteworthy that for fatal cases, the settlements between the family members of deceased employees and the employers/contractors concerned were very often made under their confidential agreements.

21.14 Dr LAU Siu-lai and Mr Chu Hoi-dick expressed grave concern that LD did not keep separate statistics concerning work injuries of cleansing workers engaged in the Government's outsourced services. C for L advised that LD did not have such statistics as the injured workers were not required to provide information on whether they were government service workers. C for L stressed that LD was committed to enhancing the protection of all employees' OSH, irrespective of whether they were government service workers.

21.15 Mr POON Siu-ping noted that of the 1 720 new patients who sought consultation at LD's occupational health clinics in 2016, 1 442 patients (i.e. 83.8%) suffered from musculoskeletal diseases. He enquired whether the Administration had conducted a study to find out the causes and formulate improvement measures.

21.16 C for L said that most of the new cases in musculoskeletal disorders were clerical employees who needed to use computers at work and undertake typing duties. The Administration would consider deploying extra manpower resources to categorize such cases by nature of occupational diseases.

21.17 Mr Nathan LAW said that to his understanding, some industrial accidents had not been reported to LD for various reasons, including higher premium charged to the principal contractors for

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procuring employees' compensation insurance ("ECI") after occurrence of accidents. Mr LAW enquired about the regulatory measures to be taken by the Administration to ensure that industrial accidents would be duly reported to LD. C for L said that clear provisions were stipulated under the law that an employer must notify C for L of any accident in the prescribed form within a specified period.

Measures to facilitate women to join the workforce

21.18 Dr Helena WONG expressed grave dissatisfaction about the insufficient provision of places of aided standalone child care centres ("CCCs"). She pointed out that CCCs were not available in some districts and that the utilization rate of the service was close to 100% in many districts in the past three years. The inadequate provision of subsidized child care services had deterred a considerable number of grassroots female homemakers from joining the workforce. In the light of the considerable fiscal reserve, Dr WONG enquired about the Administration's plan of addressing the shortage problem of CCC places with a view to releasing female to join the workforce.

21.19 SLW shared the view that provision of appropriate subsidized child care services and implementation of family-friendly measures would help unleash female workforce. Currently, various types of child care services provided a total of about 29 500 places. The Social Welfare Department ("SWD") had all along been providing subsidies to non-governmental organizations ("NGOs") to run a variety of child care services for children below the age of six, including standalone CCCs, kindergarten-cum CCCs, occasional child care services and Mutual Help Child Care Centre services. In addition, the Administration had been encouraging enterprises to provide child care services to their employees. SWD would continue monitoring the demand for various types of child care services, and would plan for the additional provision of CCCs in districts with high demand, including the planned provision of about 100 additional aided long full-day child care places for children aged below three in Shatin in 2018-2019, roughly about 160 self-financing child care places to be provided by NGOs which had submitted preliminary proposals under the Special Scheme on Privately

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Owned Sites for Welfare uses, and exploration of the feasibility of provision of about 100 NGO-operated child care places at the proposed Government Complex in Tseung Kwan O. SLW advised that in December 2016, SWD had commissioned a consultant to conduct a "Consultancy Study on the Long-term Development of Child Care Services". It was expected that the study would take at least one year to complete.

21.20 SLW further advised that the Employees Retraining Board ("ERB") would extend the "Modular Certificates Accumulation Scheme" to courses with market demand in more industries to allow trainees (in particular female trainees) who had work or family commitments to make flexible arrangements for further studies, acquire recognized qualifications, and re-enter the labour market, including working in the residential care homes for the elderly ("RCHEs").

Employment support and services

Elderly employment

21.21 Mr KWOK Wai-keung pointed out that although the civil service had since 1 June 2015 extended the retirement age of new recruits appointed to certain grades, employers in the private sector had not followed the practice of extending the retirement age of their employees. Mr KWOK enquired about the employment support and services for elderly persons to secure employment.

21.22 Mr WU Chi-wai shared a similar concern. To his understanding, many elderly employees had been informed by their employers of difficulties in taking out ECI for them and thereby their employment would terminate when they reached the age of 65. Mr WU enquired whether the Labour and Welfare Bureau ("LWB") had liaised with the insurance sector in respect of the ECI coverage of elderly employees.

21.23 C for L said that to encourage employers to provide more employment opportunities to the middle-aged and mature job seekers,

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LD had since September 2015 extended the Employment Programme for the Middle-aged ("EPM") to cover part-time jobs (i.e. working 18 hours to less than 30 hours per week). Employers engaging unemployed job seekers aged 40 or above and providing them with on-the-job training could apply for an allowance of up to \$3,000 per month per employee, for a period of three to six months, upon completion of the on-the-job training. In addition, to meet the needs of some job seekers, including mature persons, to find part-time jobs, LD had set up a dedicated webpage on part-time vacancies at the Interactive Employment Service website to facilitate job seekers interested in part-time employment to search for suitable vacancies. In 2015 and 2016, LD also staged four large-scale thematic job fairs for the middle-aged and mature persons and seven district-based job fairs on part-time employment. In the light of the satisfactory results, LD would continue its work in this regard. C for L added that according to the insurance sector, there was no age limit for procurement of ECI. As such, age was not a factor of consideration in taking out ECI for employees.

Ethnic minority job seekers

21.24 Mr KWOK Wai-keung noted with concern that while there were 901, 994 and 1 043 ethnic minority ("EM") job seekers registered with LD for employment services in 2014, 2015 and 2016 respectively, the number of placements secured through LD's employment referral services were 65, 75 and 82 respectively. Mr KWOK asked about the reasons for the low successful rate of the matching services. Sharing a similar concern, Mr Andrew WAN queried whether it was due to the language barrier of EM job seekers. Mr WAN also enquired about specific measures taken by the Administration to assist EM job seekers in securing employment.

21.25 SLW and C for L said that job seekers might be placed into employment either through LD's referral services or by direct application to employers who advertised vacancies via LD. Currently, the vast majority of vacancies advertised through LD were open for direct application to employers by job seekers. Job seekers who were

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placed into employment through direct application were not required to report their employment status to LD. As a matter of fact, LD had been making proactive efforts to provide dedicated services that catered for the needs of EM job seekers. LD had been making continuous efforts to canvass and disseminate vacancies suitable for EMs, such as those with little/no Chinese language requirements, and organize inclusive job fairs to enhance their employment opportunities. In 2016, LD received 1 347 613 vacancies from the private sector, over 100 000 of which did not require proficiency in speaking Cantonese. In 2017, LD would engage two employment assistants proficient in EM languages to partner with experienced employment officers at the Kowloon West Job Centre in Sham Shui Po and the Employment in One-stop in Tin Shui Wai on a pilot basis to strengthen employment support for EM job seekers. In addition, to strengthen the employment services for EMs, LD had implemented the Employment Services Ambassador ("ESA") Programme for EMs since September 2014, under which trainees of the Youth Employment and Training Programme who could communicate in EM languages were employed as ESAs to work at LD's job centres or industry-based recruitment centres for six months to help EM job seekers use various job search facilities and services. Since the implementation of ESA Programme for EMs, LD had employed 94 trainees. LD had also made arrangements with NGOs to provide interpretation services for EM job seekers who spoke neither Chinese nor English.

Job seekers with special needs

21.26 Mr LUK Chung-hung said that the Hong Kong Federation of Trade Unions was concerned about the employment situation of vulnerable people, including persons with disabilities and ex-mentally ill persons. To his understanding, the unemployment rates of these two types of employees were higher than that of able-bodied persons. Pointing out that the Administration's latest information on the employment situation of persons with disabilities was based on the findings of a relevant survey conducted by the Census & Statistics Department ("C&SD") in 2013, Mr LUK enquired about the Administration's plan in updating the relevant figures and collecting

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similar information on ex-mentally ill persons. To show its commitment in promoting employment of persons with disabilities and ex-mentally ill persons, the Government should consider offering tax concession to employers engaging vulnerable employees or requiring large enterprises or contractors of government outsourced services to employ these vulnerable employees at a specified percentage of the total number of employees.

21.27 SLW said that it would take a number of years for C&SD to conduct a territory-wide thematic survey on the employment situation of persons with disabilities, including the preparatory work and the follow-up analysis. SLW further said that the labour force participation rate of person with disabilities was around 37% and their unemployment rate was two-fold or three-fold of that of able-bodied persons. That said, the Government had been promoting the employment of persons with disabilities through various measures such as providing subsidy for purchase of necessary equipment and training services as well as providing incentive for employers. For instance, under the Work Orientation and Placement Scheme, participating employers would be granted an allowance for up to eight months with a total of up to \$35,000 for each employee with disabilities engaged. In addition, some 500 organizations, including the Government, had signed up for the Talent-Wise Employment Charter and Inclusive Organizations Recognition Scheme and made collective efforts to further promote the employment of persons with disabilities.

21.28 Noting that in 2016, there were 2 790 persons with disabilities registered with LD's Selective Placement Division for employment services and 2 250 placements for job seekers with disabilities were recorded, Mr LUK Chung-hung considered such employment services effective and called on the Administration to step up its publicity efforts in this regard.

Construction industry

21.29 Expressing concern about the acute succession gap in the construction industry, Dr Priscilla LEUNG was of the view that it was

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imperative that upward mobility could be realized with the establishment of a career ladder in the construction industry so as to attract new entrants. In this connection, Dr LEUNG sought information on the age profile of new entrants to the construction industry.

21.30 C for L said that the Development Bureau and the Construction Industry Council had worked collaboratively to attract young people to enter the construction industry. Specifically, training was provided for semi-skilled workers to take up posts of skilled workers. The number of employed persons aged 15 to 24 in the construction industry had increased from some 17 100 in the fourth quarter of 2013 to some 18 400 in the fourth quarter of 2016, i.e. an increase of 8%.

21.31 Dr Priscilla LEUNG further called on the Administration to consider providing diversified training to employees in the construction industry with a view to equipping them to take up supervisory or managing duties.

Importation of labour

21.32 Mr Tommy CHEUNG expressed strong dissatisfaction at the difficulties encountered by the catering sector in applying for labour importation through the Supplementary Labour Scheme ("SLS") administered by LD. Specifically, Mr CHEUNG sought explanation for the decreasing successful rate in the application for importation of cooks in the past few years.

21.33 C for L said that SLS applications would be assessed under the established mechanism and LD would duly consider each application having regard to individual circumstances. For instance, consideration would be given to the staffing situation of the applicant employers and the local supply of manpower for the job titles concerned.

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21.34 Mr Jeremy TAM asked about the breakdown by industry of the 1 486 imported workers who had been approved under SLS to work in the community, social and personal services sectors in 2016. C for L said that most of the imported workers approved under SLS in 2016 in the community, social and personal services industry worked in RCHEs.

21.35 Mr Jeremy TAM noted with concern that out of the 2 716 and 1 693 applications for imported workers under SLS to work in the construction industry in 2014 and 2016, the number of approved imported workers were 342 and 1 445 respectively. Having regard to the high successful rate of the applications, Mr TAM enquired whether there was any policy change in approving the SLS applications.

21.36 C for L affirmed that there was no policy change in processing SLS applications. With the implementation of enhancement measures under SLS in April 2014, the average time for processing relevant SLS applications in public works had been shortened from about seven and a half months to around six months. Furthermore, SLS applications received towards year-end might be approved in the following year, and hence the number of imported workers approved each year did not necessarily fully reflect the approval results of the applications received in the year.

Outsourcing of government services

21.37 Dr LAU Siu-lai was concerned that most of workers engaged by government service contractors received the statutory minimum wage rate only. She held the view that the Government should take the lead to protect rights and benefits of such workers and require the government service contractors to pay their workers with a reasonable wage level. Dr Fernando CHEUNG was particularly concerned about the wage level and unpleasant working environment of workers engaged by outsourced service contractors of the Food and Environmental Hygiene Department.

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21.38 SLW and C for L said that LWB/LD attached great importance to employees' rights and benefits. Concerns of Dr LAU Siu-lai and Dr Fernando CHEUNG would also be relayed to the Financial Services and the Treasury Bureau.

Review on the Work Incentive Transport Subsidy Scheme

21.39 Mr Andrew WAN expressed concern that the monthly subsidy level of \$600 under the Work Incentive Transport Subsidy ("WITS") Scheme for low-income earners had remained unchanged since its inception in 2011 and was insufficient for those residing in remote areas to cover their actual work-related travelling expenses. Mr WAN asked about the adjustment mechanism of WITS.

21.40 SLW responded that in accordance with the General Household Survey ("GHS") conducted by C&SD in the third quarter of 2015, the average monthly expense of WITS target recipients working across districts on public transport for travelling to and from work was \$481 which fell within the present full-rate of WITS at \$600 per month. LD would continue to monitor the movement of the relevant statistics in GHS.

Review of the implementation of statutory paternity leave

21.41 Having regard to the Administration's undertaking of conducting a review on the implementation of statutory paternity leave ("PL") one year after its coming into operation from February 2015, Mr KWOK Wai-keung was concerned about when the review would be completed. Mr KWOK took the view that the existing three-day statutory PL should be increased to seven days. Mr KWOK called on the Administration to make reference to practice of Singapore and consider providing financial subsidy to employers to cover the additional staff cost arising from increasing the duration of statutory PL.

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21.42 SLW advised that LD was working on the review of statutory PL. Upon completion of the review, LD would report the outcome to the Labour Advisory Board and then the Panel on Manpower.

Continuing Education Fund

21.43 Mr Tommy CHEUNG expressed dissatisfaction that course fees for certain programmes in the catering sector, such as Professional Diploma in Chinese Catering Management (previously known as 稻苗培植計劃), were not eligible for reimbursement under the Continuing Education Fund ("CEF"). Noting that the Administration had commissioned a consultant for the review of CEF, Mr CHEUNG enquired whether consideration would be given to expanding the coverage of CEF to include training courses for the catering sector.

21.44 SLW responded that the review would include the coverage of CEF. Permanent Secretary for Labour and Welfare ("PSLW") added that at present, training courses under eight specified domains could be registered as CEF courses by application, subject to certain criteria. The Administration would liaise with the catering sector in respect of enlisting catering courses on the list of CEF reimbursable courses as appropriate while observing the principle of avoiding overlapping of resources, having regard to the fact that ERB and the Vocational Training Council had been offering similar courses for the catering sector.

21.45 Noting the Administration's proposal of injecting an additional \$1.5 billion into CEF in 2017-2018, Mr KWOK Wai-keung sought information on the usage of the funding. He asked whether the Administration would consider raising the reimbursable ceiling for those who had exhausted the maximum sum of \$10,000 per eligible applicant on successful completion of reimbursable CEF course(s).

21.46 PSLW responded that currently the uncommitted balance of CEF was \$1.3 billion. Having regard to the sustainability of CEF, the Administration proposed to inject an additional \$1.5 billion into CEF in 2017-2018 with a view to ensuring its sufficiency to maintain the

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operation of CEF up to 2024. The scope of review would cover CEF's future direction and operation, including the age limit of service target, coverage of eligible courses and the requirement that a maximum of four claims could be made by each applicant.

Chapter XXII: Education

22.1 At the Deputy Chairman's invitation, Mr Eddie NG, the Secretary for Education ("SED") briefed members on the main initiatives and expenditure on the policy area of education for the coming year (Appendix IV-20).

Primary and secondary education

Support for non-Chinese speaking students

22.2 Mr Holden CHOW noted that the Education Bureau ("EDB") had implemented the Chinese Language Curriculum Second Language Learning Framework ("Learning Framework") to step up support for non-Chinese speaking ("NCS") students in learning the Chinese language. However, ethnic minority communities had pointed out that in implementing the Learning Framework, teachers had difficulties in developing teaching materials and teaching plans. There was a need for the Administration to develop a standardized "Chinese language as a second language curriculum" to address teachers' difficulties and facilitate the learning of NCS students. Ms Claudia MO shared similar views. The Deputy Secretary for Education (5) ("DS(Ed)5") responded that the Learning Framework was developed from the perspective of second language learners with a systematic set of learning targets, learning objectives and expected learning outcome which were arranged in "small steps" at different learning stages according to individual learners' needs. In addition, EDB had developed supporting learning and teaching materials, such as a series of Chinese as a Second Language Learning Packages in the form of textbooks, for implementing the Learning Framework.

22.3 Noting that the Standing Committee on Language Education and Research ("SCOLAR") had recommended an allocation of \$42 million from the Language Fund to finance enhancement programmes on Chinese and English literacy and pedagogy for kindergarten teachers, Ms Claudia MO asked whether the enhancement programmes would benefit the teaching of NCS students. DS(Ed)5 responded that the SCOLAR's recommendation was made in response to the views from post-secondary and/or tertiary institutions offering

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early childhood education programmes.

22.4 Noting that NCS students accounted for 6.5% of all pre-primary students and 3.1% of all primary students in the 2015/2016 school year, Mr CHEUNG Kwok-kwan asked if the numbers of NCS students at primary and secondary levels would increase in the coming years or otherwise. The Under Secretary for Education advised that the statistics did reflect an upward trend of NCS students when they progressed from pre-primary level to primary and secondary levels.

22.5 The Deputy Chairman expressed concern that NCS students lacked incentives to learn Chinese Language and improve their Chinese proficiency. The best result attained in Applied Learning Chinese (for NCS students) ("ApL(C)") was only on par with Level 3 in the Hong Kong Diploma of Secondary Education ("HKDSE"). To motivate students in learning, he called on the Administration to consider reporting ApL(C) results to above Level 3 in HKDSE to reflect students' better performance and enhance their further studies and employability. SED advised that post-secondary institutions might consider the applications of NCS students case by case and handle the Chinese Language requirement flexibly. The number of NCS students admitted to local universities had increased from 244 in the 2012/2013 academic year to 367 in the 2015/2016 academic year. NCS students became more keen to learn Chinese Language and their parents were pleased to note that more NCS students could pursue studies in tertiary institutions.

Support for students with special educational needs

22.6 Mr Dennis KWOK enquired whether the number of trained teachers would be increased to cater for the needs of students with special educational needs ("SEN students") in mainstream schools receiving support under the 3-Tier Intervention Model, and whether social workers could attend Basic, Advanced and Thematic ("BAT") Courses provided for teachers so as to acquire the necessary expertise for supporting SEN students. The Deputy Secretary for Education (3) ("DS(Ed)3") responded that schools had arranged teachers to attend

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BAT Courses in a systematic manner. Teaching assistants and social workers could also attend courses related to catering for SEN students according to their professional needs. On manpower allocation, a three-year pilot project on special educational needs coordinators ("SENCO") had been implemented and a review on the effectiveness of the post in supporting SEN students would be conducted. The Administration would report to the Panel on Education on the review outcome.

22.7 Mr Dennis KWOK considered that schools should use the Learning Support Grant to provide support solely for SEN students, and sought information on how schools had used the Grant. With reference to Reply Serial No. 135, Mr KWOK requested the Administration to provide relevant statistics for the 2014/2015 school year as well. DS(Ed)3 undertook to provide the statistics after the meeting.

Territory-wide System Assessment and the Basic Competency Assessment Research Study

22.8 Dr KWOK Ka-ki was concerned about the huge amount of expenditure on Territory-wide System Assessment ("TSA") and related study under the Basic Competency Assessment ("BCA") project between 2015 and 2018, and requested for its breakdown. Mr HUI Chi-fung requested the Administration to provide the respective expenditure on Primary 3, Primary 6 and Secondary 3 TSA and related study under BCA project. Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung requested the Administration to provide information on staff establishment, estimated annual expenditure on emoluments and operational expenses for P3 BCA in 2017. Mr CHAN Chi-chuen also requested for the expenditure for printing the question papers of the written assessment of BCA Research Study (Primary 3) in 2017. Mr HUI, Mr CHAN and Mr LEUNG indicated their intention to propose amendments to the Appropriation Bill 2017 to delete funding for P3 BCA this year.

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22.9 The Permanent Secretary for Education ("PS(Ed)") informed members that EDB had commissioned the Hong Kong Examinations and Assessment Authority to administer the BCA project, including TSA. Total expenditures for 2015-2018 were \$293 million and the average expenditure per year was about \$73 million. There was no readily available information on the expenditure for P3 TSA. PS(Ed) undertook to provide requested information as soon as practicable.

22.10 Dr KWOK Ka-ki and Mr CHAN Chi-chuen called on the Administration to abolish P3 TSA/BCA in response to the requests of parents and teachers. Dr Priscilla LEUNG called on the Administration to consider allowing schools and parents to decide whether to take part in TSA/BCA. SED advised that in response to the public concerns on TSA, the Tryout Study (Primary 3) ("Tryout Study") was implemented in 2016. Given the positive feedback from participating schools, the Administration announced the conduct of the BCA Research Study in 2017 with a view to promoting the good experience of the Tryout Study to all schools. The implementation of BCA Research Study was supported by various stakeholders, including school sponsoring bodies, school principals and parents. The experience and feedback to be collected from BCA Research Study would provide useful reference for deciding the future arrangement. BCA Research Study was not a replica of TSA.

22.11 The Deputy Chairman said that he agreed that there was a need to have an assessment conducted on a territory-wide basis at the end of the three key learning stages, i.e. at Primary 3, Primary 6 and Secondary 3. However, he expressed concern that there was no significant improvement in students' performance in Chinese Language, English Language and Mathematics in TSA from 2006 to 2016. Performance in English Language was relatively poor despite the provision of funding for implementing the Native-speaking English Teacher Scheme in primary schools. DS(Ed)(5) advised that the school level report of TSA had been providing useful feedback to schools for enhancing their teaching strategies. As English was a second language for most local students, students' attainment rates in English Language might not be comparable to those in Chinese

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Language. SCOLAR would recommend provision of funding for launching new initiatives targeting at improving the Chinese and English proficiency of students.

22.12 Mr LEUNG Kwok-hung asked whether SED had any discussion with publishers of TSA exercises on the abolition of TSA. SED advised that he could only remember having meeting(s) with publishers at events like book fairs.

Applied Learning

22.13 Mr Nathan LAW relayed students' concerns that some of the Applied Learning ("ApL") courses were conducted in remote areas and the ApL results were not widely recognized by post-secondary studies or employers, which might explain the decline in enrolment number of ApL subjects. He asked the Administration to take measures, such as linking directly with individual post-secondary institutions and companies to ensure articulation pathways, to encourage more students to take ApL subjects. DS(Ed)5 responded that ApL subjects were considered as elective subjects for admission by more and more undergraduate programmes at various institutions. Currently, over 20 ApL courses were registered in the Qualifications Register as certificate programmes in the Qualifications Framework. This would facilitate wider recognition in the vocational and professional fields.

Chinese history education

22.14 Mr Alvin YEUNG noted that guidelines on the use of the one-off grant for the promotion of understanding of the Chinese history and culture would be issued to schools. He asked whether the guidelines would impose restriction on the teaching of controversial political issues, such as June Fourth Incident. SED advised that the grant was provided to support teachers to improve their teaching, and develop school-based activities related to Chinese history and culture education. Measures could include producing learning and teaching materials and supporting teachers' training activities. As far as the curriculum was concerned, schools were required to follow the

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Curriculum Guidelines formulated by the Curriculum Development Council.

Career and life planning education

22.15 Noting that 165 schools had turned the Career and Life Planning Grant ("CLPG") into a total of 165 regular teaching posts, Dr CHIANG Lai-wan asked whether all schools had opted to turn CLPG into regular teaching posts and whether teachers appointed to these regular teaching posts were trained in life planning education ("LPE") and/or had relevant experience in teaching LPE. The Deputy Secretary for Education (4) advised that schools could turn CLPG into regular teaching posts in the 2016/2017 or 2017/2018 school year. It was confident that more schools would decide to do so in the 2017/2018 school year. Schools were required to effectively deploy the additional regular teaching post to strengthen the professional capacity of the careers guidance team and better support students in life planning education, though there was no specific requirement for teachers occupying these newly converted posts to be trained in LPE. As regards trained teachers, SED advised that almost all the schools had at least one teacher trained in CLPE at present. About 85% of them had two trained teachers to co-ordinate life planning services for students.

Post-secondary education

Self-financing post-secondary programmes

22.16 Dr Helena WONG and Mr CHU Hoi-dick noted that the annual tuition fees of self-financing taught postgraduate programmes offered by the University Grants Committee ("UGC")-funded universities widely ranged from some \$10,000 to over \$1 million. Dr WONG expressed concern that the Administration had not put in place any measures to monitor the level of tuition fees of these programmes. The Deputy Secretary for Education (1) ("DS(Ed)1") advised that the highest level of tuition fees was charged by an Executive Master of Business Administration programme. The level

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of tuition fees of self-financing programmes was determined by individual universities on a cost-recovery basis. The financial accounts of UGC-funded programmes and self-financing programmes operated by the self-financing arms of UGC-funded universities were separated to prevent cross-subsidy. The self-financing arms of universities should be operated on a non-profit-making basis. Mr CHU requested the Administration to provide information on the tuition fees of individual programmes. SED undertook to provide the information after the meeting.

Admission of non-local students to post-secondary programmes

22.17 Mr CHU Hoi-dick expressed grave concern about an upward trend of non-local students undertaking UGC-funded programmes, for example, the percentage of non-local students pursuing undergraduate programmes rose from 11% in the 2012/2013 academic year to 12.3% (provisional) in the 2016/2017 academic year. SED advised that local universities were encouraged to achieve the strategic goal in pursuing internationalization. Under the existing policy, UGC-funded universities might admit non-local students to their funded sub-degree, undergraduate and taught postgraduate programmes through over-enrolment outside the approved UGC-funded student number targets, capped at a level equivalent to 20% of the approved student number targets for these UGC-funded programmes, by study level. The opportunities of local students pursuing publicly-funded post-secondary education would not be undermined.

22.18 Mr CHU Hoi-dick doubted whether the goal of internationalization could be achieved given that the place of origin of most non-local students of the self-financing post-graduate programmes offered by UGC-funded universities was Mainland China.

Study Subsidy Scheme for Designated Professions/Sectors

22.19 Ir Dr LO Wai-kwok said that he supported the Government's plan to regularize the Study Subsidy Scheme for Designated Professions/Sectors ("SSSDP") from the 2018/2019 academic year to

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subsidize students to undertake designated self-financing undergraduate programmes, and increase the number of subsidized places from about 1 000 to 3 000 per cohort. As the SSSDP pilot run had been implemented since the 2015/2016 academic year, he sought information on the evaluation of the pilot run, if any. SED advised that SSSDP aimed to help nurture talents in support of specific industries with keen demand for human resources, such as health care. Given the positive responses, the programmes and number of subsidized places under SSSDP had been increased for the second cohort. The Government had reviewed the effectiveness of SSSDP so far and decided to regularize it given the review outcome.

22.20 Ir Dr LO Wai-kwok also noted that under SSSDP, the Administration would provide to the institutions a subsidy of up to \$40,000 per student per year for non-laboratory-based programmes while a subsidy of up to \$70,000 per student per year would be provided for laboratory-based programmes. He enquired whether more laboratory-based programmes would be covered so as to tie in with the Government's policy to promote Science, Technology, Engineering and Mathematics ("STEM") education. SED advised that the Administration was discussing with relevant institutions on offering STEM-related programmes, such as cyber security. Ir Dr LO further suggested that the number of subsidized places should be increased if SSSDP was deemed effective.

Hong Kong Scholarship for "Belt and Road" Students

22.21 In the light of the recent air strike in Syria, Dr CHENG Chung-tai enquired whether there would be exchanges in Syria along the Belt-Road. SED replied that subsequent to the launch of the Hong Kong Scholarship for "Belt and Road" Students ("Belt and Road Scholarship") for students from Indonesia, there would be two scholarship schemes funded by private donations for students from Malaysia and Thailand. The next scholarship scheme for students from Vietnam was being worked out. Targeted regions for the Belt and Road Scholarship had to be countries/regions which had signed Memorandum of Understanding on education co-operation with Hong

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Kong. DS(Ed)1 supplemented that individual institutions enjoyed autonomy in establishing their own network and collaboration with institutions in other places including Belt and Road countries.

Student suicides

22.22 Dr Priscilla LEUNG recalled past student suicide cases caused by bullying and expressed grave concern about the growing culture of bullying at universities. She opined that moral education should be strengthened in secondary education in a systematic manner through the enhancement of Liberal Studies curriculum so as to foster young people's positive values and attitudes for whole-person development. SED advised that the Administration had zero tolerance for bullying in schools.

22.23 Mr LAM Cheuk-ting asked whether SED still maintained his view that student suicides and education system were not correlated. SED explained that after analyzing a number of student suicide cases, the Final Report of the Committee on Prevention of Student Suicides had stated that there was no direct correlation between the suicide cases and the overall education system. Nevertheless, EDB had taken the initiative to consider and put forward the recommendations of the Report in order to strengthen the support for students.

