



Legislative Council
of the
Hong Kong Special Administrative Region
Finance Committee

Report on the examination
of the Estimates of Expenditure 2007-08

July 2007

Finance Committee

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Estimates of Expenditure 2007-08*

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Chapter I : Introduction

1.1 At the Legislative Council meeting on 28 February 2007, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2007. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over four days from 19 to 22 March 2007 to examine the Estimates. 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 2007-2008.

1.3 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates and a total of 2 715 written questions were received and forwarded to the Administration for replies. Both the hard and the electronic copies of the written replies by the Controlling Officers were also forwarded to members prior to the special meetings for reference. The replies can also be browsed at the Council's website.

1.4 Each session of the special meetings from 19 to 22 March 2007 was dedicated to a specific policy area and attended by the respective Director of Bureau and his/her key Controlling Officers. The schedule of the 20 sessions is given in **Appendix I**. At the start of each session, the Director of Bureau/Controlling Officer concerned gave a brief presentation on the spending priorities and provisions sought under his/her programme areas. The Chairman then invited members to put questions to the Administration. A full record of the proceedings of the 20 sessions is given in Chapters II to XXI. Questions which were not dealt with and requests for further information were referred to the Administration for written replies after the meetings while broad policy issues raised during the meetings were referred to the respective panels for follow up, where necessary.

1.5 A total of 145 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. The majority of the written replies to these questions were forwarded to members prior to resumption of the Second Reading debate on the

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Appropriation Bill 2007 on 28 and 29 March 2007. 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 respective Director of Bureaux or Controlling Officers at the special meetings are contained in **Appendix IV**.

1.7 This report, published in both Chinese and English, is presented to the Legislative Council on 11 July 2007 in accordance with Paragraph 53 of the Finance Committee Procedure.

Chapter II : Civil Service

2.1 At the Chairman's invitation, Miss Denise YUE, Secretary for the Civil Service (SCS), briefed Members on the progress made by the Civil Service Bureau (CSB) in controlling and rationalizing public expenditure, and provided an update on, inter alia, the progress in downsizing the civil service, the resumption of open recruitment of civil servants, the development of an improved civil service pay adjustment mechanism, review of civil service pay and staff-related expenses, and civil service training (Appendix IV-1).

Containing the size of the civil service

2.2 Noting that the civil service establishment would be reduced to about 161 800 by the end of March 2007 which represented a reduction of over 18% as compared with the peak of 198 000 in early 2000, Mr KWONG Chi-kin was pleased that the civil service establishment would slightly expand by about 0.7% to around 162 900 by the end of March 2008. Mr KWONG enquired whether the civil service establishment would be capped at 162 900 and whether the Government had set any future target on the size of the civil service. He was of the view that the Administration should not adhere rigidly to any pre-set target, and that depending on operational needs, new posts should be created where justified.

2.3 In response, SCS said that 162 900 represented the ceiling for the 2007-2008 financial year, taking into account the need to implement various policy initiatives and to meet the community's increasing demand for public service, as well as the phased replacement of certain non-civil service contract (NCSC) staff positions by civil service posts. SCS said that the Administration did not have any preliminary target on the size of the civil service at the present stage other than the target set in 2003 to reduce the civil service establishment to around 160 000 by end 2006-2007 as reiterated by the Chief Executive in his 2005 Policy Address. On the control and management of the civil service establishment, the Administration would give due consideration to all relevant factors, including the community's demand on public services, the feasibility of alternative modes of service delivery such as outsourcing, the state of the economy, and the government's financial position. SCS also pointed out that the Financial Secretary had set an overall target of containing public expenditure at no more than 20% of the Gross Domestic Product.

2.4 Noting that there would be a net increase of about 1 130 posts in the civil service establishment in 2007-2008, Miss TAM Heung-man enquired about

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the mechanism, guiding principles, and criteria in determining what services should be contracted out and what services should be offered on contract or long-term basis. She also sought elaboration on the establishment review conducted by heads of grades/departments.

2.5 SCS said that it was the Government's established policy to deliver public services in the most cost-effective and efficient manner possible and to observe the principle of "big market, small government" by using private sector services where practicable and appropriate. NCSC staff were employed to meet service needs that were short-term, time-limited, or seasonal in nature, or where the mode of service delivery was under review or likely to be changed through, for example, contracting out. Each year, controlling officers of bureaux/departments would conduct a comprehensive review of their existing establishment and draw up their manpower plans taking into consideration all relevant factors, such as operational needs, the feasibility of alternative modes of service delivery, productivity enhancement through streamlining and reengineering, as well as efficiency enhancement through IT initiatives. The Administration would continue to keep the overall size of the civil service under control and monitor the staffing situation of individual bureaux/departments through their annual manpower plans.

Employment of non-civil service contract staff

2.6 Mr KWONG Chi-kin said that as the issue of fiscal deficit had been tackled and there had been significant improvements in the local economy, the Administration should examine the employment of NCSC staff in different bureaux/departments to ensure that there was no abuse of the NCSC staff scheme. He said that subject to satisfactory performance and operational needs, NCSC staff should be absorbed into the civil service establishment. Citing the Leisure and Cultural Services Department, Lands Department, Food and Environmental Hygiene Department, and Hongkong Post as examples, he said there were cases where NCSC staff had been serving in their positions continuously for seven to eight years through repeated renewal of short-term contracts. He urged the Administration to examine the long-term operational needs of the positions filled by NCSC staff and to offer the staff concerned long-term employment. He also expressed grave concern about the job security of library staff who might be affected by outsourcing.

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2.7 Mr LEE Cheuk-yan also queried why none of the some 2 000 NCSC positions in the Hongkong Post could be converted to civil service posts. Mr LEE said that the fact that NCSC staff had worked in the positions for a long time demonstrated the continued need for these positions and hence, the NCSC staff concerned should be engaged on a long-term basis. He urged the Administration to review the situation again to ensure the conversion of NCSC staff, employed to fill positions created to meet long-term service needs, to civil servants.

2.8 In this respect, Miss CHAN Yuen-han pointed out that under the general open recruitment freeze, a large number of NCSC staff had been employed by bureaux/departments to meet service needs. She queried why the Administration did not convert those NCSC positions with long-term operational needs to civil service posts.

2.9 In response, SCS said the Administration had conducted a special review of the NCSC staff situation on a department-by-department basis to better understand individual departments' manpower situation. The special review had established that out of the 16 488 full-time NCSC staff employed in various bureaux and departments, around 4 000 NCSC staff were employed to discharge duties that should more appropriately be performed by civil servants. The Permanent Secretary for the Civil Service (PSCS), added that CSB would work closely with the controlling officers of the bureaux/departments concerned to replace the some 4 000 NCSC positions with civil service posts. This would be achieved in phases, with the first phase involving 2 000 posts set to be implemented in 2007-2008 financial year, by making use of the existing and anticipated vacant civil service posts and by creating new posts.

2.10 SCS said that the objectives of the NCSC staff scheme were to meet service needs that were short-term, or time-limited or seasonal in nature, or where the mode of delivery of the services was under review or likely to be changed. Examples included Contract Sorting Assistants and contract workers employed by the Hongkong Post to meet short-term, part-time and seasonable demand for postal services; as well as Library Officers/Assistants employed by the Leisure and Cultural Services Department to meet service needs where the mode of service delivery was subject to change or under review. She said that other than the some 4 000 NCSC positions considered suitable for conversion into civil service posts, the Administration found no sufficient grounds at present to justify the conversion of the remaining 12 000 or so NCSC positions to civil service

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posts. She, nevertheless, assured members that the Administration would continue to monitor closely the implementation of the NCSC staff scheme to ensure that it would continue to achieve its intended purposes, and would make necessary adjustments in response to changes in manpower situation.

2.11 Noting that the Administration would resume open recruitment of civil servants from 1 April 2007, Miss CHAN Yuen-han enquired whether there was any arrangement for long-serving NCSC staff to migrate automatically to become civil servants on the basis of their years of service and performance in the Government. Citing the Lands Department as an example, Miss CHAN said that prior to the civil service open recruitment freeze in 2000, contract staff had the opportunity of becoming civil servants when vacancies arose subject to satisfactory performance and having regard to their years of service.

2.12 In response, SCS said that there was no "through-train arrangement" whereby serving NCSC staff would be appointed automatically as civil servants. She pointed out that it was the Administration's long established policy to fill civil service vacancies through an open, fair and competitive recruitment process, under which qualified candidates were selected on the basis of their overall merits. Serving NCSC staff interested in joining the civil service could apply in the open recruitment process for those posts where they could meet the basic entry requirements. With their relevant working experience in the Government, NCSC staff would have a competitive edge over other candidates. SCS pointed out that there were examples of NCSC staff successfully appointed as civil servants through open recruitment in filling vacancies that had been exempted from the general recruitment freeze, as approved by the Panel co-chaired by the Chief Secretary and the Financial Secretary.

2.13 Miss CHAN Yuen-han remained unconvinced and said that without a satisfactory arrangement, it was like inviting the NCSC staff to protest. Miss CHAN maintained that since the Administration had identified 4 004 NCSC positions suitable for conversion to civil service posts, and as the NCSC staff concerned had worked in the positions for several years, the Administration should accord priority to NCSC staff in selecting candidates to fill the converted civil service posts. SCS recapped that similar concerns had been raised at the meetings of the Panel on Public Service, and reiterated that there was no automatic conversion of NCSC staff to civil servants.

Terms and conditions of service of civil servants

2.14 Mr WONG Kwok-hing enquired what measures would be implemented in the civil service to support the policy objective of promoting a family-friendly working environment and to encourage childbirth as stated in the Chief Executive's Policy Address. Referring to the recent initiative by the CLP Power of giving each male employee three days' paid paternity leave plus HK\$1,000 in cash bonus at the birth of each child, he asked whether the Government, as the largest employer in Hong Kong employing 160 000 civil servants, would take the lead on the paternity leave policy and set an example of a good employer for the private sector to follow. SCS pointed out that on top of the five-day week introduced by the Administration in phases from July 2006 to encourage work-life balance, the vast majority of civil servants were provided with full-pay annual leave, ranging from 22 to 40.5 days, for the purpose of recuperation from the pressure of work and attending to personal matters, including taking care of their families. This paid annual leave entitlement, which was more generous than the leave arrangement in most private companies, was considered sufficient to help reduce work pressure and to improve the quality of family life. Mr WONG maintained that paid annual leave was no substitute for paid paternity leave. He asked whether the Administration had ever conducted any survey to find out how many civil servants were within the age range for marriage and birth-giving with a view to examining the feasibility of granting paternity leave. He queried whether the Administration had the commitments to enhancing the morale of the civil service and to attracting and retaining quality staff.

2.15 Referring to the five-day week initiative as an example, Mr LEE Cheuk-yan expressed concern about the disparity in the terms and conditions of employment among civil servants. He noted that that some civil servants enjoyed a five-day week while others with 48 conditioned hours did not. Similarly, NCSC staff performing duties comparable to their civil service counterparts were offered lower pay and were not provided with any fringe benefits other than those prescribed under the Employment Ordinance. He called on the Administration to demonstrate its determination to put an end to the discriminatory policy of different pay for the same job as well as disparity in fringe benefits, and also to standardize the conditioned hours of work for civil servants and NCSC staff.

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2.16 On the five-day week initiative introduced by the Administration in phases from July 2006, SCS recapitulated the four basic principles that underlined this initiative, viz no additional staffing resources would be incurred, no reduction in conditioned hours of service of individual staff, no reduction in emergency services, and the continued provision of essential services on Saturdays. She explained that civil servants were subject to the conditioned hours of service stipulated for their respective ranks and grades. She said that conditioned hours of work was only one of the components of the terms and conditions of employment, and its revision could not be made alone without a corresponding review of other terms of employment such as the pay level for the grades concerned. She added that the conditions of service and appointment of NCSC staff and civil servants were subject to two different systems. When introducing the NCSC staff scheme in 1999, the Administration had stated clearly that NCSC positions were not part of the civil service establishment, and that NCSC staff were employed on terms different from those of the civil service. NCSC staff were contract staff and their contracts would not be renewed when the service needs ceased to exist.

Deployment of surplus staff

2.17 Noting that the central reserves establishment had been reduced to 188 posts in 2007-2008, and that CSB operated a central clearing house mechanism to redeploy surplus staff to meet service needs of bureaux/departments, Ms LI Fung-ying enquired whether these re-deployed staff would have any say in their postings. PSCS explained that most of these staff were general grades staff such as clerical and secretarial staff. To optimize the deployment of clerical and secretarial officers and the use of human resources in the civil service, suitable posts would be identified within their respective departments or in other bureaux and departments to accommodate these surplus staff. The General Grades Office (GGO), which was responsible for co-ordinating the deployment, would take into account the experience and skills of the staff concerned. Since the implementation of the redeployment arrangement, GGO had successfully redeployed the surplus clerical and secretarial staff to various bureaux/departments to take on time-limited projects or made internal re-deployment within their respective departments. In view of the considerable number of such staff, it was not always practicable to consult each and every staff prior to the redeployment. Staff who had any views on their posting arrangements could raise their concern with the management.

Civil service pay and staff-related expenses

2.18 Noting that the portion of civil service pay and staff-related expenses in the Government's operating expenditure was forecast to adjust downwards from \$71.2 billion (about 36%) in 2001-2002 to \$65.2 billion (about 30%) in 2007-2008 Estimates, Mr SIN Chung-kai enquired whether the reduction was mainly attributable to the downward adjustment in civil service pay. He noted that discounting the 6% civil service pay reduction, the total reduction in absolute terms was only about 2%. SCS said that the reduction was mainly due to the downward adjustment in civil service pay and fringe benefits and the reduction in the civil service establishment. She pointed out that a 2% cost savings against an overall government operating expenditure of \$200 billion was a substantial amount.

Provision of medical treatment and examination by registered Chinese medicine practitioners

2.19 Mr Howard YOUNG noted that the 2007-2008 Estimates included a \$10 million provision for the expenses for medical treatments, examinations and certifications by registered Chinese medicine practitioners following an amendment to the Employees' Compensation Ordinance (Cap. 282) (ECO) to recognize treatment, certification and examination by Chinese medicine practitioners. He enquired whether the increase was an additional provision or would be partly offset by claims on expenditure related to treatments and examinations by western medical practitioners. PSCS said that since this was the first year that such services provided by registered Chinese medicine practitioners were recognized, it was considered expedient to set aside a provision of \$10 million to meet additional claims that might arise. Mr YOUNG's question regarding the increase in employee compensation cases for Hong Kong Police Force would be separately addressed in Session 2 – Security.

Recruitment policy of the Government Security Officer post

2.20 In response to Mr James TO's enquiry about the recruitment policy for the Government Security Officer post at D1 level, SCS said that in general, recruitment for a post at D1 level or above in the permanent establishment would be made either through internal promotion or through an in-service recruitment exercise whereby a notice specifying the eligibility criteria would be circulated inviting applications from serving staff. Open recruitment would be considered

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if no suitable candidate was selected through internal promotion or an in-service recruitment exercise. As regards details of the case in question, members agreed that it should more appropriately be addressed by the Secretary for Security.

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3.1 At the Chairman's invitation, Mr Ambrose LEE, Secretary for Security (S for S), briefed members on the main initiatives of the programmes under the Policy Area: Security (Appendix IV-2).

Law and order

Counterfeit currencies

3.2 While appreciating that there had been a decrease in the number of serious crimes, Mr WONG Kwok-hing was concerned about the recent detection of a new variation of counterfeit \$1,000 banknotes in Hong Kong. Given that an additional provision of \$6.6 million was made in 2007-2008 to deal with anti-money laundering matters, he enquired about the measures to combat counterfeit currencies. S for S said that anti-money laundering and counterfeit currencies were two separate issues. He said that as an international financial centre, Hong Kong had the obligation to combat money laundering and terrorist financing. An additional provision was made in 2007-2008 for the creation of two posts to deal with money laundering matters and to prepare for the "Mutual Evaluation" by the Financial Action Task Force on Money Laundering which would take place in the latter half of 2007.

3.3 The Commissioner of Police (CP) added that the Police was gravely concerned about the surfacing of counterfeit currencies and had directed the dedicated teams within the Commercial Crime Bureau (CCB) to collate, analyze and investigate all intelligence relating to the new variation of counterfeit \$1,000 banknotes. It had also immediately triggered intelligence exchange with counterparts in Guangdong, Shenzhen and Macao on the issue. So far, 710 counterfeit \$1,000 banknotes had been discovered and it was believed that these were produced outside Hong Kong. Police investigations were on-going and a 24-hour public enquiry hotline was set up to assist the public in identifying the new counterfeit banknotes.

3.4 In view of public concern about the counterfeit \$1,000 banknotes, Mr WONG Kwok-hing said that more efforts, in addition to the seizure of counterfeit notes by the note-issuing banks, should be taken to uphold the stability and integrity of the Hong Kong currency. S for S said that it was not the first time that counterfeit banknotes were detected, and that effective enforcement actions had all along been taken by the Police in consultation with the Hong Kong Monetary Authority (HKMA) to combat the crime. In this connection, the Police

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would step up efforts to combat the crime while HKMA would request the banking sector to refrain from re-circulating the old 2000 and 2002 series Hong Kong Shanghai Bank (HSBC) \$1,000 notes.

3.5 Mr James TO noted with concern that counterfeiters had managed to forge the security features and the design of the \$1,000 banknotes. Given the sudden surge in the circulation of counterfeit banknotes, he enquired about the enhanced measures which the Police would make in combating the crime and whether assistance from the Mainland authorities would be sought if it was found that the counterfeiters were part of an international syndicate. S for S said that as the Police was investigating the counterfeit currency, it was not appropriate at the present stage to disclose the details lest this would jeopardize the investigation. He assured members that CCB would endeavour to combat the crime. CP added that CCB was responsible for investigating the crime and additional manpower would be deployed to assist in the investigation where necessary. As it was believed that the counterfeit banknotes were produced outside Hong Kong, and that more than one syndicate might be involved in the crime, CCB had been exchanging intelligence and co-operating with its counterparts in the neighboring cities in the combat of the crime.

3.6 Mr LEUNG Kwok-hung sought information on the types and trend of counterfeit currencies being detected and whether it was the first time that HKMA had requested for the recovery of banknotes following the surfacing of counterfeit currencies. He further opined that instead of mobilizing manpower to control peaceful demonstrations, more resources should be devoted to combat the more serious crimes, including counterfeit currencies. S for S said that he was not in a position to comment on the recovery of the old-2000 and 2002 series HSBC \$1,000 notes by the banks as this was a decision of HKMA. CP said that there had been a number of cases of counterfeit currencies associated with different denominations of banknotes and these had been successfully cracked down by the Police within a short time. He said that members could be rest assured that every effort would be made to combat the crime. As regards the recent demonstration referred to by Mr LEUNG, S for S said that the Police did have concerns over the traffic and safety implications of the demonstration which was estimated to be attended by over 2 000 people in the busy streets during the evening.

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3.7 Miss CHOY So-yuk enquired if additional manpower resources would be deployed to combat counterfeit currencies. S for S said that at present, the manpower resources required to combat counterfeit currencies were being met by flexible redeployment within the Police and additional manpower would be sought as necessary.

Interception of communications and surveillance

3.8 Ms Margaret NG enquired about the time frame within which the Commissioner on Interception of Communications and Surveillance (CICS) would publish his annual report. The Secretary, Secretariat of CICS (Secy, CICS) said that in accordance with the Interception of Communications and Surveillance Ordinance (Cap. 589) (ICSO), CICS would submit his first annual report to the Chief Executive on or before 30 June 2007 i.e. within six months after the report period. The report period covered the period beginning on the commencement of ICSO and ending on 31 December 2006.

3.9 As it appeared that not much work had been done by CICS, Ms Margaret NG asked if this was due to the lack of resources being provided to CICS. She also enquired about the number of visits made by CICS to the law enforcement agencies (LEAs) and the assistance provided by the Administration to assist CICS in his work. S for S said that the Administration had provided the needed resources for the establishment of the Secretariat of CICS and the necessary assistance as requested by CICS in discharging his functions. These included liaison duties and the location of office for the Secretariat. Given the independent role of CICS, the Administration would not intervene in his work. Secy, CICS said that she could not agree with the comment that the work performed by CICS was limited. In fact, CICS had performed a lot during the past months. He required LEAs to submit weekly reports for his checking and raised questions with LEAs on areas of doubts. In addition, he would select from the weekly reports all doubtful cases as well as some other cases for further checking and inspection of relevant files and documents at the LEAs' offices..

3.10 Mr James TO recalled that the Administration had agreed to conduct a review of the operating account under Subhead 103 "Rewards and Special Services", including informers' fees, following the passage of ICSO. It had also agreed to provide more information on the account to improve the transparency of operation. However, it had been months since ICSO was passed but the requested information on the resources incurred under the operating account had

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yet to be provided. S for S explained that as interception of communications and surveillance operations would only be carried out in investigation of more serious crimes, very limited information on such operations could be made available to the public. A balance had to be struck on the transparency of operations and the effectiveness of the investigations. Nevertheless, more information on the operating account under Subhead 103 would be made available to the public.