Admission of local students to international schools

22.24 Noting that the percentages of local students in some international schools were up to 70%, which was far beyond EDB's allowable ratio of 30%, Mr CHEUNG Kwok-kwan expressed concern that the education opportunities of non-local students might be affected. The Deputy Secretary for Education (2) ("DS(Ed)2") explained that in the 2016/2017 school year, the ratio of non-local and local students of only 26 international schools was subject to a related requirement under the agreement with the Government, including the service agreements upon the allocation of vacant school premises/sites under the School Allocation Exercise. DS(Ed)2 further advised that a consultancy study on the provision of international school places in Hong Kong

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which was conducted several years ago (completed in 2012) revealed a shortfall of about 4 000 primary international school places. As shown in a recent consultancy study, except a projected shortfall of about 150 primary international school places in the 2016/2017 school year, there would not be any shortfall in both primary and secondary international school places for the upcoming seven school years starting from the 2016/2017 school year.

22.25 In response to DS(ED)2's reply, Mr IP Kin-yuen requested the Administration to provide the names of the 26 international schools that were subject to EDB's requirement on local admissions. While undertaking to provide the list of the 26 international schools concerned after the meeting, DS(Ed)2 said that the percentage of local and non-local students set out in the respective service agreements of individual schools could not be disclosed. Mr IP noted with concern that EDB was unable to disclose the relevant percentages, and requested EDB to provide the reasons together with the list.

22.26 Mr IP Kin-yuen further said that to his understanding, schools provided the numbers of local and non-local students to EDB on a voluntary basis. He therefore queried the accuracy and reliability of the percentages of local and non-local students in these schools. DS(Ed)2 advised that apart from the annual student enrolment survey conducted for all schools by EDB, international schools with service agreements were required to submit relevant information to EDB annually.

Vacant school premises

22.27 Ms Tanya CHAN enquired about the need for the Government to identify suitable sites or vacant government premises for campus development of self-financing post-secondary institutions which had been experiencing poor student enrolment. She considered it more appropriate for the Government to reserve sites/premises for non-governmental organizations and matchbox-style schools. DS(Ed)1 said that although self-financing post-secondary institutions would face considerable difficulty in student admission in light of the

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decline in student population, the Administration considered it necessary to enhance the premises and facilities of these institutions. A site suitable for post-secondary education purpose would therefore be reserved for campus development of these institutions. The Administration would further review whether the reserved sites would still be required for education purpose.

22.28 Mr Nathan LAW noted that about half of the 20 vacant school premises ("VSP") under EDB's purview had not been used by the original schools on site for more than five years. He enquired about the time required for EDB to release these VSP in accordance with the central clearing house mechanism and considered that the Administration should review its policy on VSP. DS(Ed)2 explained that once VSP were confirmed as being no longer required by EDB, EDB would inform the Planning Department for consideration of suitable alternative long-term uses in accordance with the central clearing house mechanism. The 20 VSP under EDB's purview were earmarked/retained for school or other educational uses and had not been confirmed as being no longer required by EDB. DS(Ed)2 further advised that "school year in which the school ceased operation" stated in the table in Reply Serial No. 161 referred to the year the school premises ceased to be used by the original school on site. In fact, some of these VSP had been put to temporary use afterwards. Mr LAW indicated that he would seek further information from the Administration on the temporary use of these VSP.

Vocational Training Council

22.29 Mr POON Siu-ping asked whether the decrease of student enrolment of the Vocational Training Council ("VTC") owing to the decline in senior secondary student population would affect the employment prospects of its staff. Further, Mr POON noted that serving short-term contract staff in VTC could apply for appointment on fixed-term contract through recruitment exercises, he asked about the number of successful applications. The Executive Director, VTC responded that due to fluctuations in annual student intake and enrolment, appointing serving short-term contract staff on fixed-term

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contract would depend on operational needs.

Duty visits outside Hong Kong

22.30 Mr IP Kin-yuen noted with concern that SED had made 54 duty visits outside Hong Kong since assuming office in July 2012 compared with less than 20 made by the former SED in his five-year tenure. The total expenditure for the 54 duty visits exceeded \$3 million. He enquired about the need for conducting these duty visits. Mr KWOK Ka-ki and Mr HUI Chi-fung shared similar concern. SED advised that these duty visits had enabled him to understand the practices and experiences of other places, which served as a useful source of reference in formulating education policies in recent years, such as 15-year free education to cover kindergarten education, vocational and professional education and training, etc.

22.31 Mr IP Kin-yuen noted from the Administration's reply in the previous examinations of the Estimates of Expenditure that the total expenditures involved in SED's duty visits in the 2012-2013 and 2013-2014 financial years had respectively been \$1.1 million and \$1.51 million, which were different from the respective figures of \$0.56 million and \$0.68 million as given in Reply Serial No. 147. He requested the Administration to explain the discrepancy. SED explained that the discrepancy might be caused by different ways of calculation and undertook to provide further information after the meeting.

22.32 Mr HUI Chi-fung asked what SED had gained from the duty visit to Singapore in October 2015. SED responded that he had visited Singapore to attend an international conference on higher education for exchanges of ideas and best practices with a view to mapping and meeting future demand for higher education. During the visit, he also exchanged views with the Ministry of Education of Singapore on education issues such as collaboration between universities and the development of vocational education. Details of the duty visit were made available to the public through press releases.

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22.33 Ms Tanya CHAN noted with concern that the air passages for SED and two entourage members for the duty visit to Peru and the United States of America from 2 to 9 October 2016 were extraordinarily high, costing more than \$360,000. Mr KWONG Chun-yu, Mr Jeremy TAM and Mr LEUNG Kwok-hung sought information on the purpose and programme of the duty visit to Peru. SED advised that passage and accommodation arrangements for public officers' duty visits were subject to relevant policies and guidelines. The purpose of his visit to Peru was to attend the Asia-Pacific Economic Cooperation Education Ministerial Meeting which was held once every four years. During the visit, a number of bilateral meetings had been held with representatives from individual countries. Press releases on the visit had been uploaded on the internet. SED undertook to provide the relevant hyperlink after the meeting.

22.34 Ms Claudia MO and Mr Alvin YEUNG noted that the destinations of a majority of SED's duty visits last year were places in the Mainland, and enquired the effectiveness of these visits in supporting SED's work. SED cited the duty visit which he had led a delegation of secondary school students and teachers to Nanjing with a view to enriching their teaching and learning of Chinese history. The history of Nanjing was closely related to Hong Kong's history as Nanjing was the capital of various dynasties and Hong Kong was separated from its motherland with the signing of the Nanjing Treaty.

22.35 Mr Jeremy TAM enquired whether SED had earned any flight mileage from his duty passages. SED reiterated that the arrangements for his duty visits followed relevant policies and guidelines of the Government. He had not ever used any flight mileage awards earned from duty passages.

Other issues

22.36 Mr LAM Cheuk-ting enquired about SED's achievement which justified getting his remuneration of \$16.5 million during his term of office. SED advised that the Government had in recent years launched a number of education initiatives, such as free quality

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kindergarten education, vocational and professional education and training, e-learning, etc. to cope with the changing needs of society.

Appendix I

Programme of special meetings of Finance Committee to examine the Estimates 2017-2018 from 31 March to 7 April 2017

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for Security	31 March	2:00 pm - 4:00 pm
2.	Secretary for Development <ul style="list-style-type: none">• Planning and Lands	31 March	4:15 pm - 5:55 pm
3.	Secretary for Development <ul style="list-style-type: none">• Works	31 March	6:10 pm - 7:40 pm
4.	Secretary for the Civil Service	3 April	9:00 am - 10:00 am
5.	(i) Judiciary Administrator (ii) Secretary for Justice	3 April	10:15 am - 11:30 am
6.	Secretary for Constitutional and Mainland Affairs	3 April	11:45 am - 1:15 pm
7.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none">• Financial Services	3 April	2:15 pm - 3:25 pm
8.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none">• Public Finance	3 April	3:40 pm - 4:20 pm
9.	Secretary for Innovation and Technology	3 April	4:35 pm - 6:05 pm

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
10.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	5 April	11:00 am - 12:40 pm
11.	Secretary for the Environment	5 April	2:00 pm - 3:10 pm
12.	Secretary for Transport and Housing • Housing	5 April	3:25 pm - 5:10 pm
13.	Secretary for Transport and Housing • Transport	5 April	5:25 pm - 6:55 am
14.	Secretary for Home Affairs	6 April	9:00 am - 10:20 am
15.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	6 April	10:35 am - 12:05 pm
16.	Secretary for Commerce and Economic Development • Communications and Creative Industries	6 April	12:20 pm - 1:15 pm
17.	Secretary for Food and Health • Food Safety and Environmental Hygiene	6 April	2:15 pm - 3:55 pm
18.	Secretary for Food and Health • Health	6 April	4:10 pm - 6:00 pm

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
19.	Secretary for Labour and Welfare • Welfare and Women	7 April	9:00 am - 11:20 am
20.	Secretary for Labour and Welfare • Labour	7 April	11:35 am - 1:05 pm
21.	Secretary for Education	7 April	3:15 pm - 5:15 pm

Appendix II

Summary of written and supplementary questions and requests for additional information

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for Security	585	5	3
2.	Secretary for Development • Planning and Lands	440	7	5
3.	Secretary for Development • Works	182	—	2
4.	Secretary for the Civil Service	103	1	1
5.	(i) Judiciary Administrator (ii) Secretary for Justice	69 67	— 1	— 1
6.	Secretary for Constitutional and Mainland Affairs	163	2	1
7.	Secretary for Financial Services and the Treasury • Financial Services	167	—	1
8.	Secretary for Financial Services and the Treasury • Public Finance	142	—	—

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
9.	Secretary for Innovation and Technology	222	2	—
10.	Director of Administration	93	3	5
	Director of Audit	2	—	—
	Permanent Secretary to Chief Executive	64	—	1
	Commissioner, Independent Commission Against Corruption	34	—	—
	Secretary General, Legislative Council Secretariat	44	5	—
	The Ombudsman	3	—	—
11.	Secretary for the Environment	316	2	—
12.	Secretary for Transport and Housing <ul style="list-style-type: none"> Housing 	68	—	1
13.	Secretary for Transport and Housing <ul style="list-style-type: none"> Transport 	372	2	5
14.	Secretary for Home Affairs	546	14	3

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
15.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"> • Commerce, Industry and Tourism 	339	6	1
16.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"> • Communications and Creative Industries 	85	5	2
17.	Secretary for Food and Health <ul style="list-style-type: none"> • Food Safety and Environmental Hygiene 	381	7	1
18.	Secretary for Food and Health <ul style="list-style-type: none"> • Health 	472	3	1
19.	Secretary for Labour and Welfare <ul style="list-style-type: none"> • Welfare and Women 	1096	16	1
20.	Secretary for Labour and Welfare <ul style="list-style-type: none"> • Labour 	189	5	1
21.	Secretary for Education	764	12	6
	Total :	7008	98	42

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the afternoon of 31 March 2017 (Sessions 1, 2 & 3)
2:00 pm to 7:40 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG Ngok-kiu
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim

Public officers attending:

Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Emily TSANG Yuen Pui	Financial Services and the Treasury Bureau Treasury Officer (Legislative Council & Personnel Unit)

Session 1 – Security

Mr LAI Tung-kwok, GBS, IDSM, JP	Secretary for Security
Mr John LEE, PDSM, PMSM, JP	Under Secretary for Security
Mr Joshua LAW, JP	Permanent Secretary for Security
Ms Manda CHAN	Commissioner for Narcotics
Ms Jenny TAM	Principal Management Services Officer (Security), Security Bureau
Mr Stephen LO, PDSM, PMSM	Commissioner of Police
Mr Daryl LI, FSDSM, FSMSM	Director of Fire Services
Mr TSANG Kwok-wai, IDSM	Director of Immigration
Mr YAU Chi-chiu, CSDSM	Commissioner of Correctional Services
Mr Roy TANG, JP	Commissioner of Customs and Excise
Captain Michael CHAN, MBS, MBB, GMSM, AE	Controller, Government Flying Service
Mr CHEUNG Tat-yin	Chief Staff Officer, Civil Aid Service
Mr Sam HUI	Chief Staff Officer, Auxiliary Medical Service
Mr Richard YU, CDSM, CMSM	Secretary-General, Independent Police Complaints Council
Ms Harriet WONG	Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance
Mr Simon LI, JP	Director-General of Civil Aviation

Session 2 – Planning and Lands

Mr Eric MA, JP	Secretary for Development
Mr Michael WONG, JP	Permanent Secretary for Development (Planning and Lands)
Mr Thomas CHAN, JP	Deputy Secretary for Development (Planning and Lands)1
Mr Maurice LOO	Deputy Secretary for Development (Planning and Lands)2
Ms Selene TSOI	Deputy Secretary for Development (Planning and Lands) 3
Ms Bernadette LINN, JP	Director of Lands
Mr Raymond LEE, JP	Director of Planning
Mr CHEUNG Tin-cheung, JP	Director of Buildings

Session 3 – Works

Mr Eric MA, JP	Secretary for Development
Mr HON Chi-keung, JP	Permanent Secretary for Development (Works)
Mr Albert LAM, JP	Deputy Secretary for Development (Works)1
Mr Vincent MAK	Deputy Secretary for Development (Works)2
Ms Brenda AU	Head of Energizing Kowloon East Office
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mr LAM Sai-hung, JP	Director of Civil Engineering and Development
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services
Mr Daniel CHUNG, JP	Director of Highways
Mr Edwin TONG, JP	Director of Drainage Services
Mr Enoch LAM, JP	Director of Water Supplies
Ms Michelle LI, JP	Director of Leisure and Cultural Services

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Raymond SZETO

Chief Council Secretary (1)5

Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the morning of 3 April 2017 (Sessions 4, 5 & 6)
9:00 am to 1:15 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung

Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG Ngok-kiu
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Hon KWONG Chun-yu
Hon Nathan LAW Kwun-chung
Dr Hon LAU Siu-lai

Public officers attending:

Ms Carol YUEN, JP

Mr Alfred ZHI Jian-hong

Deputy Secretary for Financial Services
and the Treasury (Treasury)¹
Principal Executive Officer (General),
Financial Services and the Treasury
Bureau (The Treasury Branch)

Session 4 – Civil Service

Mr Clement CHEUNG, JP	Secretary for the Civil Service
Mr Thomas CHOW, JP	Permanent Secretary for the Civil Service
Ms May CHAN, JP	Deputy Secretary for the Civil Service (2)
Mr Eric CHAN	Deputy Secretary for the Civil Service (3)
Mr LI Pak-hong, JP	Director of General Grades
Ms Wendy CHAN	Principal Executive Officer (Management), Civil Service Bureau
Mr Martin SIU, JP	Director of Accounting Services
Ms Winnie NG, JP	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Cindy LAI, JP	Deputy Director of Health
Ms Candice HO	Secretary, Public Service Commission

Session 5 – Judiciary Administration and Legal Administration

Miss Emma LAU, JP	Judiciary Administrator
Mrs Erika HUI, JP	Deputy Judiciary Administrator (Operations)
Mrs Connie NGAN	Assistant Judiciary Administrator (Corporate Services)
Mr Raymond NG	Chief Treasury Accountant, Judiciary
Mr Rimsky YUEN, SC, JP	Secretary for Justice
Mr Alan SIU, JP	Director of Administration and Development
Mr Keith YEUNG, SC, JP	Director of Public Prosecutions
Mr Wesley WONG, SC	Solicitor General
Mr Gilbert MO	Acting Law Draftsman
Ms Christina CHEUNG, JP	Law Officer (Civil Law)
Mr Paul TSANG	Acting Law Officer (International Law)

Session 6 – Constitutional and Mainland Affairs

Mr Raymond TAM, GBS, JP	Secretary for Constitutional and Mainland Affairs
Mr Ronald CHAN, JP	Under Secretary for Constitutional and Mainland Affairs
Ms CHANG King-yiu, JP	Permanent Secretary for Constitutional and Mainland Affairs
Miss Rosanna LAW, JP	Deputy Secretary for Constitutional and Mainland Affairs (1)
Miss Charmaine LEE, JP	Deputy Secretary for Constitutional and Mainland Affairs (2)
Ms Joyce HO	Deputy Secretary for Constitutional and Mainland Affairs (3)
Ms Joanne CHU	Administrative Assistant to Secretary for Constitutional and Mainland Affairs
Ms Flemy YIP	Chief Executive Officer (Constitutional and Mainland Affairs)
Mr WONG See-man	Chief Electoral Officer
Ms Gracie FOO, JP	Director, Beijing Office
Mr Rex CHANG, JP	Director, Hong Kong Economic, Trade and Cultural Office (Taiwan)
Mr Albert TANG	Director, Hong Kong Economic and Trade Affairs, Guangdong
Miss Victoria TANG	Director, Hong Kong Economic and Trade Affairs, Shanghai
Miss Pamela LAM	Director, Hong Kong Economic and Trade Affairs, Chengdu
Miss Sara TSE	Director, Hong Kong Economic and Trade Affairs, Wuhan
Ms Elena SHUM	Chief Executive Officer (Newspaper and Article Admin/Communications Authority)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO
Mr Raymond SZETO

Chief Council Secretary (1)5
Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the afternoon of 3 April 2017 (Sessions 7, 8 & 9)
2:15 pm to 6:05 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP

Hon Martin LIAO Cheung-kong, SBS, JP
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, SBS, MH, JP
 Hon Alvin YEUNG Ngok-kiu
 Hon Andrew WAN Siu-kin
 Hon CHU Hoi-dick
 Hon Jimmy NG Wing-ka, JP
 Hon LAM Cheuk-ting
 Hon Holden CHOW Ho-ding
 Hon SHIU Ka-fai
 Hon Wilson OR Chong-shing, MH
 Hon YUNG Hoi-yan
 Dr Hon Pierre CHAN
 Hon CHAN Chun-ying
 Hon Tanya CHAN
 Hon CHEUNG Kwok-kwan, JP
 Hon LAU Kwok-fan, MH
 Hon Kenneth LAU Ip-keung, MH, JP
 Hon KWONG Chun-yu
 Hon Jeremy TAM Man-ho
 Hon Nathan LAW Kwun-chung
 Dr Hon YIU Chung-yim

Public officers attending:

Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 7 – Financial Services

Prof K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Mr James LAU, JP	Under Secretary for Financial Services and the Treasury

Mr Andrew WONG, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Ms Mable CHAN, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) ¹
Mr Eddie CHEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) ²
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) ³
Mr Derek LAI	Administrative Assistant to Secretary for Financial Services and the Treasury
Ms Joanna CHUNG	Chief Executive Officer (Financial Services), Financial Services and the Treasury Bureau
Mr Leslie TANG, JP	Commissioner for Census and Statistics
Mr John LEUNG, JP	Commissioner of Insurance
Ms Phyllis McKenna	Official Receiver
Ms Ada CHUNG, JP	Registrar of Companies
Miss Kitty LAI	Head (Financial Infrastructure Development), Hong Kong Monetary Authority
Mr William LEUNG	Senior Manager (Currency) 2, Hong Kong Monetary Authority
Mr Raymond LI, JP	Chief Executive Officer, Hong Kong Mortgage Corporation

Session 8 – Public Finance

Prof K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Andrew LAI, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ²
Mr Raistlin LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr Derek LAI	Administrative Assistant to Secretary for Financial Services and the Treasury

Mr Edmond CHU	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr Roy TANG, JP	Commissioner of Customs and Excise
Mr WONG Kuen-fai, JP	Commissioner of Inland Revenue
Mr TANG Ping-kwong, JP	Commissioner of Rating and Valuation
Miss Mary CHOW, JP	Director of Government Logistics
Mr Tommy YUEN, JP	Government Property Administrator
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mr HUI Chiu-kin	Assistant Director of Architectural Services (Property Services)
Mr Martin SIU, JP	Director of Accounting Services

Session 9 – Innovation and Technology

Mr Nicholas YANG, JP	Secretary for Innovation and Technology
Mr CHEUK Wing-hing, JP	Permanent Secretary for Innovation and Technology
Mrs Millie NG	Deputy Secretary for Innovation and Technology
Ms Annie CHOI, JP	Commissioner for Innovation and Technology
Ir Allen YEUNG, JP	Government Chief Information Officer

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Keith WONG	Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the morning of 5 April 2017 (Session 10)
11:00 am to 12: 40 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon KWOK Wai-keung
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP

Ir Dr Hon LO Wai-kwok, SBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Alvin YEUNG Ngok-kiu
 Hon Andrew WAN Siu-kin
 Hon Jimmy NG Wing-ka, JP
 Dr Hon Junius HO Kwan-yiu, JP
 Hon LAM Cheuk-ting
 Hon Holden CHOW Ho-ding
 Hon SHIU Ka-fai
 Hon Wilson OR Chong-shing, MH
 Hon YUNG Hoi-yan
 Dr Hon Pierre CHAN
 Hon CHAN Chun-ying
 Hon Tanya CHAN
 Hon LAU Kwok-fan, MH
 Hon Kenneth LAU Ip-keung, MH, JP
 Hon KWONG Chun-yu
 Hon Jeremy TAM Man-ho
 Hon Nathan LAW Kwun-chung
 Dr Hon YIU Chung-yim

Public officers attending:

Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 10 – Central Administration and Other Services

Ms Kitty CHOI, JP	Director of Administration
Mr Alan YUNG	Principal Executive Officer (Administration), Administration Wing
Mrs Helen CHAN, JP	Government Economist
Mr Kim SALKELD, JP	Head, Efficiency Unit
Ms Olivia NIP, JP	Deputy Head, Central Policy Unit

Mr Bassanio SO	Research Director, Central Policy Unit
Mr David SUN, BBS, JP	Director of Audit
Miss Janny WUN	Departmental Secretary, Audit Commission
Ms Alice LAU, JP	Permanent Secretary, Chief Executive's Office
Mr Steve CHOW	Chief Executive Officer (Administration), Chief Executive's Office
Mr Simon PEH, SBS, IDSM	Commissioner, Independent Commission Against Corruption
Mr Ricky CHU	Director of Investigation (Private Sector), Independent Commission Against Corruption
Mr Joe LEE	Assistant Director (Administration), Independent Commission Against Corruption
Mr Kenneth CHEN, SBS	Secretary General, Legislative Council Secretariat
Miss Roxanna LO	Accountant, Legislative Council Secretariat
Ms Connie LAU, JP	The Ombudsman
Ms Gwenny TSUI	Chief Manager, Office of The Ombudsman

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Raymond SZETO	Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the afternoon of 5 April 2017 (Sessions 11, 12 & 13)
2:00 pm to 6:55 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP

Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon Alvin YEUNG Ngok-kiu
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Public officers attending:

Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Emily TSANG Yuen Pui	Financial Services and the Treasury Bureau Treasury Officer (Legislative Council & Personnel Unit)

Session 11 – Environment

Mr WONG Kam-sing, GBS, JP	Secretary for the Environment
Ms Christine LOH, JP	Under Secretary for the Environment
Mr Donald TONG, JP	Permanent Secretary for the Environment/Director of Environmental Protection
Mr Vincent LIU, JP	Deputy Secretary for the Environment
Mr TSE Chin-wan, JP	Deputy Director of Environmental Protection (1)
Mrs Vicki KWOK	Deputy Director of Environmental Protection (2)
Mrs Alice CHEUNG, JP	Deputy Director of Environmental Protection (3)
Mr Donald NG	Deputy Director of Environmental Protection (4)
Mr Edwin TONG, JP	Director of Drainage Services
Dr LEUNG Siu-fai, JP	Director of Agriculture, Fisheries and Conservation
Mr LAM Sai-hung, JP	Director of Civil Engineering and Development
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services
Mr CHEUK Fan-lun	Assistant Director of Marine (Planning and Services)

Session 12 – Housing

Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Stanley YING, JP	Permanent Secretary for Transport and Housing (Housing)
Miss Agnes WONG, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Philip CHAN, JP	Director of Sales of First-hand Residential Properties Authority
Mr Ivan LEE, JP	Deputy Director of Housing (Corporate Services)
Ms Ada FUNG, BBS, JP	Deputy Director of Housing (Development and Construction)
Mr Albert LEE, JP	Deputy Director of Housing (Estate Management)
Mr CHAN Nap-ming, JP	Head (Independent Checking Unit), Housing Department Permanent Secretary's Office
Ms Bernadette LINN, JP	Director of Lands
Dr CHEUNG Tin-cheung, JP	Director of Buildings

Session 13 – Transport

Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Joseph LAI, JP	Permanent Secretary for Transport and Housing (Transport)
Ms Rebecca PUN, JP	Deputy Secretary for Transport and Housing (Transport) ¹
Mr Andy CHAN, JP	Deputy Secretary for Transport and Housing (Transport) ²
Ms Ivy LAW, JP	Deputy Secretary for Transport and Housing (Transport) ³
Ms Candy NIP	Acting Deputy Secretary for Transport and Housing (Transport) ⁴

Miss Joey LAM, JP

Mr Andy YAU, JP

Mr Daniel CHUNG, JP

Mrs Ingrid YEUNG, JP

Mr Simon LI, JP

Mr Kevin CHOI

Ms Maisie CHENG, JP

Mr WONG Sai-fat

Mr Freely CHENG

Mr Frank CHAN, JP

Deputy Secretary for Transport and
Housing (Transport)⁵

Head (Airport Expansion Project
Coordination Office)

Director of Highways

Commissioner for Transport

Director-General of Civil Aviation

Deputy Director-General of Civil
Aviation

Director of Marine

Deputy Director of Marine

Deputy Director of Marine (Special
Duties)

Director of Electrical and Mechanical
Services

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Raymond SZETO

Chief Council Secretary (1)⁵

Council Secretary (1)⁵

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the morning of 6 April 2017 (Sessions 14, 15 & 16)
9:00 am to 1:15 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon KWOK Ka-ki
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen

Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG Ngok-kiu
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon LAU Siu-lai

Public officers attending:

Ms Carol YUEN, JP

Mr Alfred ZHI Jian-hong

Deputy Secretary for Financial Services
and the Treasury (Treasury)¹
Principal Executive Officer (General),
Financial Services and the Treasury
Bureau (The Treasury Branch)

Session 14 – Home Affairs

Mr LAU Kong-wah, JP	Secretary for Home Affairs
Ms Florence HUI, SBS, JP	Under Secretary for Home Affairs
Mrs Betty FUNG, JP	Permanent Secretary for Home Affairs
Mr Laurie LO, JP	Deputy Secretary for Home Affairs (1)
Ms Angela LEE, JP	Deputy Secretary for Home Affairs (2)
Mr Gordon LEUNG, JP	Director, Celebrations Coordination Office
Mr YEUNG Tak-keung, JP	Commissioner for Sports
Mrs Sorais LEE	Project Manager (Home Affairs Bureau)
Miss Janice TSE, JP	Director of Home Affairs
Ms Michelle LI, JP	Director of Leisure and Cultural Services
Mr Joe WONG, JP	Director of Information Services
Mr Thomas Edward KWONG, JP	Director of Legal Aid

Session 15 – Commerce, Industry and Tourism

Mr Gregory SO, GBS, JP	Secretary for Commerce and Economic Development
Mr Godfrey LEUNG, JP	Under Secretary for Commerce and Economic Development
Mr Philip YUNG, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Vivian SUM, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)1
Mr David WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2
Miss Erica NG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)3
Miss Cathy CHU, JP	Commissioner for Tourism
Mr Roy TANG, JP	Commissioner of Customs and Excise
Mr NGAI Wing-chit, JP	Acting Postmaster General

Ms Ada LEUNG, JP
Mr Francis HO

Director of Intellectual Property
Associate Director-General of
Investment Promotion (3)
Director-General of Trade and Industry
Director of the Hong Kong Observatory
Executive Director, Hong Kong Tourism
Board

Ms Salina YAN, JP
Mr SHUN Chi-ming, JP
Mr Anthony LAU

Session 16 – Communications and Creative Industries

Mr Gregory SO, GBS, JP

Secretary for Commerce and Economic
Development

Mr Godfrey LEUNG, JP

Under Secretary for Commerce and
Economic Development

Miss Susie HO, JP

Permanent Secretary for Commerce and
Economic Development
(Communications and Creative
Industries)

Ms Julina CHAN, JP

Deputy Secretary for Commerce and
Economic Development
(Communications and Creative
Industries)

Mr Edward TO

Deputy Secretary for Commerce and
Economic Development
(Communications and Creative
Industries) (Special Duties)

Mr Jerry LIU

Head of Create Hong Kong

Mr LEUNG Ka-wing, JP

Director of Broadcasting

Mrs Sharon YIP, JP

Deputy Director of Broadcasting
(Developments)

Miss Eliza LEE, JP

Director-General of Communications

Mr Chaucer LEUNG

Deputy Director-General of
Communications (Telecommunications)

Ms Elizabeth TAI, JP

Deputy Director of Film, Newspaper
and Article Administration

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Raymond SZETO

Chief Council Secretary (1)5

Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the afternoon of 6 April 2017 (Sessions 17 & 18)
2:15 pm to 6:00 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki

Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon LAU Siu-lai

Public officers attending:

Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 17 – Food Safety and Environmental Hygiene

Dr KO Wing-man, BBS, JP	Secretary for Food and Health
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Prof Sophia CHAN, JP
Mrs Cherry TSE, JP

Miss Sincere LEUNG

Miss Vivian LAU, JP

Dr Gloria TAM, JP

Dr LEUNG Siu-fai, JP

Dr SIN Wai-mei, JP

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

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

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

Government Chemist

Session 18 – Health

Dr KO Wing-man, BBS, JP
Prof Sophia CHAN, JP
Mr Patrick NIP, JP

Miss Sincere LEUNG

Dr Constance CHAN, JP
Dr Cindy LAI, JP
Dr LEUNG Pak-yin, JP
Dr CHEUNG Wai-lun, JP

Dr SIN Wai-mei, JP

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

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

Deputy Director of Health
Chief Executive, Hospital Authority
Director (Cluster Services), Hospital Authority
Government Chemist

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO
Mr Raymond SZETO

Chief Council Secretary (1)5
Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the morning of 7 April 2017 (Session 19 & 20)
9:00 am to 1:05 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP

Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG Ngok-kiu
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon LAU Siu-lai

Public officers attending:

Ms Carol YUEN, JP

Mr Alfred ZHI Jian-hong

Deputy Secretary for Financial Services
and the Treasury (Treasury)1
Principal Executive Officer (General),
Financial Services and the Treasury
Bureau (The Treasury Branch)

Session 19 – Welfare and Women

Mr Stephen SUI, JP	Secretary for Labour and Welfare
Miss Annie TAM, GBS, JP	Permanent Secretary for Labour and Welfare
Miss Leonia TAI, JP	Deputy Secretary for Labour and Welfare (Welfare) 1
Mr Donald CHEN, JP	Deputy Secretary for Labour and Welfare (Welfare)2
Mr David LEUNG, JP	Commissioner for Rehabilitation
Mr Nicholas CHAN	Administrative Assistant to the Secretary for Labour and Welfare
Mr Esmond LEE, JP	Head, Working Family and Student Financial Assistance Agency
Ms Carol YIP, JP	Director of Social Welfare
Mr LAM Ka-tai, JP	Deputy Director of Social Welfare (Services)
Miss Cecilla LI	Deputy Director of Social Welfare (Administration)
Mrs Ingrid YEUNG, JP	Commissioner for Transport
Ms Stella LEE	Assistant Commissioner for Transport (Management and Paratransit)

Session 20 – Labour

Mr Stephen SUI, JP	Secretary for Labour and Welfare
Miss Annie TAM, GBS, JP	Permanent Secretary for Labour and Welfare
Mr Nicholas CHAN	Administrative Assistant to the Secretary for Labour and Welfare
Mr Carlson CHAN, JP	Commissioner for Labour
Miss Mabel LI, JP	Deputy Commissioner for Labour (Labour Administration)
Mr Jeff LEUNG	Deputy Commissioner for Labour (Occupational Safety and Health)
Mr Charles HUI, JP	Assistant Commissioner for Labour (Employment Services)

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Raymond SZETO

Chief Council Secretary (1)5

Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 7 April 2017**

**Meeting held in the afternoon of 7 April 2017 (Session 21)
3:15 pm to 5:15 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Frankie YICK Chi-ming, JP
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan

Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG Ngok-kiu
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon LAU Siu-lai

Public officers attending:

Ms Carol YUEN, JP

Mr Alfred ZHI Jian-hong

Deputy Secretary for Financial Services
and the Treasury (Treasury)1
Principal Executive Officer (General),
Financial Services and the Treasury
Bureau (The Treasury Branch)

Session 21 – Education

Mr Eddie NG, SBS, JP
Mr Kevin YEUNG, JP
Mrs Marion LAI, JP
Mr Brian LO, JP
Ms Jessie WONG, JP
Mrs Michelle WONG, JP
Mrs HONG CHAN Tsui-wah
Dr Catherine CHAN
Ms Rhoda CHAN, JP

Dr Richard ARMOUR, JP

Mrs Carrie YAU, GBS, JP

Mr Esmond LEE, JP

Dr TONG Chong-sze

Secretary for Education
Under Secretary for Education
Permanent Secretary for Education
Deputy Secretary for Education (1)
Deputy Secretary for Education (2)
Deputy Secretary for Education (3)
Deputy Secretary for Education (4)
Deputy Secretary for Education (5)
Principal Assistant Secretary for
Education (Finance)
Secretary-General, University Grants
Committee
Executive Director, Vocational Training
Council
Head, Working Family and Student
Financial Assistance Agency
Secretary General, Hong Kong
Examinations and Assessment Authority

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO
Mr Raymond SZETO

Chief Council Secretary (1)5
Council Secretary (1)5

Speaking Notes for S for S
at the 2017 Special FC Meeting on 31 March 2017

Chairman,

- In the draft Estimates for the new financial year, the two policy areas of “Internal Security” and “Immigration Control” under Security Bureau’s responsibility will account for \$ 40.7 billion, representing 8.3% of the total government expenditure.

Law and Order

- The overall crime figure in Hong Kong in 2016 represented a drop of 8.7% as compared with 2015. The number of violent crimes registered a decrease of 7.2% and marked a new low since 1971. Most categories of crimes, such as blackmail, deception, criminal damage, serious drug offences, thefts, wounding and serious assault and burglaries, recorded decreases.
- The major operational targets of the Hong Kong Police Force for 2017 are to combat violent crimes, triads, syndicated and organised crimes, dangerous drugs and “quick-cash” crimes, to promote cyber security and combat technology crimes, and to ensure public safety and step up counter-terrorism work.
- A total of 608 additional posts will be created in the Hong Kong Police Force in 2017-18. These new posts are for enhancing the capability and effectiveness of emergency response and handling major incidents, providing manpower support to the Hong Kong-Zhuhai-Macao Bridge project, supporting the operation of the Junior Police Call Permanent Activity Centre cum Integrated Youth Training Camp, etc.

Relaxing Visa Requirements for Nationals of the Belt and Road Countries

- To foster co-operation and exchanges between Hong Kong and the Belt and Road Countries, the Government will consider relaxing the visa requirements for employment, study and visit visas for nationals of these countries.
- The HKSAR Government has relaxed the visa requirements for Cambodian nationals. With effect from 1 March 2017, Cambodian nationals may apply to come to Hong Kong for employment, investment, training and study, as well as for entry under other schemes for attracting talent from outside Hong Kong.
- Besides, the HKSAR Government has reached consensus with Belarusian Government on mutual visa exemption for allowing visitors holding valid HKSAR passport and valid Belarusian national passports to enjoy mutual visa-free access for a stay of up to 14 days. The arrangement will be put in place as soon as possible.

Control Points and e-Channel Service

- Last year the number of inbound and outbound passengers continued to increase, with over 296 million passengers passed through our control points, maintained at a similar level as 2015. The total number of visitor arrivals was 56.7 million, representing a 4.5 per cent decrease compared with 2015.
- The Immigration Department (ImmD) will continue to flexibly deploy its manpower and implement various measures to cope with the ever-increasing workload of at control points. These measures to enhance control points capacity include enhancement of control point facilities, launching a new immigration control system, extension of e-Channel service, etc.

Mutual use of automated immigration clearance service

- ImmD has entered into arrangements for reciprocal use of automated immigration clearance services with Korea, Germany,

Singapore and Australia. To facilitate tourists and businessmen, it will continue to liaise with other countries and regions with close relationship with Hong Kong in tourism, commerce and trade to implement similar arrangements.

Attracting Talent from Outside Hong Kong

- We have implemented a number of measures since May 2015 to facilitate outside talent, professionals and entrepreneurs to come and stay in Hong Kong in response to the population challenges of an ageing population and a dwindling labour force of Hong Kong.
- In particular, 417 applications were received under the Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents since implementation in May 2015 to end of last year, with 235 of them approved. The response has been positive so far. Approved applicants mostly come from European and American countries and hold degrees in various professional fields and experience. They are exactly the human capital we need.
- We have stepped up publicity of the measures through overseas visits and through HKSARG offices outside Hong Kong. We will review their effectiveness in due course and make adjustments based on prevailing social and economic needs if necessary.

Comprehensive Review of the Strategy for Handling Non refoulement Claims

- The HKSAR Government and law enforcement agencies in the Mainland have established a joint operation and conducted a number of enforcement actions last year. In addition, we amended the law to impose heavier penalties against human smuggling syndicates to combat “snake-heads”; effective preliminary results were shown: in 2016 there were a decrease of 42% in the number of non-ethnic Chinese illegal immigrants and a decrease of 24% in the number of non-refoulement claims received. On the other hand, the Immigration Department (ImmD) has implemented the pre-arrival

registration (PAR) requirement in respect of Indian nationals. The operation of PAR has been smooth so far. The number of overstayers is on a downward trend.

- In the coming year, we will focus on enhancing the screening procedures through amending the Immigration Ordinance (Cap.115). ImmD will also expedite screening of claims, with a view to increasing its screening capacity by 75% to over 5 000 cases in 2017-18. As provision of publicly-funded legal assistance is now the bottleneck, the Government must implement a Pilot Scheme to operate a supplementary roster as soon as possible to refer some of the cases to lawyers directly; we will allocate additional resources to this end. The Pilot Scheme will be reviewed in one year.
- Separately, the Torture Claims Appeal Board (TCAB) is expected to receive more appeals correspondingly. As such, the Government will allocate more resources to TCAB, increase the manpower of its Secretariat and appoint more members to TCAB as necessary. Among the new posts to be created in ImmD in 2017-18, 35 posts will be deployed for expediting removal of illegal immigrants (including rejected claimants) and another 35 posts will be deployed for enhancing the management of the Castle Peak Bay Immigration Centre. The Government will continue to deliberate measures to enhance detention capacity. ImmD will continue to step up enforcement action to combat non-ethnic Chinese illegal workers and their employers.

Fire and Ambulance Services

- The Fire Services Department (FSD) will have an increase of 331 posts in the new financial year, mainly for establishing new specialised teams (i.e. the Incident Safety Team and the Fire Tactical Unit) as well as strengthening the management and training of existing ones; strengthening the inspection and enforcement work on industrial buildings and fire service installations and equipment etc.; adding ambulance shifts; and enhancing the manpower of the Mobilising and Communications Unit, etc.

- FSD proposes to develop the Fourth Generation Mobilising System to improve the system's reliability and enhance the efficiency of handling emergency calls and dispatching fire and ambulance resources, with a view to strengthening the Department's capability in responding to emergencies.
- Since the major fire incident at a mini-storage last year, the relevant departments have largely completed inspections of all mini-storages in the territory. The departments are taking enforcement actions, requiring the owners or operators of mini-storages to promptly take measures in enhancing the fire safety of mini-storages. The Government plans to legislate for enhancing the fire safety standards of old industrial buildings. We will consult the Panel on Security on our initial legislative proposal in April 2017.

Custody and Rehabilitation

- The Correctional Services Department (CSD) has been dedicated to improving ageing correctional facilities. The partial redevelopment of the Tai Lam Centre for Women was completed in late 2016 and commenced operation in early 2017. We are also planning to replace and enhance the closed-circuit television systems for the three correctional institutions at Tai Lam, Tong Fuk and Tung Tau.
- In addition, CSD will continue to provide market-oriented vocational training to persons in custody and work with various sectors of the community to facilitate their re-integration into the society. The Department will also make efforts to promote community education to disseminate to the youths the messages of leading a law-abiding and drug-free life as well as supporting offender rehabilitation.

Combating Drug Abuse Problem

- The number of reported drug abusers in Hong Kong has continued to decrease, with a more significant decline in the number of reported young drug abusers aged under 21. However, we will not slacken our efforts, and will continue to tackle the drug problem in

a holistic manner through the five-pronged strategy.

Establishing a Declaration and Disclosure System on the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments (R32 System)

- We introduced the relevant Bill into the Legislative Council (LegCo) on 1 March 2017, which seeks to implement the recommendation of the Financial Action Task Force on establishing the R32 System. The required resources have been included in the Estimates for the new financial year. We hope that LegCo will support and pass the Bill early so as to fulfil Hong Kong's international obligation.

Thank you, the Chairman.

Security Bureau
March 2017

**Speaking Points of the Secretary for Development
at the Special Finance Committee Meeting (Planning and Lands)
on 31 March 2017 (Friday)**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 203 written questions from Members accounting for the use of resources under the purview of Planning and Lands. We are here to respond to any further questions that Members may wish to raise.
- My 2017-18 Recurrent Expenditure on Planning and Lands is \$5,052.72 million, representing an increase of \$160.97 million (about 3.3%) compared with the revised estimate for 2016-17. The additional provision is mainly for the work to strengthen land production, to expedite the implementation of the New Development Areas (NDAs) and new town extensions, and to step up enforcement actions relating to building safety.
- In 2017-18, there will be a net increase of 101 civil service posts in the Planning and Lands Branch and departments under its purview (the Buildings Department (BD), the Lands Department, the Planning Department (PlanD), the Civil Engineering and Development Department (CEDD) and the Marine Department), including 17 civil service posts in replacement of non-civil service contract posts. The establishment of directorate civil service posts will increase by two.
- Now I would like to brief Members on the priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- Increasing land supply tops the agenda of the HKSAR Government, the multi-pronged strategy to increase land supply in the past few years is beginning to deliver results. The various short, medium and long-term land supply initiatives can provide over 600 000 residential flats. The Government will continue its efforts to increase land supply on all fronts to meet the housing, economic and social development needs of Hong Kong. At the same time, we will build up a sufficient land reserve to meet the future demand in a timely manner.

Short- to Medium-term Land Supply

- For the short- to medium-term land supply, by way of changing existing land uses and increasing development intensity, which involves some 210 housing sites identified through land use reviews, Kai Tak Development Area, Diamond Hill Comprehensive Development Area, reuse of three quarry sites, railway property developments, urban renewal projects, etc., a total of over 380 000 residential flats can be provided.
- Among others, rezoning the some 210 housing sites identified through land use reviews is one of the key contributors towards achieving the Long Term Housing Strategy ten-year housing supply target. We will continue full steam ahead to increase and expedite the short- to medium-term housing land supply to ensure timely provision of land for both public and private housing developments. Again, I appeal to the District Councils, locals and members of the community to put the overall interests of Hong Kong first, and support the Government's effort to increase land supply to meet the imminent housing and other development needs of the Hong Kong people.

Medium- to Long-term Land Supply

- In the medium to long term, various NDAs and new town extensions, as well as potential railway property development projects being planned, can provide over 220 000 residential flats.

We are proceeding in full steam the various NDAs and new town extensions. The implementation of Kwu Tung North (KTN) and Fanling North (FLN) NDAs, Tung Chung New Town Extension (TCNTE), Hung Shui Kiu (HSK) NDA and Yuen Long South (YLS) Development are in good progress. These development projects are expected to provide close to 200 000 residential flats between 2023 and 2038.

- Making optimal use of brownfield sites is one of the main directions in the Government's multi-pronged land supply strategy. We will continue to develop areas concentrated with brownfield sites through comprehensive planning by way of large-scale new town development approach. The developments in HSK, YLS and KTN/FLN NDAs currently underway cover about 340 hectares (ha) of brownfield sites. The proposed strategic growth area (SGA) of New Territories North under the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+") would cover another 200 ha of brownfield sites.
- In 2017-18, the CEDD will continue to take HSK as a pilot case to actively study the possibility of consolidating brownfield operations in multi-storey buildings. The PlanD will commence a comprehensive survey on the distribution, uses and operation of brownfield sites in the New Territories this year. Meanwhile, the DEVB will formulate a comprehensive policy framework on brownfield sites so as to examine the brownfield issues and policy directions from multiple angles, perspectives, and levels, with a view to optimising land utilisation, rationalising rural land uses, supporting industrial development and improving the rural environment. We will consult the Legislative Council and the public on the proposed brownfield policy framework in due course.

Land for Economic Uses

- Apart from increasing housing land supply, the continued supply of economic land is essential to facilitate the development of different economic activities and maintain Hong Kong's competitiveness. Examples include relocating some government

offices away from the core business district (CBD) to other districts, converting suitable “Government, Institution or Community” sites and government properties (e.g. former Trade and Industry Department Tower in Mong Kok, Murray Road Carpark in Central, the three government office buildings at the Wan Chai waterfront and Queensway Plaza) into commercial uses, and continue to forge ahead with the development of Kowloon East into another CBD and the Kai Tak Development Area, etc., with a view to providing land and supporting hardware for economic uses in a sustainable manner.

- In the medium- to long-term, it is estimated that NDAs and new town extensions such as KTN, FLN and HSK NDAs, YLS Development and TCNTE will provide over 8.6 million square metres of industrial and commercial floor area. In support of the development of “bridgehead economy”, the Government is conducting studies on the Boundary Crossing Facilities island of Hong Kong-Zhuhai-Macao Bridge, including the topside development, for uses such as retail, catering, entertainment, hotel, office and logistics.
- A breakthrough has been made this year in the development of the Lok Ma Chau Loop. In January this year, the Shenzhen Municipal People’s Government and the HKSAR Government signed the “Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen”. Hong Kong and Shenzhen will jointly develop the Hong Kong/Shenzhen Innovation and Technology Park at the 87-hectare Lok Ma Chau Loop. To attract top enterprises, research institutions and higher education institutes of Hong Kong and Shenzhen, as well as those of other places in the Mainland and overseas, the Hong Kong/Shenzhen Innovation and Technology Park will establish itself as a key base for co-operation in innovation and technology research. Related higher education, cultural and creative, as well as other complementary facilities will also be provided at the site. With a site area of about four times that of the Hong Kong Science Park currently located in Pak Shek Kok, Shatin, the Hong Kong/Shenzhen Innovation and Technology Park will be the largest innovation and technology platform ever established in the

history of Hong Kong. The Park will provide a maximum total gross floor areas (GFA) of 1.2 million square metres, that is about three times that of the Hong Kong Science Park which has a GFA of 400 000 square metres.

Long-term Planning

- In my report on the Policy Address earlier on, I have talked about the details of other initiatives to increase land supply, so I will not repeat here. Apart from increasing land supply through a multi-pronged approach, we also need a robust, pragmatic and comprehensive territorial development strategy to tackle the internal and external challenges, such as the regional competition and “double-ageing” of our population and building stock, as well as to respond to the community’s aspirations for better quality of life and larger living space. The DEVB and the PlanD are conducting public engagement for “Hong Kong 2030+”, which has put forward a number of strategic directions and recommendations. Our aim is to formulate long-term planning for Hong Kong’s sustainable development, especially to create sufficient development and environment capacities for meeting future land demand while conserving our natural assets.
- The two SGAs proposed in “Hong Kong 2030+”, i.e. East Lantau Metropolis and New Territories North, will not only allow us to meet the estimated long-term land requirements, but also enhance the overall capacity of Hong Kong to provide us with the flexibility and buffer to enhance liveability and improve living space, capture future economic opportunities and challenges, and redress the existing unbalanced spatial distribution of homes and jobs for the territory. The public engagement of “Hong Kong 2030+” will last until the end of April this year. The Government will continue to hear about your insights and opinions with a view to forging a consensus for making Hong Kong a “home” suitable for living and working.

2016-17 Private Housing Land Supply

- In 2016-17, 21 residential sites have been put up for sale, capable of providing about 14 510 flats. This is the highest flat production capacity of government land sale sites since the Government-initiated sale mechanism was resumed in 2010-11. In 2016-17, the overall private housing land supply from government land sale, railway property development projects, projects of the Urban Renewal Authority (URA) and private redevelopment or development projects is estimated to have a capacity to provide about 19 780 flats, exceeding the target of 18 000 flats set for the year by about 10%. The Government has met the annual target of private housing land supply for three consecutive years.

2012-13 to 2016-17 Private Housing Land Supply

- In the five financial years from 2012-13 to 2016-17, land sold by the Government has a capacity to produce about 50 960 flats, more than double that of the preceding five financial years from 2007-08 to 2011-12 (around 20 700 flats).
- From 2012-13 to 2016-17, the overall private housing land supply from various sources is estimated to have a capacity to provide about 95 500 flats, largely meeting the Government's supply target of these five financial years.

2017-18 Land Sale Programme and Private Housing Land Supply

Land Sale Programme

- The 2017-18 Land Sale Programme comprises a total of 28 residential sites capable of providing about 18 910 flats. Among them, eight sites are rolled over from the 2016-17 Land Sale Programme, capable of providing about 5 100 flats; 20 sites are new sites, with a capacity to provide about 13 810 flats. This demonstrates that the Government's continued efforts to identify land for private housing development are bearing fruit.

- As in the past, the Government includes in the Land Sale Programme sites that are estimated to be available for sale in the year, and will continue to announce quarterly land sale programmes in advance, providing transparency and certainty in respect of land supply for the market. We may put up additional sites for sale in the course of a quarter depending on the situation, so as to flexibly respond to changing market conditions.

Private Housing Land Supply

- Based on the Government's projection in the Long Term Housing Strategy Annual Progress Report promulgated in December 2016, the total housing supply target was set at 460 000 flats for the ten-year period from 2017-18 to 2026-27, with the public/private split of 60:40 remaining unchanged. For this reason, our private housing land supply target in 2017-18 is to make available land capable of providing about 18 000 private residential flats. This is not a fixed target of housing land supply. The aim is to build up a sufficiently large land reserve over a period of time to ensure steady land supply to the market.
- Looking ahead in 2017-18, railway property development projects will continue to be one of the sources of private housing land supply. Package 1 of the West Rail property development project at Kam Sheung Road Station and the property development projects owned by the MTR Corporation Limited (MTRCL) at LOHAS Park, Ho Man Tin Station, Wong Chuk Hang Station and Yau Tong Ventilation Building are estimated to provide about 8 030 flats. In addition, projects of the URA are capable of producing about 480 flats. Private redevelopment or development projects are estimated to produce about 4 200 flats (average figures of the past ten years).
- Combining various sources, it is estimated that the potential private housing land supply in 2017-18 is capable of providing about 31 620 flats.

Sale of Commercial/Business/Industrial/Hotel Sites

- In 2016-17, a total of seven commercial/business sites (about 503 000 square metres of GFA) were put up for sale. This is a record high since 2010-11 when the Government-initiated Sale Mechanism was resumed. In addition, two industrial sites which are capable of providing about 52 000 square metres of GFA were put up for sale in 2016-17. Land sale by the Government for commercial and industrial uses in the current financial year can provide about 555 000 square metres of floor area, exceeding the aggregate supply in the preceding four financial years.
- From 2012-13 to 2016-17, the Government has supplied a total of 23 commercial/business/industrial sites to the market, providing over one million square metres of GFA.
- The 2017-18 Land Sale Programme comprises three commercial/business sites and one hotel site which are capable of providing about 172 000 square metres of GFA and about 550 hotel rooms respectively. Although the floor area produced by the commercial/business sites in the 2017-18 Land Sale Programme is smaller than that of the past few years, the Government will continue to increase the supply of commercial floor area through various means. A number of large commercial sites will be made available to the market in the next few years. They include the Queensway Plaza site, the site atop the terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section), Site 3 of the new Central Harbourfront, the Caroline Hill Road site, the Sai Yee Street site and various sites in Kai Tak, capable of providing a total of about 1.1 million square metres of GFA. The Government will consider selling more industrial sites taking into account the market situation.

Siu Ho Wan Depot Site and Potential Property Developments along Rail Lines

- In the medium to long term, potential railway property development projects can provide over 21 000 residential flats.

- Among others, Environmental Impact Assessment and various technical studies are being carried out for the planned comprehensive residential and commercial development at the Siu Ho Wan Depot Site, which can provide no less than 14 000 residential flats in the medium to long term, with associated commercial and community facilities. The development parameters will be kept under review with regard to the results of on-going studies to optimise the utilisation of the site as far as possible. The Government plans to commence statutory planning procedures for the relevant area in 2017-18, and will follow up with the MTRCL as appropriate on the various technical matters and related details based on the results of the technical studies.
- The Government will continue to explore the development potential of railway stations and related sites along existing and new railway lines to make optimal use of such land.

Urban Renewal

- Hong Kong's building stock is ageing rapidly. The work of urban renewal is getting more and more important. In accordance with the Urban Renewal Strategy promulgated in 2011, the URA will focus its resources on taking forward urban renewal by way of "Redevelopment" and "Rehabilitation".
- As of end-March 2017, the URA has implemented 61 redevelopment projects which could in total provide over 18 400 residential flats. Among others, the URA introduced for the first time in March 2016 a holistic and district-based approach for implementing its large-scale redevelopment projects in To Kwa Wan, Kowloon City. Apart from providing over 3 000 residential flats, the district-based approach would raise the quality of the living environment and improve the road networks with a view to bringing in more benefits for the community.
- On rehabilitation, the URA has launched various rehabilitation schemes so as to reduce the need or urgency for redevelopment. As of end-2016, about 3 700 buildings have benefited from the URA's rehabilitation schemes. To help property owners secure

the necessary technical support when carrying out building rehabilitation works, a commitment of \$300 million has been included in this year's Draft Estimates to enable them to take part in the "Smart Tender" Building Rehabilitation Facilitating Services scheme administered by the URA at a concessionary rate. It is estimated that owners of about 4 500 buildings would benefit from this initiative in the next five years.

- Having regard to the difficulty in increasing the development density or the lack of residual developable Plot Ratio in some districts, we need to explore more effective and practical ways for urban renewal. The URA plans to use the Yau Ma Tei and Mong Kok districts as a testing ground and conduct a district planning study in the second quarter of this year. The study aims to explore how to enhance the efficiency of existing land use and redevelopment potential of these districts with a view to formulating a feasible *modus operandi* for adoption in other districts. At the same time, the URA will also conduct a study on building rehabilitation strategies to formulate appropriate and sustainable measures to prolong the life span of the buildings and explore the feasibility of "retrofitting" as a proposal for building rehabilitation.

Building Safety

- The Government has all along adopted a multi-pronged approach to enhance building safety. Among others, on the enforcement front, the BD launches large scale operations annually which target at rectifying irregularities associated with subdivided flats and other unauthorised building works (UBWs). In 2016, the BD issued a total of 12 901 removal orders against UBWs and 969 repair orders and investigation orders in relation to dilapidated buildings. During the same year, 3 362 prosecutions had been instigated against failure to comply with removal orders. The BD will continue with the work on this front.

Conclusion

- Chairman, the above is a brief account of the Planning and Lands portfolio. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Speaking Points of the Secretary for
Development for the Special Finance Committee
Meeting (Works) on 31 March 2017 (Friday)**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). We have provided replies to 103 written questions raised by Members accounting for the use of resources in the works portfolio. We are here to answer any further questions that Members may wish to raise.
- In 2017-18, the DEVB's recurrent expenditure for the works portfolio will be \$11,693.87 million, representing an increase of \$420.01 million or 3.7% as compared with the revised estimate for 2016-17. This is mainly due to the estimated increase in expenditure for purchasing Dongjiang water.
- In 2017-18, there will be a net increase of 77 civil service posts in the Works Branch (WB) and departments under its purview (the Architectural Services Department, Electrical and Mechanical Services Department (EMSD), Highways Department, Leisure and Cultural Services Department and Water Supplies Department (WSD)), including four directorate civil service posts, and 47 civil service posts to replace the non-civil service contract staff and other contract staff positions.
- Now, I would like to brief Members on the priority tasks of the works portfolio in the new financial year.

The Overall Infrastructure Programme

Capital Works

- The Government has all along been adopting long-term planning for Hong Kong and implementing capital works projects in a timely and continuous manner to improve people's quality of life, enhance Hong Kong's long-term competitiveness and promote our economic development, so as to lay a solid foundation for the sustainable development of Hong Kong. The projects cover various areas including land supply, transportation, medical care, education, water supply and drainage.
- In 2015-16, the actual capital works expenditure reached the level of \$75 billion, while in 2016-17, the revised estimate for capital works expenditure is \$86.2 billion. In the next few years, the Government will launch a number of works projects for major infrastructure and public facilities to support our social development. The estimated annual expenditure on capital works is expected to exceed the level of \$80 billion, which will promote economic growth and provide employment opportunities for the construction industry on a continuous basis.