3.11 Mr LEUNG Kwok-hung questioned the propriety of appointing CICS as an independent oversight authority in the interception of communications and surveillance operations. S for S said that the appointment of a judge as CICS was recommended by the Law Reform Commission after extensive public consultation and taking into account overseas practice. So far, ICSO had been achieving good progress.

3.12 Noting that the number of surprise inspections of the Rewards and Special Services Fund sub-imprests carried out by inspecting officers were the same throughout 2005-2005, 2005-2006 and 2006-2007, Mr James TO asked whether there was a target for surprise inspections to be carried out each year. CP said that while there were operating guidelines on the conduct of surprise inspections, the number and timing of these inspections were determined by the inspecting officers who would also decide on the cases to be inspected. S for S supplemented that apart from the surprise inspections conducted by inspecting officers, CICS would also play an independent role in monitoring the interception of communications and surveillance operations by LEAs.

Crime rate

3.13 Mr LEE Wing-tat noted with concern that the overall crime rate figure in 2006 had increased despite improvements in the economy. As it ran contrary to the general belief that crime rates would decrease with improvements in the economy, he enquired if efforts had been made to ascertain the rationale for the increase. S for S said that there was a decreasing trend in the overall crime rate figure since the handover in 1997, except in 2006 when there was a small percentage of increase as compared to the relatively low figure in 2005. In 2007, the Police had set out seven major operational targets which included combating violent crimes, triad related activities, "quick cash" crimes, terrorism, trafficking and abuse of dangerous drugs, offences related to visitors and illegal immigrants and Mainland visitors, and road safety. CP added that while the overall crime rate in 2006 had increased, the average crime rate had remained at 1 160 cases per

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100 000 population, which was quite low when compared to other major cities in the world. An analysis of the crimes revealed that while crimes such as theft and assault had increased, other more serious crimes such as burglary, criminal damage, blackmail and robbery had decreased.

Compensation for police officers

3.14 Mr Howard YOUNG noted that there was a general decrease in the number of claims for employees' compensation, injury, incapacity and death related payments in the civil service in 2006. However, there was an increase in the amount of compensation paid to the Police which also had the highest number of claims. He asked if the increase was attributable to the high risks involved in enforcement duties or an increase in the establishment of the Police. S for S said that there had not been an increase in the establishment of the Police which had in fact been reduced since last year. The increase in the amount of compensation paid to the Police in 2006 merely reflected that more cases were being finalized within the year, the claims of which might have been submitted years ago.

Recruitment of Security Officer

3.15 Mr James TO queried the impartiality of the open recruitment exercise for the post of Government Security Officer (GSO) when the requirements of the post were seemed to have tailored made to match the qualifications of a certain police officer. The Permanent Secretary for Security said that as the incumbent GSO would be retiring soon, the post would have to be filled by way of posting. Theoretically, officers from different disciplined forces could meet the requirements of the post. However, those who were experienced with police operations would be more suited given that the post would be required to co-ordinate emergency operations and to ensure security of information. As such, it had been decided that the post would be filled by an officer within the Police Force.

Immigration control and customs services

3.16 Miss CHOY So-yuk enquired about the measures to be introduced to resolve the queuing problem at the Huangang Control Point. S for S said that apart from the new technologies adopted by the Immigration Department (Imm D) and the Customs and Excise Department (C&ED) to facilitate passenger clearance, there would be two additional Control Points to be commissioned within the year

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i.e. the Shenzhen Bay Control Point and the Lok Ma Chau Spur Line Control Point. With the commissioning of these two Control Points, it was expected that the queuing problem at the Control Points at Lok Ma Chau and Lo Wu would be much relieved.

3.17 Mr Howard YOUNG sought clarification on the number of new posts to be created under Imm D to tie in with the commissioning of the Shenzhen Bay Control Point and the Hong Kong-Shenzhen Western Corridor Deep Bay Link. S for S said that there would be 325 new posts to be created under Imm D to serve the Shenzhen Bay Control Point. As to whether the number of staff serving Lok Ma Chau Control Point would be reduced following the commissioning of Shenzhen Bay Control Point, S for S said that this would depend on the actual passenger flow. He assured members that flexible deployment of staff would be made to meet demand.

3.18 Referring to the breakdown on the number of passengers who were refused entry in 2006, Mr Albert HO asked why properly documented passengers were refused entry to Hong Kong. The Director of Immigration (D of Imm) explained that all passengers seeking to enter Hong Kong were subject to immigration clearance. They would be asked about the duration of visit and whether they had sufficient means for their visit. If it was found that more than a visit was intended, they could be refused entry on grounds of doubtful intention.

3.19 Noting that no appeals were lodged by passengers who were refused entry in 2006, Mr Albert HO asked if this was due to the fact that they did not have a chance to appeal since this had to be lodged within 24 hours of the refusal. D of Imm explained that while any person aggrieved by a decision might lodge an appeal in accordance with section 53 of the Immigration Ordinance (Cap. 115), this did not give the person a right to land or remain in Hong Kong pending the decision of the appeal. In other words, a passenger who was refused entry to Hong Kong would have to leave pending the outcome of the appeal. Mr HO enquired if there was a blacklist of certain persons who were not allowed to enter Hong Kong. Mr LEUNG Kwok-hung also enquired about the number of persons who were refused entry on grounds that they were followers of "Fa Lun Gong". D of Imm replied that it was inappropriate for him to disclose the operational details of immigration control.

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3.20 Mr CHIM Pui-chung noted that some special security arrangements had been introduced at the departure gates of the Hong Kong International Airport (HKIA) for passengers departing for the United States. He queried the need for providing such assistance to the United States authorities, particularly when these passengers would be subject to detailed examination upon their arrival in the United States anyway. He also enquired about the public expenditure incurred in this regard. S for S said that he was not in a position to answer the question as security arrangements at restricted areas of HKIA fell under the purview of the Hong Kong Airport Authority. The Chairman said that the question should best be raised with the Secretary for Economic Development and Labour.

3.21 Miss CHOY So-yuk enquired if the use of the Hong Kong Smart Identity Card could be further enhanced, for example, to facilitate the retrieval of medical records of the holder when seeking medical service. D of Imm said that while there was spare capacity in the microchips of the Smart Identity Card, it would be up to the Commerce, Industry and Technology Bureau to decide on any additional usage as legislative amendments were needed to effect the changes.

3.22 Referring to the breakdown on the number of employers arrested and prosecuted for employing illegal workers, Mr WONG Kwok-hing noted with concern that only 333 out of the 985 employers arrested were prosecuted in 2006. Given the large number of visitors engaged in illegal employment, particularly in recycling industries and minor construction projects, which had indeed affected the job opportunities of local workforce, he enquired if the Administration was prepared to step up efforts to combat the problem by increasing the prosecution rate. D of Imm said that as prosecution actions could only be taken in the presence of sufficient evidence, the number of prosecutions would likely be less than the number of arrests. Furthermore, even if illegal workers could be caught on site, it would be difficult to trace the employers and charge them for engaging illegal workers. It was worth noting that the penalty of three-month imprisonment had provided the necessary deterrent against illegal employment. S for S affirmed that the Police would endeavour to combat the problem of illegal employment and take prosecution actions when sufficient evidence was available.

3.23 Miss CHOY So-yuk expressed concern about the smuggling of precious plant species, such as the Buddhist Pines, from Hong Kong. The Commissioner of Customs and Excise said that additional manpower resources were not required for combating smuggling of plant species as this was not on the rise. Nevertheless, assistance of the special task force of C&ED could be called

for where necessary. He added that C&ED was in possession of over 20 patrol launches for combating smuggling activities and joint operations were being held with the Marine Police. There was also close liaison with the Shenzhen authorities on cross-border smuggling activities.

Prison management

3.24 Mr LEE Wing-tat was concerned about the problem of overcrowding of penal institutions, the occupancy rate of which stood at 108% in 2006. He enquired about the measures to relieve overcrowding and whether these could reduce the occupancy rate, particularly of female penal institutions, to below 100% in two to three years' time as it appeared that female penal institutions were more overcrowded than male penal institutions. He also asked if any changes had been made to the standards of penal institutions in terms of living space per prisoner.

3.25 In response, the Commissioner of Correctional Services said that the Correctional Services Department had been implementing a series of measures to relieve overcrowding of penal institutions. These included the conversion of the old Lai Chi Kok staff married quarters blocks into a new female institution, namely the Lai Chi Kok Correctional Institution, to relieve overcrowding at female penal institutions, the occupancy rate of which stood at over 110%. The new institution would provide 650 penal places, of which 438 would be used for reprovisioning of the Victoria Prison and 212 additional places. An extension block was being added to the Lai Chi Kok Reception Centre to provide for 144 additional penal places. The project was scheduled for completion in early 2008. The functions of the Lai King Training Centre and Tai Tam Gap Correctional Institution would be swapped to rationalize the utilization of their penal places and to relieve overcrowding at young female institutions. Meanwhile, funding of \$1.3 billion had been approved for the Lo Wu Correctional Institution redevelopment project which was expected to commence operation in early 2010, providing an additional 1 218 places. At members' request, the Administration undertook to provide a comparison on the overcrowding situation in the penal institutions in Hong Kong and information on the changes which had been made to the standards, in terms of living space per prisoner, over the past 10 years.

Chapter IV : Financial Services

4.1 At the Chairman's invitation, Mr Frederick MA, Secretary for Financial Services and the Treasury (SFST), briefed members on the proposed budget and major areas of work in respect of financial services in 2007-2008 (Appendix IV-3).

Measures to deter the recent circulation of counterfeit \$1,000 banknotes

4.2 Pointing out that the recent circulation of counterfeit \$1,000 banknotes had aroused widespread public concern, Mr WONG Kwok-hing enquired about measures taken by the Administration and the Hong Kong Monetary Authority (HKMA) to restore public confidence in the currency of Hong Kong. Moreover, Mr WONG noted that banks had expedited replacement of the \$1,000 banknotes issued by the Hong Kong and Shanghai Banking Corporation (HSBC) in its 2000 and 2002 series (the old series \$1,000 banknotes) in a low-profile manner and doubted why the Administration/HKMA had not made public announcement of the replacement exercise in the first instance.

4.3 In reply, SFST stressed that the Administration was very concerned about the recent surfacing of counterfeit HSBC \$1,000 banknotes and assured members that relevant authorities, including the Hong Kong Police Force (HKPF) and HKMA, were taking proactive follow-up actions to combat the counterfeits. The Executive Director (Monetary Management and Infrastructure) of HKMA (ED(MM&I), HKMA) advised that HKMA was working closely with HKPF, the Hong Kong Association of Banks (HKAB) and HSBC on this matter with a three-pronged approach. These included investigation and tracking of the counterfeit syndicate by HKPF; deterring the circulation of counterfeit banknotes through increasing public awareness and knowledge of the differentiation between genuine and counterfeit banknotes (seven seminars on banknote differentiation for staff of banks, retail shops and money-exchange outlets would be arranged by the end of March) and expediting the replacement process of the old series \$1,000 banknotes. ED(MM&I), HKMA said that the number of the old series \$1,000 banknotes in circulation was quite small as these had been in use for some time and had continuously been replaced by the new series issued in 2003 which had been printed with additional security features. In response to the Chairman's enquiry on the number of the old series \$1,000 banknotes in circulation, he pointed out that as the case was under investigation, the Administration considered that it was not the right time to release such information.

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4.4 As regards the lack of public announcement, ED(MM&I), HKMA pointed out that HKPF had alerted the public on 15 March 2007 about the surfacing of the counterfeit HSBC \$1,000 banknote and ways to differentiate between the genuine and the counterfeit notes. The expedited replacement of the old series \$1,000 banknotes would reduce the numbers in circulation to contain the problem and strengthen public confidence in the \$1,000 banknotes as old series \$1,000 banknotes would not be re-circulated to the public through the banks or the Automatic Teller Machines.

4.5 Mr WONG Kwok-hing maintained his view that the Administration did not respond promptly and with the degree of transparency necessary to give the public adequate information on the counterfeit HSBC \$1,000 banknote to inspire public confidence in the currency of Hong Kong. Mr WONG considered that the Administration lacked the sensitivity to the concern of the public and urged the Administration to enhance its transparency in the handling of similar incidents in the future. In reply, SFST reiterated that the Administration had handled the matter with great care. The relevant authorities were taking necessary and immediate follow-up actions to tackle the problem. He did not agree with Mr WONG Kwok-hing that the Administration lacked sensitivity in handling the incident as public announcement had been made by HKPF promptly upon the surfacing of the counterfeit HSBC \$1,000 banknotes. He said that the priority task for deterring the circulation of counterfeit banknotes was to tackle the problem at source i.e. investigation and enforcement actions by HKPF to crack down the syndicate behind the crime.

4.6 ED(MM&I), HKMA said that HKMA had maintained a high degree of transparency in its work. He also advised that in taking actions against the counterfeit HSBC \$1,000 banknotes, HKMA had to assess the timing and means for the provision of information to the public having regard to the development of the matter. Responding to the Chairman's enquiry, ED(MM&I), HKMA confirmed that HKMA was using its existing resources to handle the matter.

4.7 Mr James TO was of the view that instead of relying on the banking sector to expedite replacement of the old series \$1,000 banknotes, the Administration should take proactive steps, such as ordering a formal recall of the old series \$1,000 banknotes for the public to return all these banknotes to the banks. Moreover, Mr TO was concerned about the possible public confusion as to the legitimate use of the \$1,000 banknotes given the actions to withdraw the old series \$1,000 banknote from circulation and the open remarks of the Financial

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Secretary (FS) that the banknote was a legal tender and therefore the public could not refuse to accept a banknote unless they had reasonable doubts. He sought clarification from the Administration in this regard.

4.8 In response, ED(MM&I), HKMA advised that the \$1,000 banknote, being legal tender, was a mode of payment regarded by law as sufficient and valid for discharging a payment obligation. As such, the public should not reject the banknote unless with reasonable doubts. However, as in all kinds of commercial transactions, parties to a transaction might determine the terms of the transaction, including the mode of payment. As to measures to address public concern about the counterfeit banknotes, ED(MM&I), HKMA reiterated that proper arrangements had been made by HKMA and the banking sector to expedite the replacement process of the old series \$1,000 banknote as well as to alert frontline staff and the public of ways to differentiate genuine and counterfeit banknotes. HKMA would monitor closely development of the matter and assess the effectiveness of the arrangements in place. Where circumstances warranted, HKMA would not rule out the possibility of other arrangements to deal with the matter.

4.9 Pointing out that large chain stores, such as the 7-Eleven, had rejected \$1,000 banknote in rent collection on behalf of the Housing Authority, Mr James TO opined that a formal recall of the old series \$1,000 banknotes would be in the best interest of the public. Mr TO therefore called on the Administration to give due consideration to his suggestion and respond promptly to changes in circumstances. Mr LEE Wing-tat was of the view that measures taken by HKMA, such as arranging seminars to teach staff of retail shops to differentiate genuine and counterfeit \$1,000 banknotes, could not effectively address public concern. Mr LEE expressed dissatisfaction that HKMA did not respond positively and promptly to Mr James TO's suggestion of ordering a formal recall of the old series \$1,000 banknote.

4.10 The Chairman said that issues related to the circulation of counterfeit HSBC \$1,000 banknotes could be further discussed at the Panel on Financial Affairs (FA Panel), if members so wished.

Promoting the use of electronic money

4.11 Mr LEE Wing-tat considered that promoting the use of electronic money at the retail level would be an effective way to alleviate concern of the

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public, in particular staff and owners of small retail shops, about receiving counterfeit banknotes in their daily transactions. In this connection, Mr LEE enquired whether HKMA had implemented measures to promote the application of electronic money in the past few years, such as encouraging the Octopus Cards Limited (OCL) to reduce fees for retail shops to gain access to the service delivery platform of the Octopus Card. He was also concerned whether HKMA had any plans or targets for the promotion of electronic money in the next few years.

4.12 In reply, ED(MM&I), HKMA appreciated Mr LEE's view that a wider use of electronic money might reduce the risk of counterfeit banknotes for the public. HKMA exercised continuous oversight of the retail payment systems to ensure their safety and efficiency and was supportive of the wider application of electronic money in Hong Kong. For example, in 2006, Octopus Card payment had been extended to retail shops outside the railway stations to facilitate consumers' usage of the multi-purpose stored value card for purchases at a wider variety of shops. HKMA supervised the operation of OCL as an authorized institution to ensure its safety and soundness for protection of cardholders' interests. To this end, a Code of Practice for Multi-Purpose Stored Value Card Operation had been adopted by OCL to enhance transparency and efficiency of its operation. He nevertheless pointed out that OCL was a business enterprise operated under commercial principles and HKMA as the regulator could not intervene in its commercial decisions as to the pace of its business expansion. He advised that while HKMA supported promotion of the use of electronic money, it was difficult to quantify the target percentage for the usage.

Transparency of regulatory authorities

4.13 Mr SIN Chung-kai expressed concern that a number of regulatory bodies, such as HKMA, the Securities and Futures Commission (SFC) and the newly established Financial Reporting Council (FRC), were not included in the annual resource allocation mechanism applicable to other government departments. Noting from the Administration's written reply that it was currently liaising with FRC regarding the formulation of its estimates of income and expenditure for its first financial year, Mr SIN urged the Administration to provide relevant information to the FA Panel when this was available. Mr SIN was concerned that while SFC presented its annual budget estimates to the FA Panel, HKMA only published information of its administrative budget for expenditure and establishment in its annual report in April every year. Moreover, Mr SIN was of the view that as the administrative budget provided in HKMA's

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annual report did not cover detailed information on HKMA's work performance, the existing arrangement was far from satisfactory in ensuring the transparency and public accountability of HKMA as a regulator. In this connection, Mr SIN enquired whether the Administration had any plan to improve the transparency of the estimates of expenditure of HKMA.

4.14 In response, SFST stressed that the Government was committed to upholding high degree of transparency in its operation. As for regulators, SFC presented its annual estimates to LegCo as a regular practice. ED(MM&I), HKMA advised that HKMA's annual administrative budget was approved by FS on the advice of the Exchange Fund Advisory Committee (EFAC). The approval of the annual budget was subject to prudent procedures, including scrutiny by the Governance Sub-Committee of EFAC on the details of the estimates before consideration by EFAC. Moreover, the expenditure of HKMA was subject to audit by the Director of Audit and the Audit Sub-Committee of EFAC. Noting the reply of HKMA, Mr SIN Chung-kai maintained his view that the budget of HKMA was not subject to the same stringent scrutiny as in the case of other government departments.

4.15 Responding to the Chairman's enquiry on the governance and accountability of HKMA, ED(MM&I), HKMA advised that HKMA was an integral part of the Government and operated with a high degree of accountability and transparency. In this regard, briefings were arranged three times a year at meetings of the FA Panel to listen to members' views and answer questions from members on the work of HKMA.

Chapter V : Public Finance

5.1 At the Chairman's invitation, Mr Frederick MA, Secretary for Financial Services and the Treasury (SFST), highlighted the major initiatives in public finance under his purview in 2007-2008 (Appendix IV-4).

Revenue and financial control

5.2 Referring to the Government's overall estimates on revenue and expenditure, Mr LEE Wing-tat noted that when compared with the approved estimate of \$214 billion, the revised estimate for 2006-2007 at \$197 billion represented a considerable underspending of \$16 billion. Moreover, the percentages of underspending for some departments, notably the Trade and Industry Department (TID) and the Civil Engineering and Development Department (CEDD), were as high as 35.11% and 18.31% respectively. In this connection, he was concerned about the reasons for the underspending and enquired whether there could be more flexible deployment in the use of funds approved under various Heads of Expenditure in order that unspent financial provision could be re-deployed to fund other worthwhile initiatives.

5.3 In response, SFST advised that when drawing up the annual estimates, bureaux and departments were required to assess, to the best of their knowledge, their resource requirements for the financial year in question and earmark the necessary provisions accordingly. However, differences could arise between the original estimates and the actual outturn when, for example, certain expenditure was subsequently not incurred due to changes in circumstances. The difference between the revised and original estimates for 2006-2007 was primarily due to the economy's better-than-expected performance during the year. Nevertheless, bureaux and departments had always adhered to the principles of prudent management of public finances, keeping expenditure within the limits of revenue. On the question of flexibility, the Permanent Secretary for Financial Services and the Treasury (Treasury) (PSTsy) advised that with the implementation of the one-line vote arrangement, Controlling Officers could transfer funds within the General Revenue Account (GRA) Subhead 000 Operational Expenses, which was a single subhead consolidating the conventional subheads for personal emoluments, departmental expenses and other charges. Moreover, Controlling Officers were empowered to exercise the authority delegated by the Finance Committee (FC) for approving changes to the estimates of expenditure of up to \$10 million for each recurrent expenditure subhead and capital account block vote subhead under a Head of Expenditure of GRA, and up to \$15 million for minor works projects funded by block allocations under the Capital Works Reserve Fund.

Chapter V : Public Finance

5.4 The Chairman pointed out that members were not urging bureaux and departments not to exercise financial prudence. Nevertheless, they considered that there was room for some flexibility in the deployment of resources to enable bureaux and departments to pursue worthwhile initiatives and activities which might not be possible under the existing financial control system. At the request of the Chairman, PSTsy undertook to provide further information on the current arrangements available to Controlling Officers for flexible deployment of financial provisions, and how such flexibility could be enhanced for better utilization of resources.

5.5 Noting that the underspending in some bureaux and departments was quite significant, Mr SIN Chung-kai and Mr LEE Wing-tat doubted whether this was the consequence of including unnecessary items of expenditure in the original estimates.

5.6 SFST explained that at times, it might be necessary for Controlling Officers to make provisions for expenditure such as legal costs. However, if such expenditure was subsequently not incurred, there would be a difference between the estimates and the actual outturn. On the underspending by TID, PSTsy added that unforeseeable developments, such as the suspension of the Doha Development Agenda (DDA) negotiations was one of the factors leading to the department's underspending in 2006-2007. Regarding Mr LEE Wing-tat's request for detailed explanation for any underspending of over 3%, SFST referred members to all Controlling Officers' reports included in the Estimates of Expenditure, in which the reasons for underspending, if any, in respect of relevant expenditure items had been accounted for in detail.

5.7 Pointing out that the underspending under Head 106 - Miscellaneous Services stood at 98.37%, the Chairman enquired about the nature of the provisions included under this Head and the reasons for the underspending.

5.8 In reply, PSTsy advised that Head 106 included provision for additional commitments to meet the funding for initiatives under planning, such as the employment-related transport support scheme and extraordinary payments under the Comprehensive Social Security Assistance Scheme proposed by the Financial Secretary (FS) in his Budget Speech. Moreover, this Head also included provision for meeting any unavoidable expenditure that might arise during the year but could not be determined with precision when the Estimates of Expenditure were prepared. For instance, the Government had to set aside

contingency funding to meet the expenditure arising from the outbreak of Avian Flu. Under the current arrangement, where additional provision chargeable to other Heads of Expenditure was approved by FC, an equivalent amount would be deducted/offset from Head 106.

5.9 Given the significant surplus in 2006-2007, Mr SIN Chung-kai considered it unreasonable for the Administration not to implement initiatives, such as small class teaching and provision of noise barriers. As the fiscal reserves would reach some \$500 billion in 2011-2012, he urged the Administration to utilize the ample resources to cater for the needs of the community. Mr Albert CHAN shared Mr SIN's view and said that the Administration should conduct a mid-term review and re-allocate the estimated surplus to finance other items, in particular district-based works or projects, many of which had been unduly delayed owing to the Administration's inaccurate projection of its financial position. To enable resources to be utilized more effectively, Mr CHAN suggested that the Administration should put in place a rolling programme for implementation of the outstanding public works projects.

5.10 In response, SFST said that under the existing arrangement, bureaux and departments might submit proposals for additional or new funding and where necessary, seek FC's approval for the required funding in the course of the financial year. However, the implementation or otherwise of initiatives was determined by the responsible bureaux and departments with regard to policy objectives and not the fiscal surplus in the financial year. On the question relating to district-based works or projects, PSTsy said that some district minor works had yet to commence as they required more time for preparatory work, including public consultation. The Administration had accorded priority to the leisure and cultural services projects, including the outstanding ex-Municipal Council projects. To this end, a steering committee co-chaired by the Permanent Secretary for Home Affairs and the Permanent Secretary for the Environment, Transport and Works had been convened to oversee the implementation of these projects.

5.11 To enable members to have a full picture of the situation, the Chairman requested the Legislative Council Secretariat to collate supplementary information on the underspending/overspending situation of individual departments under each policy bureau's purview, an overview of potential capital works items to be submitted to the Public Works Subcommittee in the 2006-2007 legislative session and the latest position of outstanding projects of the two former Municipal Councils.

Asset disposal and securitization programmes

5.12 Mr Vincent FANG noted that when the Housing Authority divested its 180 retail and car-parking (RC) facilities, it had stated that it would look for opportunities to divest the remaining RC facilities in the future. Given that the Government's financial position had improved as a result of economic recovery, Mr FANG enquired whether the Administration would consider conducting a review of the divestment programme and withhold plans for further sale and securitization of government assets.

5.13 In response, PSTsy stressed that the policy objective of the sale and securitization of assets was not only to increase revenue but also to ensure more effective use of resources. The Government would, in accordance with the principle of "Big Market, Small Government", continue to identify suitable assets for sale or securitization in order to reduce the share of the public sector in the economy and provide more development scope for the private sector. However, he said that for the time being, the Government had no plan for any further sale and securitization exercise.

Management of public works projects

5.14 Mr WONG Kwok-hing noted that the Administration had undertaken to earmark on average \$29 billion a year for expenditure on public works. However, he was disappointed to note that there had been considerable underspending in public works projects. Given the acute unemployment problem in the construction industry, he enquired about the measures to be put in place to expedite the implementation of these works projects in order to create more employment opportunities in the local construction sector.

5.15 In response, PSTsy said that expenditure on public works projects tended to fluctuate from year to year in accordance with the progress of works. Given that certain major projects had been completed, less expenditure on public works was incurred over the past few years. However, as FS stated in the Budget Speech, a number of major projects would commence construction in 2007-2008 and the level of capital works expenditure would likely pick up significantly. Members noted that the Secretary for Environment, Transport and Works would provide a more detailed response on the subject in the relevant session on Works.

Government supplies services

5.16 Noting that the Administration would continue to promote a free, open and non-discriminatory multilateral trading system through active participation in the work of the World Trade Organization (WTO), Miss CHAN Yuen-han enquired whether the Administration had assessed the possible negative impact of further liberalization on the employment of the local workforce. In this regard, PSTsy highlighted that as a signatory to the WTO Agreement on Government Procurement (WTO GPA), Hong Kong must provide open, fair and non-discriminatory treatment of products, services and service providers irrespective of their country of origin. Regarding the consultation carried out before the Government acceded to WTO GPA, PSTsy confirmed that the then Executive Council and bureaux and departments responsible for different service sectors had been consulted.

Replacement of government vehicles

5.17 Mr WONG Kwok-hing expressed concern about the across-the-board replacement of vehicles for FS, Chief Secretary for Administration (CS), Secretary for Justice (SJ), Chief Justice of the Court of Final Appeal (CJ) and Directors of Bureaux in 2006-2007. He enquired about the criteria to decide on the replacement of government vehicles.

5.18 In response, the Director of Government Logistics (DGL) said that replacement of government vehicles was based on the assessment under the Economic Life Model (ELM) as recommended by the Audit Commission. In determining when a vehicle was due for replacement, ELM took into account the cumulative maintenance cost, vehicle age, mileage run and replacement cost, regardless of the seniority or rank of the user. Every year, there was a need to replace a number of vehicles in the government fleet. Based on ELM, the cars for CS, FS, SJ, CJ and Directors of Bureaux were due for replacement in 2006-2007. Responding to the Chairman's enquiry on the environmental performance of the replacement vehicles, DGL said that they would meet the qualifying standards for environment-friendly petrol private cars as stipulated by the Environmental Protection Department.

5.19 Mr WONG Kwok-hing remarked that apart from the assessment of ELM, the Administration should also take into account the public perception of the across-the-board replacement of vehicles, having regard to the widening of the

disparity between the rich and the poor and the aggravation of the problem of working poverty in Hong Kong. In this connection, he urged the Administration to re-consider whether such replacement should be taken forward by stages instead of in one go.

5.20 Mr Jeffrey LAM was pleased to note that among the 443 government vehicles to be replaced in 2007-2008, 171 of them would be replaced by environment-friendly models. Given that the replacement of cars with environment-friendly models would involve an additional expenditure of around \$6.3 million, Mr LAM expressed concern about the fuel savings which could be achieved.

5.21 In reply, DGL said that the Administration had launched a pilot scheme in using petrol/electric hybrid vehicles two years ago and found that it could achieve fuel savings of up to 42%. However, given that the replacement of environment-friendly vehicles was subject to the availability of suitable models in the market and operational and resource considerations, the outturn savings in fuel cost could not be ascertained until completion of the replacement exercise. On the suggestion to expedite the replacement of environment-friendly vehicles in the government fleet to alleviate the problem of air pollution, DGL advised that replacement of government vehicles was based on the assessment under ELM. The Administration would replace those vehicles which were considered not cost-effective to continue to operate.

Chapter VI : Communications and Technology

6.1 At the Chairman's invitation, Mr Joseph WONG, Secretary for Commerce, Industry and Technology (SCIT), briefed members on the key areas of work of the Communications and Technology (CT) Branch of the Commerce, Industry and Technology Bureau for the new financial year (Appendix IV-5).

Wi-Fi service

6.2 While expressing his support for the Government's initiative to provide Wi-Fi wireless Internet access service at government premises with high public patronage in order to promote technological development, Mr SIN Chung-kai enquired whether measures would be put in place to allow network operators to rent government facilities, such as street lamp posts, for installation of their Wi-Fi access points for use by members of the public. In reply, SCIT affirmed that there were measures to facilitate network operators to install wireless Internet facilities at venues which were not government premises but were also frequented by the public. The Director-General of Telecommunications (DG, OFTA) supplemented that the Office of the Telecommunications Authority (OFTA) had published a guidance note for application for installation of Micro-cell Base Stations (MCBS) at government properties or on highway facilities by network operators, such as mobile telephone service providers. The guidance note was being revised such that MCBS would also include Wi-Fi access points to be installed on, say, highway facilities such as street lamp posts and space underneath flyovers, etc, and the revised note would be issued shortly. It was intended that operators would only be required to pay nominal rents of, say, one dollar per annum, and the administrative fee on a cost-recovery basis. In further reply to Mr SIN as to the approving authority for such applications, DG, OFTA advised that while OFTA would assume a co-ordinating role among operators and government departments, approval had to be obtained from the government departments concerned. For instance, for applications relating to the attachment of Wi-Fi access points to street lamp posts, approval had to be obtained from the Highways Department. In order to enhance the industry's awareness, the revised guidance note would be uploaded onto OFTA's website and briefing sessions for network operators would be conducted. Separately, operators who were interested in making the applications would be provided with the necessary information.

6.3 In this connection, Mr Howard YOUNG sought clarification on whether there would be other initiatives to be launched in 2007-2008 for promoting the deployment of broadband wireless access technologies and services

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other than the provision of W-Fi facilities at major government premises. SCIT remarked that the Government's policy was to adopt as far as possible a market-led approach in the provision of telecommunications services. As such, the Permanent Secretary for Commerce, Industry and Technology (Communications and Technology) (PSCT) said that apart from Wi-Fi facilities to be provided at government premises, there was at present no plan for launching other broadband access services, such as Wi-Max, etc, which would involve government funding.

E-Government

6.4 Referring to the initiative of launching a new one-stop portal for Government online information and services, i.e. GovHK, Mr Albert CHAN reiterated his concern, which had been raised on several occasions, that there were quite a number of government forms which were still not available online. In reply, the Deputy Government Chief Information Officer (Operation) said that while some of the new government forms or forms which were to be revised might not be readily available online, many government forms could be downloaded from the bilingual portal of *ESDlife* launched since January 2001 or the concerned websites of the bureaux/government departments (B/Ds). However, Mr CHAN remarked that some of the forms which had been in use for a long time could still not be downloaded on the Internet. As such, he requested SCIT to follow up with B/Ds as to when all government forms would be available online. The Chairman also requested the Administration to provide information on the number of government forms currently available on GovHK portal.

Digital Broadcasting

6.5 Noting that digital terrestrial television (DTT) broadcasting had already been launched in the Mainland whereby even small villages could enjoy DTT broadcasting free of charge, Mr Albert CHAN opined that Hong Kong was lagging behind in this area, in particular that the introduction of DTT in Hong Kong was not highlighted as one of the key areas of work of the CT branch in the forthcoming financial year. He then enquired about the position of the issue. In reply, PSCT informed that the Government had already announced the implementation framework for DTT in Hong Kong in July 2004. The two local terrestrial broadcasters, namely Asia Television Limited and Television Broadcasts Limited, would roll out their digital broadcasting networks and launch DTT services by the end of 2007. The Panel on Information Technology and

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Broadcasting (ITB Panel) had been updated of the progress in this respect. As for other digital broadcasting services, such as Mobile TV service and digital audio broadcasting service, the Administration had also reported to the ITB Panel at its meeting on 6 February 2007 a consultation paper which set out in detail the Government's plan and proposals for launching digital broadcasting services in Hong Kong, including, inter alia, spectrum availability for digital broadcasting services and the licensing arrangements, etc. PSCT remarked that upon completion of the public consultation exercise by the end of April 2007, the Administration would revert to the Panel.

6.6 Notwithstanding the Government's undertaking to oversee and co-ordinate the two broadcasters' planning for DTT, as well as to collaborate with the industry for promotion of DTT through different channels, Mr Howard YOUNG was concerned that there had not been any financial provision earmarked for the promotion work in this respect. He therefore sought clarification as to whether the Government would leave it to the broadcasters to promote the launching of DTT services. In reply, SCIT clarified that the expenses incurred in relation to the promotion work would be absorbed within existing resources, and no additional funding was required. PSCT added that the Government had already been using existing resources for the promotion of DTT services, which included the launching of a website with technical guidelines and frequently asked questions available online as part of the publicity drive to raise public awareness and deepen their understanding of DTT, as well as the distribution of pamphlets containing basics about DTT, etc. As soon as more information about DTT services was available, consumer education would be stepped up so as to equip consumers with the necessary information, such as the need to buy a set-top box with DTT reception capabilities in order to decode digital TV signals, including high definition TV signals, etc.

Radio Television Hong Kong

6.7 On the estimate for the programme area of "Radio", Mr Albert CHENG noted that the original estimate for 2006-2007 was \$184.6 million whereas the revised estimated was \$173.2 million, which represented a difference of 6.2%. He further remarked that as compared with the original estimate for 2006-2007, the estimate for 2007-2008 (i.e. \$186.3 million) was only 0.9% higher. Given such a slight increase in the financial provision, he enquired whether the Radio Television Hong Kong (RTHK) could produce sufficient radio programmes for its seven channels on a 24-hour basis; and if not,

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the reason for retaining all of its radio frequencies. In this connection, the Chairman drew members' attention to the underspending of 4.93% RTHK in 2006-2007.

6.8 The Director of Broadcasting (D of B) explained that due to some uncertain factors, which involved the need to enter into a new Broadcasting Services Contract for providing engineering and technical support to replace the old Technical Services Agreement expired in September 2006 which amounted to \$60-70 million in the past, the estimate had to be revised, resulting in the 6.2% difference as compared with the original estimate. As regards the financial provision for the production of programmes especially those broadcast in the evenings, he pointed out that merged broadcasting had been reduced substantially for weekend evening programmes. It was only in very late hours when patronage was low that RTHK would still broadcast the same programmes in some of its channels. He explained that apart from cost consideration, merged broadcasting of music programmes in fact catered for the needs of the listeners in these late hours who mostly preferred soft music.

6.9 Mr LEE Wing-tat recalled that due to fiscal deficits, there had been substantial reduction in the operating expenditure of around 10% for RTHK in the past few years. However, as there would be an overall increase in the financial provisions for all government departments, including RTHK, for the upcoming financial year, he enquired whether RTHK would embark on new services with the increased allocation, in particular whether the RTHK ON INTERNET service would be enhanced further.

6.10 D of B shared Mr LEE's view that there had been reduction in the annual financial provisions for the Radio Division and the Public Affairs Television Division of RTHK in the past years. However, despite the overall requirement to cut expenditure in those years, there had continuously been slight increase in the expenditure for the programme area of "New Media". The estimate for 2007-2008 was even 14% higher than the original estimate for 2006-2007. He assured that RTHK would continue to invest resources in this programme area and the delivery of the RTHK ON INTERNET content to hand-held devices would also be explored in 2007-2008.

6.11 Notwithstanding that there would be an increase in the provision for 2007-2008, Mr LEE Wing-tat remarked the additional amount to be provided would only be \$1.5 million, which might not be sufficient to support the services

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provided by RTHK ON INTERNET as it was serving the general public and had a wide range of target clients. In order to enhance the number of visits by youngsters, he enquired whether analysis had been made as to why RTHK ON INTERNET was less appealing than those websites which were frequented by young people.

6.12 On the services provided by RTHK ON INTERNET, D of B advised that apart from on-demand archives of all radio, television and news programming broadcast in the past 12 months, there were also programmes of original content which comprised 25% of the total web output such as the webpage of "Teen Power" dedicated to young people which was very popular. He explained further that since there was no user registration system for access to the services available on RTHK ON INTERNET except the "myrthk" service where there was a membership system in place, it was difficult for RTHK to ascertain the background of the visitors, in particular whether they belonged to the younger generation or not. Nevertheless, RTHK would try to gather more information via the membership system of "myrthk" so as to, in due course, come up with a clearer picture on the background of its users. Moreover, a new indicator of "daily visits" would be introduced to better measure the performance of RTHK ON INTERNET. It was estimated that there would be 220 000 visits per day, and it was expected that the number of visits would grow. In this connection, SCIT stressed that the provision for RTHK for 2007-2008 was 3.9% and 9.3% higher than its original and revised estimates respectively for 2006-2007. As such, there was no question of insufficient provision for its programme areas and RTHK could re-deploy the financial resources among its programme areas if considered necessary.

Public service broadcasting

6.13 The Chairman referred to a media report that the Committee on Review of Public Service Broadcasting (Review Committee) as appointed by the Chief Executive would soon publish a report which would recommend, inter alia, the establishment of a new statutory public service broadcaster, and as a result RTHK would have to be scaled down. She enquired as to why financial provision was not earmarked for the follow-up work to be undertaken in respect of the report. In reply, SCIT explained that as the Government had not yet received the report from the Review Committee, provision was therefore not sought in this respect. Nevertheless, he added that upon receipt of the report which was expected to be available soon, the Government would study in detail

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the recommendations made by the Review Committee with a view to issuing a public consultation document in the second half of 2007 to gauge the views of the public, the industry and RTHK before deciding on the way forward. The expenses to be incurred for the public consultation exercise would be absorbed within existing resources, and additional funding would only be sought from the Finance Committee if necessary. In further reply to the Chairman, SCIT said that in view of the public concern on the issue, the Government would consider publicizing the report for reference by members of the public. The Chairman also requested the Administration to consult the Panel once the report was available.

Hong Kong Design Centre

6.14 On the provision of \$100 million to be earmarked to support the Hong Kong Design Centre (HKDC), Prof Patrick LAU enquired how the provision would be spent. In response, the Commissioner for Innovation and Technology said that HKDC was a non-profit making infrastructure organization established in 2001 with the objectives of, inter alia, promoting design as a value-added activity and the integration of design into mainstream business processes. Those objectives were in line with the Government's policy on promotion of design and innovation. In order to enhance the financial support for HKDC in running the InnoCentre, which was a one-stop shop aiming to cultivate a cluster of high-value added design activities among design professionals and user industries, the non-recurrent allocation of \$100 million to be sought would be used to finance the operation of HKDC over a period of five years from 2007-2008, which would include manpower and basic activities to be organized such as education seminars to promote innovative design and exhibitions, etc.

Support measures for the film industry

6.15 Noting that the Government planned to allocate \$300 million to support the film industry, Prof Patrick LAU sought details on the support measures to be adopted, such as how funding arrangements would be made to small-to-medium sized film productions, whether a film school would be set up for training of talents, film festivals to be organized for promotion of Hong Kong films, and complimentary tickets be offered to enhance the interest and appreciation of Hong Kong films by the local audience. SCIT advised that in order to ensure the sustainable development of the film industry which was a

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flagship of the creative industries and also contributed to the development of tourism and services industries in Hong Kong, the Government planned to expand the existing Film Development Committee to form a high-level Film Development Council (FDC) to advise the Government on all matters relating to the development of the film industry. FDC would also be responsible for advising the Government on the administration of a fund of \$300 million. The fund was to be established for financing projects and activities which would contribute towards the development of the local film industry, such as by making contribution of up to 30% of the production budget of small-to-medium sized films, subsidizing training courses for nurturing of film talents, etc. Regarding the detailed arrangements, such as whether a cap should be introduced on the level of contributions to be made, views of the industry would be sought. As to whether a film school should be established, FDC would deliberate further in this respect. On the promotion of Hong Kong films, SCIT remarked that consideration might be given to subsidizing especially small-to-medium sized films for participation in overseas film festivals, as well as collaborating with the Hong Kong Film Archive for regular screening of high quality local films so as to enhance the interest and appreciation of Hong Kong films with a view to boosting the box office revenue. SCIT added that details of the support measures to be rendered to the film industry would be discussed at the meeting of the ITB Panel scheduled for 17 April 2007.