Cost Control for Public Works

- In light of escalating construction costs in recent years, the DEVB established the Project Cost Management Office (PCMO) last year to lead cost control initiatives for public works, so as to ensure the proper use of public funds. We are pleased to see that the PCMO has achieved significant early results since its establishment, including saving some \$13 billion in costs out of the 60-plus projects examined totalling some \$170 billion. Besides, through collaboration with stakeholders and under the prevailing economic situation, the Building Works Tender Price Index has reversed its

upward trends over the past few years and become steady gradually.

- The PCMO has also commenced extensive consultation and collaborated closely with industry stakeholders, so as to achieve better results in cost control and enhance the cost-effectiveness of the local construction industry.
- In the coming year, the PCMO will step up its efforts in cost control, including improving the procurement and tendering systems for works projects, enhancing project management by the professionals within the Government, launching other measures that will enhance productivity and lower manpower demand to reduce costs, such as adopting the concept of buildability, and using the Building Information Modelling (BIM) technology in major government works projects, so as to take forward the Public Works Programme more effectively.

Progress of Major Infrastructure Projects

- Various major infrastructure projects carried out by the Government have made considerable progress in the past year. The projects currently underway include the Kai Tak Development (KTD), the Hong Kong-Zhuhai-Macao Bridge (HZMB), the Liantang/Heung Yuen Wai Boundary Control Point, Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Sha Tin to Central Link and the Tuen Mun-Chek Lap Kok Link. In addition, the expansion of the Haven of Hope Hospital at an estimated expenditure of about \$2 billion and the construction of the Tseung Kwan O-Lam Tin Tunnel at an estimated expenditure of about \$15 billion also commenced last year.
- In the current legislative session, the Government will seek funding approval from the Legislative Council (LegCo) for different types of works projects, including the Kai Tak Sports Park, the Central

Kowloon Route, the redevelopment of the Junior Police Officers Married Quarters at Fan Garden, Fanling, and the Tung Chung New Town Extension.

- Apart from the major infrastructure projects, we continue to plan other public works projects of various scales to improve people's quality of life. The projects in progress or under planning cover various areas including medical services, education, fresh water supply, sewage treatment, greening and heritage conservation. In the 2016-17 legislative session, it is estimated that we need to seek funding approval of more than \$90 billion from the Finance Committee (FC) of LegCo for the new works projects.
- However, as LegCo has been very slow in their progress of approving funding proposals for works projects, so far there is only one new works project that has obtained funding approval totalling about \$1.1 billion. If most works projects cannot obtain funding approval as scheduled, Hong Kong's future economic growth and continued development will definitely be affected, and the construction industry and other related sectors will also suffer as a result.

Major Challenges in Delivering the Capital Works Programme

- Given the acute demand for construction works, we anticipate that the volume of overall construction output in both the public and private sectors will maintain at a relatively high level of over \$240 billion per year in the next few years. We, therefore, have to effectively control project costs and overcome the problem of tightening construction manpower situation. The Government will continue to take a series of measures and expects to work with various stakeholders to find solutions to the problems together.

Manpower Resources for the Construction Industry

- To cope with the keen demand for skilled workers in the construction industry, we have deployed a series of measures since 2008-09, including obtaining approval for a total of \$420 million from LegCo in 2010, 2012 and 2015 to support the Construction Industry Council (CIC) in strengthening its role in the training of local construction personnel and in organising promotional and publicity activities. From 2009 to 2016, the CIC has trained more than 24 000 semi-skilled workers. About 55% of them are aged below 35, which is lower than the average age of 46 of the existing registered workers, indicating that more young people are interested in joining the industry.
- We are working with the CIC to actively encourage local workers to enhance their skills. Measures include a pilot scheme to upgrade the skills of semi-skilled workers to the level of skilled workers, and training of in-service general workers (including ethnic minorities) to become semi-skilled workers. Also, the CIC will set up an innovation and technology application centre in the second half of 2017 to introduce innovative technologies into the industry to enhance productivity.
- We will continue to nurture a “caring culture” in the construction industry by adopting a multi-pronged approach to further enhance site safety and improve site cleanliness and tidiness as well as the welfare of workers, so as to safeguard the health and safety of workers.
- The DEVB and the CIC will continue to organise the “Construction Safety Week” in September this year to enhance site safety and workers’ health through a series of publicity and promotion activities. A new “Carnival” event will be added to the “Construction Safety Week” this year, which enables the workers to spend an enjoyable weekend with their family and to

further understand the importance of occupational safety and health. These measures will also help send a positive message of the construction industry to the public, which will uplift the image of the industry and attract more new entrants, especially young people, to join the industry.

The Procurement System for Public Works Projects

- In addition to enhancing our manpower resources, an effective tendering system that caters for the current market conditions is also crucial. To achieve economical delivery of quality infrastructure, we are always mindful of the need to build up the overall capability of the construction industry, facilitate its healthy growth and encourage innovation and creativity. We have enhanced the contractors' listing management system to increase market opportunities for small- to medium-sized contractors, enhance competitive tendering, and attract contractors who are not on the list at present to participate in public works projects, thereby allowing us to tap into new technologies and expertise. We will continue to improve the management practices and procedures of public works projects to enhance design for buildability, increase productivity, encourage innovation and creativity and strengthen cost control.
- We strive to promote collaborative partnership in the implementation of public works contracts so as to enhance the management efficiency and cost effectiveness of works contracts. Since 2009, we have adopted the New Engineering Contract (NEC) form, which emphasises mutual trust and co-operation, in some public works contracts. The results are encouraging. The NEC form has put in place a collaborative risk management mechanism which can help reduce risks. In the coming year, we will continue to promote the wider use of the NEC form in public works contracts, and will try to adopt the target cost contract option in some larger

scale projects, which we believe will help improve the cost control of public works contracts.

- To enhance productivity and safety in Hong Kong's construction industry, we are striving to promote the BIM technology. We will require consultants and contractors undertaking design and construction to adopt BIM in major capital works projects which commence design in 2018 and thereafter. We hope that through the BIM technology, the industry can better manage the relevant information at the various stages of construction projects so as to control project costs, optimise design, improve co-ordination and reduce construction waste. Also, the CIC will continue to pursue the work of mapping out the BIM Standards.

Security of Payment for the Construction Industry

- To ensure that main contractors, sub-contractors, consultants and suppliers of the construction industry can receive the payments due on time for the work or services provided by them, we have completed the public consultation on the proposed security of payment legislation for the construction industry. In light of the views collected, the public is in general supportive of the proposed legislation. We have already commenced drafting the bill with the aim of introducing the bill to LegCo in early 2018.

Promotion of Professional Services

- Since the signing of the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA) in 2003 and the subsequent related agreements, relevant professionals and enterprises of Hong Kong's construction industry have benefited from the gradual market liberalisation measures in the Mainland and been allowed to practise and develop their businesses in the Mainland.

- The Mainland and Hong Kong signed the Agreement on Trade in Services on 27 November 2015. The Agreement on Trade in Services adopts the form of positive and negative listings in further liberalisation. Regarding the negative list, the Mainland allows Hong Kong enterprises to participate on the basis of national treatment in 11 sub-sectors of construction and related engineering services, and this liberalisation measure has been extended from Guangdong to the whole Mainland. As for the positive list, the relevant measures have consolidated the commitments provided in CEPA and all of its previous Supplements, and most of the measures already implemented in Guangdong have even been extended to Guangxi and Fujian.
- As regards the co-operation with Qianhai, the DEVB has achieved results in three areas:
 - (a) Identified a project developed by a Hong Kong company as a pilot project to adopt the Hong Kong project management system and directly engage Hong Kong professionals and enterprises in the construction and related engineering sectors.
 - (b) In June 2016, Qianhai promulgated the “Register of Hong Kong Professional Firms”.
 - (c) Qianhai has put in place a registration system for Hong Kong professionals in the construction industry.

At present, enterprises on the list and registered professionals are allowed to provide services directly in construction projects wholly owned or with majority shares held by Hong Kong businesses without having to satisfy the Mainland’s enterprise qualifications or registration requirements.

- In addition, to facilitate the engagement of Hong Kong engineering consultants to undertake supervision work for the Mainland’s

foreign aid construction projects in foreign countries, we signed a Memorandum of Co-operation with the Ministry of Commerce in April 2014. Two medium-sized building projects in Nepal and Cambodia respectively have been identified as pilot projects, and two companies from Hong Kong have been awarded the relevant contracts through open tendering. The project in Cambodia was successfully completed in January 2017, while the one in Nepal is expected to be completed in May this year. The DEVB will continue to hold discussions with the Ministry of Commerce about increasing the number of foreign aid construction projects undertaken by Hong Kong enterprises, expanding their service scope and increasing the types of projects in which they can participate.

- Looking ahead, the Belt and Road Initiative proposed by the Mainland will open up enormous opportunities for the construction and related professional services sectors. With regard to the construction of Belt and Road infrastructure, we together with the industries are now exploring ways to work with the Mainland to develop overseas markets and facilitate their participation in the infrastructure development of the Belt and Road regions, so as to promote the development of professional services.

Co-ordinating Infrastructure for Land Supply

- Co-ordination of infrastructure projects to support the increasing land supply is another important task of the WB of the DEVB.
- Apart from seeking funding approval for commencing a planning and engineering study on Sunny Bay reclamation, we are planning to commence the planning and engineering studies on the reclamations at Ma Liu Shui and Lung Kwu Tan as soon as possible, so as to provide land for advanced technology and knowledge-based industries, and for industrial and residential uses.

- Currently, there are several strategic infrastructure projects under construction or planning in Lantau and there is no doubt of its development potential. Lantau is very crucial to Hong Kong's long-term sustainable development.
- We completed a public engagement exercise for the proposed Lantau development strategies in April 2016. The results show that the public is in general supportive of the direction of "development for the north, conservation for the south". Major economic, housing, recreational and tourism development will be focused in the north, while most of the remaining areas in Lantau will be used for conservation, leisure, cultural and eco-tourism purposes. We will publish the "Sustainable Lantau Blueprint" in the second quarter of this year.
- We will continue to study how to optimise the utilisation of land at the Hong Kong Boundary Crossing Facilities Island of the HZMB. We will conduct the Stage 2 Community Engagement this year to collect public views on the draft Recommended Outline Development Plan for this site, which will provide a total gross floor area of up to 500 000 square metres for commercial developments and other economic activities.
- To take forward the various development and conservation projects in Lantau, we need to set up a dedicated multi-disciplinary "Sustainable Lantau Office" as soon as possible to enhance our manpower and management steer so that we can start the work immediately to seize the development and conservation opportunities of Lantau. We are actively soliciting Members' support so as to set up the office at an early date.
- We plan to complete the investigation and design for the relocation of the Sha Tin Sewage Treatment Works to caverns in phases starting this year, and commence cavern construction and the relocation works for the sewage treatment works as soon as

possible, so as to release its existing site of about 28 hectares for development. We have also substantially completed the feasibility studies on the relocation of the Sai Kung Sewage Treatment Works, the Sham Tseng Sewage Treatment Works and the Diamond Hill Fresh Water and Salt Water Service Reservoirs to caverns, and have already started the public consultations on the land use options of the released sites of about 6 hectares in total to prepare for the next phase of work. In addition, we will implement the recommendations of the study on the long-term strategy for cavern development, including promulgating the Cavern Master Plan and formulating guidelines to promote future cavern development, setting priorities for the relocation of suitable government facilities to caverns, and commencing a technical study on underground quarrying for cavern development.

- The Stage 1 Public Engagement launched last November regarding the pilot study on underground space development in four selected strategic urban areas, namely Causeway Bay, Happy Valley, Admiralty/Wan Chai and Tsim Sha Tsui West, was completed in February this year. We are developing conceptual schemes for underground space development with due consideration to the views received. Preliminary technical assessments of these conceptual schemes will be carried out in due course. We anticipate that the work will be substantially completed by early 2018. After that, we will launch the Stage 2 Public Engagement for the relevant conceptual schemes.

Kowloon East

- Regarding land supply, the provision of sites for commercial uses is just as important as the supply of land for housing. In future, Kowloon East including the KTD Area will become an important source of commercial sites. The momentum of increasing commercial/office supply in Kowloon East will continue.

- The Energizing Kowloon East Office focuses its efforts on enhancing connectivity, improving the environment, unleashing development potential and exploring the feasibility of smart city development.
- We actively promote the concept of a "Walkable Kowloon East". Apart from implementing a number of quick-wins, we also study improvements to the pedestrian subway, the public transport interchange and pedestrian facilities next to the Mass Transit Railway (MTR) Ngau Tau Kok Station, and face-lift more back alleys to become part of the pedestrian network in the Kwun Tong Business Area. Moreover, design for an additional footbridge next to the MTR Kowloon Bay Station connecting to the East Kowloon Cultural Centre has also commenced.
- We continue to implement the Greening Master Plan of Energizing Kowloon East and increase the amenities in the area. The Phase 2 improvement works of Tsun Yip Street Playground is underway, while the construction of the Tsui Ping River Garden also commenced at the end of last year. The public consultation exercise for the conversion of King Yip Street Nullah into Tsui Ping River is in progress. In addition, we are constructing facilities at the "Fly the Flyover 02 and 03" sites beneath Kwun Tong Bypass to provide more facilities related to arts, culture and leisure. We will seek funding approval from LegCo this year for reprovisioning the Tsun Yip Street Playground facilities to Hong Ning Road Park and Ngau Tau Kok Fresh Water Service Reservoir, as well as improving Hoi Bun Road Park together with its adjacent areas. On green buildings, there are already 24 buildings which have obtained Building Environmental Assessment Method Plus (BEAM Plus) Gold or Platinum rating in Kowloon East.
- We strive to unleash the development potential of Kowloon East. Since 2012, over 600 000 square metres of new commercial/office floor area has been provided in Kowloon East. The supply of new

commercial/office floor area in Kowloon East in the coming five years is estimated to be around 900 000 square metres, including the developments on six pieces of commercial land sold by the Government in the past five years.

- We are working on rationalising or relocating the existing government facilities in the Kowloon Bay Action Area (KBAA) and the Kwun Tong Action Area (KTAA), which will provide around 560 000 square metres of commercial/office floor area. We are seeking funding approval from LegCo for reprovisioning the vehicle examination centres in KBAA and To Kwa Wan, and will reprovision the temporary driving school in KTAA under a short-term tenancy agreement.
- KTAA, the former airport runway tip and Kwun Tong Typhoon Shelter are included in the Kai Tak Fantasy project, which will be developed into a world-class tourism, leisure and entertainment hub. We will consult the public regarding the two related studies this year.
- Kowloon East is a pilot area for smart city development. We are formulating a framework strategy, key strategic aspects and related smart city proposals for Kowloon East and carrying out on-site proof of concept trials, to facilitate the transformation of Kowloon East into a more vibrant, smart and sustainable place.
- As far as the KTD Area is concerned, we completed the phase two review to further increase the development intensity and enhance the site planning of the KTD Area last September. Together with the phase one review completed earlier, a total of some 16 000 additional residential flats and about 400 000 square metres of commercial floor area will be provided in the area.
- We will continue to press ahead with the Energizing Kowloon East initiatives to facilitate the transformation of Kowloon East into the

second core business district and support the long-term economic development of Hong Kong.

Safe and Quality Living Environment

- Public works projects have a wide coverage. Apart from the main projects mentioned above, we also pay due regard to others that improve the quality of life and the environment.

Total Water Management

- The Government launched the Total Water Management (TWM) Strategy in 2008, which puts emphasis on containing the growth of water demand through conservation while strengthening water supply management. We will continue to implement various water supply and demand management measures under the TWM Strategy.
- On promoting water conservation in the domestic sector, we have distributed flow controllers to some 140 000 households since the launch of the “Let’s Save 10L Water” campaign in 2014. We have also completed the installation of flow controllers on water taps and showers for about 87 000 public housing households.
- For the non-domestic sector, we have installed over 45 600 flow controllers in about 2 800 government venues and schools, and we will continue the installation work on other premises. Also, we have drawn up water-using guidelines for specified government facilities such as public swimming pools, parks and markets, and compiled the Best Practice Guidelines for Water Usage for the catering and hotel industries.
- The WSD held a five-day Water Conservation Week 2016 in November 2016, with over 20 000 participants from over 150

green groups, government departments, businesses, schools and educational institutions etc.

- As regards education, we have developed the “Cherish Water Campus” Education Programme on Water Conservation for primary school students. The programme combines theory and practice, aiming to enhance students’ knowledge of water resources protection and the global issues concerning water resources, encourage them to practise water conservation at school and at home, and promote water-saving to their peers, family and the community. Since the launch in the 2015-16 school year, more than 210 primary schools have joined the programme. In addition, we will extend water conservation education to kindergartens. Under a pilot scheme tentatively scheduled for the 2017-18 school year, teaching kits containing water-saving storybooks will be produced to facilitate educational activities related to water conservation in kindergartens. We have also commenced the design work of the Water Resources Education Centre in Tin Shui Wai, which will replace the existing temporary centre in Mong Kok in 2018-19.
- We continue to expand the voluntary Water Efficiency Labelling Scheme (WELS), which at present covers showers for bathing, water taps, washing machines, urinal flushing valves and flow controllers. Also, the initiative of the mandatory use of WELS products took effect on 1 February this year. For all proposed plumbing works applications submitted using Form WWO 46 for kitchens of domestic premises as well as bathrooms and toilets of all premises, the showers for bathing, water taps and urinal flushing valves proposed to be used should comply with the prescribed water efficiency gradings under the WELS. There is a one-year grace period for the above mandatory requirement.
- We have substantially completed the Replacement and Rehabilitation Programme of Water Mains at the end of 2015.

The number of water main burst cases per year decreased from the peak of about 2 500 to 116 in 2016, and the water main leakage rate from the peak of over 25% to around 15% in 2016.

- We are progressively taking forward the establishment of a comprehensive Water Intelligent Network to continuously monitor the health condition of water mains network. The work includes continuing the installation of sensors in the water distribution network for establishing District Metering Areas (DMAs); undertaking design for the remaining DMAs; and preparing a tendering exercise for an intelligent network management computer system for analysing the data collected from the sensors. We have also commissioned a consultant to use data mining technique to predict the possibility of water main bursts for early identification of defective water mains and follow-up actions.
- We have been using seawater for toilet flushing in the urban areas and most of the new towns, covering about 85% of the population. With the completion of the infrastructure for extending the seawater supply network to Pokfulam and Northwest New Territories, we are arranging for these areas to switch to seawater flushing.
- On the other hand, given the challenges to water resources due to climate change and the continuous population and economic growth, we are developing new water sources not susceptible to climate change, including seawater desalination and water reclamation.
- We have commissioned a consultancy to embark on the design work of the first stage of the seawater desalination plant in Tseung Kwan O. The first stage of the desalination plant has a water production capacity of 135 000 cubic metres per day with provision for expansion to 270 000 cubic metres per day to meet about 5 to 10 percent of Hong Kong's water demand. Also, to connect the

desalination plant with the water mains of the existing water supply network, we have substantially completed the detailed design using in-house resources, and plan to secure the support of the Public Works Subcommittee in seeking funding approval from the FC.

- We are continuing our work to take forward the use of reclaimed water in Northeast New Territories (including Sheung Shui and Fanling) for toilet flushing and other non-potable uses. Currently, we are inviting tenders for the core infrastructure works including a service reservoir and trunk water mains expected to commence in the second quarter of 2017. Meanwhile, we are undertaking the design work for the remaining works including a chlorination plant, a pumping system and local distribution mains. Also, we are formulating a financial and legal framework for the reclaimed water programme appropriate for Hong Kong, which is expected to be completed by the end of 2017.
- We strive to promote the use of grey water and rainwater harvesting facilities in new government works projects for non-potable uses as appropriate, including the plan to build a centralised grey water reuse system in the Anderson Road Quarry Development project. In the long term, Hong Kong will be supported by six different sources of water supply, namely local water, imported water from Dongjiang, seawater for flushing, seawater desalination, reclaimed water and grey water reuse and rainwater harvesting.
- We plan to complete the review of the TWM Strategy in 2017 in order to ensure the sustainable use of precious water resources and timely introduction of new initiatives to strengthen our resilience and preparedness against challenges brought about by climate change.

Drinking Water Safety

- To follow up on the recommendations put forward by the Commission of Inquiry into Excess Lead Found in Drinking Water, the DEVB established the International Expert Panel on Drinking Water Safety (IEP) on 1 June 2016 to provide advice on issues related to drinking water safety. So far, the IEP has convened four meetings for in-depth discussion of various issues related to drinking water safety. Meanwhile, the WSD has engaged a specialist consultant from the United Kingdom (UK) to review the drinking water quality standards and sampling protocols of overseas organisations and countries and provide advice based on the situation in Hong Kong. The WSD has also engaged a specialist consultant from Australia to provide advice on the enhancement of Water Safety Plan (WSP) for WSD and develop WSP templates for buildings. The DEVB, the WSD, the IEP and the UK/Australia specialist consultants have conducted in-depth discussions about various issues of drinking water safety. We have almost completed the work related to water quality standards, sampling protocols and the WSP. A concrete plan will be announced shortly.
- In addition, the inter-bureau and inter-departmental Working Group on Water Safety Issues, which was established by the DEVB in March 2016, is examining to formulate a holistic plan to safeguard drinking water safety and will put forward proposals to introduce legislation on drinking water safety, including developing drinking water standards, establishing a water quality regulatory framework, as well as putting in place a programme for monitoring the quality of drinking water from the source to the consumers' taps to fully ensure drinking water safety.
- We are conducting a comprehensive review of the Waterworks Ordinance and its Regulations, including a review of the roles and responsibilities of persons engaged in the design and construction

of the inside service, the systems for their registration, technical requirements and plumbing material standards. We plan to submit the amendments related to defining the duties of licensed plumbers and plumbing workers and updating the plumbing material standards to LegCo for deliberation in the 2016-17 legislative session.

Flood Prevention

- As for flood prevention, the Happy Valley underground stormwater storage scheme came into full operation in March 2017, with a view to further alleviating the flood risks around Happy Valley and Wan Chai. We are also conducting the Kai Tak River Improvement Works, which will revitalise the river into a green river corridor and is expected to be completed in phases by 2018. All these works, together with a number of major flood prevention projects completed in recent years, including the drainage tunnels in Hong Kong West, Lai Chi Kok, Tsuen Wan and Kai Tak, as well as the underground stormwater storage schemes in Tai Hang Tung and Sheung Wan, have significantly reduced the flood risks in the urban areas.
- We will continue to review the Drainage Master Plans (DMPs) for various districts across the territory, so as to assess the flood risks and propose improvement measures to tie in with the latest development in various districts and cope with the potential impact of climate change. Currently, we are conducting the reviews of the DMPs for Northern Hong Kong Island, Tai Po, Sha Tin, Sai Kung, Lantau and outlying islands.
- When carrying out large-scale drainage improvement works and drainage planning for new development areas, we will apply the concept of revitalising water bodies to nullahs and river channels so as not only to enhance their drainage capabilities but also promote greening, biodiversity, beautification, water friendliness, etc. In

fact, we have conducted pilot schemes to incorporate the concept of revitalising water bodies into a number of nullah and river improvement projects in recent years, so as to beautify the environment and enhance the biodiversity in nullahs and river channels. To take forward the concept of revitalising water bodies, we are now conducting a consultancy study on the revitalisation of water bodies, which aims to develop specific options for revitalising water bodies for Hong Kong's nullahs and river channels according to their unique characteristics, with a view to constructing sustainable drainage facilities and building a better environment for the public.

- Our underground drains are suffering from ageing and wear and tear, and the number of pipes that have to be rehabilitated in future is expected to increase over time. We propose systematic investigations and rehabilitation works for the underground drains across the territory to increase the efficiency of rehabilitation.

Slope Safety

- The Civil Engineering and Development Department will continue to implement the Landslip Prevention and Mitigation Programme, using a risk-based priority ranking system to determine the landslide risk levels of man-made slopes and natural hillsides, and carrying out landslide prevention works and landscaping works according to the priorities on the ranking list. In 2017, we expect to complete the stabilisation of 150 government man-made slopes, carry out safety-screening studies on 100 private man-made slopes, and conduct studies and carry out risk mitigation works for 30 natural hillsides.
- In addition, we will continue our efforts in public education on slope safety, including enhancing the public's awareness of emergency response and preparedness.

Lift and Escalator Safety

- The EMSD undertook various work in 2016, including updating the Performance Assessment Scheme for the Contractors' Performance Rating System to reflect the performance of registered contractors more fully and accurately; and releasing the lift maintenance prices for private residential and commercial buildings to help the Responsible Persons choose registered contractors. Furthermore, the EMSD also strengthened the promotion of modernisation of aged escalators to enhance safety.
- During the year, the EMSD will continue to strictly enforce the Lifts and Escalators Ordinance (LEO), including conducting inspections, and stepping up publicity and educational efforts for the Responsible Persons for the lifts and escalators under the LEO as well as the general public.

The Pier Improvement Programme

- In this year's Policy Address, the Chief Executive proposes the launch of the Pier Improvement Programme (PIP). We will launch the PIP under a new initiative to enhance the structural and facility standards of the existing piers in remote areas by taking into account various considerations, such as public convenience, facility standards and structural condition of the piers, as well as the needs to enhance marine connections and improve the accessibility to rural scenic spots and natural heritage. About ten piers will be covered in the initial phase of the PIP.
- We are preparing to brief Members of LegCo's Panel on Development on the proposed PIP and the designated block vote arrangement in mid-2017 for effective implementation of the PIP. We hope that various sectors will support and jointly launch this initiative for the benefit of the public.

Landscape and Tree Management

- The Greening, Landscape and Tree Management (GLTM) Section will continue to promote vegetation diversity and enhance place ecology for the sustainable development of our urban landscape.
- On tree management, we will continue to improve the tree risk management strategy and handle trees with higher risks according to priority. We will also complete tree risk assessments and mitigation measures before the onset of the wet season every year to reduce the risk of tree failure and to protect public safety.
- To assist private property owners in proper tree care, the GLTM Section promulgated the Handbook on Tree Management in April 2016 to provide the owners with guidelines and standards of good practice on tree management. It will help the owners understand the importance of regular tree inspection and tree maintenance.
- As for the prevention and control of Brown Root Rot (BRR) disease, we will work closely with the Urban Forestry Advisory Panel, the arboricultural industry and the tree management departments, and adopt the two-pronged strategy of prevention and control. We will also enhance frontline supervision and carry out proper preventive measures to prevent the spread of the BRR disease. We will also launch a series of educational and promotional programmes in 2017 to enhance the public's understanding of the BRR disease and urban forestry.

Heritage Conservation

The Built Heritage Conservation Fund

- We set up the Built Heritage Conservation Fund (BHCF) in 2016 to provide subsidies for public education, community involvement and publicity activities, as well as academic research. The BHCF

also subsidises certain existing government measures and initiatives for built heritage conservation, including the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme) and the Financial Assistance for Maintenance Scheme.

- Under the newly established BHCF, we enhanced the Financial Assistance for Maintenance Scheme, including raising the grant ceiling from \$1 million to \$2 million for each works project starting from November 2016, and expanding its scope to cover not only privately-owned graded historic buildings but also government-owned declared monuments and graded historic buildings leased to non-profit-making organisations. The BHCF also launched two new funding schemes in January 2017 for public engagement projects and thematic research.

The Revitalising Historic Buildings Through Partnership Scheme

- We launched Batch V of the Revitalisation Scheme in November 2016 to invite non-profit-making organisations to submit revitalisation proposals for historic buildings. Together with Batches I to IV of the Revitalisation Scheme, a total of 19 revitalisation projects have been launched. Eight of them have commenced operation, and four have even won the United Nations Educational, Scientific and Cultural Organization Asia-Pacific Awards for Cultural Heritage Conservation¹. We anticipate that another revitalisation project (Viva Blue House) will commence operation in 2017.

Privately-owned Graded Historic Buildings

- The Government has been striving to strike a balance between respect for private property rights and protection of heritage. On the premise of respecting private property rights, appropriate

¹ The four award-winning projects are the revitalisation projects of the Former North Kowloon Magistracy, Old Tai O Police Station, Mei Ho House and Old Tai Po Police Station.

economic incentives should be offered to private owners in exchange for their consent to hand over or conserve the historic buildings in their ownership.

Conclusion

- Chairman, the above is a brief account of the works portfolio. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Opening Remarks by Secretary for the Civil Service
at the Special Meeting of the Finance Committee
in the Legislative Council on 3 April 2017**

Chairman and Honourable Members,

Of the matters relating to the civil service in the 2017-18 Draft Estimates of Expenditure, I would like to focus my introduction on two items.