Sales practice of Internet service providers

6.16 While acknowledging the work done by OFTA in regulating the services provided by Internet service providers (ISPs), Mr LEE Wing-tat was concerned that there was still a large number of complaints in relation to the unscrupulous sales practice of ISPs, notably from residents of new public housing estates such as the Kwai Chung Estate where 490 complaint cases were received in a year. As such, he sought information on how OFTA could ensure more effective regulation of ISPs on their provision of broadband Internet services. In reply, DG, OFTA explained that there were basically two types of complaints, one relating to alleged deceptive/misleading sales conduct or advertisements and the other to contractual disputes between ISPs and their customers, and most of the complaints received by OFTA were concerned with the latter. On the former type of complaints, investigation would be made to ascertain whether there were breaches of the provisions of the Telecommunications Ordinance (Cap. 106) (TO). Should there be evidence for breach of TO, sanctions would be imposed on the ISPs concerned. As for contractual disputes, they were outside the remit of

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OFTA's statutory power as provided under TO. Nevertheless, publicity campaigns were conducted to remind consumers that they had to pay heed to the contract terms before entering into a contract with an ISP. Moreover, "Code of Practice for the Service Contracts for the Provision of Public Telecommunications Services" had been issued to ISPs, which recommended that the salient points of the service contracts should be highlighted or displayed in a prominent manner, etc. In addition, a mediation programme on a trial basis would be launched by OFTA in the second quarter of 2007 for the handling of contractual disputes between ISPs and their customers. Separately, ISPs had also put in place a quality assurance mechanism which provided that follow-up telephone calls for confirmation with customers had to be made before the service contracts would come into effect.

6.17 Although contractual disputes fell outside the remit of OFTA, Mr LEE Wing-tat opined that without conducting investigation to ascertain the nature of the complaints, it was difficult, if not impracticable, for OFTA to determine whether the disputes arose from deceptive sales conduct. In order to minimize complaints relating to contractual disputes, he enquired whether consideration would be given to requesting ISPs to follow certain standards, e.g. using a standard form which would set out lucidly major contract terms printed with large font size for easy reference by consumers. In reply, DG, OFTA remarked that pursuant to the aforementioned Code of Practice, ISPs had already been recommended to make available contract terms in both Chinese and English using font size not smaller than the recommended minimum for customers' reference. As for the procedures for terminating, or arrangements for automatic renewal of service contracts, which were the common subjects of complaints, they were usually not highlighted in a prominent manner as these were not regarded as salient points of the service contracts. As such, DG, OFTA remarked that apart from encouraging ISPs to enhance their standard of sales practice, consideration could be given to stipulating in law provisions for further protection of customer interests when TO was reviewed in future. In this respect, the Chairman requested the Administration to provide the number of the aforementioned types of complaints received by OFTA last year, as well as to relay to ISPs members' suggestion for their adoption of standardized contract terms. The Administration was also requested to report to members ISPs' acceptance or otherwise of the suggestion.

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7.1 At the Chairman's invitation, Mr Joseph WONG, Secretary for Commerce, Industry and Technology (SCIT), briefed members on the key areas of work of the Commerce and Industry (CI) Branch of the Commerce, Industry and Technology (CIT) Bureau for the new financial year (Appendix IV-6).

The World Trade Organization

7.2 While expressing the business sector's recognition of the work of the World Trade Organization (WTO), in particular the benefits brought to Hong Kong as a result of the negotiations made between Member economies, Mr Jeffrey LAM noted that the estimate for Hong Kong's subscription to WTO, which was paid in Swiss Francs, for 2007-2008 was higher than the revised estimate for 2006-2007 to cater for the possible fluctuation of exchange rate. In order to minimize the impact of exchange rate fluctuation, he enquired whether arrangements, such as buying Swiss Francs in advance as a hedge against fluctuation, would be made. The Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCI) affirmed that the Government would, in December every year, buy Swiss Francs at spot rate for the subscription to be made to WTO in the forthcoming year. In addition, as there might be increase in subscription to be made, the estimate for 2007-2008 was therefore higher than the revised estimate for 2006-2007 to allow for any change in the amount of subscription and the fluctuation of exchange rate thereof.

7.3 In this connection, Mrs Sophie LEUNG remarked that according to the analyses made by a number of economists, the strategy for global economic development might be steered by several advanced countries and the problem on the gap between the poor and the rich was not well addressed. She stressed that Hong Kong had been playing an active and constructive role in the international arena and had often advanced new ideas and issues for deliberation at the international level. She enquired whether consideration would be given to bringing up the issue of poverty alleviation for discussion at suitable international forums, such as the Doha Development Agenda (DDA) negotiations of WTO, with a view to effectively narrowing the gap between the rich and the poor. For this purpose, she enquired whether resources would be allocated for seeking expert advice in this respect. In reply, SCIT advised that the DDA negotiations covered the agenda which aimed at achieving global trade liberalization with a view to benefiting developing economies. He cited for illustration that the elimination of subsidies and reduction of domestic support in agriculture by developed economy Members, if effected, could enhance the competitiveness of

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the agricultural exports of developing economies, and hence bringing about economic benefits to those economies. As such, he assured that Hong Kong would continue to play an active role and made the best endeavour with a view to achieving the successful conclusion of the DDA negotiations, as well as improved and clarified trade rules to avoid abuse of existing rules such as those on anti-dumping.

7.4 Mrs Sophie LEUNG further referred to the recent trend of research on economic globalization and free trade by renowned economists and Nobel Prize winners alike, as well as their remarks that the globalization process and direction were dominated by several superpowers. She pointed out that the Government should continue to play the role as an advocate for Hong Kong in view of its entirely free market and hence its advantageous position to provide an international forum for deliberation on issues like wealth gap. SCIT thanked Mrs LEUNG and assured members that Hong Kong had always been playing an active role in the promotion of free trade and was a great supporter of it.

Estimate for the CI Branch

7.5 Mr Ronny TONG noted that the CI Branch had underspent by 4.75% in 2006-2007, but despite the unspent provision which was around \$23.6 million, it was seeking an allocation of \$167.2 million under Programme (2): Commerce and Industry for 2007-2008, which would be 11.8% higher than the original estimate for 2006-2007. In the absence of details on the work and activities to which the increased funding resources would be allocated, he questioned if it was appropriate for CI Branch to retain such a huge allocation when resources could be earmarked for other specific and more pressing use.

7.6 In reply, SCIT explained that some resources of the CI Branch and its departments as allocated in the Estimates would be pooled together for the pursuit of new initiatives. The resources so pooled were to cater for new activities such as work to follow up on the strategic proposals put forth by the Focus Group on Trade and Business (Focus Group) formed under the Economic Summit held in relation to China's 11th Five-Year Plan. PSCI further explained that the arrangement for pooling resources for internal deployment had been adopted by the CI Branch for several years after the "envelope" system was introduced. All the unspent resources could not be carried forward to the next year. On the increased provision sought under Programme (2): Commerce and Industry for 2007-2008, she informed members that apart from following up on the strategic

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proposals made by the Focus Group as mentioned by SCIT, the resources would also be used for commissioning a consultancy study to review the current strategies of inward investment promotion which was estimated to be around \$4 million, as well as organizing activities, such as seminars overseas to promote Hong Kong in relation to the celebration of the 10th Anniversary of the establishment of the Hong Kong Special Administrative Region, review of the operation of Government Electronic Trading Services, promotion of intellectual property rights, promotion of Hong Kong brand and trade facilitation, etc.

7.7 Sharing Mr TONG's views, the Chairman also opined that the Administration should be more specific when drawing up a budget and should not seek provision on the basis of a broad outline without details. She was of the view that if the Administration did not have specific plans or ideas in mind when preparing the estimate for the forthcoming financial year, consideration could be given to putting up financial proposals for consideration by Finance Committee (FC) later. She also held the view that the Administration should be prudent in using the allocation and should only engage consultancy services when it was absolutely necessary.

7.8 In response, SCIT advised that in the case of the follow-up work on the strategic proposals in relation to China's 11th Five-Year Plan, the Administration could only come up with the specific details after discussions with the industry. As regards seeking FC's approval outside the Estimate exercise, SCIT advised that if the supplementary provision for any activity to be undertaken exceeded \$10 million, approval from FC would be required; otherwise, the Controlling Officer could redeploy the resources so allocated from the Estimate. The Chairman remarked that to enhance transparency, it would be more desirable if the Administration could set out in detail the funding requirements for the initiatives to be pursued and activities to be undertaken in a financial year for deliberation by FC. After discussion, it was agreed that the Administration would provide before the Budget debate detailed information on the specific areas/activities to which the increased funding resources sought under Programme (2): Commerce and Industry for 2007-2008 would be deployed. PSCI also assured members that the resources would only be used as and when necessary.

Assistance to the Small and Medium Enterprises (SMEs) and the related funding schemes

7.9 Mr Jeffrey LAM noted that the Government would assist Hong Kong-owned SMEs with business in the Mainland in coping with the challenges brought about by the 11th Five-Year Plan. In this connection, he referred to his visits to Guangxi and East Guangdong together with SCIT and remarked that such kind of visits were very useful to local business sector, in particular SMEs, in fostering communication and enhancing their understanding of the market opportunities in the Mainland. As such and as reflected by some SMEs, he enquired whether the Government would consider providing financial support to SMEs so that they could have more opportunities to participate in those visits to the Mainland. In reply, SCIT affirmed that when overseas visits and trade delegations were organized, relevant organizations, including SMEs, would be invited. So far, he had not received any requests from SMEs for direct subsidy on their visits to the Mainland. Nevertheless, SCIT took note of Mr LAM's concern, and assured that consideration might be given to using SME funding schemes as appropriate if there were such requests in future.

7.10 In this connection, Mr WONG Kwok-hing noted that the Trade and Industry Department was on top of the list of bureaux/departments (B/Ds) which had underspent in 2006-2007. Its underspending was as high as 35.11%. He enquired about the reason for the underspending, in particular whether it was due to wrong estimation of certain items. In reply, the Director-General of Trade and Industry (DG of TI) explained that the revised estimate for the Department for the last financial year was lower than the original estimate because the cash flow requirement of the SME funding schemes was smaller than expected. For instance, the estimate for the SME Loan Guarantee Scheme (SGS) for 2006-2007 had been worked out on the assumption that payment by Government to banks for default cases would, on average, be made two years after the loans were first approved by the banks. However, in practice it transpired that payment to banks would be made, on average, around 36 months after the granting of the loans. Hence, the cash flow of SGS for 2006-2007 was slower than originally estimated. Similarly, the original estimate for the SME Exporting Marketing Fund (EMF) had been drawn up on the basis of the number of applications received in the first three months of 2005. It transpired that this was the peak season for trade fairs, and hence could not represent the overall situation of the whole year. The estimate for EMF was therefore not entirely accurate. DG of TI remarked that the Department had endeavoured to use more accurate assumptions when

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preparing the estimate for 2007-2008.

7.11 Mr WONG Kwok-hing then sought clarification as to whether the difficulty for SMEs in obtaining loans under SGS as reflected by some SME operators had also attributed to the underspending situation of the Department in 2006-2007. DG of TI clarified that as soon as the participating lending institutions (PLIs) had provided all relevant information relating to the applications, the Government would act as the guarantor for up to 50% of the loans. He stressed that the Government would, in general, rely on PLIs' prudent professional judgement in assessing applicants' creditworthiness.

7.12 In this connection, the Chairman remarked that although members had invariably put up enquiries on the underspending situation of B/Ds, it did not mean that B/Ds should use up the resources approved even if it was not necessary. She added that if there were projects which were worth to be undertaken, the Administration should consider exercising flexibility as far as possible for re-deployment of resources among B/Ds for the launching of those projects.

Invest Hong Kong

7.13 Noting that the Director-General of Investment Promotion (DG of IP) had spent around three months' time to conduct altogether 23 overseas duty visits in 2006, Mr WONG Kwok-hing enquired whether review had been made by SCIT on the number of visits conducted by DG of IP in 2006 as against those made in the previous year to see if the pattern was normal, as well as on the effectiveness of those visits in achieving the objectives of the Invest Hong Kong (InvestHK). He also sought clarification on whether visits made by DG of IP would be subject to review under the consultancy study to be commissioned to review, inter alia, the role and mission of InvestHK.

7.14 In reply, SCIT clarified that as the Bureau Secretary, he was responsible for policy matters on areas, such as inward investment promotion, and for ensuring that government departments under his purview and the officials concerned could achieve the policy objectives. As such, he would focus his attention on, say, the role and mission of InvestHK and the relevance of its existing nine priority sectors in the context of Hong Kong's overall economic development. As for the day-to-day operation of InvestHK, including duty visits made by DG of IP, he would rely on the judgement made by DG of IP himself and if necessary, to be supervised by PSCI.

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7.15 In this connection, PSCI stressed that InvestHK was set up to spearhead the Government's efforts in attracting foreign direct investment to Hong Kong. Similar to other economies, duty visits had to be made by DG of IP as the Head of the Department to ensure that the Department's mission of promoting Hong Kong as a preferred destination for foreign direct investment could be achieved. She advised that the number of duty visits made by DG of IP in 2005 was the same as that in 2006, i.e. a total of 23 visits for the whole year, though the places visited were different as to fit in the respective purposes and nature of the trips. She advised further that there was a mechanism governing duty visits to be made by DG of IP, whereby the business plans of InvestHK which were developed on a calendar year basis with targets to be met, such as new markets to be explored, etc, would be submitted to the CIT Bureau for consideration. DG of IP's duty visits were planned well in advance of each financial year. A report would be submitted to the CIT Bureau after each trip which would set out the work done during the visit, including the number of foreign companies which had expressed interest in setting up regional headquarters/offices in Hong Kong, etc. On the effectiveness of the duty visits made in 2006, PSCI said that the overall achievements of InvestHK had been considered, and InvestHK in 2006 had outperformed the achievements of 2005 in terms of the number of projects pursued and completed. She remarked further that there was a continuous growth in the number of overseas and Mainland companies establishing their regional headquarters and regional offices in Hong Kong, which had exemplified InvestHK's achievement in the area of investment promotion.

7.16 Mr WONG Kwok-hing stressed that he would support visits to be made if they were worthwhile. In this regard, he sought details on DG of IP's overseas visit programme for 2007-2008. In reply, DG of IP advised that for each calendar year, he planned on the basis that there would be two visits to North America; two visits to Europe; one visit to Korea and Japan; one visit to Australia and Singapore; one visit to India/Gulf; and one visit to a secondary market (for 2007 this would be South America), each lasting for about a week. In addition, there would also be a limited number of short visits (of one or two days each) to Mainland cities, and one to Taiwan. He stressed that every planned meeting, be it a speaking engagement, media interview or company visit, was set out in the visit programme in advance which was forwarded to CIT Bureau for consideration. He added that by planning duty visits in advance, it would help secure speaking opportunities in, say, chambers of commerce of overseas cities in order to raise the profile and visibility of Hong Kong. On the Chairman's enquiry on the estimate for the concerned visit programme, DG of IP said that it

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was approximately the same for each financial year which was in the region of \$600,000 per year. In this connection, Mr WONG Kwok-hing requested and PSCI undertook to provide detailed written information on DG of IP's overseas visit programme for the forthcoming financial year, including cities to be visited, purpose and duration of each visit, and the budget for meeting the related expenses, for members' information.

Independent Commission Against Corruption

8.1 Mr WONG Kwok-hing expressed concern about the corruption cases involving property management companies. Referring to views expressed at the meetings of the Bills Committee on Buildings Management (Amendment) Bill 2005 on whether a licensing system should be put in place for such companies, he enquired whether the Independent Commission for Corruption (ICAC) had called on the Administration to introduce a statutory licensing regime for property management companies.

8.2 The Commissioner, ICAC (C, ICAC) said that ICAC was not the subject policy bureau and was therefore not in a position to formulate a policy on building management, or to recommend whether a licensing regime should be introduced. Nevertheless, ICAC was mindful of the importance of corruption prevention work in building management. ICAC had all along worked closely with the Hong Kong Association of Property Management Companies to promote corruption prevention among the employees of property management companies.

8.3 In this connection, C, ICAC pointed out that a statutory licensing regime for property management companies might not necessarily be the most effective option to prevent corruption as various professional personnel engaged in building management were already subject to regulation by their respective professional bodies. It was more important to raise the awareness of the public and members of the management committee (MC) of owners' corporations on corruption prevention and to educate MC members about the relevant legislative provisions. Once they were well-informed, members of MC would be able to take up a more active role in monitoring the building management companies and safeguarding against corruption opportunities.

8.4 Mr Martin LEE enquired about the trend of corruption cases involving property management companies in recent years. In response, C, ICAC and the Director of Investigation (Private Sector), ICAC (D/PS, ICAC) informed members that the number of reported cases involving building management and the undertaking of renovation works for buildings had dropped in 2006, but a slight increase had been noted since 2007. At the request of Mr LEE, ICAC agreed to provide the number of corruption cases involving building management and the undertaking of building renovation works for the past five years.

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8.5 Mr James TO pointed out that the Mainland Government had attached great importance to tackling corruption. He believed that with the closer tie between Hong Kong and the Mainland, Hong Kong should seize the opportunity to enhance co-operation with the Mainland to combat cross-boundary corruption. He noted, however, that in some cases, Mainlanders under investigation by ICAC had been summoned back to the Mainland for investigation by the Central Commission for Discipline Inspection of the Communist Party of China (CCDI). In the absence of these key persons, ICAC would have to put on hold the investigation carried out on them in Hong Kong. Mr TO enquired whether ICAC had liaised with the corresponding Mainland authorities regarding such cases. He also urged the Administration to discuss with the Mainland authorities on a more appropriate arrangement in order that on-going investigation conducted by Hong Kong authorities would not be aborted.

8.6 Echoing Mr James TO's views, Mr LEUNG Kwok-hung also expressed concern about the waste of resources if investigation was aborted under such circumstances. He requested ICAC to provide the relevant figures on the number of cases involving Mainlanders who had been under investigation in Hong Kong for alleged corruption cases but the investigation of which had subsequently been put on hold as these persons had returned to the Mainland for investigation by CCDI.

8.7 While noting members' concern about cross-boundary corruption cases, C, ICAC pointed out that Hong Kong and the Mainland were two separate jurisdictions without reciprocal enforcement on the extradition of suspects. D/PS, ICAC added that he had no knowledge on whether certain individuals under ICAC investigation were investigated by CCDI at the same time. The Mainlanders in Hong Kong were only regarded as employees of private corporations and ICAC did not have the relevant figures as requested by Mr LEUNG Kwok-hung. Mr LEUNG did not subscribe to the explanation and remarked that the Administration or ICAC could liaise with the corresponding Mainland authorities on the status of the relevant persons under investigation. At the request of Mr LEUNG, ICAC undertook to look into the number of such cases, if any.

8.8 Mr James TO enquired about co-operation between ICAC and the Mainland authorities on cross-boundary corruption prevention work. Mr Martin LEE also asked whether there was any agreement between Hong Kong and the Mainland on the respective power and division of work over cross-boundary co-operation in corruption prevention and investigation work.

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8.9 On the co-operation on cross-boundary anti-corruption work, C, ICAC advised that ICAC had, in collaboration with the Securities and Futures Commission, organized seminars for Mainland enterprises seeking to list in the Hong Kong Stock Exchange. ICAC had also conducted seminars for top management staff of Mainland enterprises in Beijing in 2006 and 2007. Although there was no bilateral agreement, corruption prevention was a common concern for the two places. Mainland officials and ICAC exchanged experience on corruption prevention through mutual visits.

8.10 As regards cross-boundary investigation work on suspected corruption cases, D/PS, ICAC briefed members on the Mutual Case Assistance Scheme (MCAS) between ICAC and the Supreme People's Procuratorate and Guangdong Provincial People's Procuratorate, under which the requesting party could seek assistance in the interviewing of witnesses and collection of evidence in the other party's jurisdiction in respect of corruption-related investigations. This co-operation had proved to be fruitful and had led to arrests and prosecutions in respect of corruption charges.

8.11 Mr Martin LEE sought information on the number of cases in which Hong Kong residents in the Mainland or Mainlanders in Hong Kong were prosecuted after investigation under MCAS. D/PS, ICAC explained that under MCAS, where circumstances so warranted, ICAC could interview witnesses in the Mainland and Procuratorate officers could do the same in Hong Kong in the presence of ICAC officers. A case summary had to be prepared for the host party's information and the interview could only be undertaken with the consent of the witnesses concerned. The Security Bureau had issued guidelines regarding the request for interviewing of witnesses. At members' request, ICAC would provide figures on cases in which Hong Kong residents in the Mainland or Mainlanders in Hong Kong were prosecuted after investigation under MCAS.

8.12 Given that a commission of inquiry on allegations about improper interference by government officials with the autonomy of the Hong Kong Institute of Education had been set up and the incumbent C, ICAC was one of the witnesses, Mr LEUNG Kwok-hung queried whether public confidence in ICAC might have been shaken as a result. The Chairman and C, ICAC said that as the inquiry in question was still under way, it was inappropriate to make judgmental comments or draw a conclusion at this stage.

Tamar Development Project

8.13 Noting that only \$120 million had been earmarked for 2007-2008 on the Tamar Development Project (TDP) upon award of the contract, Mr WONG Kwok-hing urged for early implementation of TDP so as to provide more job opportunities in the construction industry.