2. **The first item is civil service establishment.** In view of the community's growing expectation on public services, and the various policies and measures rolled out in the past few years for the benefit of the general public, our civil service colleagues have inevitably been facing heavy workload. Where fully justified, we will provide bureaux and departments ("B/Ds") with additional manpower as appropriate in order to relieve the work pressure on colleagues and to maintain quality public services.

3. For 2017-18, we estimate that there will be an increase of 3 378 posts in the civil service establishment covering different domains in various B/Ds, representing a year-on-year increase of 1.9% over the 2016-17 Revised Estimate (i.e. 178 327 posts). The additional staff will mainly be deployed to assist in implementing new measures or improving existing services, such as providing support for the upcoming commissioning of major cross-boundary infrastructure projects, enhancing the capability of Fire Services Department in firefighting and disaster relief, and increasing land and housing supply.

4. **The second item is about financial provisions.** In the 2017-18 Draft Estimates of Expenditure, there are financial provisions under a few Heads of Expenditure which are related to the policy area of management of the civil service. The following items are worthy of note -

- (a) Head 37 — Department of Health: Programme (7) “Medical and Dental Treatment for Civil Servants”: a financial provision of \$1,521.9 million is proposed, representing an increase of \$162.5 million (or 12.0%) over the 2016-17 Revised Estimate. The increase, demonstrating the responsibility of the Government as a good employer, is for enhancing the medical and dental benefits for serving civil servants, pensioners and their eligible dependants, and continuously improving the quality and quantity of various services. Of this provision, \$888.5 million is for providing medical and dental services at Families Clinics and government dental clinics, and \$633.4 million for the payment and reimbursement of medical fees and hospital charges.
- (b) Head 120 — Pensions: Programme (1) “Public and Judicial Service Pension Benefits”: an amount of \$34,155 million is proposed for pension payments to retirees, representing an increase of \$3,059.9 million over the 2016-17 Revised Estimate. The increase is mainly due to an estimated increase in the number of new retirees and the full-year effect of pension payments to those retiring in 2016-17.

5. Chairman, this is the end of my introduction. Members are welcome to raise questions.

**The Judiciary Administrator's Speaking Notes
at the Special Finance Committee Meeting
on 3 April 2017**

The Judiciary has the constitutional responsibility to administer justice fairly and impartially. In the financial year 2017-18, a total provision of \$1,762.7 million is sought to enable the Judiciary to discharge its responsibilities.

2017-18 Draft Estimates

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Government in 2005, the Judiciary submitted its resource requirements for 2017-18 to the Government in August 2016, prior to the Government's drawing up of the 2017-18 budget for the Judiciary. The Judiciary considers that the above budgetary arrangements have been working satisfactorily, and that the Government has been helpful in the process.

3. The draft Estimates of 2017-18 for the Judiciary, amounting to \$1,762.7 million, represents an increase of \$239.4 million, or 15.7%, over our revised estimates for 2016-17. The Judiciary will be provided with the financial resources required for the creation of 14 additional judicial posts and 39 net additional non-judicial civil service posts, filling of existing judicial and non-judicial vacancies, implementing the enhancements to the conditions of service for all Judges and Judicial Officers ("JJOs") as approved by the Chief Executive-in-Council in late 2016, and provision of additional operating expenses to strengthen court operation, facilitate the implementation of the Information Technology Strategy Plan ("ITSP") and enhance administrative support on the various fronts of the Judiciary.

Judicial Manpower

4. The establishment of judicial posts now stands at 200. For the current financial year, with the support of the Government by providing the necessary financial resources, the Judiciary proposes to create 14 additional judicial posts which include:

- (a) Four District Judge (“DJ”), three Deputy Registrar, District Court (“DR/DC”), and two Adjudicator (“Adj”) posts to cope with the increase in workload arising from the proposed implementation of the revised civil jurisdictional limits of the District Court (“DC”) and the Small Claims Tribunal (“SCT”);
- (b) Two DR/DC posts to strengthen support for the DC Masters’ Office; and
- (c) One Magistrate post for the new West Kowloon Magistrates’ Courts and two additional Adj posts for the SCT to cope with the operational requirements of the respective courts/tribunals at the new West Kowloon Law Courts Building.

Steps will be taken to seek the Legislative Council’s approval for the creation of the 14 additional judicial posts in due course.

5. Over the past years, the Judiciary has been launching open recruitment exercises for filling judicial vacancies at appropriate timing, having regard to the overall judicial manpower situation and operational needs for different levels of courts:

- (a) At the Judge of the Court of First Instance of the High Court (“CFI”) level, the Judiciary conducted four open recruitment exercises on a more regular basis since 2012.

A total of 20 CFI Judge appointments were made since 2012;

- (b) For the DJs, two rounds of open recruitments were completed in 2012 and 2016. A total of 28 judicial appointments were made so far as a result; and
- (c) The last open recruitment exercises for Permanent Magistrates and Special Magistrates launched in February 2014 were completed. 17 Permanent Magistrates and five Special Magistrates were appointed as a result. A new round of recruitment exercise for Permanent Magistrates has been launched in end 2016 and is in progress.

6. The Judiciary has been experiencing persistent recruitment difficulties at the CFI level. It is clear that even with the latest round of recruitment exercise for CFI Judges, not all the vacancies at this level can be filled.

7. During the past three years or so, the Judiciary has been conducting a number of reviews to address the recruitment difficulties of CFI Judges as well as the long-term needs of the whole of the Judiciary. One of these is the review on the conditions of service of JJOs. Upon completion of the review, the Judiciary wrote to the Government in January 2016 proposing a number of enhancements to the conditions of service for JJOs. With the support of the Standing Committee on Judicial Salaries and Conditions of Service (“Judicial Committee”), the proposed enhancements have been approved by the Chief Executive-in-Council for commencement with effect from 1 April 2017.

8. The Judiciary is also pleased to note that, pursuant to the 2015 Benchmark Study on the Earnings of Legal Practitioners in Hong Kong and also an annual review of the judicial pay for 2016-17, the Government has accepted the Judicial Committee’s recommendations

to adjust upwards the judicial pay at all levels of courts, with additional increases for Judges at the CFI level and above. We thank the Finance Committee of the Legislative Council for approving the proposed judicial pay adjustments at its meeting on 11 February.

9. It is hoped that the adjusted pay together with the enhanced packages for JJOs will have a positive impact on recruiting and retaining the best possible talents to serve as JJOs. We are most grateful for the full support the Judiciary has all along received from the Government, the Judicial Committee and the Legislative Council on the matter.

10. Another review underway is on the statutory retirement ages of JJOs. For this review, the Judiciary has engaged a consultant to carry out a consultancy study to review the retirement ages of JJOs at all levels of courts. The consultant has conducted questionnaire survey, focus group discussions and interviews to collect views from stakeholders both within and outside the Judiciary. It also conducted research on practices in other common law jurisdictions. The consultant is expected to submit its Final Report to the Judiciary around mid-2017 and the Judiciary will consider the consultant's report and make a submission to the Government at an appropriate juncture.

11. For the year 2017-18 and as far as judicial manpower is concerned, the Judiciary will aim to seek the Legislative Council's approval for the creation of 14 additional judicial posts, press ahead with the recruitment of permanent magistrates, implement the enhancements to the conditions of service for JJOs, submit a report to the Government on the review on the statutory retirement ages of JJOs, and continue to keep in view of the judicial manpower situation while engaging deputy JJOs in the meantime as far as practicable in helping to meet pressing operational needs.

Non-Judicial Manpower

12. In 2017-18, on top of meeting the on-going operational needs in discharging its responsibilities on all fronts, the Judiciary will continue to enhance administrative support in respect of a number of major initiatives. To this end, a net additional of 39 civil service posts will be required.

13. First, the Judiciary proposes to create a supernumerary Principal Executive Officer (“PEO”) post to enhance administrative support for formulating and implementing an accommodation strategy for the Judiciary in the long term. The High Court is facing an acute shortage of courtrooms, chambers and supporting facilities. The situation is similar for the DC (including the Family Court) and the Lands Tribunal. For this purpose, the Judiciary is exploring with the Government proposals to meet the long-term accommodation needs of the High Court and the DC. For this purpose, a supernumerary PEO post at D1 level for three years will need to be created to provide directorate and strategic support to such planning.

14. To support the proposals to increase the various jurisdictional limits of the DC and the SCT, additional support staff posts would be created for providing the necessary support to cope with the projected increase in caseload arising from the proposed increase in the civil jurisdictional limits of the DC and the SCT.

15. Furthermore, additional/continuous staffing support will be required for many new and on-going initiatives. These include:

- (a) Providing necessary support to the additional judicial posts to be created to cope with the increase in workload of the Masters’ Office of the DC;
- (b) Continuous/Enhanced administrative support to facilitate the implementation of the ITSP; and

- (c) Enhanced court/administrative support for coping with increased workload or enhancement of services in various areas.

The Way Forward

16. The Judiciary will be consulting the Panel on Administration of Justice and Legal Services on the proposed 14 permanent judicial and one supernumerary PEO posts before submitting the proposals to the Establishment Subcommittee for endorsement and the Finance Committee of the Legislative Council for approval. The Judiciary looks forward to receiving Members' support.

Conclusion

17. The Judiciary will continue to explore areas for improvement to enhance access to justice and to provide quality services to court users and members of the public.

18. Thank you.

**Opening Remarks of the Secretary for Justice
at the Special Meeting of Finance Committee
of the Legislative Council
to Examine the Estimates of Expenditure 2017-18 on 3 April 2017**

Chairman,

For 2017-18, the total estimated expenditure of the Department of Justice (DoJ) is about \$1,972 million, which represents an increase of about 24.8% (or around \$390 million) over the revised estimated expenditure for the last financial year (i.e. 2016-17), but a decrease of about 12% (or around \$270 million) over the original estimated expenditure for the last financial year. The changes relate mainly to two major aspects:

2. First, there will be an increase in manpower, with the filling of vacancies which could not be filled previously and a net creation of 32 posts to cope with the increasing demand of government departments for legal services and operation need for manpower.

3. The second aspect is the expenditure on court costs and expenses payable to barristers, solicitors and other professionals in private practice to be engaged. Court costs and briefing out expenditures are mainly dependent on the number of cases involved, their complexity and development. The estimated expenditure in this regard for each year is worked out on the basis of information available at the time of preparing the estimates and the principles of prudent management of public finances. However, the ultimate amount to be incurred will depend on the development and outcome of the judicial proceedings concerned. In view of the latest status of the relevant cases, we have reduced the 2016-17 revised estimates for court costs and briefing-out expenses by 65% and 47.6% respectively. For this

reason, when comparing the estimates for the coming year with the substantially reduced revised estimates of last year, it may superficially create the impression that there is a significant increase. However, when compared with the original estimates of last year, the estimates for court costs and briefing-out expenses for the coming year have actually been reduced by 44.7% and 11.5% respectively.

4. I will now outline the DoJ's major areas of work in the new financial year.

Programme (1) – Prosecutions

5. In the context of criminal prosecutions, we will need to handle the prosecution of cases arising from the "Occupy Movement" and the "Mong Kok Incidents" in the coming year; coupled with all the other criminal cases which will have to be handled in the normal course, the workload of the Prosecutions Division will remain very heavy. Colleagues of the Division will continue to handle prosecution works in a fair, impartial and apolitical manner, strictly according to the Prosecution Code and the relevant law and evidence.

6. To cope with the heavy workload, we will provide resources for the Prosecutions Division to create an additional 8 Government Counsel posts and 2 Senior Government Counsel posts in the coming year so as to strengthen support for handling cases related to proceeds of crime, implementing the Trade Descriptions (Unfair Trade Practices)(Amendment) Ordinance and legal advisory work. This will also allow counsel in the Prosecutions Division to have more opportunities to appear in court for prosecution work so as to refine their advocacy expertise, thereby further strengthening our prosecution team.

7. Enhancing public understanding of the criminal justice system of Hong Kong and promoting public awareness of the rule of law remain one of the key focuses of our work ahead. In this regard, we

will continue to organise events such as the “Meet the Community” and the “Prosecution Week” so as to keep in touch with the public.

Programme (2) – Civil

8. The Civil Division will continue to provide legal services in civil law matters to all government departments, including the provision of legal advice to ensure that the Government’s policies, legislation and administrative measures are in compliance with the Basic Law and other applicable laws. At the same time, the Division is responsible for handling all civil and related proceedings involving the Government.

9. The Mediation Team of the Civil Division will continue to support the Steering Committee on Mediation in implementing the policy for the promotion and development of mediation in Hong Kong. Major initiatives include:

- (1) the construction of mediation facilities near the West Kowloon Law Courts Building and the implementation of a pilot mediation scheme at these facilities for resolving suitable Small Claims Tribunal cases and other appropriate types of disputes;
- (2) to continue to explore, in consultation with the Steering Committee on Mediation and other stakeholders, the infrastructure to be put in place for using evaluative mediation to resolve intellectual property and other appropriate types of disputes in Hong Kong;
- (3) to push for the enactment of the Apology Bill as soon as possible so as to facilitate the amicable resolution of disputes; and

- (4) to organise another Mediate First Pledge event to promote and encourage greater understanding and use of mediation by different sectors to resolve different types of disputes.

Programme (3) – Legal Policy

10. The Legal Policy Division will continue to discharge the important role to uphold the rule of law by providing legal support to government departments on the Basic Law, human rights and constitutional matters.

11. Over the years, the DoJ has striven to enhance Hong Kong's status as a leading centre for international legal and dispute resolution services in the Asia-Pacific region. We will continue to work with all stakeholders to promote relevant Hong Kong services in the Mainland and overseas, including countries in the Asia-Pacific region as well as those along the Belt and Road.

12. Besides, the DoJ will also endeavour to enhance the legal framework for dispute resolution. We introduced two amendment bills in end 2016 and early 2017 relating to arbitration and mediation respectively to clarify the arbitrability of intellectual property disputes and to allow third party funding for arbitration or mediation. We look forward to the early completion of the legislative process so as to further promote Hong Kong as a leading dispute resolution centre in the Asia-Pacific region.

Programme (4) – Law Drafting

13. The objective of the Law Drafting Division is to prepare legislation that accurately reflects the policy intent and is easy to comprehend. This term of the Government plans to introduce a number of important bills into the Legislative Council before July 2017. The Law Drafting Division will provide the necessary professional

drafting service. We will also continue to provide training to our law drafters to further their professional development.

14. Besides, the new electronic legislation database known as “Hong Kong e-Legislation” was launched on 24 February. While many members of the public have expressed satisfaction with the functions of the new system, we are aware of technical issues encountered by some users. We are working on the resolution of those issues with the contractor and will continue to improve the system to meet the needs of users.

Programme (5) – International Law

15. The International Law Division has been active in participating in the activities and conferences of international legal and related organisations, and in strengthening mutual co-operation. Such efforts include participation in a sub-group on strengthening economic and legal infrastructure (SELI) established under the Economic Committee of the Asia-Pacific Economic Cooperation (APEC). SELI was established in February 2015 and a counsel from the DoJ has assumed the role of its convenor. In February this year, SELI was made a permanent sub-group in recognition of its work.

16. We will continue to strengthen co-operation with the Hague Conference on Private International Law (HCCH), United Nations Commission on International Trade Law (UNCITRAL) and the International Institute for the Unification of Private Law (UNIDROIT) through the APEC and other appropriate platforms. We hope such works can further enhance Hong Kong’s status as an international legal services centre.

Conclusion

17. Chairman, the above is an outline of DoJ’s major areas of work in the coming financial year. My colleagues and I will be happy

to answer Members' questions and listen to your views. Thank you.

* * * * *

**Opening Statement by
Secretary for Constitutional and Mainland Affairs
at the Special Meeting of the Finance Committee
on 3 April 2017**

Chairman,

I wish to brief Members on the main points of the estimates of expenditure of the Constitutional and Mainland Affairs Bureau (“CMAB”) in 2017-18.

Estimates of Expenditure of CMAB

2. In 2017-18, CMAB is allocated \$698.1 million, which is \$90.2 million (about 14.8%) higher than the revised estimates for 2016-17. The financial provision is mainly used in the following areas-

(I) Electoral Arrangements

3. The Government will continue to work closely with the Electoral Affairs Commission (“EAC”) to ensure that the public elections will be conducted in a fair, open and honest manner in accordance with the relevant legislation.

2019 District Council election

4. To prepare for the 2019 District Council (“DC”) election, we are conducting a review on the number of elected seats for the sixth-term DCs. We expect that we will consult the Legislative Council Panel on Constitutional Affairs (“CA Panel”) on the outcome of the review around mid this year, followed by amendments to the subsidiary legislation to reflect such outcome, with a view to facilitating the EAC to, in accordance with the Electoral Affairs Commission Ordinance, conduct timely review of the boundaries of DC constituencies and recommend the delineation of DC constituencies

before the 2019 DC election.

2017 Voter Registration

5. The 2017 Voter Registration (“VR”) campaign has already commenced on 10 March. The statutory deadline for both voter registration and change of registration particulars is 2 May this year. We will, through various channels, encourage eligible persons to register as electors, remind electors to update their registration particulars, and encourage electors to use the Online Voter Information Enquiry System to verify their registration status and particulars. The Registration and Electoral Office (“REO”) will continue to implement checking measures and inquiry process in the 2017 VR cycle, and remind the public of the importance of providing true and accurate information for registration and updating their address in the 2017 VR campaign. If any person is suspected of providing false information for voter registration, the REO will refer the case to the law enforcement agencies for follow up action and investigation in accordance with the established procedures.

Enhancement of Voter Registration System

6. The Consultation Report on Enhancement of Voter Registration System was released in January 2016. Some of the recommendations in the Report have already been implemented in the 2016 VR cycle. As regards the other proposed measures that involve amendments to the electoral legislation, including review of the VR objection mechanism, raising the penalties on offences relating to VR and introducing requirement of submitting address proofs by electors, we would take into account Members’ views when formulating the detailed arrangements and the legislative proposals. When the concerned legislative proposals are ready, the Government will submit them to the Legislative Council for scrutiny with a view to implementing these measures before the next election cycle.

(II) Promoting the Basic Law

7. In 2017-18, CMAB will continue to set aside about \$16 million for enabling the public to have a more comprehensive and

thorough understanding of the “one country, two systems” principle and the Basic Law via various means of organising or sponsoring various types of promotional activities.

8. The year 2017 marks the 20th anniversary of the establishment of the HKSAR. Riding on this opportunity, relevant policy bureaux/departments responsible for promoting the Basic Law will organise various types of activities this year to help people from different walks of life grasp the complete concept of “one country, two systems” in a correct and comprehensive manner and to deepen their understanding of the Basic Law.

(III) Rights of the Individual

9. In 2017-18, subventions to the Equal Opportunities Commission (“EOC”) and the Office of the Privacy Commissioner for Personal Data (“PCPD”) will remain the major parts of the estimated total provision in human rights under the Bureau. CMAB will continue to carry out promotional and educational work in certain areas.

Anti-discrimination on grounds of sexual orientation and gender identity

10. We are actively taking forward the strategies and measures recommended by the Advisory Group on Eliminating Discrimination against Sexual Minorities in December 2015. First of all, we have enhanced public education and publicity efforts, which include appealing to employers for their adoption of the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation. In addition, for drawing up a charter on non-discrimination of sexual minorities, we are now studying the relevant legislation, codes of practice and guidelines in different jurisdictions. We shall consult the stakeholders on the content of a draft charter within this year.

11. To provide training and resources for personnel in specific fields, we have gathered the views of training providers on the content and delivery mode of the sensitivity training and a psychologist with experience in designing and teaching related training programmes is developing the training resources. For the review of support services for sexual minorities, we are now gathering views from users and providers of support services to inform the examination of the effectiveness and room for improvement of existing services.

12. We are also conducting a further study on the experience of other jurisdictions in tackling discrimination through legislative and non-legislative measures. The findings of the study would form the basis for future public consultation. Our progress on the related work will be reported to the CA Panel in due course.

EOC and PCPD

13. The statutory function of the EOC is to be responsible for the implementation of the four anti-discrimination ordinances¹. The total subvention for the EOC in 2017-18 is \$115.5 million. The statutory function of the PCPD confines to enforcing the Personal Data (Privacy) Ordinance. In 2017-18, we will allocate \$76.1 million to the PCPD.

14. On 20 March, we consulted the CA Panel on the 9 prioritised recommendations proposed by the EOC in its Discrimination Law Review. CA Panel generally agreed that the 9 prioritised recommendations including the one on introducing express provisions prohibiting discrimination on the grounds of breastfeeding, and protection from direct discrimination by perception or imputation that a person is of a particular racial group, etc., should be taken forward. Among other things, CA Panel also expressed views that the recommendation concerning the amendment to the Disability Discrimination Ordinance for introducing provision on being accompanied by an assistance animal (i.e. a guide dog) as a category of protection from discrimination should be covered as well. After the meeting, we have conveyed this suggestion to the Labour and Welfare

¹ The four anti-discrimination ordinances include Sex Discrimination Ordinance (Cap.480), Disability Discrimination Ordinance (Cap.487), Family Status Discrimination Ordinance (Cap.527) and Race Discrimination Ordinance (Cap.602)

Bureau for their consideration. We will follow up as soon as possible and take forward the related legislative preparatory work for the various recommendations.

Promotion of Children's Rights

15. For promotion of children's rights, we have earmarked about \$1.08 million (excluding manpower cost) for implementing programmes for enhancing children's rights promotion in 2017-18. We will continue to promote children's rights through the Children's Rights Education Funding Scheme and the Children's Rights Forum.

(IV) Mainland Affairs and Co-operation with Taiwan

16. In 2017-18, the financial provision for the Mainland and Taiwan Offices is \$354.6 million, representing an increase of \$75.2 million (26.9%) when compared with the revised estimates for 2016-17, mainly due to the setting up of more liaison units in the Mainland and organization of activities in the Mainland to celebrate the establishment of the HKSAR.

Enhancing network of Mainland Offices

17. The SAR Government has established in the eastern, southern, western, northern and central region of the Mainland five offices and eight liaison units. To further enhance the network of our offices in the Mainland and to provide better support for Hong Kong residents and enterprises in seizing the development opportunities in the Mainland, we will set up three additional liaison units before mid this year. They will be located in Hangzhou City of Zhejiang Province, Nanning City of Guangxi Zhuang Autonomous Region, and Xi'an City of Shaanxi Province respectively. We will also make use of existing resources to equip each Mainland Office with its own Immigration Division to provide more timely support to Hong Kong residents in distress in the Mainland. Besides, we created the post of Head (Cultural Exchange) under the Beijing Office in July last year to enhance promotion of cultural exchange and co-operation between Hong Kong and the Mainland.

Organisation of activities in the Mainland to celebrate 20th anniversary of the establishment of HKSAR

18. In 2017-18, the five Mainland Offices and the total 11 liaison units under their purview will organise a series of events in their respective service areas to celebrate the 20th anniversary of the establishment of the HKSAR, under the theme of “Together•Progress•Opportunity” to showcase the successful implementation of “one country, two systems”, bring about social cohesion and unity, build up confidence, and seize opportunities.

National 13th Five-Year Plan

19. Promulgated in March last year, the Outline of the National 13th Five-Year Plan² (“13-5 Plan”) reaffirms the strong support of the Central Authorities in maintaining the long-term prosperity and stability of Hong Kong and provides more opportunities for the future development of Hong Kong. Our Bureau will continue to provide support to the Steering Committee on Co-operation with the Mainland, chaired by the Chief Secretary for Administration, to co-ordinate various policy bureaux and departments to actively implement the initiatives related to Hong Kong’s development set out in the 13-5 Plan under the “one country, two systems” principle.

Regional Co-operation

Development of the Guangdong-Hong Kong-Macao Big Bay Area

20. The Dedicated Chapter on Hong Kong and Macao (“the Dedicated Chapter”) in the 13-5 Plan emphasizes deepening co-operation between the Mainland and Hong Kong/Macao, and for the first time expresses “support for Hong Kong and Macao to play an important role in the Pan-Pearl River Delta Region co-operation, and the development of the Guangdong-Hong Kong-Macao Big Bay Area and major inter-provincial/regional co-operation platforms.” The SAR Government is now following the strategic direction of the Dedicated Chapter and the principle of “one country, two systems” to jointly

² The full name is the “Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China”

participate in the planning of the Guangdong-Hong Kong-Macao Big Bay Area with the National Development and Reform Commission, as well as the Guangdong Provincial Government and Macao Government. Through active consultation and consensus-building, this can facilitate Guangdong, Hong Kong and Macao to leverage their own unique yet complementary advantages.

Co-operation with the Guangdong Province

21. The Guangdong Province has all along been the most important partner of Hong Kong in terms of regional co-operation. At the 22nd Working Meeting of Hong Kong/ Guangdong Co-operation Joint Conference held on 23 February this year, both sides formulated the 2017 Work Plan of Hong Kong/ Guangdong Co-operation to foster collaboration in a number of areas, including the Belt and Road Initiative, innovation and technology, youth, environmental protection, financial services, professional services, key co-operation regions, education, tourism, etc.

Qianhai, Nansha and Hengqin

22. The Dedicated Chapter expresses support in “expediting development of co-operation platforms among Guangdong-Hong Kong-Macao, such as Qianhai, Nansha and Hengqin”. The SAR Government strongly supports the future development of the three areas, which is also one of the cooperation items under the Work Plan of the Hong Kong/ Guangdong Co-operation. Under the principle of “one country, two systems”, the SAR Government will continue to enhance exchanges and co-operation with the Guangdong Provincial Government, as well as the Guangzhou, Shenzhen and Zhuhai Municipal Governments, with a view to enhancing the partnership with the Guangdong Province and the three areas. We will also work together to expedite the development of the three areas as co-operation platforms among Guangdong-Hong Kong-Macao, thereby opening up more room and opportunities for the development of Hong Kong people and enterprises.

Co-operation with Macao

23. At the Hong Kong Macao Co-operation High Level Meeting held in July last year, Hong Kong and Macao agreed to strive for the formal signing of the HK-Macao CEPA within this year. Both sides also agreed to focus on promoting economic co-operation, financial, exhibition and tourism co-operation, cross-boundary infrastructure and youth co-operation.

Co-operation with Shenzhen

24. On Hong Kong/Shenzhen Co-operation, at the Hong Kong/Shenzhen Co-operation Meeting held on 3 January this year, both sides agreed on the key co-operation areas : development of the Hong Kong/Shenzhen Innovation and Technology Park at the Lok Ma Chau Loop, innovation and technology, Qianhai development, financial co-operation, professional services and youth co-operation.

Co-operation with Pan-Pearl River Delta Region and regional co-operation

25. We will make use of the existing cooperation platforms to strengthen exchanges and cooperation with the nine provinces of Pan-Pearl River Delta Region, Shanghai Municipality, Beijing Municipality, and Fujian to give full play to Hong Kong's unique advantages of "one country" and "two systems", as well as the extensive and strong international connections to promote the development of the relevant regions/provinces/municipalities and open up business opportunities for Hong Kong industries.

Development of Hong Kong – Taiwan Relations

26. Hong Kong and Taiwan continue to promote exchanges and co-operation on various fronts such as economic and trade, culture, tourism, social livelihood and city management through the two non-official platforms "Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council" and the "Taiwan-Hong Kong Economic and Cultural Co-operation Council". In addition, our "Hong Kong Economic, Trade and Cultural Office" in Taiwan will

continue to promote Hong Kong through organising and participating in various activities.

Constitutional and Mainland Affairs Bureau
April 2017

**Special Meetings of the Finance Committee
of the Legislative Council
to Examine the Estimates of Expenditure 2017-18**

(2:15 pm - 3:25 pm on 3 April 2017)

**Speaking Note of the Secretary for Financial Services and the
Treasury**

Chairman and Honourable Members,

I will briefly introduce the estimates of expenditure for financial services and our key areas of work in the coming year.

Estimates of Expenditure

2. For 2017-18, about \$1.11 billion has been allocated to the Financial Services Branch and departments under its purview. The amount represents a decrease of about \$530 million over last year.

Key Areas of Work

3. We will focus our work in the coming year on reinforcing Hong Kong's status as an international financial centre, promoting market development, and enhancing protection for investors and the general public.

**(I) Developing Offshore Renminbi Business in Hong Kong and
Enhancing Financial Co-operation with the Mainland**

4. We will capitalise on the opportunities arising from the implementation of the National 13th Five-year Plan and the Belt and

Road Initiative to enhance Hong Kong's position as a major platform of capital raising and financing for Mainland and overseas enterprises, the global offshore Renminbi (RMB) business hub and an international asset management centre, as well as serving as a vital bridge between our country and countries along the Belt and Road. We will continue to liaise and foster closer co-operation with the Mainland in developing offshore RMB business and facilitating two-way fund flows.

5. We will continue to take forward the work on Hong Kong's membership in the Asian Infrastructure Investment Bank (AIIB). AIIB accepted Hong Kong's application last month and the proposal has been supported by the Panel on Financial Affairs. We have submitted the funding application to the Finance Committee for subscription of AIIB's capital shares.

(II) Promoting Market Development

6. On promoting market development, I would like to give a brief account of our priorities.

(i) Development of Financial Technologies (Fintech)

7. We will continue to support the financial sector in developing and applying Fintech, and promote Hong Kong as a hub for the setting and application of standards for cutting-edge Fintech such as Blockchain and cyber security. We will also enhance the payment infrastructure and explore new payment channels for settling government bills and fees so as to encourage people to make use of innovative payment products and services.

(ii) Bond Market

8. We will issue a second batch of Silver Bond under the Silver Bond Pilot Scheme, and will review the effectiveness and arrangements of the two-year pilot scheme upon its completion.

9. The Government is studying with the relevant Mainland authorities the Bond Connect proposal, with a view to further facilitating investors' participation in the bond market and improving the connectivity between market infrastructures.

(iii) Development of Fund Industry

10. To attract more funds to domicile in Hong Kong and drive the development of the fund industry and related professional services, we propose to extend profits tax exemption to onshore privately-offered open-ended fund companies. We have consulted the Panel on Financial Affairs and are consulting the industry again. Our target is to introduce the relevant bill into the Legislative Council (LegCo) in the second half of this year.

(iv) Listing Platform

11. To keep our listing platform competitive, the Government has always been very concerned about market quality issues and will continue to support the Securities and Futures Commission's monitoring and law enforcement efforts in combating malpractices.

12. The Hong Kong Exchanges and Clearing Limited is studying ways to continuously enhance the competitiveness of the listing platform in Hong Kong. They include a review of the positioning of the Growth Enterprise Market and an assessment of the feasibility of introducing a new board. Once more concrete progress is made, public consultation on the relevant conceptual proposals will be launched to map out the direction for long-term development.

(v) Financial Services Development Council

13. The Government attaches great importance to the recommendations of the Financial Services Development Council (FSDC) and takes positive follow-up actions. Many of the

recommendations have already been implemented. We will continue to provide the FSDC with the necessary resources and fully support its work.

(III) Protection for Investors and the General Public

14. Regarding protection for investors and the general public, I would like to highlight a few initiatives.

(i) Enhancing the Mandatory Provident Fund (MPF) System

15. On the MPF System, the Default Investment Strategy with fee caps was just implemented on 1 April 2017. The Mandatory Provident Fund Schemes Authority (MPFA) will closely monitor the implementation of the strategy and continue its publicity efforts targeting scheme members. In tandem, the development of the eMPF, a centralised electronic platform, will facilitate the standardisation, streamlining and automation of the MPF scheme administration, thereby further reducing costs. We will set up a working group and discuss the details of developing the electronic platform with the MPFA and the industry.

(ii) Establishing an Independent Insurance Authority

16. It is expected that the independent Insurance Authority would be ready to take over the statutory functions of the Office of the Commissioner of Insurance in end June 2017. The preparatory work is well underway. We will liaise closely with the industry to ensure a smooth transition to the new regime.

(iii) Tackling Money Lending-Related Malpractices

17. Since December last year, the Government has imposed additional licensing conditions on all money lender licences to tackle money lending-related malpractices. We will keep in view the

effectiveness of the new measures and conduct a review six months after implementation.

(IV) International Regulatory Requirements

(i) Reforming the Regulatory Regime for Listed Entity Auditors

18. On improving the regulatory regime for listed entity auditors, we have engaged relevant stakeholders on the details of the new regime, and expect to introduce an amendment bill into the LegCo in this quarter.

(ii) Resolution Regime for Financial Institutions

19. The Financial Institutions (Resolution) Ordinance was enacted by the LegCo last June to establish a cross-sectoral resolution regime for financial institutions in Hong Kong in compliance with international standards. We plan to table the relevant subsidiary legislation in LegCo in this quarter, so that the Ordinance can come into operation within this year.

(iii) Combating Money Laundering and Terrorist Financing

20. To ensure that our regulatory regime complies with international standards on combating money laundering and terrorist financing, we plan to amend the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and the Companies Ordinance. We have just completed a two-month consultation and are analysing the views collected, with a view to introducing the amendment bills into the LegCo in July this year.

21. Chairman, my colleagues and I will be happy to answer any questions from Members.

- End -

**Special Meetings of the Finance Committee
of the Legislative Council
to Examine the Estimates of Expenditure 2017-18
Public Finance**

(3:40 pm - 4:20 pm on 3 April 2017)

**Speaking Note of the Secretary for Financial Services
and the Treasury**

Chairman and Honourable Members,

This session of the special meetings of the Finance Committee will examine the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch oversees several policy areas, which cover revenue and financial control, provision of central support services within the Government and maintenance of government properties. Before the question session begins, I would like to brief Members on a few points.

Estimates by Policy Areas

2. The estimated total recurrent expenditure for the three policy areas for 2017-18 is \$7,618 million, which is \$365 million (around 5%) higher than the original estimate of last year.

Key Areas of Work in the Coming Year

3. As regards our work in the coming year, I would like to highlight the following areas:

- (a) **Public Finances:** We will continue to align the growth of government expenditure with that of the economy and manage the allocation of resources having regard to established principles for the prudent management of public finances; and continue to consider proposals on investment, loan and enhancing our tax competitiveness to promote economic and social development.
- (b) **Tax Policy Unit:** The Financial Secretary announced in the Budget the plan to set up a tax policy unit in the Financial Services and the Treasury Bureau. On the one hand, we will seek to align our tax practices with international standards and actively study ways to foster the development of local industries through tax measures, so as to ensure that Hong Kong remains competitive and can create wealth. On the other hand, we will enhance our tax regime and explore broadening the tax base and increasing revenue, so as to ensure that adequate resources are available to support the sustainable development of our society. We are actively preparing for setting up the tax policy unit and aim to formulate its work direction and areas of study shortly.
- (c) **International Tax Co-operation:** In the light of the latest international developments, we need to revise our strategy for implementing Automatic Exchange of Financial Account Information in Tax Matters (**AEOI**) so as to reduce the risk of Hong Kong being listed as a “non-cooperative tax jurisdiction”. We have just introduced into the Legislative Council (LegCo) an amendment bill which provides that, with effect from 1 July this year, due diligence and data collection conducted by financial institutions in respect of accounts held by tax residents of jurisdictions outside Hong Kong shall not only cover confirmed AEOI partners but also prospective AEOI partners of Hong Kong. I would like to appeal to Members for their support and early passage of the

amendment bill. As regards the **package to tackle base erosion and profit shifting** of enterprises, we plan to submit the implementation strategy and the amendment bill to the LegCo in the second half of this year. Meanwhile, we will continue to expand Hong Kong's network of **Comprehensive Avoidance of Double Taxation Agreements** (CDTAs) with our trading partners. So far, Hong Kong has signed 37 CDTAs.

- (d) **Government Fees and Charges:** Policy bureaux and departments will continue to review their respective fees and charges in a timely manner in accordance with the “cost recovery” and “user pays” principles. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific service provided, fiscal discipline, public affordability and acceptability, and the views of stakeholders before making fee revision proposals. The Government will increase fees and charges as and when necessary to preserve the revenue base. Government departments will also keep costs under strict control, reduce the need for increasing fees and charges as far as possible, and ensure the effective use of our public resources.
- (e) **Government Offices:** We will continue to relocate where feasible non-location-bound government offices out of the central business districts to increase the supply of commercial floor space. To progressively implement the relocation plan of the three government office buildings in Wan Chai, the Government is actively taking forward a number of new government office building projects. For example, construction of the West Kowloon Government Offices is in full swing and the departments concerned are expected to start moving into the new office building in 2019. As for the proposed Inland Revenue Tower in the Kai Tak Development

Area, we will adopt the “design and build” approach and have invited tender in January this year. With the phased relocation of relevant departments, we will rent out the floor space released to progressively increase the supply of Grade A office space in Wan Chai. Upon completion of the whole relocation exercise, the Government will consider putting up the three buildings for sale at an appropriate time.

4. Chairman, my colleagues and I will be happy to answer any questions from Members.

Financial Services and the Treasury Bureau
March 2017

**Speaking Notes for
the Secretary for Innovation and Technology
at the Special Meeting of the Finance Committee
on 3 April 2017**

- Chairman, the Government injected over \$18 billion extra funding last year to foster the innovation and technology (“I&T”) development of Hong Kong. The funding applications of all projects were approved by the Finance Committee in the last legislative session. In the past year, my colleagues and I have been actively taking forward the relevant work, including: commencing Stage One Expansion Programme of the Science Park; developing an Advanced Manufacturing Centre and Data Technology Hub at the Tseung Kwan O Industrial Estate; conducting a consultancy study on the smart city development blueprint; implementing the “Wi-Fi Connected City” project; launching the “Midstream Research Programme for Universities” and “Technology Voucher Programme”, etc. The remaining “Innovation and Technology Venture Fund” and “Innovation and Technology Fund for Better Living” will be rolled out before end-June this year.
- With the connection and collaboration of the Government, industry, academia and research sectors, a vibrant I&T ecosystem is gradually taking shape. We are going to make persistent efforts and put forward new measures to further promote I&T development, thereby injecting new momentum for the diversified economic development of Hong Kong.
- With regard to infrastructure, the development in the Lok Ma Chau Loop is of significant strategic importance. The planned development of the “Hong Kong-Shenzhen Innovation and

Technology Park” will be the largest I&T platform ever in the history of Hong Kong. The key base for scientific research cooperation to be set up in the Park will attract leading enterprises, research and development (“R&D”) institutions and higher education institutions from the Mainland and overseas, bringing together talents from around the world.

- To enhance support for I&T experts from outside Hong Kong, the Hong Kong Science and Technology Parks Corporation (“HKSTPC”) will build an InnoCell near the Science Park, providing accommodation with flexible design and supported by facilities such as co-working space. We plan to consult the relevant Panel of the Legislative Council and seek funding from the Finance Committee this year.
- In addition, the Hong Kong Productivity Council will establish an Inno Space within this year to provide workspace and technical support to entrepreneurs and young people, assisting them in turning their innovative ideas into industrial design and products.
- On capital, the Budget this year has set aside \$10 billion to further support I&T development. We will make good use of these resources, consider holistically all feasible and appropriate uses, and consult all stakeholders and the Legislative Council. We have also separately set aside \$500 million to assist departments in using I&T to enhance efficiency and improve services.
- As regards talents, we will, in collaboration with Invest Hong Kong and the Economic and Trade Offices in different locations, strive to attract relevant enterprises and universities in areas such as biotechnology, big data, Internet of Things, artificial intelligence and smart city to Hong Kong. Through attracting overseas talents and technologies, as well as nurturing more cross-industry, cross-sector local talents, we shall promote “re-industrialisation” of Hong Kong.

- Regarding emerging industries, e-sports is a new area with economic development potential, which can help boost the local gaming industry and the development of the related technologies (such as virtual reality technologies). We have engaged Cyberport to explore the latest technology and industry developments in this regard. It is expected that Cyberport will submit the findings to the Government in mid-2017.
- In terms of policy support, the Advisory Committee on Innovation and Technology has completed its review on the existing strategies for I&T development and has drawn up a series of policy objectives for achievement by 2020, including: increasing Hong Kong's Gross Domestic Expenditure on R&D as a percentage of Gross Domestic Product ("GDP") to 1%; reversing the declining trend of the manufacturing sector as a percentage of GDP; and encouraging the private sector to increase R&D investment with a view to adjusting the ratio of public to private R&D expenditure from the existing 56:44 to 45:55. These indicators provide a clear direction for our future development.
- The Budget this year has proposed to set up a committee on I&T development and "re-industrialisation" to co-ordinate the I&T development and "re-industrialisation" of Hong Kong through a higher-level and cross-bureaux approach. We are now working on the terms of reference and composition of the committee with a view to initiating the appointment exercise of the committee as soon as possible.
- My introduction will stop here. I hope Members will support our proposals, allow us to implement the measures as soon as possible to support Hong Kong's I&T development. Thank you, Chairman.

- End -

**Finance Committee Speech by SEN at the FC Special Meeting
(2017-18)**

Chairman,

1. I would like to brief Members on the part of the Estimates relating to the Environment Bureau (ENB) and the key foci of our work in the new financial year.
2. In the 2017-18 financial year, ENB and departments under my portfolio are allocated with about \$14.8 billion, which is about 11.8% or \$1.6 billion more than the revised estimate for 2016-17. Of the total allocation, recurrent expenditure accounts for about \$8.6 billion, up \$958 million or 12.6% from the revised estimate for 2016-17. The additional allocation is mainly for taking forward various initiatives including formulation of the Municipal Solid Waste Charging scheme, operation of Community Green Stations, implementing the Producer Responsibility Schemes and initiatives in relation to energy efficiency, implementing the first Biodiversity Strategy and Action Plan (BSAP) for Hong Kong, taking forward measures to keep shorelines clean, handling public fill and meeting the operation fees of various additional waste facilities. As regards the number of posts, there will be a net increase of 26 posts in the ENB and the Environmental Protection Department (EPD) in 2017-18.
3. In addition, provision for projects under Capital Works Reserve Fund, non-recurrent expenditure and capital account in 2017-18 is about \$6.2 billion, representing a net increase of \$604 million or 10.8% over the revised estimate for 2016-17. The increase is mainly for continuing various non-recurrent projects including the “Ex-gratia payment for phasing out pre-Euro IV diesel commercial

vehicles”, “Recycling Fund” and “Retrofitting Euro II and III franchised buses with selective catalytic reduction devices” as well as capital account expenditure for implementing energy saving projects in government buildings.

4. I will now give a brief outline of the work priorities of ENB in the coming year.
5. On combating climate change, the Chief Executive announced in the 2017 Policy Address the new carbon reduction target to reduce our carbon intensity by 65-70% by 2030 compared with the 2005 level, which is equivalent to an absolute reduction of 26-36% and resulting in a per capita emission of 3.3-3.8 tonnes.
6. Following this, the Government released Hong Kong’s Climate Action Plan 2030+, setting out in detail the key measures on mitigation, adaptation and resilience to combat climate change, including measures to further promote energy saving as well as the development of renewable energy. To enhance public understanding, we also released a leaflet, an Announcement in the Public’s Interest, short videos, a poster and a new climate change website to raise public awareness of the importance of climate change, and the relevant measures that the Government will undertake itself and in conjunction with various stakeholders. ENB shall continue to coordinate the efforts of various bureaux and departments in implementing the enhanced climate change work plan under the Steering Committee on Climate Change chaired by the Chief Secretary for Administration.
7. The Paris Agreement has highlighted the need for wider promotion of renewable energy (RE). The Government will take the lead to apply RE on a wider and larger scale, and create the conditions to enable the private sector to consider adopting RE. For new government buildings, we will increase the target of RE provision in new schools and educational buildings as well as new open space

and public park projects. As for existing government buildings, we will require such buildings undergoing major retrofitting and/or renovation works to seek to incorporate RE technologies if and where technically and financially practicable, and have earmarked \$200 million for provision of RE installations at government buildings, venues and community facilities. Apart from Government projects, we are discussing with the two power companies the introduction of new measures in the context of the new Scheme of Control Agreements (SCAs) to further promote the development of RE in the community.

8. The Energy Saving Plan for Hong Kong's Built Environment 2015~2025+ has set an ambitious target to reduce energy intensity by 40% by 2025 using 2005 as the base. The Government will continue to lead the community by example to achieve this target collectively. We pledged in the 2015 Policy Address to reduce electricity consumption by 5% for government buildings in five years from 2015-16 to 2019-20, using the comparable operating conditions in 2013-14 as the base. We have completed energy audits for about 350 major government buildings with comparatively high annual electricity consumption to identify energy management proposals, and earmarked at least \$500 million to help the relevant bureaux and departments take forward the energy saving measures identified. As regards the private sector, the Government has established a partnership with major stakeholders in the built environment under the 4Ts framework, namely target, timeline, transparency and togetherness, to operationalise the Paris Agreement. The 4T partners have been encouraged to set their energy saving targets and timelines and to share their existing and planned energy saving measures. The Government is also discussing with the power companies on ways to further promote energy saving in the context of the new SCAs.
9. As regards energy, the current SCAs signed between the Government and the two power companies will expire in 2018.

Having considered the views received during the Public Consultation on the Future Development of the Electricity Market conducted in 2015, we are proactively discussing with the power companies new SCAs with a view to improving the terms.

10. In the area of nature conservation, with a view to demonstrating the Government's determination to combat illegal ivory trade and contributing to the global efforts to protect wild elephants, we plan to introduce a legislative proposal to the Legislative Council this year to amend the Protection of Endangered Species of Animals and Plants Ordinance. The legislative proposal will take forward a three-step plan which aims to progress towards a total ban of import and re-export on ivory and phase out the local ivory trade, and increase the penalties under the Ordinance to provide a stronger deterrent against illegal trading of endangered species.
11. The Government announced in December 2016 the first city-level Biodiversity Strategy and Action Plan (BSAP) for Hong Kong which outlines the strategy and actions to be taken in the next five years for conserving biodiversity of Hong Kong. Under my chairmanship, a working group has been set up across policy bureaux and departments to co-ordinate and monitor the progress of BSAP. The Agriculture, Fisheries and Conservation Department will also initiate the procedure to designate Robin's Nest as country park soon.
12. Improving air quality has all along been one of our key priorities. Apart from ongoing initiatives such as phasing out progressively pre-Euro IV diesel commercial vehicles by the end of 2019, and subsidising the franchised bus companies to retrofit Euro II and III franchised buses with selective catalytic reduction devices, we will also tighten in phases the statutory emission standards for newly registered vehicles from July 2017. Besides, we will review the statutory Technical Memorandum that caps the emissions of the power industry, and are preparing the drafting of the amendment

bill to extend the control on cleansing agent of the printing industry and volatile organic compound content of fountain solutions. On pollution from vessels, we have been collaborating with the Guangdong Maritime Safety Administration on establishing in 2019 a domestic emission control area (DECA) in the Pearl River Delta (PRD) waters. To further improve regional air quality, we will continue our cooperation with the Guangdong Province, including completing the review on the attainment of the 2015 emission reduction targets and finalizing the 2020 emission reduction targets with the Guangdong Provincial Government in around mid-2017.

13. In addition, we started reviewing the air quality objectives (AQOs) last year to gauge the feasibility of introducing new practicable air quality improvement measures and the resultant scope for tightening the AQOs. We expect to complete the review in 2018.
14. To further enhance the water quality of Victoria Harbour, we are now focusing our attention on tackling near shore pollution problem subsequent to the commissioning of Stage 2A of the Harbour Area Treatment Scheme. We will construct dry weather flow interceptors in Kowloon and Tsuen Wan and rehabilitate trunk sewers to reduce the discharge of residual pollutants into Victoria Harbour and ameliorate the odour problem of the inshore water. In early 2016, we have also commenced a two-year consultancy study to investigate the specific causes of near shore pollution for identifying further mitigation measures.
15. As to marine cleanliness, relevant departments will further step up their efforts in keeping our shorelines clean with additional resources allocated. We will also enhance exchange and communication on regional marine environmental protection matters with our Guangdong counterparts through the Hong Kong-Guangdong Marine Environmental Management Special Panel which was set up in 2016.

16. On waste management, ENB is taking forward various initiatives as committed under the Hong Kong: Blueprint for Sustainable Use of Resources to raise public awareness and strengthen community participation to reduce waste at source and promote waste reuse and recovery. We have been actively undertaking preparatory work for implementing municipal solid waste (MSW) charging, and have briefed Members on the proposed implementation arrangements at the Panel meeting on 27 March. We plan to introduce into LegCo the necessary legislation in the first half of 2017. Meanwhile, more than 30 community involvement projects funded by the Environment and Conservation Fund have started in succession to enable the public and stakeholders to experience MSW charging first hand.
17. On implementation of Producer Responsibility Schemes (PRS), we have been carrying out the preparatory work for the two PRSs on waste electrical and electronic equipment (WEEE) and glass beverage containers, which are expected to be implemented in phases in 2017 and 2018. In parallel, we will also commission a feasibility study on how to implement a PRS for suitable plastic containers, mainly those carrying beverages or personal care products.
18. The new construction waste disposal charges will take effect on 7 April this year, and we are preparing the legislation required to mandate the use of a Global Positioning System on construction waste collection vehicles to combat illegal depositing of construction waste.
19. Furthermore, we have been progressively developing Community Green Stations (CGSs) to enhance environmental education in community and support recycling. At present, four CGSs have already been providing services to the public and the CGS in Sham Shui Po is scheduled for commissioning later this year. We will also continue to monitor and enhance the operation of the Recycling

Fund to facilitate the recycling industry to upgrade its operational capabilities and efficiencies. Meanwhile, we have been strengthening food waste reduction at source and stepping up efforts to promote the Food Wise Hong Kong Campaign as committed under the Food Waste and Yard Waste Plan for Hong Kong. The Government will also provide tertiary institutions and primary and secondary schools with suitable support for on-site treatment of food waste, with a view to enhancing the promotion of the “food wise” culture in schools and institutions.

20. On developing environmental infrastructure, the first phase of Organic Waste Treatment Facilities (OWTF) is commissioning in second half of this year to process food waste generated from the commercial and industrial sector and turn it into energy. To tie in with this development, the Government will implement a pilot project to source separate food waste from wet markets and cooked food centres managed by the Food and Environmental Hygiene Department, as well as wet markets and shopping malls managed by the Hong Kong Housing Authority, for delivery to the first phase of OWTF for recycling and recovery. In addition, the tendering of the second phase of OWTF and the first phase of the integrated waste treatment facilities (IWMF) has commenced one after another at the end of 2016. To meet Hong Kong's sustainable development needs up to 2041, we commenced a study for planning of future waste management.
21. As for revitalizing restored landfills, a total of 27 applications for the Batch 1 of the Restored Landfill Revitalisation Funding Scheme were received. The relevant Steering Committee has shortlisted some of the applications for further assessment in accordance with the established procedures and assessment criteria with a view to selecting suitable proposals for development of gainful facilities at the restored landfills.

22. Chairman, we will step up our work in environmental protection in different aspects and engage various stakeholders to combat climate change and build a low-carbon Hong Kong. Thank you, Chairman.

**Opening remarks of the Secretary for Transport and Housing
at the Legislative Council**

**Special Finance Committee Meeting (Housing)
on 5 April 2017**

Chairman,

Resolving the housing problem is a priority of the current-term Government. After public consultation, the Government formulated the Long Term Housing Strategy (LTHS) in 2014. The LTHS adopts the “supply-led” principle; sets the new public and private housing supply at 60:40; and rebuilds the housing ladder with a view to addressing the long term housing needs of different sectors of the community.

2. In the past few years, the Hong Kong Housing Authority (HA) launched the “Interim Scheme of Extending the Home Ownership Scheme (HOS) Secondary Market to White Form Buyers” and the “Green Form Subsidised Home Ownership Pilot Scheme” to facilitate public housing circulation. To support HA’s development of public housing, the Government established the Housing Reserve in 2014, which currently stands at \$77 billion.

3. The Government also introduced several rounds of demand-side management measures to address the exuberance of the property market, combat short-term speculation, curb local and external investment demand, and accord priority to local home-ownership needs. The Government also rolled out residential land continuously. The supply of first-hand residential properties for the coming three to four years is projected to be 94 000 units. While the property market had cooled down during the period from September 2016 to March 2017, in the light of a global low-interest rate and credit easing environment, the demand has been increasing continuously, which in turn fuels the property market. Major cities elsewhere also face similar

problems.

4. We certainly cannot rely on demand-side management measures alone to address the problem. The fundamental approach is to increase supply on a continuous basis, particularly the supply of public housing. This is because under the current situation of high property prices and rental level, more and more members of the public have to resort to public rental housing (PRH). The number of general applicants for PRH (i.e. family and elderly one-person applicants) has increased by 40%¹ since the current term Government took office

5. Limited land supply remains the major obstacle. Assuming that all sites identified can be smoothly delivered on time, only 236 000 public housing units can be built in the coming ten-year period, which lags behind the ten-year supply target of 280 000. We are concerned that this discrepancy would be further widened given the difficulties encountered in pursuing with a number of projects, which will further lengthen the waiting time for PRH.

6. The imbalance in housing demand and supply will make it more difficult for people in need to attain early PRH allocation; as well as for people with lower and middle income and the younger generation to achieve home ownership. This will intensify the sense of disappointment and frustration. We have reached a critical point where the community needs to make important trade-offs.

7. The Government announced the 15% New Residential Stamp Duty in November 2016. Up till February 2017, the number of residential property transactions subject to the doubled ad valorem stamp duty / new rate of 15% has dropped by more than 80%². Among residential property transactions where buyers are Hong Kong permanent residents (HKPRs), buyers of more than 90% of these cases did not own other residential property in Hong Kong at the time of transaction. These data shows that the new measure is effective in reducing investment demand. Had the Government not introduced the new measure in November 2016, the property market would have

¹ The number of general applicants was about 106 100 as at end-June 2016, and about 148 800 as at end-December 2016 (a total increase of about 42 700).

² Dropped from about 2 360 cases in November 2016 to about 387 cases in February 2017.

become even more exuberant.

8. The Government is concerned about recent reports on acquisition of multiple residential properties under a single instrument by HKPR buyers with a view to avoiding payment of stamp duty at the new rate. We are examining whether these are only extreme cases or whether they have become a common phenomenon. We will also closely monitor the overall development of the property market.

9. Chairman, I am happy to answer Members' questions on policies. The Controlling Officers and other colleagues will also stand ready to answer questions on implementation and the use of financial resources.

Transport and Housing Bureau
April 2017

**Opening Remarks by the Secretary for Transport and Housing
at the LegCo Special Finance Committee Meeting (Transport)
on 5 April 2017**

Honourable Chairperson,

Today, I would like to brief Members on our work on land, marine and air transport in the new financial year.

2. For land transport, the Kwun Tong Line Extension and the South Island Line (East) were commissioned last year and the construction of the Shatin to Central Link is in full swing. We have invited the MTR Corporation Limited to submit detailed proposals for four railway schemes recommended in the Railway Development Strategy 2014, namely the Northern Link (and Kwu Tung Station), the Tuen Mun South Extension, the East Kowloon Line as well as the Tung Chung West Extension (and Tung Chung East Station).

3. As for large-scale road projects, apart from the Tuen Mun-Chek Lap Kok Link, the Central-Wan Chai Bypass and Island Eastern Corridor Link and the Tseung Kwan O-Lam Tin Tunnel now under construction, etc., we are now seeking funding approval from LegCo for implementing the Central Kowloon Route project. We also suggest Route 11 for connecting Northwest New Territories and the urban areas, and will take forward the feasibility study.

4. In view of the comparatively long lead time of major transport infrastructure, the Government decides to take forward the strategic studies on railways and major roads beyond 2030.

5. In respect of public transport services, the Government has commenced the Public Transport Strategy Study (PTSS) in late 2014 to review a number of topics on public transport services other than railway. These include the proposal to increase the maximum seating

capacity of public light buses to 19; and the study on improving ordinary taxi services and introducing new franchised taxis in response to the community's concern and to meet new demand. We will release a consolidated report on PTSS in mid-2017.

6. The Government attaches great importance to road traffic congestion and its substantial cost to our society. We adopt a multi-pronged approach by taking forward the measures recommended earlier by the Transport Advisory Committee, controlling the growth of the private car fleet size on one hand, while combating illegal parking and improving the supply of parking spaces with priority accorded to the parking needs of commercial vehicles on the other hand. For the convenience of motorists, the Transport Department has also updated the "Hong Kong eRouting" mobile application to provide information on parking vacancies of about 50 Government and private carparks.

7. Apart from improving public transport, we will progressively make Hong Kong a "walkable" and "bicycle-friendly" city. We will also continue to implement the "Universal Accessibility" Programme.

8. In respect of marine transport, the Marine Department will continue to take forward various measures to enhance marine safety, improve its work flow and procedures, enhance training and address the shortage of manpower in the Department.

9. The Government established the Hong Kong Maritime and Port Board in April last year and set aside additional resources to step up efforts to further promote Hong Kong Port and our high value-added maritime services sector, so as to enhance Hong Kong's status as an international maritime centre.