8.14 The Director of Administration (D of Adm) informed members that the Administration had received four tender proposals on TDP in mid-February 2007 and was in the course of assessing their merits. At this stage, the Administration was not yet in a position to confirm when the construction works would commence. She nevertheless added that it was still the Administration's target to award the contract in 2007, subject to the progress of the assessment process. D of Adm also recapped the Administration's undertaking that arrangements would be made to exhibit the designs of the four proposals for public viewing. The target was to start the exhibition by the end of March 2007.

8.15 Noting that the Administration had adjusted the contract award date from the third quarter of 2007 to within 2007, Mr LEE Wing-tat enquired if this suggested a delay in the project. In response, D of Adm advised that according to the original plan, the closing date for tender was 26 January 2007. At the request of the tenderers, the deadline was extended to mid-February 2007. She assured members that the Administration would make the best endeavour to expedite the project but the timing would also hinge on completion of the tendering process.

8.16 Referring to the public viewing of the project designs, Mr LEE Wing-tat asked whether the Administration would allow the four tenderers to explain their proposals to interested members of the public during the open exhibition. Given that the Administration had regarded TDP as a "people's project", Mr LEE stressed the need to engage the public in taking the project forward. As such, he considered that the four tenderers should meet members of the public, gauge their views and take them into consideration.

8.17 In this connection, D of Adm highlighted that as the tendering process was underway, it was of utmost importance to uphold its fairness and integrity. As such, it would not be proper to allow the tenderers to undertake lobbying work and make any changes to their proposals during the tendering process. Such effort by individual tenderers to promote their proposals to the

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public might prejudice or be perceived as prejudicing the fairness and integrity of the tender process. The advice of ICAC had also been sought to ensure that the public viewing process was fair and intact. D of Adm supplemented that it was not a normal practice to allow public participation during the formal tender process. The Special Selection Board for TDP was the sole authority for assessing the screened-in proposals against a comprehensive set of assessment criteria already stipulated in the tender document. To facilitate public understanding of the proposals, the tender document contained provisions requiring the tenderers to provide a physical model on their designs, presentation drawings and a video on their proposals during the open exhibition. All tenderers would have an equal opportunity to present their designs to the public through the materials which they had submitted with their tenders. In response to the Chairman's enquiry, D of Adm confirmed that in accordance with current requirements, the four tenderers would not meet with interested members of the public to discuss on their designs.

8.18 As regards the role of the Legislative Council (LegCo), D of Adm explained that LegCo was involved in TDP on two fronts. The Legislative Council Commission took part in the project as a user of the Legislative Council Complex. In playing its other role of monitoring the project, LegCo, just like members of the public, could give views on the proposed designs. The Administration would inform LegCo of the arrangements for the public viewing exercise.

8.19 Referring to the West Kowloon Cultural District (WKCD) project in which the three screened-in proponents had the opportunity to present their proposals to LegCo, Mr LEE Wing-tat asked why the same arrangement could not be adopted for TDP. By not allowing the four tenderers to exchange views with the public and stakeholders, the Administration had fallen short of public aspiration for more active and intensive public involvement in TDP. This was contrary to the Administration's undertaking given to LegCo in 2006 for greater public involvement. Mr LEE sought the Administration's clarification on whether the four tenderers would attend before the relevant LegCo Panel(s) to introduce their designs.

8.20 In response, D of Adm stressed that the Administration had upheld its undertaking to allow greater public participation in the Tamar project. She explained that TDP was different from the WKCD project. As the formal tendering process for TDP had already commenced, it was the established practice

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that the information of a tender would not be disclosed to the public to ensure the integrity and fairness of the tender process. She reiterated that given the uniqueness of TDP and the public aspiration for greater public involvement, the Administration had made a special arrangement to organize a public exhibition of the designs submitted and it had been specified in the tender document that the tenderers were required to provide physical design models, presentation drawings and a video to introduce their designs to the public.

8.21 Referring to members' suggestions and views expressed on TDP during various committee meetings, such as the height of the buildings, greening and accessibility to the public, Miss CHOY So-yuk enquired whether the Administration had incorporated members' views and suggestions in the tender document. D of Adm advised that the tender document for TDP was consistent with the scope of works as approved by the Finance Committee. The Administration had incorporated members' views and suggestions into the tender document as far as practicable.

Legal services

Legal aid service

8.22 Ms Margaret NG noted that the revised estimate for 2006-2007 on legal aid cases was \$90.6 million lower than the original estimate, and sought the Administration's explanation on the lower outturn figure. She expressed concern that the Legal Aid Department (LAD) might have imposed overly stringent conditions in processing applications for legal aid, thereby resulting in a reduction of cases. The Chairman also drew members' attention to the relevant information that LAD's revised estimate for 2006-2007, when compared against its approved estimate, represented an underspending of 12.59%.

8.23 The Director of Legal Aid advised that LAD had all along processed legal aid applications in accordance with the statutory criteria stipulated in the Legal Aid Ordinance (Cap. 91). He further pointed out that while LAD had spared no effort in promoting its service to the public, the number of applications would hinge on many other factors not within the control of the department. At Ms Margaret NG's request, he agreed to provide an explanation on the lower-than-anticipated expenditure on legal aid in the revised estimate for 2006-2007, the number of civil and criminal cases involved and the average expenditure per case.

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Legal Advice Scheme

8.24 Ms Margaret NG noted that the 2007-2008 estimate for the Legal Advice Scheme (LAS) at \$500,000 was the same as the 2006-2007 revised estimate while the actual expenditure for 2005-2006 was only \$444,119. She pointed out that when compared with past years, the actual expenditure for LAS had been reduced. She further observed that the lawyers participating in the Scheme were volunteers and the expenditure incurred for LAS was mainly the honorarium payable to staff supporting the legal advice sessions. In this regard, she added that the centres set up at the District Offices for the purpose of LAS had been reduced from 12 to nine in recent years. Given that LAS was the only publicly-funded legal advisory service available to the public, there was a great demand for this free service. Ms NG was concerned whether the estimated expenditure for 2007-2008 would be adequate for meeting the demand for the service, and whether the Administration would conduct a review of LAS.

8.25 D of Adm informed members that the number of cases handled by LAS had increased from 5 600 in 2001 to 6 000 in 2004. The number of actual cases for 2005 and 2006 and the estimated cases for 2007 stood at 6 400 per year. In comparison with the actual expenditure for 2005-2006, the 2007-2008 estimate was 12.6% higher. She clarified that the estimated expenditure for LAS had been prepared by the Administrator of the Duty Lawyer Service. The Administration would be pleased to discuss with the Duty Lawyer Service if it had any views on the subvention amount. In response to Ms Margaret NG's request, the Administration agreed to provide a detailed breakdown on the expenditure allocated for LAS, as well as the operation of LAS (e.g. the service hours, the scope of advice provided, and changes, if any, made to LAS) for the past three financial years.

Council for Sustainable Development

8.26 Miss CHOY So-yuk declared that she was a member of the Council for Sustainable Development (the Council). She enquired about the efficacy of the work of the Council in promoting sustainable development in the public and private sectors in the past two years, and whether more resources would be allocated to the Council in the coming financial year.

8.27 D of Adm said that the Council had all along attached great importance to public engagement and involvement in the formulation of long-term

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sustainable development strategies for Hong Kong. Following the publication of a paper entitled "Enhancing Population Potential for a Sustainable Future" in June 2006, there was a three-month public consultation exercise to gauge views from different channels, such as workshops and forum discussions. A consultant had been engaged to analyze the public views expressed in response to the paper. The Council had continued to reach out to the general public and students through its School and Community Outreach Programmes. Apart from population policy, the Council had also produced a report on another priority issue of improving the air quality in Hong Kong. Through the Sustainable Development Fund, the Council provided financial support for community projects aimed at developing public awareness of the concept of sustainable development, as well as projects promoting sustainable practices in Hong Kong.

8.28 In response to Miss CHOY So-yuk's request, the Administration agreed to provide more detailed information on the meetings held by the Council in 2006-2007, including the number and dates of meetings and the Administration's comments on the efficacy of the work of the Council in promoting sustainable development.

Child Development Fund

8.29 Miss CHOY So-yuk enquired whether children born in Hong Kong whose parents were not Hong Kong permanent residents would be eligible for the proposed Child Development Fund. In response, the Secretary to the Commission on Poverty (Secy, CoP) confirmed that all children and youth with lawful residency in Hong Kong coming from a disadvantaged background would be eligible for the Fund. At Miss CHOY 's request, the Administration agreed to provide information on whether the Administration had assessed the implications of including these children under the Fund and whether the resources earmarked for the Fund would be sufficient to meet the additional expenditure incurred.

8.30 On the arrangement for the Fund, Secy, CoP said that the Financial Secretary had earmarked \$300 million to set up a Child Development Fund and the Administration had not yet formed definitive views on its detailed operation. A task force under The Commission on Poverty (CoP) had discussed the proposal and the preliminary view was to invite non-governmental organizations (NGOs) to apply for the Fund to organize trial development projects aimed at encouraging children to accumulate social and financial assets for their future. NGOs should also provide basic training and on-going guidance and mentorship to the children

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to achieve the targets in their personal development plans. CoP would forward its detailed recommendations to the Government in May 2007.

8.31 Mr LEUNG Kwok-hung asked whether the Child Development Fund could provide needy children with essential items, such as glasses and sports shoes as these items were not currently covered by the Comprehensive Social Security Assistance (CSSA) Scheme. He also drew the Administration's attention to the financial hardship faced by some parents of children born in Hong Kong but who were not eligible for CSSA Scheme as these parents could not fulfill the seven-year residency requirement. Mr LEUNG asked whether the Fund could provide financial assistance to these families.

8.32 In response, Secy, CoP advised that there were two approaches to tackle inter-generational poverty, namely, providing financial assistance to the family and providing development opportunities for the children. While the CSSA Scheme could provide basic financial assistance to address the family's immediate needs, the objective of the Child Development Fund was to increase the social assets for the children through an asset-building approach by developing their skills or setting up a targeted saving fund for them in the long term.

Income disparity in Hong Kong

8.33 Referring to the paper on the analysis of income disparity in Hong Kong prepared by the Economic Analysis and Business Facilitation Unit, Mr WONG Kwok-hing noted that the number of low-income households had almost doubled from 91 600 in the fourth quarter of 1996 to 172 600 in the fourth quarter of 2006. He was concerned that the income disparity between the rich and the poor in Hong Kong had aggravated.

8.34 The Government Economist (Govt Economist) explained that there were various reasons for the increase in the number of low-income households in the past decade. Low-income elderly households with all members aged 60 or above had increased almost two-fold from 60 400 in 1996 to 111 600 in 2006, while low-income economically inactive households (i.e. those with none of their members joining the labour force) had also increased. Despite the drop in the number of low-income economically active households in the last few years, there was a general increase in the number of such households in the past 10 years.

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Furthermore, one of the major factors affecting household income and its distribution was the on-going change in family structure towards smaller and nuclear families, which had in turn led to a progressive decline in the average household size. The number of working members in each household had also dropped. As household income depended partly on the household size and in particular the number of working household members, a decline in average household size would tend to pose a drag on household income in general.

8.35 Noting the Administration's explanation that the Gini Coefficient currently adopted in Hong Kong had not taken into account most of the income re-distribution effects stemming from in-kind social benefits, such as the "social safety net", public services and the taxation system, Mr WONG Kwok-hing queried why the Administration had not reviewed and devised a Gini Coefficient appropriate for Hong Kong. He considered that in reviewing the subject, the Administration should also study the adverse consequences arising from the planning blunders for four remote districts, viz. North, Islands, Tuen Mun and Yuen Long (the four Districts) where the unemployment problem was most acute and the supporting facilities insufficient.

8.36 In response, Govt Economist advised that while the Gini Coefficient previously released had not taken into account the income re-distribution effect brought about by government policies, the Administration would make use of the population by-census data to conduct a detailed and comprehensive analysis on household income distribution which was expected to be released in mid-2007.

8.37 On the planning for the four Districts, Secy, CoP said that during the early planning stage, it was envisaged that after the residents had moved in, sufficient jobs would be generated in the districts or neighbouring districts. However, after the Asian financial crisis, the scarcity of job opportunities in the four Districts had resulted in an increasing number of unemployed persons in these districts, making it necessary for low-income earners to travel to other districts for work. According to the Administration's information, out of a \$6,000 monthly salary, some \$1,000 were spent on transportation and meals. As such, the Administration had proposed a cross-district transport support scheme under which assistance was available to low-income workers in the four Districts.

8.38 In response to Mr LEUNG Kwok-hung's enquiry about the increase in low-income elderly households, Govt Economist explained that as a result of an ageing population in Hong Kong, there was an increase in the number of elderly

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households and low-income elderly households, the latter accounting for more than 60% of low-income families in Hong Kong (i.e. those with monthly household income of less than \$4,000). In this connection, he pointed out that the purpose of the paper prepared by the Economic Analysis and Business Facilitation Unit was to provide members with an analysis of the income disparity situation in Hong Kong in response to members' request during the budget briefing at the Finance Committee meeting on 1 March 2007, instead of recommending measures to deal with the issues. Relevant departments and bureaux would continue their efforts to address the issues raised in the paper. Mr LEUNG opined that to address the problem of poverty among the elderly, consideration should be given to implementing a universal retirement protection scheme.

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9.1 At the Chairman's invitation, Dr Patrick C P HO, Secretary for Home Affairs (SHA), briefed Members on the major initiatives and expenditure in the Estimates of the Home Affairs Bureau (HAB) for the coming year (Appendix IV-7).

Promoting sports development on all fronts

9.2 On the support to elite athletes, Mr LEE Wing-tat opined that the provision of \$4.91 million for monthly stipends by the Hong Kong Sports Institute Limited (HKSIL) to 203 elite athletes in 2006-2007 was not enough. He was concerned that most of the provision for sports development had been used to meet administrative and staff costs rather than providing support for athletes to meet their needs. In this connection, the Administration should conduct a comprehensive review of the support to elite athletes taking into account views of all the stakeholders concerned, including HKSIL, athletes and their parents.

9.3 The Permanent Secretary for Home Affairs (PSHA) explained that at present, 28 Elite A and 19 Elite B athletes were receiving financial support (including stipends) of up to \$17,500 and \$11,833 per month respectively. The monthly stipends were only a form of assistance to meet their daily needs. Funding for other purposes such as education opportunities, career development as well as athlete training and coaching, were separately provided. Mr LEE Wing-tat however pointed out that those who were not Elite A or B athletes but had the potentials to win medals in international sports competitions were only receiving monthly stipends of about a few thousands dollars which was not sufficient to support their living. PSHA advised that the Chief Executive had announced in his Policy Address 2006-2007 that an additional annual provision of \$40 million from 2007-2008 onwards would be earmarked to enhance the support to elite athletes. Of these, about \$20 million would be allocated to enhance the direct financial support to athletes, including the 284 athletes who were not medalists at international games but were willing to take up sports as a full-time career. To ensure the proper use of the additional resources, the Administration was discussing with HKSIL as to how the existing funding support for elite athletes should be reviewed. The Administration would consult the Panel on Home Affairs (the HA Panel) on the details at its meeting in April 2007.

9.4 Noting that the estimated income generated from donations, sponsorship and commercial activities were expected to sharply decrease in 2007, Mr LEE Wing-tat asked how the Administration could ensure that there was

sufficient funding to support the operation of HKSIL. PSHA explained that the decrease in sponsorship and donation income was mainly due to the cessation of a sponsorship programme in 2007 while the temporary relocation of HKSIL from Sha Tin to the YMCA Wu Kwai Sha Youth Village in Ma On Shan rendered it not possible for HKSIL to continue running its previous range of income-generating activities, such as renting out of car parks and facilities. Nevertheless, the Administration would sort out the funding arrangement with HKSIL. Measures, including deployment of resources from HKSIL's general reserve or additional funding injections, would be considered to offset the loss of income donations, sponsorship and commercial activities.

9.5 To encourage National Sports Associations (NSAs) to form community sports clubs for the organization of sports development programmes at the community level in 2007-2008, Mr Albert CHAN noted that the Government would provide subvention to NSAs to meet part of their administration and personnel expenses. He was concerned about the lack of an accountability system to ensure the effective and proper use of public funds by NSAs.

9.6 The Director of Leisure and Cultural Services (DLCS) advised that all NSAs receiving subvention from the Leisure and Cultural Services Department (LCSD) had to enter into a subvention agreement with the Government. Under the subvention agreement, NSAs were required to exercise proper internal controls to ensure the cost-effectiveness and accountability in the use of the subvention. They were also required to report expenditure position and activity progress to LCSD at quarterly intervals and submit annual audited reports to the Government. The Quality Assurance Section of LCSD would carry out inspections and checks of the funding record to ensure that the terms of the subvention agreement were complied with. The Chairman remarked that the issue could be followed up by the HA Panel.

9.7 Dr Fernando CHEUNG noted that upgrading works would be carried out at venues for the 2009 East Asian Games. He enquired whether provision would also be earmarked for improvement works to cultural and recreational facilities in dilapidated conditions and were not in compliance with the requirements of the Design Manual: Barrier Free Access 1997 (DM97) to facilitate access of people with disabilities (PWD).

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9.8 DLCS replied that as an on-going exercise, the Administration would review the facilities of about 2 000 LCSD venues against the requirements of DM97. Minor improvement works would be carried out by the Architectural Services Department (Arch SD) with its own resources where technically feasible. One recent example was the provision of ramp at the main entrance of Shatin Town Hall to facilitate access by wheelchair users. For large-scale improvement projects, funding approval from Finance Committee (FC) would be sought if required. He assured members that LCSD would endeavour to improve LCSD facilities to meet the needs of PWD. At members' request, the Administration undertook to provide details of the review and the plan for improvement works.

9.9 Given the popularity of soccer in Hong Kong, Mr CHEUNG Man-kwong expressed disappointment that the broadcasting of many major overseas soccer league games, such as the English Premier League and Spanish League etc, were monopolized by paid television broadcasters. This had deprived many soccer lovers, particularly those who could not afford to subscribe the relevant services, of their opportunity to enjoy these games. He asked if the Administration would consider acquiring the broadcasting rights of certain major overseas soccer league games for release in free-to-air television broadcasters on a monthly basis for public enjoyment. He was also concerned about the low viewing rate of local soccer games. To promote soccer in Hong Kong, he suggested that the Administration should consider providing free tickets to students to watch local soccer games. This would encourage them to take part and develop an interest in soccer.

9.10 SHA acknowledged that Hong Kong had once been renowned for its soccer, but this had been faded out despite the availability of venues and training for the youth. He therefore welcomed Mr CHEUNG Man-kwong's suggestions of promoting soccer in Hong Kong. He assured members that the Administration would follow up the matter with the relevant organizations taking into account public views and other considerations such as cost effectiveness.

Funding for the performing arts

9.11 Noting that a new funding mechanism would be set up for performing arts groups, Dr Fernando CHEUNG emphasized the need to ensure that the mechanism was open and fair, particularly to those small and medium size performing arts groups. Hence, consultation with all stakeholders concerned would be necessary.

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9.12 The Deputy Secretary for Home Affairs (3) responded that following the recommendation of the Committee on Performing Arts to unify funding arrangements for major performing arts groups and to implement a common set of assessment criteria, the funding responsibility for the 10 major performing arts groups would be transferred to HAB with effect from 1 April 2007. A Funding Committee had been set up to advise on the development of a new funding and assessment system on the basis of artistic excellence, community impact and good governance in addition to quantifiable output. HAB would consult the sector to seek their views on the funding mechanism. The HA Panel would be informed of the outcome in due course.

Built heritage conservation policy review

9.13 Dr KWOK Ka-ki expressed dissatisfaction at the lack of progress of the built heritage conservation policy since the last consultation in 2004. He enquired about the additional expenditure involved in the formulation of the policy to conserve and re-use built heritage, including the establishment of a heritage trust fund, enhancement of public participation and co-ordination among government departments, as stated in paragraph 17 of SHA's speaking notes.

9.14 SHA advised that the Administration was in the process of consolidating the views and ideas from the public and the 18 District Councils (DCs) on built heritage conservation covering a wide range of issues, including those raised by Dr Kwok Ka-ki. Subject to the results of this round of public engagement exercise, the Administration would be able to announce the concrete policy proposals and measures on built heritage conservation in the latter half of 2007. Until then, no additional resources would be provided and the estimates for heritage and museums in 2007-2008 would be more or less the same as 2006-2007. Additional funding from FC would be sought for the implementation of new proposals and measures as and when required.

9.15 Dr Fernando CHEUNG enquired about the complexity involved in formulating the built heritage conservation policy. SHA explained that built heritage referred not only to the preservation of the physical structures but also their underlying heritage values. The difficult part in built heritage conservation, particularly in respect of privately owned structures, was how to encourage owners to preserve rather than demolishing the structures. There were also other complicated issues, such as land use and planning, which had to be resolved either through inter-departmental collaborations or escalation to a high level if necessary.