10. We are taking forward in phases the various recommendations made in the review of the use of port back-up land in the Kwai Tsing Container Terminals completed in 2015, including expanding terminal yard space and providing additional barge berths so as to enhance port operational efficiency.

11. We will release two sites in Tuen Mun West totalling about 10 hectares for high value-added logistics uses as soon as practicable and continue to identify other sites, with a view to supporting the development of third-party logistics.

12. As far as aviation is concerned, Hong Kong International Airport is the world's busiest cargo gateway and the world's third busiest international passenger airport. The Government will assist the Airport Authority Hong Kong in implementing the Three-Runway System project, and furthering the growth of transshipment and cross-boundary logistics and delivery services.

13. Last month, the Government introduced a Bill into the LegCo to create a new dedicated tax regime to promote the development of aircraft leasing business in Hong Kong.

14. In order to comply with the new standard of the International Civil Aviation Organisation, the Government will establish an air accident investigation authority under the Transport and Housing Bureau, which will be independent from the Civil Aviation Department.

15. Honourable Chairperson, I will be happy to answer policy-related questions from Members. Controlling officers and other colleagues will answer questions pertaining to operation and the use of financial resources.

Transport and Housing Bureau
April 2017

**Speaking Note of the Secretary for Home Affairs
at the Special Meeting of the Finance Committee of the Legislative
Council
on 6 April 2017**

Chairman,

I would like to brief Members on the key areas of our work in the coming year in the light of additional resources for home affairs.

Youth Development

2. To further promote the culture of multi-faceted excellence, the Government will inject \$200 million to expand the scale of the “Multi-faceted Excellence Scholarship” (the Scholarship). Starting from the university academic year 2018/19, the annual quota for the Scholarship will be doubled to about 40. Moreover, the Government will allocate an additional \$100 million to support international youth exchange activities. We plan to launch the “Funding Scheme for International Youth Exchange” to sponsor community organisations in organising international exchange programmes for more young people to join and broaden their horizons.

Sports Development

Kai Tak Sports Park

3. We reported to the Panel on Home Affairs in February 2017 the progress of the Kai Tak Sports Park project and obtained support from Members. We will seek funding approval from both the Public Works Subcommittee and the Finance Committee in the second quarter this year and hope that the construction works can commence next year and be completed in 2022 as planned.

Five-year Plan for Sports and Recreation Facilities

4. We plan to take forward 26 projects in the next five years to provide 54 new or improved sports and recreation facilities, involving a total cost of around \$20 billion. We will also conduct technical feasibility studies for 15 sports and recreation facility projects to prepare for their future implementation. Covering all 18 districts in Hong Kong, these projects will help encourage members of the public to exercise regularly, and can provide more venues for “national sports associations” and athletes to undergo training, thus facilitating the diversification of sports development.

Injection into the Elite Athletes Development Fund (EADF) in support of elite athletes

5. Set up in 2012 by the Government, the EADF aims to support the development of elite sports. Since the establishment of the EADF, the number of elite athletes supported by the Hong Kong Sports Institute has increased to 1 200 and our athletes have been reaching new heights in international competitions. In 2017-18, the Government will inject \$1 billion into the EADF to continue its efforts to support the development of elite sports.

Injection into the Hong Kong Athletes Career and Education Programme (HKACEP) in support of retired athletes

6. In 2007-08, a provision of \$8.5 million was allocated to the Sports Federation & Olympic Committee of Hong Kong, China to implement the HKACEP. Since its establishment, the HKACEP has provided assistance and support to over 1 000 serving and retired athletes. In 2017-18, we will inject \$9 million into the HKACEP to provide athletes with support services such as consultation, scholarships, vocational training, language courses and job placement programmes.

New Intelligent Booking and Information System for Public Sports and Recreation Services in Hong Kong

7. We will develop a new intelligent system to allow convenient

booking of sports and recreation facilities provided and activities organised by the Leisure and Cultural Services Department with a view to encouraging members of the public to exercise regularly for a healthy lifestyle.

Arts and Culture

8. The Government launched the Art Development Matching Grants Pilot Scheme last year to widen the sources of funding of arts groups and arts organisations and to encourage community support for arts and cultural development. Matching grants approved under the first round of the Scheme will be disbursed this year.

9. Various facilities in the West Kowloon Cultural District (WKCD), including the Xiqu Centre, Art Park, Freespace and M+, will be completed in the next three years. The Government will implement the enhanced financial arrangement for the WKCD with a view to supporting the operation of the West Kowloon Cultural District Authority on a sustainable basis and the delivery of the remaining arts and cultural facilities, in particular a world-class Music Centre.

Community Building/District Administration

Community Involvement Programme

10. Starting from 2017-18, we will provide an additional \$100 million to make up a total annual provision of over \$460 million to the Community Involvement Programme. With the provision, the 18 District Councils can implement or sponsor more community involvement projects to meet local needs.

Building Management - Phase 3 of the Building Management Professional Advisory Service Scheme

11. The Home Affairs Department launched Phase 3 of the Building Management Professional Advisory Service Scheme in April this year. The Scheme has been well received by various districts. Under the Scheme, professional property management companies are engaged to provide a range of professional support services to owners

of old buildings, including assistance to those of “three nil” buildings in forming owners’ corporations and managing their buildings in a proper manner.

Celebration of the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR)

12. To celebrate the 20th Anniversary of Hong Kong’s return to the Motherland, the HKSAR Government is organising celebration events under the theme of “Together • Progress • Opportunity” this year. These events, both comprehensive and diversified, include a number of large-scale heritage exhibitions, cultural and arts performances, mega sports events, city dress-up projects and a series of programmes organised for the elderly, the youth, the underprivileged and ethnic minorities. Community groups and organisations are actively responding to our appeal by co-organising with us or organising on their own celebration activities for the participation of the whole community

13. Chairman, my colleagues and I will be happy to answer any questions from Members. Thank you.

Special FC Meeting on 6 April 2017
Speaking Notes for SCED

Foreword

- Chairman, I would like to set out the key matters within the policy areas of commerce, industry and tourism as mentioned in the Budget.

Tourism

- The Government has been pursuing balanced, healthy and long-term development towards product diversification and high value-added services in recent years. Joining hands with the tourism industry, we are striving for attracting more high-spending overnight visitors to Hong Kong. We will support the industry by allocating an additional sum of \$243 million in 2017-18 for undertaking the following five areas of work –
 - First, the Government will, in collaboration with the Hong Kong Tourism Board (HKTb), update the "A Symphony of Lights" by redesigning its lighting effects in amalgamation with creative light shows with an aim of developing Hong Kong's own brand of light attraction. We will also allocate funds to the HKTb to cultivate home-grown events as Asia's celebrated brand events, and provide support to MICE tourism;
 - Second, we will further promote the diversification of tourism products by allocating funding to the HKTb to introduce a pilot scheme to provide funding support for activities with tourism appeal to showcase Hong Kong's local characteristics, and another pilot scheme to provide funding support to encourage the travel trade to develop in-depth green tourism products;

- Third, we will step up our efforts to attract more high-spending visitors by implementing a scheme targeting transit passengers and overnight visitors in Hong Kong through the HKTb. We will work with local airlines, tourist attractions, hotels and the tourism sector to provide promotional offers to transit passengers or overnight visitors to attract them to extend their stay and stimulate their spending in Hong Kong. As far as the development of cruise tourism is concerned, the Government will allocate additional funding for the HKTb to continue implementing the “fly-cruise” programme, to support the trade in developing shore excursion products and to further cultivate the source markets;
- Fourth, to enhance Hong Kong’s appeal as a tourist destination, we will, through the HKTb, continue our publicity in the Mainland to promote the quality and honest image of Hong Kong’s tourism and strengthen our efforts to publicise in overseas markets the mega events to be held in Hong Kong this year; and
- Fifth, we will provide support to the travel trade, with measures such as waiving the licence fees for 1800 travel agents for one year, subsidising the training of tourism industry members through the Travel Industry Council of Hong Kong so as to enhance service quality of the industry, continuing to implement the matching fund for promoting tourist attractions, as well as waiving local traders’ participation fees for overseas promotion fairs.
- In the long run, we are taking forward the Kai Tak Tourism Node project for developing it into a world-class tourist and leisure attraction.

Support for Small and Medium Enterprises

- We will continue to implement support measures for local Small and Medium Enterprises (SMEs) to render them assistance in tapping new markets and enhancing overall competitiveness. Measures include extending the application period for the Dedicated Fund on Branding, Upgrading and Domestic Sales for five years to June 2022 and extending the application period for the special concessionary measures under the SME Financing Guarantee Scheme to 28 February 2018. We will brief the Legislative Council Panel on Commerce and Industry on this in due course.
- We also consider that the Hong Kong Export Credit Insurance Corporation (“ECIC”) should be provided with more underwriting capacity to continue to provide export credit insurance for Hong Kong exporters, especially SMEs. Therefore, we propose to raise the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion.

Exploring New Markets

- At present, we have 12 overseas Economic and Trade Offices (ETOs). In order to further expand the ETOs’ network, we are closely liaising with the Korean Government with a view to setting up an ETO in Seoul as early as possible. In addition, we have commenced preliminary work for the setting up of ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates with a view to opening up new markets and seeking business opportunities.

CEPA

- The Hong Kong Special Administrative Region Government and the Ministry of Commerce are exploring further expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation etc. We expect to achieve some concrete results by the middle of this year.

Free Trade Agreements

- The Free Trade Agreements (FTA) negotiation between Hong Kong and the ten member states of ASEAN is in its final stage. We will continue to drive the process with a view to concluding the negotiation soon and signing the agreement within this year, so that our businessmen and investors can reap the benefits of the FTA as soon as possible.
- We will continue our FTA negotiations with Georgia and Maldives to expand our FTA network.

Investment Promotion and Protection Agreement

- Hong Kong has so far signed 19 Investment Promotion and Protection Agreements (IPPAs). All these IPPAs, except for the one signed with Chile in November 2016, have entered into force. We will continue to negotiate IPPAs with the ASEAN, Iran, Russia and Maldives, and to expand our IPPA network to benefit both local and foreign investors.

Trade Single Window

- The Government reiterated its policy priority to establish the Trade Single Window as a one-stop electronic platform for the lodging of trade documents. To keep Hong Kong in line with the international trend, we will roll out the initiative by phases as soon as practicable.

Conclusion

- Chairman, my colleagues and I would be pleased to answer questions from Members.

**Speaking Notes for
the Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on 6 April 2017**

Introduction

- Chairperson, I will briefly highlight the main areas of work in respect of communications and creative industries in the coming financial year.

Broadcasting

- The Government will continue to promote the development of digital terrestrial television (“DTT”) in Hong Kong. At present, the coverage of the DTT services of the domestic free television programme service (“free TV”) licensees has reached some 99% of Hong Kong’s population.
- On free TV, HK Television Entertainment Company Limited launched its new English channel on 31 March this year following its launch of an integrated Cantonese channel a year ago. Another free TV licensee, Fantastic Television Limited (“Fantastic TV”), was granted a free TV licence on 31 May last year (2016). Under the licence, Fantastic TV is required to launch its integrated Chinese channel no later than 30 May this year. Given the recent announcements by the Wharf (Holding) Limited and i-Cable Communications Limited, the Government is keeping a close watch on the development. It must be emphasized that the relevant licensees are duty-bound to comply with the relevant laws and licence requirements. The Communications Authority will

continue to monitor the operations of licensees in accordance with the laws and mechanisms.

- On digital audio broadcasting (DAB) services, the Chief Executive in Council decided on 28 March 2017 that DAB services should be discontinued in Hong Kong; and that DAB services provided by Radio Television Hong Kong should also be discontinued within six months, or as soon as practicable thereafter. The Director of Broadcasting will consult stakeholders to draw up plans to accommodate programmes currently broadcast on DAB platform on its AM/FM platform. The Panel on Information Technology and Broadcasting will be briefed on the findings of the DAB review in due course.

Telecommunications

- On telecommunications, the existing assignments of the frequency spectrum in the 900 MHz and 1800 MHz bands for the provision of mobile service will expire between November 2020 and September 2021. The Communications Authority and we are currently conducting the second round of consultation on the spectrum re-assignment arrangements and the method for determining the related spectrum utilisation fee. The consultation period will end on 24 April 2017. We expect to make and announce the relevant decisions by end of this year after considering the views of stakeholders.
- With regard to how the regulation of person-to-person telemarketing calls might be strengthened, recognizing the fact that there are diverse views in the community on this issue, we plan to conduct a public consultation this year to collate opinions from stakeholders and the community with a view to formulating a regulatory mode that suits Hong Kong.

- Against the backdrop of rapid development of the telecommunications and broadcasting sectors, we see a need to conduct a comprehensive review of the existing regimes under the Telecommunications Ordinance and Broadcasting Ordinance to ensure that they are capable of responding to market needs and keeping pace of new trends. With the support of the LegCo Finance Committee in June 2016, we have established a dedicated team to undertake this initiative. We plan to report the progress of work to the LegCo Panel on Information Technology and Broadcasting in mid-2017.

Creative Industries

- On the front of creative industries, we have over the past two years injected \$400 million and \$220 million into the CreateSmart Initiative and the Film Development Fund respectively. We will continue to provide financial support to the trade through these funding schemes for supporting the development of creative industries.
- This year marks the 20th anniversary of the establishment of the Hong Kong Special Administrative Region. We will organise or sponsor a series of activities to showcase the strengths and achievements of Hong Kong's creative industries and take the opportunity to strengthen cross-territory collaboration of different industries and promote exchange and business networking. These activities include design exhibitions, Hong Kong film shows, fashion shows, exhibitions on the works of Hong Kong comic artists and the Hong Kong response exhibition of the Venice Biennale International Architecture Exhibition.
- To promote the long-term development of Hong Kong's creative industries, our work priorities in the years ahead will focus on market development and talent nurturing.
- On market development, from this year, we will organise Belt and Road promotional tours to countries with market potential, such as Iran, Indonesia, Malaysia, India, etc. with a view to attracting film

producers to come to Hong Kong for post-production and location filming and production facilitation services.

- On talent nurturing, apart from ongoing programmes such as the Design Incubation Programme and Fashion Incubation Programme, we will in the coming two to three years collaborate with the film industry to run training programmes regularly with a total of 200 places to provide practical training or internship opportunities for frontline talent in the production and post-production sectors of the film industry. We will also support 10 practitioners in the post-production sector in each of the next three years to further their studies or undertake internship overseas.

Conclusion

- My colleagues and I stand ready to answer questions from Members on the Estimates.

~ End ~

**Speaking Note for Secretary for Food and Health
at the Special Meeting of the Finance Committee
on 6 April 2017**

Food Safety and Environmental Hygiene
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Chairman and Honourable Members,

The Food and Health Bureau (FHB) is committed to ensuring food safety and environmental hygiene with a view to promoting public health and improving people's quality of life.

2. In the 2017-18 Estimates, about \$7.5 billion has been earmarked for recurrent expenditure in the policy portfolio of "Environment and Food", representing an increase of about \$450 million (6.4%) over the previous year and accounting for 2% of recurrent government expenditure.

Environmental Hygiene

3. First of all, on environmental hygiene, we will keep up the spirit and sustain the momentum of the "Keep Clean Campaign 2015" by allocating additional resources to the relevant departments this year. In particular, we will provide additional funding of about \$119 million for the Food and Environmental Hygiene Department (FEHD) to further enhance the cleansing efforts.

4. As before, the Government is committed to effective mosquito prevention and control work through flexible deployment of resources, comprehensive surveillance programme, as well as publicity and education measures, with a view to reducing the risk of outbreaks of dengue fever and Zika virus infection cases in Hong Kong.

Food Safety

5. On the food safety front, we will provide additional funding of about \$24 million for FEHD to enhance food safety control, mainly for re-engineering the Centre for Food Safety's workflow and overhauling its IT systems for more effective data management.

6. In addition, we plan to initiate public consultation work on strengthening the regulation of the levels of metallic contamination in food this year. Also, we will continue to review and update the food safety standards having regard to international practices and local needs.

7. We will also allocate an additional \$17 million for the Agriculture, Fisheries and Conservation Department (AFCD) to enhance food safety control measures at local farms, including conducting antimicrobial resistance surveillance and testing on food animals on the farms.

Public Markets

8. As announced in the Policy Address in January this year, the Government will build sizable public markets in new development areas (NDAs) and has initially identified suitable sites in the Tung Chung New Town Extension Area and Hung Shui Kiu NDA. The Government will continue to identify suitable sites in other NDAs. FEHD will set up a dedicated team for taking forward a review of the provision and management of public markets.

9. In respect of existing public markets, we are now actively following up the specific improvement proposals for six markets put forward by the consultant, and have completed the consultations with the Market Management Consultative Committees of Sheung Fung Street Market and Lockhart Road Market. We plan to commence improvement works of Lockhart Road Market this year at an estimated cost of \$21 million. Provision has also been earmarked this year to pursue improvement works for several other public markets, including the replacement of ageing lifts and escalators.

10. Separately, the Government has lowered the threshold of tenants' support for the retrofitting of air-conditioning systems in public markets from 85% to 80% since July 2015. Together with the two markets which already secured adequate tenants' support before the lowering of the threshold, there are now a total of 11 markets where sufficient tenants' support has been obtained. The Government is following up with the cases according to the established procedure. Taking into consideration factors such as the findings of the technical feasibility study, the extent of works required, cost effectiveness, impact on business and market operation, and whether the implementation details are acceptable to the tenants concerned, we will decide whether there is a case for seeking funds to carry out the air-conditioning retrofitting works.

Bazaar Policy

11. As I have explained on a number of occasions before, the Government adopts a positive attitude towards bazaar proposals at any location. As long as the proposed bazaars will not compromise food safety and environmental hygiene, and will not obstruct public passageways, when suitable sites have been identified by the organisations and support from local communities and respective District Councils (DCs) have been obtained, the Government will render assistance.

Columbarium Policy

12. The district-based columbarium development scheme has been making good progress. So far, we have obtained the support of relevant DCs for the development of columbarium on 14 potential sites, involving over 590 000 new niches (about two-thirds of the overall planned number of new niches). Among them, 160 000 niches at Tsang Tsui can be completed as early as 2019. We will continue to consult the DCs on several other columbarium projects. We hope to have the support of the local community for the projects.

13. In regulating private columbaria, the Bills Committee has completed the scrutiny of the Private Columbaria Bill. We are going to resume the Second Reading of the Bill at the Legislative Council

meeting next week, and hope that Members will support it so that we can implement the regulatory regime in the near future.

Animal Welfare

14. The Government attaches great importance to the promotion of animal welfare and enhancement of animal management. With the support of the Legislative Council, the newly amended Public Health (Animals and Birds) (Trading and Breeding) Regulations came into effect on 20 March to strengthen the regulation of animal trading, as well as dog breeding. AFCD will closely monitor the implementation of the new regulatory regime while enhancing the publicity efforts on responsible pet ownership and animal adoption.

New Agriculture Policy

15. The New Agriculture Policy launched last year is making good progress. The engineering feasibility study of the Agricultural Park (Agri-Park) has been completed. We have recently commissioned another consultant to undertake the investigation work with a view to drawing up the exact boundary and design for the Agri-Park, on the basis of the recommendation of the engineering feasibility study. We will consult the stakeholders in due course.

16. The \$500 million Sustainable Agricultural Development Fund (SADF) started accepting applications from the end of last year. The Farm Improvement Scheme under SADF has received over 80 applications with some applications already approved. Through SADF, we encourage farmers to acquire mechanized farming equipment to improve production.

17. FHB and the Development Bureau will also commission a consultancy study within this year on Agricultural Priority Areas to identify relatively large areas of quality agricultural land and formulate policies and measures to promote rehabilitation of fallow agricultural

land for long-term agricultural use, with a view to supporting the development of local agriculture.

Fisheries Development

18. The Government has been supporting the sustainable development of local fisheries industry. The \$500 million Sustainable Fisheries Development Fund (SFDF), set up in 2014, has approved seven projects, including those on improving aquaculture and fisheries-related ecotourism, with a total commitment of about \$37 million. The initial results of some of these projects are encouraging. We will continue to encourage the industry to make use of SFDF to enhance its overall competitiveness.

19. Chairman, my colleagues and I are happy to answer questions from Members.

**Speaking Note for the Secretary for Food and Health
at the Special Meeting of the Finance Committee
on 6 April 2017**

Health

Chairman and Honourable Members,

In 2017-18, the estimated recurrent government expenditure on health is \$61.9 billion, which amounts to 16.7% of the Government's total recurrent expenditure and represents an increase of about \$3.16 billion or 5.4% as compared with the previous year.

2. New and additional resources available in this financial year are mainly used for the following services:

(1) The Government will increase the annual recurrent provision for the Hospital Authority (HA) by \$2 billion¹ from 2017-18 onwards. In 2017-18, the recurrent subvention to the HA amounts to \$54.4 billion, representing an increase of about 3.4% over the previous year. The additional recurrent subvention is to be used to cope with the growth in service demand arising from an ageing population, implement new initiatives and enhance various types of service in the HA including the following key initiatives:

- i. extending the medical fee waiver for public healthcare services to cover Old Age Living Allowance recipients aged 75 or above with assets not exceeding the prescribed limits;

¹ According to the 2017-18 Estimates, there will be a net increase of \$1.8 billion in the recurrent provision. This is mainly due to the lapse of certain time-limited funding by 2016-17.

- ii. recruiting additional healthcare staff to enhance mental health services;
- iii. recruiting additional pharmacists to enhance pharmacy services;
- iv. implementing Newborn Screening for Inborn Errors of Metabolism in three public hospitals. It is expected that about 17 000 newborn babies will receive screening services in the coming year;
- v. continuing the Pilot Programme of Integrated Chinese Western Medicine in seven public hospitals for five more years;
- vi. strengthening medical-social collaboration to provide a full range of home-based rehabilitation and care support services for those elderly persons discharged from public hospitals;
- vii. Other major items include:
 - enhancing the management and treatment of life-threatening diseases;
 - increasing the operating theatre sessions for surgery and traumatology;
 - enhancing the services provided by the Community Geriatric Assessment Teams for terminally ill patients living in residential care homes for the elderly;
 - enhancing the service quota of chemotherapy, radiotherapy and haemodialysis;
 - increasing public hospital beds by about 230, the number of operating theatre sessions and the quota for endoscopy examination and diagnostic radiological

service;

- increasing the quota for general out-patient and specialist out-patient consultation and enhancing Accident & Emergency Services. The service quota for general out-patient clinics in the New Territories East Cluster and New Territories West Cluster will increase by 27 500 this year and 44 000 in the following year; and
- widening the scope of the HA Drug Formulary.

(2) An additional amount of about \$1.07 billion will be allocated to the Department of Health (DH) for service enhancement and new initiatives, which include:

- lowering the eligibility age for the Elderly Health Care Vouchers from 70 to 65 to benefit about 400 000 more elderly persons;
- enhancing protection of the elderly against invasive pneumococcal disease. It is estimated that more than 800 000 high-risk elderly persons are eligible for free or subsidised vaccines;
- topping up the drug cost for the DH's services;
- supporting the recurrent expenditure of the Electronic Health Record Management Team;
- rolling out the Pilot Scheme of the Accredited Registers for Healthcare Professions;
- strengthening the administrative support to the Medical Council of Hong Kong (MCHK) in handling complaints and conducting inquiries;

- topping up the cost for enhancing the enforcement of the statutory smoking ban and smoking cessation services;
- enhancing the elderly health service and promoting breastfeeding; and
- providing support for the legislative work for introducing the regulatory regime to prohibit commercial sale of liquor to minors, and enhancing the relevant education work.

Hospital Development Plan

3. On public healthcare services, Tin Shui Wai Hospital has come into operation in phases since early this year, while the Hong Kong Children's Hospital is expected to commence service in 2018 upon its completion this year. In 2016, the Government set aside a provision of \$200 billion to implement the 10-year hospital development plan, which includes the construction of new hospitals as well as the redevelopment and expansion of a number of existing hospitals. Around 5 000 additional hospital beds and more than 90 additional operating theatres will be provided upon completion of the projects. At the district level, the Government will set up community health centres in Mong Kok, Shek Kip Mei and the North District, increasing the service capacity of general out-patient clinics by 410 000 attendances per year.

4. As regards healthcare information, the first stage of the territory-wide Electronic Health Record Sharing System (eHRSS) was launched in March 2016. So far, in addition to the HA and the DH, more than 440 000 patients and more than 1 200 private healthcare providers have participated in the eHRSS. We have obtained funding approval from the Finance Committee of the Legislative Council on 25 March 2017 for the second stage development of the eHRSS.

Mental Health

5. The Review Committee on Mental Health, which was established by the Government in May 2013, has completed its review

on mental health policy. The review report will be published shortly. Subsequently, the Government will set up an advisory committee on mental health to take forward the recommendations accordingly.

Healthcare Reform

6. With regard to healthcare manpower, we are about to complete the first territory-wide Strategic Review of Healthcare Manpower Planning and Professional Development. The report and recommendations of the review are expected to be published in the coming months. Apart from increasing the number of degree places in relevant healthcare disciplines by the Government, the HA will continue to implement other measures (including engaging doctors under limited registration and re-employing suitable retirees) to meet service demand.

7. On improving the operation of the MCHK, apart from providing more administrative support to the MCHK that I mentioned a moment ago, the Tripartite Platform comprising medical sector representatives, persons representing patients' and consumers' interests and Legislative Councillors held its last meeting in early March to deliberate on the amendment proposals to the Medical Registration Ordinance. We will duly consider the views of the Tripartite Platform and different parties in formulating legislative amendment proposals and re-introduce a Medical Registration (Amendment) Bill into the Legislative Council as soon as possible. The aims of the bill are to improve the complaint handling and disciplinary inquiry mechanism of the MCHK, allow more lay participation in the MCHK, and extend the valid period of limited registration of doctors to be approved by the MCHK to not exceeding three years.

8. For healthcare professions currently not subject to statutory regulation, the Government launched the Pilot Scheme of the Accredited Registers for Healthcare Professions at the end of 2016. The Pilot Scheme aims to enhance the existing society-based registration arrangements and ensure the professional competency of healthcare professionals. The accreditation agent is conducting preliminary assessment on the applications received. The final accreditation results are expected to be announced by end 2017.

9. The consultation report of the Voluntary Health Insurance Scheme was published in January this year. We will implement the scheme via a non-legislative means and aim to finalise the details in 2018. Besides, we are ironing out the details of the new regulatory regime for private healthcare facilities having regard to the views of various stakeholders. We plan to introduce the Private Healthcare Facilities Bill into the Legislative Council in the first half of 2017.

Chinese Medicine Development

10. As regards the development of the Chinese medicine industry, we have progressively implemented the recommendations of the Chinese Medicine Development Committee, which include the establishment of a Chinese medicine hospital, development of the integrated Chinese-Western medicine, expansion of the Hong Kong Chinese Materia Medica Standards (HKCMMS) Project as well as preparation for the setting up of a testing centre for Chinese medicines. We have decided to finance the construction of the Chinese medicine hospital and invite the HA to assist in identifying by way of tender a suitable non-profit-making organisation to take forward the project and operate the hospital. We will announce further details later this year. Moreover, we are actively planning on the establishment of the Government Chinese Medicines Testing Institute to be managed by the DH. Before the establishment of the permanent institute, a temporary one was set up at the Science Park in March this year to kick start some of the work as soon as possible.

11. Chairman, my colleagues and I are happy to answer questions from Members.

**Speaking Note for the Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2017-18 Draft Estimates
on 7 April 2017**

Welfare and Women

Chairman and Honourable Members,

In 2017-18, government recurrent spending on social welfare and women's interests is estimated to be \$73.3 billion, accounting for 19.8% of the total recurrent government expenditure of the year, second only to education. Compared with the revised estimate for 2016-17 (\$63.8 billion), there is an increase of \$9.5 billion (i.e. 14.9%). This reflects the Government's commitment to supporting the disadvantaged. The Government will continue to provide and enhance our support to the disadvantaged, including the elderly, children, persons with disabilities, low-income families and those in need. Now, let me highlight how the Labour and Welfare Bureau (LWB) will make use of these substantial resources.

Elderly Care

2. Along with the growth of elderly population, the resources committed by the Government to elderly services have continued to increase over the years. The recurrent government expenditure on elderly services in 2017-18 is estimated to reach about \$7.84 billion, representing an increase of 7.2% over the revised estimate of about \$7.31 billion in 2016-17. In 2017-18, we will increase the annual recurrent expenditure by about \$253 million to strengthen elderly care, which include providing 149 additional subsidised residential care places and 25 day care places for the elderly; improving the services of 7 existing contract homes involving 499 subsidised residential care places and 85 day care places for the elderly; and increasing funding for

the Infirmary Care Supplement and the Dementia Supplement to provide enhanced support for frail and demented elderly persons.