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9.16 Noting that the concrete policy proposals and measures on conservation would not be announced until the latter half of 2007, Miss CHAN Yuen-han expressed concern that some built heritage sites, such as Fa Yuen Street (also known as Sports Shoe Street) and Nga Tsin Wai Village, might have been demolished during the interim. She asked if the built heritage conservation policy to be made was also applicable to the Urban Renewal Authority (URA). If so, consideration should be given to withholding the two projects referred to until the announcement of the built heritage conservation policy to ensure compliance. She also considered it necessary for the Administration to discuss with URA about the direction of urban renewal with emphasis on preservation of buildings with heritage importance with reference to the practices in the Mainland. Her views were shared by Miss CHOY So-yuk who pointed out that the Nga Tsin Wai Village was a collective memory of the community which should be preserved.

9.17 In reply, SHA assured members that the Administration would endeavour to conserve heritage buildings under the existing legislation as far as practicable. As regards URA, SHA said that one of its main responsibilities was to preserve heritage buildings. In light of public concern over the two redevelopment projects referred to in the preceding paragraph, the Administration had discussed with URA and agreed that in future, URA would consult the Antiquities and Monuments Office (AMO) on projects involving sites with heritage value prior to the announcement. During the interim period, redevelopment projects would be dealt with on a case-by-case basis pending the announcement of the built heritage conservation policy.

9.18 Prof Patrick LAU opined that the target of declaring only one preserved building/structure as monument in 2007-2008 was far below expectation. He enquired about the timetable within which the assessment process for 1 440 heritage buildings constructed before 1950 was expected to be completed, and whether the Administration would expedite the process with a view to increasing the number of heritage buildings/structures to be preserved.

9.19 SHA advised that at present, there were 82 declared monuments in Hong Kong, of which more than 60 were heritage buildings. It was hoped that after the implementation of the built heritage conservation policy, more buildings/structures could be declared as monuments. Apart from declaring monuments, different measures would also be taken as appropriate to preserve buildings with high heritage value. DLCS added that the Administration had to

obtain the consent of the owner of the building/structure concerned before it could be announced as monument and included in the Estimates as an expenditure item under which resources would be earmarked for renovating or maintaining the historical building. In 2007-2008, the Administration planned to declare Chik Kwai Study Hall at Pat Heung as a monument with the consent of the owner concerned. As regards the assessment on the heritage value of 1 440 buildings constructed before 1950, DLCS said that a definite time frame was not available as the expert panel appointed by the Antiquities Advisory Board (AAB) was still carrying out its work. Nevertheless, the Administration would discuss with the expert panel and AAB on the possibility of expediting the process and related work.

9.20 Miss CHOY So-yuk sought information on the expenditure incurred from restoring or maintaining historical buildings/structures. She also asked if the Administration would restore or maintain the sites at which the buildings/structures were located. DLCS advised that AMO had drawn up an annual maintenance programme for declared monuments which were open to the public. In 2007-2008, the plan was to restore/maintain 60 historical buildings/structures and the estimated expenditure was about \$20 million. The Deputy Director of Leisure and Cultural Services (Culture) added that depending on the ownership, the restoration or maintenance of declared monuments and graded historical buildings were undertaken by various parties, including AMO, Arch SD, user government departments and/or private owners. It was expected that more resources would be earmarked for restoration or maintenance of historical buildings/structures upon the completion of assessment of the heritage value of 1 440 buildings by the expert panel.

Building management

9.21 As members of owners' corporations (OCs) were not professionals, Mr Albert HO pointed out that they required assistance and professional advice from the Government on building management matters, such as tendering procedures and building maintenance. Therefore, he was disappointed at the closure of the four Building Management Resource Centres (BMRCs), which provided one-stop building management services to the public. He asked how OCs could obtain similar services through the existing channel.

9.22 PSHA responded that the Administration attached great importance to building management. However, as the Hong Kong Housing Society had

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started to operate eight Property Management Advisory Centres (PMACs) across the territory to provide a one-stop building management and maintenance service to the public, the Administration had decided to close down BMRCs in December 2006 to avoid duplication of efforts on the one hand and better utilize public resources on the other. Notwithstanding, the Home Affairs Department had set up District Building Management Liaison Teams (DBMLTs) in the 18 districts to collaborate with PMACs to provide outreaching service to OCs on building management matters. The Director of Home Affairs (DHA) added that DBMLTs would refer cases to PMACs where OCs could meet with representatives of professional bodies for free expert advice, such as legal advice.

9.23 Miss CHOY So-yuk enquired about the progress of the study on regulation of property management companies. DHA advised that the study would be conducted by phases with the first phase focusing on the local property management industry and the regulatory regime for other comparable industries/professions, as well as overseas practices in regulating property management companies. The study was expected to be completed in June 2007. Based on the results of the first phase study, the Administration would engage a consultant to conduct the second phase of the study to assess the need for a regulatory scheme for property management companies and how it would be established if necessary.

Provision of community facilities

9.24 Referring to LC Paper No. FC48/06-07(03), Mr LEE Cheuk-yan noted with grave concern about the delay in implementing projects of the two former Municipal Councils (ex-MC). By way of illustration, four of the 25 priority projects could only start as late as 2009. Some of the 21 leisure and cultural services (LCS) projects to proceed further with planning works were scheduled to start in 2008 and 2009 because the site utilization and pilot ratio issues of these projects had yet to be resolved. There was also lack of progress of the 55 ex-MC/LCS projects under further review. As all these projects had the support of the community, he strongly urged the Administration to take forward these projects without further delay. This would not only meet public aspiration but also create employment opportunities. His views were shared by Miss CHAN Yuen-han.

9.25 DLCS responded that to expedite the implementation of these ex-MC/LCS projects, a high-level steering committee co-chaired by the

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Permanent Secretary for Home Affairs and the Permanent Secretary for the Environment, Transport and Works (Works) had been set up to monitor the progress of these projects and to resolve problems expeditiously. As a result, complicated issues, such as plot ratios, could now be resolved within one month. At the meeting of the Subcommittee to Follow Up the Outstanding Leisure and Cultural Services Projects of the Former Municipal Councils held last year, members were informed that works for some of LCS projects had been further advanced. The Administration also undertook to provide regular reports to the Subcommittee on the progress in implementing ex-MC/LCS projects. At present, two out of the 25 priority projects had already commenced works while the planning works for the rest of them was still underway. The Administration would conduct an annual review of the 55 LCS projects with respective DCs to examine their priorities taking into account the capital and recurrent to be incurred as well as the utilization rate. While agreeing that there was room for improvement in taking forward LCS projects, PSHA stressed the need for consultation which would take time. She assured members that the Administration would endeavour to expedite the implementation of these projects and complicated issues, such as plot ratios and infrastructural facilities, would be escalated to the Permanent Secretary level or even the Chief Secretary for Administration for consideration.

9.26 Mr SIN Chung-kai enquired about the major obstacle impeding the implementation of ex-MC/LCS projects. PSHA said that different projects had different problems, and she gave optimal plot ratio as one of those. As the Government was required to optimize the plot ratio of the site, consultation with relevant departments on the provision of different facilities within the site would have to be carried out which would take time. Subsequent changes to the original project design by DCs concerned would also hinder the expeditious implementation of LCS projects. With the lapse of time, the Administration would need to re-examine and prioritize LCS projects in light of the present-day requirements and the changes in demands from residents. In this connection, the Administration had prioritized the implementation of some LCS projects taking into account the needs of the local community. This included the provision of 5-a-side and 7-a-side soccer pitches in Tung Chung and a performing venue at Kowloon East.

9.27 On the 25 priority projects, Mr SIN Chung-kai opined that the construction of an Annex Building for the Ko Shan Theatre should be expedited as this would be welcomed by the local community. DLCS explained that in view

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of the pressing need of the Cantonese Opera Association, the Administration was conducting a review of the feasibility of incorporating a new performance venue in the Annex Building taking into account the needs of other arts groups before making a final decision.

9.28 Noting that the Tsuen Wan District Council had repeatedly requested for the early implementation of "Ecological Park at Tso Kung Tam Valley" under the list of the priority projects, Mr WONG Kwok-hing considered the schedule for commencement of works in mid 2010 for completion in mid 2013 not acceptable, bearing in mind that the project would not involve large-scale construction works. He also said that ecological preservation should not be used as an excuse for delaying the project. DLCS advised that unlike many other LCS projects which involved civil engineering works, the Ecological Park aimed to conserve the existing natural environment while providing recreation facilities for public enjoyment. Owing to the lead time required for planning and implementing ecological preservation measures and works, the Administration was not able to advance the implementation timetable of the project.

9.29 In response to Mr SIN's question regarding the progress of "Quarry Bay Park Phase II (Stages 2 & 3)" and "Indoor Recreation Centre cum Library Area 14B, Shatin" under the 21 LCS projects to proceed further with planning works, DLCS said that early stage planning were being arranged for these projects, and that efforts would be made to expedite the process as soon as practicable in accordance with the established procedures. On Mr WONG Kwok-hing's enquiry on implementation timetable for the "Sports Centre between Tsuen Wan Park and Tsuen Wan Road", DLCS explained that as the proposed Sports Centre was included in the Comprehensive Development Area of the Kowloon-Canton Railway Corporation (KCRC)'s development site, the Administration had to liaise with KCRC on the exact location of the proposed Sports Centre. An implementation programme would be drawn up once a consensus on the issue had been reached.

Public education on gambling related problems

9.30 Dr Fernando CHEUNG expressed concern that the problem of pathological gambling was deteriorating. Given that the Administration had commissioned the University of Hong Kong to conduct a study of Hong Kong people's participation in gambling activities and attitude towards gambling as well as the prevalence of pathological gambling in Hong Kong, he sought information

on the findings of the study and enquired whether additional resources would be provided to enhance public education on gambling-related issues, including publicity against excessive gambling.

9.31 PSHA advised that the findings of the 2005 survey, which was a follow-up survey of an identical study conducted in 2001, showed that the overall participation in gambling activities remained stable between 2001 and 2005, and that the overall number of pathological gamblers had even dropped in recent years. In order to live up to its promise made during the scrutiny of the Betting Duty (Amendment) Bill 2003, the Administration would continue to launch public education programmes to alert public against excessive gambling and remind them not to take part in any illegal gambling activities. These programmes included the launching of the "Watching soccer but no betting" campaign which had already been commissioned during the World Cup 2006. The Administration had yet to firm up details of the programmes, of which the cost of a few millions would be financed from the Ping Wo Fund. It would also continue to implement measures to address gambling-related problems, including prevention, counselling and treatment as well as other remedial services for problem and pathological gamblers. In fact, she had met with representatives of the "Hong Kong Gambling Watch" last week to gauge their views on enhanced measures to address such problems. The estimated expenditure in 2007-2008 for commissioning the non-governmental organizations in operating a total of four pilot counselling and treatment centres for pathological gamblers was around \$10 million, as compared with \$7 million spent on the services of two such centres in 2006-2007. She assured members that there would not be any financial constraints on tackling gambling-related problems in Hong Kong since the Hong Kong Jockey Club would continue to make contributions to the Fund.

Provision of columbarium facilities

9.32 Given the shortage of burial grounds and niches, Mr Albert HO noted that some private premises had been used for the purpose of columbaria. To meet the increasing demand, the Administration should formulate a policy on burial in the long run as well as allocate more land and resources for columbarium in the longer term. He further enquired about the progress of the development of columbarium facilities by the Board of Management of the Chinese Permanent Cemeteries (BMCPC). As the policy area on burial fell under the purview of the Health, Welfare and Food Bureau, the Chairman invited Mr HO to raise this question at Session 15 – Food and Environmental Hygiene.

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9.33 PSHA said that at present, columbarium facilities were provided by Government, the private sector and BMCPC which was a non-profit making organization. With the assistance of HAB, BMCPC was liaising with relevant bureaux/departments to identify suitable sites for developing new columbarium facilities. She however stressed that BMCPC was not able to meet the full demand for columbarium facilities which had to be made up for by the private sector according to free market principles. As regards the financial position of BMCPC, PSHA advised that it was in a very sound financial position. Apart from meeting the expenditure arising from the operation and maintenance of cemeteries, such as the construction of footpath linking the Junk Bay Chinese Permanent Cemetery with Tseung Kwan O and columbaria, it also sponsored community organizations in carrying out youth programmes and civic education activities.

Subvention to non-government organizations

9.34 Miss TAM Heung-man expressed concern about the lack of internal auditing system to ensure the proper and effective use of public funding by the Equal Opportunities Commission (EOC) and the Privacy Commissioner's Office (PCO). By way of illustration, PCO, with an establishment of 53 staff, had taken only one case to court. It was also reported that EOC planned to increase staff emoluments in view of the improved financial situation. She enquired if there was any mechanism through which the Administration could monitor the expenditure of these two statutory bodies.

9.35 In response, PSHA stressed that the number of cases taken to court was only one of the service indicators which could not fully reflect the performance of PCO without taking into account other factors, such as the number of cases resolved through conciliation services and legal assistance etc. The Administration was also aware of EOC's internal deliberation on staff salary increment which was in line with that of the civil service pay practice. According to the agreement between the Government and the two statutory bodies, both of them had discretion in using the funding allocated to them, but any reserve exceeding the prescribed ceiling had to be returned to the Government at the end of the financial year. PSHA further advised that the Director of Audit had been empowered under the Personal Data (Privacy) Ordinance (Cap. 486) and Sex Discrimination Ordinance (Cap. 480) to conduct an examination into the economy, efficiency and effectiveness with which PCO and EOC had expended their resources in performing their respective functions and exercising their powers.

In fact, the Audit Commission had carried out value for money audit on EOC. The Administration considered that a sound audit mechanism had already been put in place. Besides, it was the responsibility of the two statutory bodies to keep their internal management on the utilization of resources under review.

Employment situation of non-civil service contract staff and outsourced services of the Leisure and Cultural Services Department

9.36 Noting that some of the existing Non-Civil Service Contract (NCSC) posts and temporary posts of LCSD would be converted to permanent posts in 2007-2008, Mr WONG Kwok-hing said that the incumbent employees were worried that they would not be reappointed to the permanent posts after conversion since the majority of these posts would be filled through open recruitment. He enquired if consideration would be given to introducing a weighting system to take into account the years of service of these serving staff so that they could be accorded priority for appointment to the permanent posts in the open recruitment exercise. His views were shared by Miss CHAN Yuen-han.

9.37 DLCS advised that there were about 2 000 NCSC staff employed in LCSD as at 31 March 2006. The special review conducted jointly with the Civil Service Bureau in 2006 established that the duties of 803 NCSC staff in LCSD should more appropriately be performed by civil servants. Among the net creation of 493 permanent posts in 2007-2008, some 400 posts would be created to replace NCSC positions and serving NCSC staff would be notified of the open recruitment exercise. The performance appraisal reports of qualified staff who were interested in applying for the posts would be forwarded to the recruitment board for consideration. Rather than years of service, candidates' working knowledge and experience relevant to the post being applied for were some of the factors which would be considered among their overall merits in the selection process.

9.38 Noting that the outsourced services of LCSD were provided by 51 contractors as at the end of 2006, Mr WONG Kwok-hing sought information on the employment opportunities which had been created by outsourced services for those at the grassroot level. DLCS advised that the major types of outsourced services which relied heavily on the deployment of non-skilled workers included cleansing, security, horticultural maintenance and sports centre management. As at December 2006, the number of workers employed was about 7 300 and the amount of provision allocated for the outsourcing of service contracts for 2007-2008 was \$570 million.

Corporate citizenship

9.39 Miss CHOY So-yuk sought information on the details of and implementation timetable for the establishment of a charter for corporate citizenship. The Deputy Secretary for Home Affairs (1) advised that the Administration would work closely with the Committee on the Promotion of Civic Education in organizing a seminar in the latter half of 2007 to promote the concept of corporate citizenship which aimed at encouraging the employers of business enterprises to work jointly with their employees to fulfill their civic responsibility.

9.40 Dr Fernando CHEUNG enquired about the United Nations on Hong Kong's Second Report under the Convention on the Elimination of All Forms of Discrimination against Women. The Chairman advised that measures to curb violence against women should be raised at Session 16 – Welfare and Women.

Chapter X : Constitutional Affairs

10.1 At the Chairman's invitation, Mr Stephen LAM, Secretary for Constitutional Affairs (SCA), briefed members on the financial estimates of the Constitutional Affairs Bureau (CAB) and the Registration and Electoral Office in 2007-2008, as well as the work priorities in the coming year (Appendix IV-8).

Constitutional development

Promoting discussion on the roadmap for universal suffrage

10.2 Mr LEE Wing-tat noted that the Chief Executive (CE) had pledged in his election platform to provide an ultimate resolution to the issue of universal suffrage for selecting CE and forming the Legislative Council (LegCo) within his next five-year term should he be re-elected. CE had even indicated that he would not rule out the possibility of attaining universal suffrage by 2012. However, just two days earlier, CE advocated that universal suffrage could not be achieved unless there was a compromise among the pan-democrats. Mr LEE was very concerned that CE's recent remarks were not consistent with his earlier pledges. He sought confirmation from SCA on the Government's position with regard to the implementation of universal suffrage. Noting that the Administration would summarize the discussion of the Commission on Strategic Development (CSD) on the roadmap and models for implementing universal suffrage, and publish a report for public consultation by mid-2007, Mr LEE sought further information on the details of the public consultation and the level of resources earmarked for the purpose.

10.3 In response, SCA advised that since November 2005, CSD had been promoting discussion for implementing universal suffrage by inviting various political parties and different sectors to express views on the subject. CSD would meet again in April and the Government would publish by mid-2007 a report summarizing CSD's discussion on the roadmap and models proposed by political parties and different organizations and individuals for public consultation. On the budget for carrying out the public consultation exercise, SCA said that drawing on the experience of conducting public consultations for the Fourth and Fifth reports of the Constitutional Development Task Force, a preliminary budget of \$1.5 million was set aside for the public consultation on possible models for implementing universal suffrage. If necessary, the budget could be adjusted by redeploying resources within CAB's own allocation.

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10.4 Mr LEE Wing-tat expressed grave concern about the low level of resources earmarked for the probably most important public consultation on constitution development of Hong Kong since reunification. To promote extensive and thorough discussion among the public and different sectors of the community, the Administration should organize a series of discussion forums and exhibitions and not just publishing and distributing the discussion document. His suggestion would require more financial commitment than the current \$1.5 million provision.

10.5 In this connection, the Chairman also remarked that the Administration should not model on the consultation exercises for the Fourth and Fifth reports of the Constitutional Development Task Force in conducting the present consultation. She also requested the Administration to provide a breakdown of the \$1.5 million reserved for conducting the public consultation.

10.6 SCA stressed that the estimated provision of \$1.5 million covered only expenditure directly related to the public consultation exercise such as publication, venue hiring, postage etc, which had not covered the provision for staff. The Government attached great importance to the public consultation on universal suffrage, and during that period, resources would be so deployed as to ensure that good communication would be maintained with various political parties, district personalities and industrial groups to gauge their views on universal suffrage. SCA recapped that if the public consultation exercise needed to involve expenditure items beyond those envisaged, CAB was prepared to redeploy resources within its own allocation.

10.7 In this connection, Ms Audrey EU enquired about the additional level of resources that could be allocated for the public consultation. Highlighting that the consultations on the Fourth and Fifth reports of the Constitutional Development Task Force included only one model and were limited to groups of people selected by the Administration, Ms EU urged the Administration to conduct a bona fide public consultation, such as by way of a referendum. She was also concerned about the number of rounds of consultation to be conducted, the number of models to be proposed for each consultation, and the duration of the entire exercise. She further asked whether the Administration would consider commissioning independent experts to collect public opinion and conduct analysis.

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10.8 SCA emphasized that the \$1.5 million earmarked for the exercise represented a prudent approach to budgeting. If necessary, CAB would redeploy resources within its allocation of \$123.3 million for 2007-2008. On the details of the public consultation, SCA advised that it would be subject to the outcome of discussions of CSD. Nevertheless, SCA said that the public would be provided with various options in the consultation document. Yet, the number of options would depend on the number of proposals received. SCA further advised that amendments to Annexes I and II to the Basic Law (which stipulated the specific methods for selecting CE and forming LegCo respectively) required support by at least a two-thirds majority of all LegCo Members. The Basic Law had not provided for any referendum arrangement. On opinion surveys conducted to reflect public response to the consultation on universal suffrage, SCA believed that they would be extensively carried out by different political parties, academic institutes, research organizations and community bodies.

10.9 Echoing members' views, Mr Ronny TONG was also concerned whether CE would, having regard to the positive effect of the recent two election debates, revise the consultation arrangement as depicted in paragraphs 4 and 5 of the opening statement by SCA to enable the Administration to play a more proactive role in implementing universal suffrage.

10.10 Highlighting that politics was an art of compromise, SCA said that the Government had adjusted its stance in 2005 when proposing amendments to the methods of selecting CE in 2007 and forming LegCo in 2008. In taking one step forward towards the ultimate aim of universal suffrage, the Administration had then proposed to increase the democratic representation in the method of selecting CE by enhancing the level of participation of District Council (DC) members in the Election Committee. The Administration had also undertaken to gradually abolish all appointed DC seats by 2016 the latest. He believed that many Members had accepted the compromise and supported the Government's motion. However, the proposal had failed to secure the endorsement of a two-thirds majority of LegCo Members. Nevertheless, SCA stressed that the Administration's present aim was to reach a consensus on the implementation of universal suffrage by facilitating public discussion on the subject in focus and to further narrow differences.