3. In addition, the Government will provide an additional 2 000 vouchers under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly to support ageing in place for elderly persons with moderate or severe impairment. The total number of vouchers under the entire pilot scheme will reach 5 000. The additional 2 000 vouchers are estimated to be issued in the third quarter this year. Separately, the Government launched the first phase of the Pilot Scheme on Residential Care Service Voucher for the Elderly in March this year to offer an additional choice to elderly persons in need of residential care service. In the first phase of the pilot scheme, only eligible subvented, contract and self-financing residential care homes are covered. Under the pilot scheme, a total of 3 000 vouchers will be issued in phases from 2017 to 2019.

4. To cope with the service demand, we will continue to make medium and long-term planning for elderly facilities. The Social Welfare Department is planning to implement 25 development projects for provision of new contract homes and day care centres/units for the elderly. It is estimated that about 2 100 residential care places (including subsidised and non-subsidised places) and about 820 day care places for the elderly will be newly provided. At the same time, we are pressing ahead with the Special Scheme on Privately Owned Sites for Welfare Uses to encourage non-governmental organisations (NGOs) to provide additional places for elderly services through expansion, redevelopment or new development on the sites owned by them. Based on the rough estimation of the participating NGOs, about 9 000 additional elderly service places (and 8 000 additional places for rehabilitation services), including 7 000 residential care places and 2 000 day care places, would be provided if all the projects under the Special Scheme could be implemented smoothly.

Formulating an Elderly Services Programme Plan

5. As regards the overall planning of elderly services, the Elderly Commission (EC) is pressing ahead with formulating an Elderly Services Programme Plan (ESPP). After completing two

rounds of public engagement, EC had drawn up the initial recommendations of the ESPP, and a third public engagement exercise was conducted from October last year to February this year to consult stakeholders on the initial recommendations. The consultant is now processing and analysing the views gathered so as to help EC finalise the recommendations of the ESPP. EC is expected to complete and submit the report of the ESPP to the Government in the second quarter this year.

6. As a forward-looking move, the Government has also announced in this year's Budget that a total of \$30 billion will be earmarked to strengthen elderly services and rehabilitation services for persons with disabilities. This clearly demonstrates that elderly and rehabilitation services will continue to be the Government's policy priorities.

Extending the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities to Green Minibuses

7. The Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) was extended to green minibus (GMB) by phases since 29 March 2015. It now includes 159 GMB operators (99% of the total) operating a total of 522 GMB routes (99% of the total). For the one remaining group (covering six green minibus routes), the operator concerned is carrying out the necessary preparatory work so as to meet the accounting and auditing requirements for participating in the Scheme as soon as possible.

8. In the past six months (from August 2016 to January 2017), the average daily passenger trips under the Scheme was around 1.16 million, with around 1.01 million trips (87%) made by the elderly¹ and the remaining 150 000 trips (13%) made by eligible persons with disabilities². With the Scheme's extension to green minibuses and the

¹ Elderly people refer to those aged 65 or above.

² Eligible persons with disabilities means recipients under the Comprehensive Social Security Assistance (CSSA) Scheme aged below 65 with 100% disabilities and recipients of Disability Allowance (DA) in the same age group.

steady increase in Hong Kong's elderly population, the Government's reimbursement of revenue forgone to the operators will increase to around \$1.2 billion in 2017-18 from \$1 billion in 2016-17.

Support for the Disadvantaged

9. The Government will commence formulating a new Hong Kong Rehabilitation Programme Plan, after the EC has completed the formulation of the Elderly Services Programme Plan, by making reference to the relevant experience. As mentioned above, the Government has earmarked a total of \$30 billion to strengthen elderly services and rehabilitation services for persons with disabilities. On rehabilitation services, having regard to the recommendation put forward in the process of formulating the new Hong Kong Rehabilitation Programme Plan, we will enhance pre-school training, residential care, day care, community support, employment, barrier-free facilities and transportation for persons with disabilities where considered practicable and appropriate, so as to enable them to fully integrate into the community and enjoy equal opportunities.

10. The Government launched a two-year "Pilot Scheme on On-site Pre-school Rehabilitation Services" in 2015, which provided about 2 900 service places for over 480 kindergartens or kindergarten-cum-child care centres. Starting from 2017-18, the Government will reserve an annual recurrent funding of \$582 million for regularising the Pilot Scheme and provide 7 000 service places by phases; and for waiving the fees of Special Child Care Centres (SCCCs) and provide non-means-tested Training Subsidy Programme for children on the waiting list for SCCC.

11. To enhance the support for ex-mentally ill persons, the Government will allocate an addition of about \$40 million recurrent provision to further increase the number of social workers and support staff at Integrated Community Centres for Mental Wellness (ICCMWs) to provide more in-depth support to ICCMW members for their re-integration into the community; and to regularize the "Pilot Project on Peer Supporter Service" implemented in Community Psychiatric Service Units in March 2016, in order to enhance the community support for ex-mentally ill persons.

12. We propose an additional annual recurrent provision of about \$136 million in 2017-18 to strengthen support services for persons with disabilities, including the provision of additional 344 pre-school rehabilitation, 210 day training and vocational rehabilitation, 344 residential care service places and 80 day care service places in the district support centres for persons with disabilities, with a view to strengthening care and providing necessary training for persons with disabilities. Furthermore, the Government will invite the Community Care Fund to consider implementing a pilot scheme to provide a special subsidy for persons with permanent stoma from low-income families to purchase medical consumables.

13. To promote the employment of persons with disabilities, one of the Government's measures is to subsidise non-governmental organisations to set up social enterprises through the "Enhancing Employment of People with Disabilities through Small Enterprise Project". In 2017-18, the Government will inject an additional funding of \$100 million for the Project. The maximum funding for each social enterprise will be increased from \$2 million to \$3 million.

Poverty Alleviation and Retirement Protection

Low-Income Working Family Allowance (LIFA)

14. The LIFA Scheme has been implemented since May 2016. As at 10 March 2017, a total of over 60 000 applications have been received, of which over 50 000 applications have been approved with the total amount of allowance approved over \$579 million. Around 112 000 persons have benefited from the Scheme. Of these persons, over 49 000 are children or youths. The Government will conduct a comprehensive policy review on the LIFA Scheme in mid-2017. Comments received from the public and concern groups on the Scheme will be considered in the review in a holistic manner.

Social Security and Retirement Protection

15. For social security, we will continue to provide financial assistance to those in need through the Comprehensive Social Security

Assistance (CSSA) and Social Security Allowance (SSA) Schemes in the coming year. Excluding the one-off relief measure, the estimated total recurrent expenditure of these two Schemes in 2017-18 is about \$47.4 billion, which is 13.3% higher than the revised estimate (\$41.8 billion) last year. This represents 64.6% of the Government's recurrent social welfare expenditure (\$73.3 billion) and 12.8% of the recurrent government expenditure (\$371.0 billion).

16. The Chief Executive stated in his 2017 Policy Address that the existing multi-pillar retirement protection system should continue. At the same time, we should enhance the effectiveness of each pillar while maintaining the sustainability and financial viability of the system. To strengthen the support of the social security pillar for elderly persons, the Government recommends, among others enhancing the Old Age Living Allowance (OALA) through two measures. We recommend relaxing the asset limits for the existing allowance in 2017-18 to benefit more elderly persons with financial needs. In addition, we recommend adding a higher tier of assistance in 2018-19 for elderly persons with more financial needs who are eligible for the allowance. It is estimated that around 500 000 elderly persons will benefit from the two measures in the first year upon full implementation, which involves an additional recurrent expenditure of over \$75.5 billion in the first ten years.

17. Separately, to facilitate elderly persons to retire on the Mainland, the 2017 Policy Address recommends once again exempting, on a one-off basis for a one-year period, eligible elderly persons already residing in Guangdong (GD) from the requirement of having resided in Hong Kong continuously for at least one year immediately before the date of application under the GD Scheme; and introduce the Fujian (FJ) Scheme to provide Old Age Allowance (OAA) to eligible elderly persons who choose to reside in FJ. The Social Welfare Department plans to implement the GD Scheme shortly after the passage of the Appropriation Bill 2017; and will prepare for the implementation of the FJ Scheme in the 2018-19 financial year. It is estimated that the two measures involve an additional recurrent expenditure of 170 million per year.

One-off relief measure

18. Apart from the above recurrent measures, the Financial Secretary proposes in his 2017-18 Budget to provide an extra payment to social security recipients, equal to one month of the standard rate CSSA payments, OAA, OALA or Disability Allowance. This proposal will involve an additional expenditure of about \$3.5 billion. About 1.24 million recipients are expected to benefit from the extra allowance. The Government also proposes to make similar arrangements for recipients of LIFA or Work Incentive Transport Subsidy (WITS). It is estimated that about 35 000 households in receipt of LIFA and about 48 000 recipients of WITS will benefit, involving additional expenditure of about \$73 million and about \$29 million respectively.

Supporting Families

Supporting the Families in Need

19. We have been providing subsidies to NGOs to provide various types of residential child care services to support children who cannot be adequately cared for by their families or young persons having behavioural and/or emotional problems. To further support the families in need, we will allocate an additional annual recurrent expenditure of about \$71 million to increase the level of various foster care allowances and provide 240 additional foster care places in phases so that children in need can be taken care of in a family environment. Meanwhile, to further publicise foster care service to the general public and recruit more suitable foster parents, we will enhance service promotion in April 2017 through a territory-wide publicity campaign on foster care service by means of television and radio Announcements in the Public Interests as well as posters, so as to encourage more suitable persons to become foster parents.

Helping Women Balance Family and Work Commitments

20. In view of the implementation of the free quality kindergarten education policy by the Education Bureau in the 2017/18 school year, we understand the sector's concern about the effects on the operation of

day/residential child care services and pre-school rehabilitation services, especially the challenges in respect of subsidy to the child care services, remuneration of child care workers and manning ratio, etc. In order to relieve the recruitment and brain drain problems of child care services, we increase the annual recurrent expenditure of about \$145 million to provide additional resources for units of day/residential child care services and pre-school rehabilitation services in 2017-18 for enhancing the remuneration for qualified child care staff, so as to retain and attract the qualified child care staff.

Assisting Families Most in Need of Support

21. To support the victims of domestic violence and the families in need, in 2017-18, SWD will provide additional places of refuge centre for women.

Women's Interests

22. To facilitate the development of women, all bureaux and departments have been adopting gender mainstreaming and applied the gender mainstreaming checklist (the Checklist) developed by the Women's Commission (WoC) when formulating major government policies and initiatives since April 2015. LWB and WoC have also introduced a pilot scheme to encourage NGOs in the social welfare sector to apply the Checklist. To further promote the concept of gender mainstreaming and raise the awareness of gender-related issues in the business community, the Government has established a Gender Focal Point (GFP) network among listed companies at end 2016, following the setting up of such a network among Government bureaux/departments, District Councils (DCs) and NGOs in the social welfare sector. So far, some 160 listed companies have set up GFPs. Besides, the Government will continue to facilitate more women to participate in the work of Government advisory and statutory bodies with a view to attaining the 35% gender benchmark.

23. In 2017-18, we have earmarked around \$35.3 million to promote women's interests and support the work of the WoC. These include the provision for assisting WoC in implementing the "Capacity Building Mileage Programme", and implementing the Funding Scheme

for Women's Development under the theme of "Women Employment", under which 18 DCs and women's groups may implement different women's employment programmes.

Community Development

24. The Government will also seek funding from the Lotteries Fund in 2017-18 for injection of \$300 million into the Community Investment and Inclusion Fund. The aim is to continue to support social capital development projects and build up mutual help networks in the community through cross-sector collaboration.

25. Chairman, this concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

– End –

**Speaking Note for Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
for Examination of the 2017-18 Draft Estimates
on 7 April 2017**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2017-18 is estimated to be \$1,897 million, representing an increase of \$82 million (or 4.5%) over the revised estimate of \$1,815 million last year. It accounts for 0.5% of the total recurrent government expenditure. Let me highlight the key areas of our work.

Promoting Employment

2. The labour market held stable in 2016. The latest seasonally adjusted unemployment rate (December 2016 to February 2017) stayed at a low level of 3.3%. Both total employment and labour force grew slightly over a year earlier. In 2016, the Labour Department (LD) received 1 347 613 private sector vacancies, an all-time high figure.

3. LD provides comprehensive and free employment and recruitment services and operates dedicated employment services for job seekers with different needs. For ethnic minority (EM) job seekers, LD has been providing a wide range of dedicated employment services to promote their employment, which will help realise their potential and engender an inclusive society. In 2017, to further strengthen the employment support services for EM job seekers, LD will, on a pilot basis, start engaging two staff proficient in EM languages to partner with experienced employment officers at the Kowloon West Job Centre at Sham Shui Po and the Employment in One-stop at Tin Shui Wai to serve EM job seekers.

Encouraging Employers to Adopt Friendly Employment Practices and Providing Employment Support Services for Mature Persons

4. LD has all along been encouraging employers, having regard to the individual circumstances of their enterprises, to adopt friendly employment practices for mature persons, including extending the working life of their employees and adopting more flexible modes of employment, etc., so as to establish suitable working conditions and environment to attract mature persons to stay in or return to employment. LD will continue to promote the relevant messages to the public through various publicity channels and a wide range of promotional activities.

5. In addition, LD will continue to offer various employment support services for mature persons, such as organising employment briefings for mature persons, holding experience sharing sessions for employers on employing mature persons, organising large-scale thematic job fairs targeted at middle-aged and mature job seekers, and staging district-based job fairs on part-time employment to meet the needs of some mature persons who are more interested in taking up part-time jobs. Employers will also be encouraged to engage middle-aged and mature job seekers and provide on-the-job training under the Employment Programme for the Middle-aged.

Providing One-off Extra Payment under the Work Incentive Transport Subsidy Scheme

6. In 2016, LD completed a review of the Work Incentive Transport Subsidy (WITS) Scheme and reported the findings to the Legislative Council (LegCo) Panel on Manpower in June. Related enhancement measures have been rolled out subsequently. In 2017-18, the Government proposes to provide a one-off extra payment to eligible applicants of the WITS Scheme. LD has also announced the adjustment of income and asset limits of the WITS Scheme in 2017. Under the existing annual adjustment mechanism, the income limits for household sizes of two to five persons and asset limits for individual-based applications and households of all sizes have been raised starting from the claim month of February this year. As the income limits for individual-based/one-person household-based

applications and household-based applications from households of six persons or above would need to be adjusted downward with reference to the median monthly domestic household income in the third quarter of 2016, we propose to freeze the income limits for these two groups in the annual adjustment for 2017 as a special one-off arrangement and will consult the Panel on Manpower on 18 April 2017.

Implementing Statutory Minimum Wage

7. Since the introduction of Statutory Minimum Wage (SMW), the employment market has remained broadly steady while the income of grassroots workers has continued to improve. The unemployment rate in December 2016 to February 2017 was 3.3%, down 0.3 percentage point as compared with the pre-SMW period (February to April 2011). Total employment increased by 282 100, over 70% of whom were female, reflecting that SMW has attracted more people to enter or re-enter the labour market. The average monthly employment earnings of the lowest decile full-time employees in November 2016 to January 2017 rose by 49.1% (20.7% in real terms after discounting inflation) over the pre-SMW period.

8. The new SMW rate, i.e., \$34.5 per hour, will take effect from 1 May 2017. LD is rolling out extensive promotional activities and will vigilantly monitor the implementation of the new rate.

Promoting Labour Relations

9. In 2016, the labour relations scene of Hong Kong remained generally stable. The number of labour disputes and employment claims handled by LD last year increased slightly by 2% to 14 727 as compared to 2015. During the year, over 70% of the cases were settled through conciliation. LD will continue to closely monitor the labour relations scene and provide appropriate assistance to employers and employees in need.

10. Moreover, LD will continue to make extensive publicity efforts to promote public understanding of the Employment Ordinance (EO) and good people management culture, encouraging employers to adopt family-friendly employment practices so as to foster harmonious

labour relations.

Amending the Reinstatement and Re-engagement Provisions of EO

11. To enhance employees' protection in circumstances of unreasonable and unlawful dismissal, we plan to introduce into LegCo the Employment (Amendment) Bill 2017 (Bill) in the first half of this year to amend the reinstatement and re-engagement provisions of EO. The Bill will empower the Labour Tribunal (LT) to, without the need to secure the employer's agreement, make an order for reinstatement or re-engagement of an employee who has been unreasonably and unlawfully dismissed if LT considers the making of such an order appropriate and compliance with the order by the employer reasonably practicable. An employer who fails to reinstate or re-engage the employee as ordered is required to pay to the employee a further sum. Failure to pay the further sum by the employer will be a criminal offence.

12. The Government introduced the same Bill into LegCo in the last term. LegCo formed a Bills Committee to scrutinise the Bill. Members of the Bills Committee expressed various views and suggestions and proposed some Committee stage amendments (CSAs) to the Bill. In accordance with the standing practice, the Government passed the views, suggestions and proposed CSAs to the Labour Advisory Board (LAB) for consideration. After thorough and detailed discussions, LAB proposed to raise the ceiling for the further sum from the original proposal of \$50,000 to \$72,500.

13. The Government's proposal is premised on the consensus reached by LAB. The consensus is a hard-won outcome of repeated discussions between employer and employee representatives that delicately balanced the interests of employers and employees. I appeal to Honourable Members for your support so that this long-due Bill may be passed by LegCo, providing better protection to employees who are unreasonably and unlawfully dismissed.

Reviewing Statutory Paternity Leave

14. Statutory paternity leave (PL) has come into operation in February 2015, providing eligible working fathers with three days of PL with pay. The operation of statutory PL has been smooth so far. LD will continue to publicise stipulations of the statutory PL to enhance understanding of employers and employees about this new statutory benefit. LD is working on the review of the implementation of statutory PL and plans to report to LAB and the LegCo Panel on Manpower the outcome of the review within this year.

Protecting Employees' Rights and Benefits

15. LD will continue to adopt a multi-pronged approach in safeguarding the rights and benefits of employees, which includes launching educational and publicity activities targeted at employers and employees, reminding employers of the importance of timely payment of statutory benefits, and proactively assisting employees who suspect their rights and benefits being infringed to pursue their claims against employers.

16. LD will also continue to strengthen intelligence gathering and evidence collection, and conduct inspections to detect wage offences. Apart from taking proactive measures to prevent employers from evading wage liabilities, LD will sustain stringent enforcement actions to tackle the problem at source by targeting company directors and responsible officers for committing wage offences. Where there are any suspected breaches, LD will launch thorough investigation. With sufficient evidence, LD will initiate prosecution against those employers and responsible officers who wilfully defy the law. In 2016, LD secured a total of 503 convictions against wage offences, including 163 summonses convicted against company directors and responsible officers.

17. To safeguard the employment opportunities of local workers, the Government will continue to take rigorous enforcement actions against illegal employment. The concerned departments will continue to work closely to share intelligence and take targeted actions to jointly combat illegal employment by surprise inspections. In 2016, LD

mounted 220 joint operations together with the Police and the Immigration Department to raid establishments suspected to have employed illegal workers.

18. LD will continue to provide timely relief to employees affected by employers who cease their business due to insolvency through making ex gratia payments from the Protection of Wages on Insolvency Fund (PWIF). A total of 3 348 applications were received by PWIF in 2016, a decrease of 4% as compared with 2015.

Maintaining Hong Kong as a Favourable Place of Work for Foreign Domestic Helpers

19. The Government accords great importance to protecting the rights and benefits of foreign domestic helpers (FDHs). Apart from continuing with our efforts to step up publicity and education work, we will maintain close collaboration with the consulates of the source countries of FDHs to enhance FDHs' awareness of their rights and benefits and channels for seeking assistance.

20. To strengthen control over employment agencies (EAs) (including those providing placement services of FDHs), LD promulgated on 13 January 2017 the Code of Practice (the Code) for the industry to follow. To further strengthen the regulation of EAs, LD plans to propose legislative amendments in this quarter to provide a legal basis for the Code, impose heavier penalties on EAs for overcharging commission from job seekers or operating without a licence, and extend the criminal liability of the offence of overcharging commission from job seekers to responsible person(s) in addition to the licensee, so as to attain a more potent deterrent effect.

Working Hours Policy

21. On 27 January 2017, the Standard Working Hours Committee submitted its report to the Government to put up recommendations on working hours policy direction. The Government will take full account of the report of the Committee and the views of various sectors of the community, and strive to map out within the term of the current Government the working hours policy direction that suits Hong Kong's

socio-economic situation.

Alleviating Manpower Shortage of Individual Sectors

22. The Government has all along been closely monitoring the manpower demand and supply for different sectors, and has strengthened training initiatives to attract new entrants. On the premise of according employment priority to local workers, importation of labour is allowed on an appropriate, limited and targeted basis to relieve the manpower shortage of individual sectors. LD will continue to scrutinise with due care applications under the Supplementary Labour Scheme and invite the views of LAB members.

Enhancing Efficiency in Job Search and Recruitment through the Construction Industry Recruitment Centre

23. The Construction Industry Recruitment Centre (CIRC) of LD will continue to facilitate local construction workers to find jobs and employers of the industry to recruit workers. CIRC maintains close collaboration with the Construction Industry Council to achieve better synergy of services. LD also maintains close contact with industry stakeholders, and widely publicises the services of CIRC to employer associations, trade unions, contractors, subcontractors and job seekers through different channels.

Enhancing Occupational Safety and Health

24. LD will further strengthen the protection of workers' occupational safety and health. We are particularly concerned about work safety in the construction industry. LD will strive to minimise work hazards in the construction industry through inspection and enforcement, publicity and promotion, as well as education and training.

25. There have been eleven industrial fatalities so far this year. Seven of them concerned the construction industry, of which five involved work-at-height. LD is highly concerned about these cases. Upon being notified on the occurrence of the fatal accidents, LD commenced immediate investigation and issued suspension notices to

the duty holders involved to suspend the associated work process. LD will conduct investigation in full gear to identify the cause of the accidents and ascertain the liability of the duty holders. LD will take actions pursuant to the law if there is any violation of the occupational safety and health legislation. LD will also issue Work Safety Alerts as early as possible, giving brief circumstances of the accidents concerned and reminding the industry to take suitable safety precautionary measures. Also, LD has rolled out a series of initiatives to curb recurrence of similar accidents. Such initiatives include launching a special enforcement operation targeting at work-at-height safety and other high risk processes in the construction industry, and stepping up television and radio publicity as well as other promotion and educational efforts. Besides, LD has issued advisory letters to all relevant stakeholders, urging them to strengthen safety measures to ensure the occupational health and safety of workers. LD is meeting with construction industry stakeholders to discuss how to further enhance the safety awareness of employers and employees, and remind the industry to take suitable and adequate safety measures.

26. Concerning the industrial accident that happened in the Hong Kong-Zhuhai-Macao Bridge (HZMB) project on 29 March, LD is conducting investigation in full gear to identify the cause of the accident, ascertain the liability of the duty holders and recommend improvement measures. LD will step up inspections to construction sites involving works over or near water, and urge relevant contractors/employers to take adequate safety measures. LD will also organise safety talks for safety staff and frontline workers of HZMB project in conjunction with relevant departments.

27. In response to the series of recent fatal industrial accidents, LD is actively organising a large-scale campaign to enhance the safety awareness of the construction industry. Through this sustainable large-scale campaign, the stakeholders of the construction industry, including project proponents, contractors, subcontractors, workers and safety practitioners will be reminded of the importance of work safety, particularly the risk of work-at-height, and appropriate precautions that have to be taken to prevent accidents. LD is now actively working out the details of the campaign with the Occupational Safety and Health Council and other relevant stakeholders. The campaign is expected to

be kicked off soon to further strengthen the safety protection of construction workers. The campaign will include a series of publicity, promotion and education initiatives targeting the common work risks faced by different stakeholders of the construction industry, as well as specific measures to enhance work safety, such as promoting the use of safety helmets with chin straps, improving the design of bamboo scaffolding work, revamp of the Mandatory Basic Safety Training (Construction Work) (commonly known as "Green Card"), stepping up publicity and promotion of renovation, maintenance, alteration and addition (RMAA) works safety to the property management sector, strengthening RMAA safety among owners and tenants through the platform of the Building Owners Corporations, Home Affairs Department and Buildings Department, organising safety talks and seminars with industry stakeholders etc..

Manpower Development

28. The Government proposes to inject an additional \$1.5 billion into the Continuing Education Fund (CEF) in 2017-18. We will also consider various measures to enhance the operation of the CEF.

29. In 2017-18, the Employees Retraining Board will continue to focus on social groups with special needs and develop relevant courses and services for them, for example, developing more new courses designed for mature persons, women and home-makers, ethnic minorities and youths, as well as keeping to improve the operation of the “Smart Starter” scheme to provide referrals to part-time job vacancies and follow-up services for new arrival trainees.

30. In parallel, the Vocational Training Council (VTC) is planning to provide about 173 000 training places in the 2017/18 academic year for those seeking to pursue vocational training. In 2017-18, the Labour and Welfare Bureau’s related recurrent subvention to VTC will amount to \$196.8 million.

MPF “Offsetting”

31. Lastly, on the issue of the Mandatory Provident Fund (MPF) “offsetting”, the Chief Executive has announced a concrete proposal to

progressively abolish the “offsetting” arrangement of severance payment or long service payment with MPF contributions in the Policy Address in January this year. The Government’s proposal strives to strike a balance between improving the employees’ benefits and the affordability of the employers while at the same time enhancing the retirement protection of the employees. We are listening to the views of major stakeholders, the business and the labour sectors inclusive, and aim at finalising the proposal within the current-term Government.

32. This concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

– End –

Speaking Note of
Mr. Eddie NG Hak-kim, SBS, JP,
Secretary for Education
at the Special Meeting of the Legislative Council's Finance Committee
to examine the Estimates of Expenditure 2017-18
on 7 April 2017

Mr. Chairman,

Nurturing of talent starts with education. The Government is determined to invest in education and increases resources continuously in providing all-round and balanced education and training, with a view to promoting the sustainable development of Hong Kong.

2. Since the inauguration of the current-term Government, the recurrent education expenditure has increased from \$60.4 billion in 2012-13 to \$78.6 billion, representing a cumulative increase of 30% or an average growth of 5.4% per annum. In the current term, the share of recurrent education expenditure in total education expenditure has also increased from less than 80% in 2012-13 to 90% on average and maintained at a high level, demonstrating the Government's long term commitment to education.

3. The estimated total education expenditure will increase by \$4.9 billion to \$87.5 billion in 2017-18. Of this total, the recurrent education expenditure will increase by \$3.1 billion to \$78.6 billion, accounting for about 21.2% of the total government recurrent expenditure and taking up the largest share among all policy areas. The major new measures include:

I. Pre-primary Education

- Implement the free quality kindergarten education policy starting from the 2017/18 school year and improve the quality of kindergarten education through different

measures;

II. Primary and Secondary Education

- Increase the allocations for regular major repairs and emergency repairs in schools as well as earmarking additional resources for retrofitting 26 “matchbox-style school premises”;
- Introduce a three-year paid non-local study leave scheme on a pilot basis for serving secondary school teachers benefitting some 150 teachers;
- Provide a one-off grant to all public sector and Direct Subsidy Scheme schools for the promotion of Chinese history and culture;

III. Support for Students with Special Educational Needs

- Starting from the 2017/18 school year, the Learning Support Grant will cover students with mental illness;
- Develop a support model applicable to senior secondary students with autism;
- Provide an additional grant for schools for children with severe intellectual disability, schools for children with physical disability and schools for children with visual impairment-cum-intellectual disability to enhance the care for 24-hour ventilator-dependent students;

IV. Post-secondary Education

- Regularise the Study Subsidy Scheme for Designated Professions/Sectors from the 2018/19 academic year and increase the number of subsidised places from about 1 000 per cohort to 3 000 per cohort; and

- Allocate \$500 million for the seventh Matching Grant Scheme for qualified local self-financing degree-awarding institutions.

4. For the \$700 million earmarked by the Financial Secretary from the fiscal surplus, we will actively work out detailed proposals for spending the sum in promoting vocational and professional education and training, facilitating the training and professional development of principals and teachers, and enhancing support for local post-secondary students, including those pursuing self-financing post-secondary programmes.

5. Mr. Chairman, my colleagues and I will be happy to answer further questions from Members.

Education Bureau
7 April 2017