10.11 Mr Albert HO considered that the level of financial provision allocated for the public consultation reflected the Government's commitment to the implementation of universal suffrage. He was concerned that in addition to

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conducting a comprehensive and objective consultation with a high level of public participation, resources should also be reserved in collecting views for the preparation of the consultation document. Recalling that the public opinion survey on "Direct Election" in 1988 had attracted much criticism, Mr HO considered that even if it did not have a legally binding effect, a referendum was the best way to gauge public opinion on the electoral methods for CE and LegCo. He enquired whether the Panel on Constitutional Affairs (CA) could have sight of the consultation document before it was published.

10.12 SCA remarked that since 1988, Hong Kong had been making progress towards the ultimate aim of universal suffrage in a gradual and orderly manner. With some of its seats returned by geographical constituencies through direct election since 1991, half of all 60 seats in LegCo were now constituted by direct election. SCA highlighted the transparency of CSD by providing all its papers to the Panel on CA and on its website. In fact, the Administration would brief the Panel on CA in the following week on possible models for selecting CE and forming LegCo by universal suffrage. He undertook to cover all proposals received from political parties, different organizations and individuals in the consultation document. The Administration would consult the public widely and listen to the views of Members, individuals from different sectors and social strata as well as district personalities with a view to encouraging the formation of a set of mainstream views within the community. Models built on such mainstream views would stand a reasonable chance of securing a two-thirds majority in LegCo. SCA considered that a referendum was inconsistent with the established procedures and the Basic Law, to which the Administration had to adhere to. In this connection, Mr Albert HO stressed that he was not seeking to provide a constitutional referendum but to gauge public views under a "one person one vote" system.

10.13 Referring to Government's concept of governance of "always people first", Mr Martin LEE considered that the Administration should ascertain by way of a referendum whether the community favored universal suffrage.

10.14 SCA stressed that to attain universal suffrage, the community must achieve consensus on the specific model for its implementation. In reply to Mr Martin LEE's further question, SCA understood that the idea of endorsing universal suffrage by referendum had been included in the second draft of Basic Law, which however was subsequently superseded by the requirement of a two-thirds majority in LegCo. On the consultation timetable, SCA explained

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that CE had undertaken to publish a consultation paper on constitutional development in mid-2007.

10.15 Recalling that when discussing the issue of direct election for LegCo in 1987 and 1988, "57 people proposal" and "89 people proposal" to enhance democracy had already been raised, Mr Martin LEE was disappointed to note that 20 years later, the Government was still in the process of coming up with a mainstream view for implementing universal suffrage. It was indeed retrogression in the political development of Hong Kong. He was concerned whether the Administration would present major types of options in the discussion document for consultation or it would first secure the support of a two-thirds majority in LegCo before taking forward the work to the next phase.

10.16 SCA advised that the Administration had received many views on the possible models for universal suffrage. For example, the Democratic Party had once recommended that the Nominating Committee for selecting CE by universal suffrage should be formed by Members of LegCo. Other proposals suggested that the Nominating Committee should comprise 1 200, 1 600 or over 3 000 members.

10.17 On the format of public consultation, Mr Frederick FUNG enquired whether the Administration would conduct more than one round of public consultation and eliminate some of the proposed options in each round. He considered it more objective and reliable to invite more than one external parties with credibility, such as academic or research institutes, to conduct public opinion surveys and compare the outcomes before finalizing the models to be adopted. As he understood, the cost involved in commissioning public opinion survey was quite high and hence, \$1.5 million might not be sufficient.

10.18 SCA advised that the Government was open to the format of the public consultation. It would set out in the consultation document different views put forth by CSD and the community on the options, roadmap and timetable for implementing universal suffrage with a view to facilitating focused public discussion on the subject. At this stage, the Government had not decided whether to conduct public opinion surveys. Nevertheless, according to previous experience, extensive surveys could already be carried out with a budget of some hundreds of thousands.

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Mainland Affairs

Beijing Office

10.19 Members noted that during 2006-2007, the Beijing Office (BJO) had organized "Hong Kong – Asia's World City Roving Exhibition" in nine municipalities of four provinces/regions to highlight the latest development of Hong Kong and co-operated with the China National Radio's "Voice of Huaxia" channel in producing the "Beijing-Hong Kong Through Train" and the "Tuning in for Hong Kong" programmes, which were broadcast weekly in both Southern and Northern China. Mr Howard YOUNG was concerned that in addition to promoting Hong Kong's trade and investment, whether BJO had co-operated with the Hong Kong Tourism Board (HKTB) in promoting Hong Kong's tourism, and if so, whether the related expenses were incurred from HKTB's account.

10.20 The Director, Beijing Office advised that all along, BJO had co-operated with relevant organizations, such as HKTB and Hong Kong Trade Development Council, to promote the special characteristics of Hong Kong. He confirmed that the radio programme and other activities included the tourism aspect. However, BJO had not required HKTB to share the relevant expenses.

Guangdong Economic and Trade Office (GDETO)

10.21 Members noted that resources in the original estimate for 2006-2007 had been earmarked for the non-recurrent setting up and office rental costs of the new Immigration Division in the Guangdong Economic and Trade Office (GDETO) in April 2006. Since no suitable office premises in the vicinity of the existing office were available then, the Immigration Division had been temporarily accommodated in the existing office of GDETO through minor alteration works. Mr Howard YOUNG was concerned whether this was just a temporary arrangement and the non-recurrent provision of some \$3 million would still be required for the office accommodation of the Immigration Division.

10.22 The Director, Hong Kong Economic and Trade Affairs, Guangdong explained that in order to enable the Immigration Division to commence operation and provide direct assistance to Hong Kong residents in distress as soon as possible, the Division had been temporarily accommodated in the existing office of GDETO since April 2006. He said that GDETO had recently identified a

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suitable office and was in the process of negotiating with the property owner on office rental. Subject to the outcome, GDETO would put up the relevant financial proposal for consideration by CAB.

Basic Law Promotion

10.23 Members noted that the provisions for the Basic Law Promotion had increased from \$3 million in 2004-2005 to \$8 million in 2007-2008, and that the Administration had commissioned non-governmental organizations to conduct a series of Basic Law promotion events in 2007-2008. Ms Audrey EU was concerned whether the scope of promotion would cover Articles 45 and 68. She also enquired about the criteria in selecting the non-governmental organization.

10.24 The Permanent Secretary for Constitutional Affairs (PSCA) supplemented that the major activities organized to promote the Basic Law included TV documentary, radio game shows and roving shows. Apart from promoting the Basic Law among the general community, the Administration had also taken a focused approach and targeted its promotional efforts at the younger generation. Among some six organizations came into contact with the Administration, the Hong Kong National Education Centre had indicated interest and prepared a detailed proposal on the promotion of the Basic Law. So far, it had organized students from more than 100 schools to visit its centre to receive national education.

Taiwan-related matters

10.25 Mr CHEUNG Man-kwong considered that handling Taiwan-related matters was one of CAB's main responsibilities but its effectiveness was far below public expectation. As CAB had handled Taiwan-related work under the framework of the "One China" policy, it should play a more proactive role. Instead of just co-ordinating and liaising with Taiwan organizations in the Hong Kong Special Administrative Region, the Administration should consider establishing an ETO in Taipei. Similar to ETOs set up in many major cities in the Mainland, the Taipei ETO could help strengthen Hong Kong's position as Taiwan's trading partner and encourage further exchanges at the academic, cultural and political levels. Further consideration should also be given to holding "Hong Kong Festival" annually in Taiwan with a view to promoting Hong Kong regularly.

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10.26 SCA highlighted that CAB had been positive and proactive in engaging the political sector in Taiwan. It had received delegations from the Taipei municipal government as well as legislators from both the pan-Blue and pan-Green camps. CAB had also strengthened liaison and relations with the Taiwanese business sector, trade associations, fraternity associations, journalists, youth and student groups, as well as other Taiwan organizations in Hong Kong. Moreover, Government officials had also visited Taiwan exchanging views with Taiwan organizations on specific matters, such as measures addressing the problem of family violence and taxation policy. SCA said that in the long run and subject to the developments on the cross-strait relationships, consideration might be given to setting up an ETO in Taiwan.

10.27 Mr Albert CHAN requested to put on record his grave concern about the Administration's reserved attitude in co-ordinating liaison with Taiwan. He noted that Mainland organizations of different levels had maintained a friendly relationship with their Taiwan counterparts but officials in Hong Kong in general had refrained from coming into contact with Taiwan people. Some Taiwan officials even encountered difficulties in obtaining entry visas to Hong Kong.

10.28 SCA did not subscribe to Mr CHAN's view. He said that CAB had strengthened the liaison and relations with Taiwan organizations in Hong Kong and provided briefings to relevant Taiwan visitors to Hong Kong. These activities had helped to promote ties and exchanges between Hong Kong and Taiwan.

Chapter XI : Education and Manpower

11.1 At the invitation of the Chairman, Professor Arthur LI, Secretary for Education and Manpower (SEM), briefed members on the Government's expenditure on the policy areas of education and manpower in the coming financial year (Appendix IV-9).

Education

11.2 Miss Audrey EU noted with concern that the public was not satisfied with the education in Hong Kong despite that enormous resources had been earmarked to raise the standard of education. In response, SEM said that as far as the standard of education was concerned, there was always room for improvement. He assured members that the Administration would strive to improve the quality of education.

Pre-primary education

11.3 Mr Tommy CHEUNG noted that according to the Chief Executive's Policy Address 2006-2007, all kindergarten teachers would have to obtain a Diploma in Early Childhood Education within five years. He was concerned whether the objective could be achieved. He also asked if the Administration would cease subsidizing teachers serving in private independent kindergarten to take courses after the introduction of the Pre-primary Education Voucher Scheme (PEVS) in the 2007-2008 school year.

11.4 In response, SEM said that about 25% of kindergarten teachers had already obtained the diploma while another 25% were currently receiving training. It was envisaged that the remaining 50% of kindergarten teachers would obtain the required qualifications within the next three years as scheduled. The Permanent Secretary for Education and Manpower (PSEM) supplemented that financial support would be provided as an incentive for professional upgrading of all pre-primary teachers. In particular, until the end of the 2011-2012 school year, teachers serving in private independent kindergartens or non-profit-making kindergartens not participating in the PEVS were eligible for reimbursement of up to 50% of the fees for one approved earlychildhood education course, subject to a cap at \$60,000.

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Primary and secondary education

11.5 Noting that the revised estimates for primary and secondary education in 2006-2007 had been reduced by \$400 million and \$700 million respectively when compared with the original estimates, Ms Audrey EU questioned the rationale behind the substantial reduction given that the estimated savings from the reduction in the number of operating classes or closure in primary and secondary schools only amounted to \$235 million and \$24 million respectively.

11.6 PSEM explained that in preparing the estimates, provisions for primary and secondary education were made with reference to certain assumptions. The revised estimates were lower primarily because schools were spending less than estimated. For instance, some schools did not fill all teaching vacancies or senior teaching posts, and some schools did not claim all the grants eligible to them and included in the estimates.

11.7 Mr CHEUNG Man-kwong noted that since the implementation of the policy on consolidation of under-utilized primary schools in the 2003-2004 school year, 39 primary schools without Primary One had ceased operation during the 2003-2004 to 2006-2007 school years, while another 15 would cease operation in the 2007-2008 school year. Of these, 28 school premises had been or would be returned to the Government for disposal. Given the significant construction costs of schools, the closure of these 54 schools would result in huge wastage of public resources, particularly when 41 of them had undergone improvement works under the School Improvement Programme during the 2003-2004 to 2006-2007 school years. He therefore considered it necessary for the Administration to conduct a comprehensive review to rationalize the provision of the primary and secondary education taking into account the decline in student population with a view to ensuring the effective use of public resources.

11.8 Expressing similar concern, Dr Fernando CHEUNG said that in reviewing the policy on school consolidation, the Administration had to take into account the 2 394 and 586 students from the Mainland newly admitted to Primary 1 and Secondary 1 of aided schools respectively in 2005-2006, to ensure that adequate school places were made available.

11.9 In response, SEM said that the building of schools and supply of school places were based on projections of student populations which in turn were

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premised on assumptions on birth rates and new arrivals. Any significant discrepancy between these assumptions and the actual situation might distort the projections. By way of illustration, one or both of the parents of about one-third of the some 60 000 babies born in Hong Kong in 2006 were not Hong Kong residents. The question of whether these babies would stay in Hong Kong to receive education would have significant implications on the projected demand for school places.

11.10 Given the substantial fiscal surplus in 2006-2007, Mr WONG Kwok-hing opined that additional resources should be earmarked for the implementation of small class teaching (SCT). This would enhance the quality of education on the one hand and avoid closure of schools on the other. His views were shared by Mr CHEUNG Man-kwong.

11.11 In reply, SEM stressed that SCT should aim to enhance the quality of education rather than keeping schools from being closed down regardless of their performance. As overseas research studies had shown that SCT had more significant effects on students with weak family support, the Administration had introduced a SCT Scheme in over 40 primary schools with a high concentration of disadvantaged students. To identify the teaching strategies and support requirements for maximizing the benefits of SCT, the Administration had launched a longitudinal study on SCT (the Study) in 37 primary schools. The final report of the Study covering the pedagogies and strategies for implementation of SCT in the local context would be completed by the end of 2008. In response to Mr LEE Cheuk-yan's enquiry on the timeframe for implementing SCT, SEM said that it was necessary for the Administration to work out the funding requirements, including the cost of training for teachers, taking into account the findings of the Study. Given the significant and long-term financial implications of SCT, it had to be taken forward on a gradual basis.

11.12 Referring to the remarks made by the incumbent Chief Executive (CE) at a forum of the CE election that the cost for implementing SCT in secondary schools would be around \$6.7 billion, Mr LEE Wing-tat pointed out members were never made aware of the figure before. He queried if such information was deliberately provided to the incumbent CE for the election and if so, it would contravene the restriction that government officials should not use public resources for any election-related activities.

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11.13 SEM clarified that the figure was not new on the part of the Administration as it had to work out the full cost implications arising from the implementation of SCT in both primary and secondary schools. Members had never asked about the figure because their main focus was on the implementation of SCT in primary schools. He added that as a Principal Official, he was under a duty to discuss with CE from time to time policies and initiatives under his purview. As such, the question of whether the Administration had provided the information to the incumbent CE for his election should not arise.

11.14 Ms Audrey EU recalled that she had moved a motion in December 2004 urging the Government to progressively implement SCT in primary schools and then in secondary schools. Therefore, the Administration should be well aware of members' position that SCT should be implemented in both primary and secondary schools. If the Administration had worked out the figure, it should have disclosed the information at the Council meeting. Expressing similar concern, Mr CHEUNG Man-kwong cautioned that Government officials should be prudent in giving their replies as a complaint had been filed with the Electoral Affairs Commission which would conduct an independent investigation into the subject.

11.15 Given that the teaching strategies for SCT were quite different from the conventional ones, Mr Tommy CHEUNG asked if the Administration had any plan to work out with local universities on the provision of training courses for teachers to take forward SCT. SEM confirmed that the Administration would map out the necessary training and support for teachers taking into account the findings of the Study.

11.16 Mr CHEUNG Man-kwong questioned why the vacancy rates of International schools and Direct Subsidy Scheme (DSS) schools were much higher than that of aided schools. The Deputy Secretary for Education and Manpower (4) (DS(EM)4) advised that the parameter of school places were set in accordance with the standard class size of 40 students. Unlike aided school which had to follow the parameters, International schools and DSS had the flexibility in reducing their class size on a school-based approach using their own resources from school tuition fees. Therefore, International schools and DSS schools might appear to have higher vacancy rates than aided schools. As the facilities for a school were designed on the basis of a standard class size, Mr CHEUNG considered it unfair that International schools and DSS schools were allowed to use the facilities for a smaller class size. He urged the Administration to review the policy.

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Higher education

11.17 Given the substantial fiscal surplus in 2006-2007, Mr WONG Kwok-hing enquired if the Administration would consider increasing the number of articulation places for sub-degree holders. More resources should also be allocated to support sub-degree students.

11.18 SEM said that while articulation places would be provided for sub-degree holders to pursue further study, sub-degree itself was a self-standing qualification. PSEM supplemented that the Administration had undertaken to create some 3 700 additional publicly-funded Year 2 and Year 3 undergraduate places by phases from the 2005-2006 to 2010-2011 academic year in order to provide more articulation opportunities for sub-degree holders to further their studies in the University Grant's Committee- (UGC) funded institutions. In the school year 2007-2008, there were 1 934 additional senior year undergraduate places funded by UGC for articulation of sub-degree holders and holders of other relevant qualifications. As regards the financial support to needy sub-degree students, SEM said that the Administration had brought the means-tested grant under the Financial Assistance Scheme for Post-Secondary Students (FASP) on a par with that of Local Student Finance Scheme with effect from the 2006-2007 academic year. The grant ceiling under FASP was also increased by \$3 000 per student per annum to cover academic expenses. The Administration was conducting Phase 2 of the Review of the Post-secondary Education Sector to further examine the relevant issues pertaining to the development of the post-secondary education sector. The Phase 2 Review would be completed by the end of 2007 and the Administration would revert to the Panel on Education in due course.

Special education

11.19 On the implementation of integrated education, Dr Fernando CHEUNG questioned the propriety for the Administration to provide short-term outsourcing courses to teachers in schools implementing integrated education given the importance of training in ensuring the success of the programme. He also enquired about the number of teachers who had completed the 120-hour course on "Catering for Diverse Learning Needs" among the 1 300 primary school teachers and 930 secondary school teachers in the public sector schools who had received special education training in 2006-2007.

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11.20 SEM added that substantial provision had been earmarked for the implementation of integrated education. In the school year 2007-2008, the estimated expenditure on additional professional and resource support for integrated education in primary and secondary schools of the public sector was \$754 million, representing an increase of 37% when compared with the provision of \$548 million in 2006-2007. As regards special education training programmes, DS(EM)3 said that a review of the programmes had been conducted in the school year 2005-2006. The Administration had planned to revise some of the courses. DS(EM)3 added that he was not able to provide the number of teachers who had completed the 120-hour course on "Catering for Diverse Learning Needs" until completion of the school year 2006-2007. At members' request, the Administration undertook to provide details of the estimated expenditure on integrated education in the school year 2007-2008.

11.21 Noting that the staffing standard for boarding service of special schools had been adopted for 20 years, Dr Fernando CHEUNG asked if this could still meet the demand arising from the increase in number of boarding students with very severe disabilities. There was also a shortage of nurses in some special schools which was in contrary to the Administration's pledge that there was at least one nurse at any time for students with severe disability in the boarding sections of special schools. He urged the Administration to review the policy and the levels of resources to take forward various initiatives.

11.22 DS(EM)3 said that the staffing provision was set with reference to the disabilities and number of students residing in the hostels of special schools. Given that there was no significant change in the past two decades, the staffing provision had remained unchanged. Notwithstanding, aided special schools had the flexibility to employ administrative and janitor staff to meet their needs as a result of the extension of the Administration Grant to these schools since 2002. Dr Fernando CHEUNG was not convinced of the Administration's response. He pointed out that as the standard of boarding service had been raised over the past 20 years, there was a need for the Administration to review the staffing standard to meet the increasing expectation on service delivery.

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Vocational education and training

11.23 Miss CHAN Yuen-han declared interest as a Council member of the Vocational Training Council (VTC). She noted with grave concern that the reduction in subvention for VTC in 2007-2008 was attributed to, inter alia, an increase in tuition fee income in the 2006-2007 academic year. Given that most of the VTC students were not well off, an increase in tuition fee would cause great difficulties to them. She urged the Administration to review the situation.

11.24 SEM said that VTC had prepared an 8-year Strategic Plan 2003-2004 to 2010-2011, mapping out the strategies for the future development of the VTC, which included the offer of more self-financed courses. The direction of the Strategic Plan was subsequently endorsed by the Government. The Executive Director, VTC (ED, VTC) supplemented that the levels of tuition fees were determined having regard to a number of factors, including the overall financial position of VTC, the fee levels of comparable courses offered by other educational institutions, and the additional costs required for improving the teaching and learning environment in the campuses and training centres. VTC had also taken into due consideration the affordability of students and the provision of a safety net for those with financial needs. While the tuition fees would be suitably adjusted upward in 2007-2008, students in need could apply for student financial assistance..

11.25 Miss CHAN Yuen-han pointed out that the Strategic Plan was worked out in response to the Administration's policy to reduce the funding for VTC. The increase in tuition fees would reduce the education opportunities of those talented students, which would defeat the Government's objective of improving the quality of manpower in Hong Kong. She reiterated the need for the Administration to review situation.

Manpower

Manpower development

11.26 Noting that the Employees Retraining Levy collected so far had not been used pending the outcome of the relevant judicial review, Mrs Selina CHOW enquired about the latest position of the legal proceedings and the cumulative income from the levy. SEM responded that while the High Court and Court of Appeal had rejected the leave for judicial review, the plaintiff could still appeal to

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the Court of Final Appeal. Hence, the levy would become an additional funding to Employees Retraining Board (ERB) only if the court eventually ruled in favour of the Government in the judicial review. Notwithstanding, the Administration was examining the use of the levy with the responsible bureaux. The Executive Director, ERB (ED, ERB) added that the cumulative income from the levy up to 20 January 2007 was about \$2.7 billion.

11.27 Given the sound fiscal position following the economic recovery and the considerable cumulative income from the levy, Mrs Selina CHOW considered it unreasonable for the Administration to continue imposing the levy on employers. ED, ERB added that the levy was introduced under the Employees Retraining Ordinance (Cap. 423) to finance the training and retraining of local employees. The question as to whether the levy should be withdrawn was a policy decision for the relevant Bureau, that was, according to her understanding, the Economic Development and Labour Bureau. Mr LEE Cheuk-yan said that he would raise objection to any proposal to withdraw the levy.

Employees retraining

11.28 Referring to Reply Serial No. EMB155 concerning the training capacity and the number of placements arranged for graduates of special training courses, Ms LI Fung-ying noted that there seemed to be discrepancies between these figures. By way of illustration, the revised estimate of training capacity of courses for those aged 45 or above for 2006-2007 was 900 while the total number of placements arranged for these courses was 457. The placement rate should have been much lower than 80% as stated in the reply.

11.29 ED, ERB explained that as all full-time courses were placement-tied, training bodies were required to provide placement services ranging from three to six months to graduates upon completion of the placement-tied courses. The placement figures, therefore, referred to classes for which placement services had been completed. These classes only represented part of the training capacity for the whole year. At members' request, the Administration undertook to provide further information on the number of courses already completed placement service in 2006-2007, the placement bodies concerned, the mode of placement arranged for and the salary of the graduates of the special retraining programmes.

Chapter XII : Economic Development

12.1 At the Chairman's invitation, Mr Stephen IP, Secretary for Economic Development and Labour (SEDL), briefed members on the overall policy objective and responsibility of the Economic Development Branch of the Economic Development and Labour Bureau (EDLB), its funding provision and work priorities in the coming year (Appendix IV-10).

Tourism

Visitor arrivals

12.2 Stressing the importance of tourism as one of the four economic pillars in Hong Kong, Mr Fred LI was concerned that visitor arrivals to Hong Kong in 2006 did not reach its expected growth while Macao had achieved a record high in visitor arrivals.

12.3 SEDL highlighted that visitor arrivals in 2006 had exceeded 25 million of which about 10 million were from non-Chinese markets, including Europe, the United States, Australia and New Zealand. Unlike Hong Kong, most of the 22 million visitors received by Macao in the past year came from the Mainland and Hong Kong, with only 1.6 million from non-Chinese markets. He stressed that as an international tourism centre, Hong Kong would continue to launch publicity campaign in overseas markets to attract long-haul visitors.

Tourism attractions

12.4 Noting that in the next few years, Macao would put in place large-scale tourism infrastructures, Mr Fred LI enquired about the measures to be taken by the Administration to maintain Hong Kong's competitiveness in tourism.

12.5 The Permanent Secretary for Economic Development and Labour (Economic Development) (PSED) highlighted the partnership arrangements among Hong Kong, Macao and other cities in the Pearl River Delta (PRD) in organizing multi-destination itineraries for overseas visitors. While the Administration would continue to strengthen the major tourism attractions commissioned in the past few years, it was also giving full support to the \$5.5 billion redevelopment plans of the Ocean Park the works of which had commenced smoothly in end 2006. The Commissioner for Tourism (C for Tourism) supplemented that under the redevelopment plans, the number of

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attractions would be doubled from some 30 to more than 70 distinctive attractions to be launched by stages. Upon the completion of the redevelopment, it would be tantamount to the commissioning of a new theme park. Moreover, a new cruise terminal would be developed at Kai Tak through an open land tender by 2012. The Administration was also actively pursuing new projects, such as the Aberdeen Tourism Project, enhancement of the Lei Yue Mun waterfront, and development of a piazza in Tsim Sha Tsui under the "Tourism District Enhancement Programme". All in all, C for Tourism advised that a total of \$10 billion had been earmarked for new tourism projects in the next five years.

12.6 Miss CHAN Yuen-han was disappointed to note that more than half of the total provision of \$10 billion had been allocated for the redevelopment of the Ocean Park. She urged the Administration to draw on the successful experience of Macao in diversifying tourism products and promoting cultural tourism.

12.7 SEDL clarified that the Ocean Park Corporation had secured some of the financial support on its own from the commercial sector for the redevelopment plans which would turn the Park into a world-class marine-themed attraction and help Hong Kong develop family tourism further. He also remarked that several major tourism projects that had come on stream in late 2005 and 2006, including the Hong Kong Disneyland, the Hong Kong Wetland Park and Ngong Ping 360, had their own characteristics to appeal to different ages, making Hong Kong a highlight for visitors with families. In addition, the Administration would continue to make optimum use of existing resources to develop and promote green tourism under the principles of nature conservation and sustainable development. On the other hand, SEDL said that the Administration would also continue its efforts to put in place more cultural and heritage-related tourism facilities.

12.8 Echoing Miss CHAN Yuen-han's view, Dr KWOK Ka-ki considered that the Administration should diversify tourism products which featured the characteristics of Hong Kong, such as green tourism and heritage tours. In this connection, he was very concerned about the progress of the adaptive reuse of the Central Police Station (CPS) Compound. In preserving built heritage, Dr KWOK cautioned the Administration to learn from the disastrous experience in developing the former Marine Police Headquarters in Tsim Sha Tsui.

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12.9 C for Tourism highlighted the Cultural Kaleidoscope and the Nature Kaleidoscope launched by the Hong Kong Tourism Board to cater for visitors' diversified needs. She said that the Cultural Kaleidoscope included the newly launched Dr Sun Yat-sen museum and historical trail whereas the Nature Kaleidoscope provided specifically designed hiking routes for the reference of interested visitors. In deciding the way forward for the development of the CPS Compound, C for Tourism said that the Administration was carefully examining the views collected from the public, including those received from the Central and Western District Council, on the future development and use of the site with a view to achieving the dual objectives of restoring and protecting the historic value of the site while allowing local residents and visitors alike to appreciate the unique cultural heritage of Hong Kong.

12.10 In response to Dr KWOK Ka-ki's further remark that the Panel on Home Affairs had expressed concern on the timetable of the tender arrangements for the project, SEDL said that according to the public views received, the Administration should not make a hasty decision to arrange tendering for the project but to gauge further public views on the future usage of the site. To enable the public to understand more about the history and current condition of the site, the Administration had organized CPS Open Days with the interested parties in early 2005. He assured members that sufficient resources would be allocated to continue the conservation works for the CPS Compound and to organize the relevant activities.

Tourism promotion

12.11 Members noted that the Hong Kong Tourism Board (HKTB) would collaborate with tourism trade partners, including airlines and hotels, to introduce special packages and offers to stimulate extended stay and increased spending by business travellers, and encourage the latter to bring along companions to participate in leisure activities during their stay. Mr Jeffrey LAM sought information on the details of the collaboration and the resultant economic benefits estimated to be brought to Hong Kong. He also opined that in addition to adding new tourism attractions, the Administration and HKTB should also make use of suitable opportunities, such as the arrival of another two Giant Pandas, to promote Hong Kong's tourism.

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12.12 The Executive Director, HKTb (ED, HKTb) said that all along, HKTb had focused their marketing activities on, inter alia, the high-yield business visitor segment by promoting Hong Kong as the premier destination for meetings, incentives, conventions and exhibitions (MICE). In 2006, the number of visitor arrivals from the business visitor segment had grown by 30%. In 2007-2008, HKTb would continue to market Hong Kong's strengths as a MICE destination by providing support to organizers to attract more visitors to come to Hong Kong and attend these activities, and conducting familiarization programme for senior corporate management etc. To leverage on the increased attendance at fairs and exhibitions in the PRD region, HKTb would co-operate with trade partners and event organizers to encourage visitors to extend their trips for sight seeing in Hong Kong. On the collaboration with tourism trade partners, ED, HKTb said that HKTb had successfully encouraged some airlines and hotels to offer special packages, such as "buy-one-get-one free" for business visitors coming to Hong Kong with a view to encouraging them to bring along family/companion.

12.13 Noting that to leverage on the 10th Anniversary of the Establishment of the Hong Kong Special Administrative Region, HKTb would organize a series of promotional activities in the Mainland to attract visitors, Mr Howard YOUNG enquired whether similar activities would also be organized for other source markets.

12.14 ED, HKTb confirmed that publicity programmes would also be held in other places worldwide to generate interests of visitors to visit Hong Kong while tactical promotion programme would be launched in the Mainland. For example, in co-operation with the Mainland media, HKTb would recruit a considerable number of 10-year-old children from 30 high potential Mainland cities as "little journalists" to visit Hong Kong and their reports on their experience during the visit would be published in major children and youth publications in the Mainland to maximize publicity on Hong Kong. Moreover, in collaboration with the Mainland educational publishers, a VCD featuring Hong Kong's diverse tourism attractions would be produced and used as a teaching aid in Mainland primary schools. In addition, HKTb would also produce a music video to be broadcast through over 300 Mainland TV stations and portals to stimulate the interest of young people in visiting Hong Kong during this special year. ED, HKTb further advised that in Hong Kong, HKTb would enhance the Hong Kong Shopping Festival from end-June to end-August and the Best of the Best Culinary Awards in September to tie in with the celebrations of the 10th Anniversary. For the latter, HKTb would invite international gourmets and

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chefs to Hong Kong to participate in the event. During the mega event periods, HKTb would launch various tactical promotions in overseas markets, leveraging on the celebration for the 10th Anniversary. SEDL also highlighted the publicity role of the HKTb's website which provided information in different languages. In this connection, the Chairman reflected the lukewarm response of the international media towards the celebration activities for the 10th Anniversary and urged the Administration to put more promotional effort in attracting them to come.

Provision for HKTb and visitor spending

12.15 Noting that the provision for HKTb for 2007-2008 was 26.7% lower than the original estimate for 2006-2007, Miss CHAN Yuen-han enquired about the reason.

12.16 C for Tourism explained that the provision for HKTb in 2007-2008 was \$541.8 million, which was \$197.5 million (26.7%) lower than the original estimate for 2006-2007 and \$140.1 million (20.5%) lower than the actual expenditure for 2005-2006. The increased provision for 2005-2006 and 2006-2007 was mainly due to the time-limited funding of some \$470 million earmarked in the 2005-2006 Budget for HKTb to launch the two-year Discover Hong Kong Year global marketing campaign. Of that amount, some \$399.4 million was expected to have been spent while the remaining balance of \$70.6 million would be carried forward for use in 2007-2008. C for Tourism said that discounting the increased provision, HKTb's estimate for 2007-2008 was broadly similar to that of previous years.

12.17 Recalling that HKTb had previously indicated that for each dollar it spent, it could help Hong Kong generate a return of \$20, Mr Fred LI enquired about the level of return brought to Hong Kong so far as a result of the increased provision.

12.18 In response, PSED advised that despite the number of visitor arrivals in 2006 were lower than expected, the actual tourism expenditure had exceeded \$117 billion. The total tourism expenditure for 2005 and 2006 was \$10 billion higher than the total projected figure. She believed that the encouraging growth in visitor arrivals from the high-yield business and family segments had contributed to the increased in tourism spending.

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12.19 Mr Fred LI was unconvinced as he noticed from the Administration's reply on the Estimate of Expenditure 2007-2008 that according to different surveys conducted by HKTb to measure the effectiveness of its promotional work and activities, there was only a slight increase on visitor expenditure in 2006.

12.20 PSED explained that it was referring to per capita expenditure, which was indeed a small increase as the additional \$10 billion visitor expenditure was spent by over 40 million visitors. C for Tourism added that the average spending of non-overnight visitors had increased 45%.

Port, maritime and logistics development

12.21 Ms Miriam LAU was very concerned that unlike HKTb, the financial provisions allocated to Hong Kong Logistics Development Council, Hong Kong Maritime Industry Council and Hong Kong Port Development Council were very small, say, a few million for a project that lasted for several years. The industries concerned had all along criticized about the lack of Government's support for port, maritime and logistics development. For example, despite persistent calls from the industries, there was no research and development carried out for the logistics industry while the maritime industry had to raise funds on their own for the commissioning of a maritime museum. Having regard to the current healthy financial position of the Government, Ms LAU urged the Administration to allocate more resources for the overall development of the three industries.

12.22 SEDL expressed appreciation to members of the three councils for their continuous contribution and support. He remarked that while continuing its financial and other support provided to the councils, the Administration would look upon the strategic proposals formulated by the Focus Group on Maritime, Logistics and Infrastructures established under the Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" as the basis for developing its policies, and provide resources accordingly to enhance the competitiveness of Hong Kong's port and logistics industries.

12.23 Ms Miriam LAU noted from the presentation by SEDL that the Administration had been in discussion with the Guangdong authorities on ways to lower the cost of cross-boundary trucking and had achieved good progress. Ms LAU did not agree that the measures were effective in lowering the cross-boundary trucking cost. For example, although the period of licence on cross-boundary container trucks had been extended from three to six years, there

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was no change to the licence fee. She therefore urged the Administration to put more effort in devising effective and concrete measures to lower the cost of cross-boundary trucking.

12.24 The Deputy Secretary for Economic Development and Labour (Economic Development) 3 highlighted the difficulties encountered during the process of discussing with the relevant Guangdong authorities to lower the cost of cross-boundary trucking because concrete measures, such as reducing the licence fee, would have a direct bearing on their income. Nevertheless, further to the relaxation of the "four-up-four-down" and "one-truck-one-driver" rules, with the consent of both Hong Kong and Guangdong, the Liaobu inland control point in Dongguan which adopted an electronic custom clearance system, as well as extended operating hours, had come into operation last December. It was expected that similar mode of operation could be extended to other control points with a view to reducing truckers' waiting time for clearance thereby enhancing efficiency.

Civil aviation

12.25 Members noted that relevant work in relation to optimizing the efficient use of the airspace in PRD would be absorbed by the existing manpower in EDLB and the Civil Aviation Department (CAD). Considering that the problem of airspace congestion in PRD had stemmed from the different standards in horizontal/vertical separation of aircrafts adopted by the Mainland and Hong Kong, Mr Howard YOUNG called on the Administration to allocate resources in commissioning a consultancy study on the subject for the reference of the aviation authorities concerned.

12.26 In response, the Director-General of Civil Aviation (DG of CA) advised that the International Civil Aviation Organization (ICAO) had promulgated the minimum requirements for horizontal/vertical separation between aircrafts. Air Traffic Control authorities should provide not less than the minimum separation requirements. Sophistication of equipment and facilities, manpower availability and staff experience could affect the separation standards to be adopted. Hong Kong was able to comply with the ICAO separation requirements. DG of CA further said that CAD would continue to liaise with the General Administration of Civil Aviation of China and Macao Civil Aviation Authority on ways to improve the use of airspace and the co-ordination of air traffic management in the region. He assured members that apart from

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keeping abreast of the latest development at the PRD tripartite meeting, aviation authorities concerned were experienced and competent to resolve the airspace problem and no consultancy study on aircraft separation would be necessary.

12.27 Noting that the Airport Authority Hong Kong (AAHK) would examine whether there was a need for a third runway, Mr WONG Kwok-hing urged the Administration to take note of the noise pollution thus caused to residents living in the West New Territories.

12.28 DG of CA confirmed that AAHK would conduct relevant technical and environmental feasibility studies for a third runway in the coming two years. He assured members that if it was decided to take forward the initiative, it was necessary to undertake an Environmental Impact Assessment which should include the impact of aircraft noise on residents living in the vicinity of the third runway. In reply to Mr WONG's further enquiry, DG of CA highlighted that all along, CAD had put in place noise mitigating measures. For example, starting from July 2002, all noisy aircraft (i.e. those which did not comply with the noise standard in Chapter 3 of Annex 16 Volume I, Part II to the Convention on International Civil Aviation) were not allowed to land or take off in Hong Kong. Moreover, to reduce the number of aircraft overflying populated areas between midnight and 07:00 am, subject to acceptable wind conditions and other safety considerations, arriving aircrafts were required to land from the southwest. DG of CA undertook that CAD would endeavour to minimize the level of noise exposure to residential areas when designing new flight paths.

Energy

12.29 Mr WONG Kwok-hing reflected the sentiment of the general public against the two power companies which had not reduced electricity tariff or provided tariff concessions albeit making substantial profits. Noting that the Government was actively pursuing the policy of ensuring stable and reliable supply of electricity and finalizing the post-2008 regulatory arrangements with the two power companies, Mr WONG sought information on the details of the regulatory measures to be drawn up and the concrete timetable. He was keen to ensure that new supply sources could be introduced into the electricity market to enhance competition.

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12.30 SEDL remarked that in the light of comments received from the two rounds of public consultation on the future development of Hong Kong's electricity market, the Administration was negotiating with the two power companies on the post-2008 regulatory arrangements with an aim to map out a scheme that would best serve the overall interest of Hong Kong. The details included reducing the overall average permitted return to a single-digit rate, encouraging the power companies to reduce emissions of pollutants and shortening the period of the future agreements to 10 years with possible extension of another five years. In the long run, the Administration would also prepare the grounds to make available grid access by new supply sources from the Mainland to enhance consumers' choice. SEDL further advised that it was the Administration's plan to conclude the arrangements within this year but the definite timetable would be subject to the progress of negotiation.

12.31 Mr WONG Kwok-hing was concerned whether the Administration would brief Members on the finalized scheme before signing the agreements with the power companies. If the Administration would only make an announcement after concluding the agreements with the power companies, there was no public participation in the process and their interests could not be safeguarded.

12.32 SEDL highlighted that the Administration was mindful of the views received during the two rounds of public consultation and was fully aware of the expectations of the public and Members. While assuring Members that the finalized scheme would best serve the overall interest of Hong Kong, SEDL considered it impracticable to brief Members during the negotiation. However, the Administration would consult Members on the measures in regulating the future electricity market where necessary.

12.33 Referring to the concerns expressed by the labour union on the Government's bargaining power when negotiating with the two power companies for the future bilateral arrangements, Mr KWONG Chi-kin urged the Administration to remain firm on its stance. He enquired about the measures and financial means that had been planned to cater for the worst scenario so as to prevent major suspension of electricity supply.

12.34 The Deputy Secretary for Economic Development and Labour (Economic Development) 2 (DS(ED)2) highlighted the importance of the support expressed by the public and Members to the Administration's proposals during Stage I and Stage II Consultation on the future development of the electricity

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market in Hong Kong. He said that the discussion with the two power companies on the future bilateral agreements had been progressing well in a reasonable and pragmatic manner. Indeed, both power companies had been providing electricity supply in Hong Kong for over a hundred years, they were committed to continue providing quality services in Hong Kong. They also hoped to have an early confirmation on the regulatory framework of the future electricity market to facilitate them in making investment decisions. DS(ED)2 further advised that in the unlikely event that the two power companies suspended their electricity supply services, the Administration could require them to render services according to the Emergency Regulations Ordinance (Cap. 241). However, as the power companies were listed companies accountable to shareholders, SEDL believed that they would make the best efficient use of their electricity generation facilities.

Competition policy

12.35 Mr SIN Chung-kai declared that he was a member of the Competition Policy Review Committee. He expressed concern on the Administration's commitment to introducing a cross-sector competition law in Hong Kong as no resources were allocated for the establishment of the regulatory authority for the implementation of the law.

12.36 SEDL remarked that the Administration was going to brief the Panel on Economic Services in the following week on the outcome of the public consultation and the proposed way forward for competition policy in Hong Kong. PS/ED highlighted that the majority of respondents to the public consultation supported the introduction of a cross-sector competition law in Hong Kong and there was a high level of support for the establishment of a Competition Commission. Subject to the structure of the future institutional framework, the new regulatory authority might require an annual budget of about \$70 million. As the proposed way forward for competition policy was yet to be finalized, the estimated provision was not included in the 2007-2008 Estimate. Where necessary, EDLB would seek the approval of the Legislative Council for the financial resources required in implementing the new legislation.

12.37 In response to Mr SIN's further concern on the slow progress in taking forward the initiative, SEDL advised that having regard to the public views expressed during the three-month consultation period on some of the detailed issues, the Administration would accordingly begin the work on the drafting of appropriate legislation. As some small and medium-sized enterprises (SMEs)

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had expressed concerns that a competition law could lead to higher business costs and potentially costly and time-consuming litigation, SEDL assured that in taking forward the drafting of the new competition law, the Administration would continue to engage the public, in particular SMEs to enhance their understanding of its content and implementation. He also undertook to secure the required resources in setting up the regulatory authority upon the enactment of the ordinance.

12.38 Mr LEE Wing-tat noted that certain trade associations had expressed their support in principle to the introduction of a cross-sector competition law. He did not agree with some political parties which took the view that the new law might make SMEs more vulnerable to legal actions by large companies.

12.39 SEDL said that while the Administration was aware of SME's worries that they might become the targets of complaint under the new law, the legislative intent of the new competition law actually was to promote competition by guarding against abuse of market dominance and protecting SMEs from anti-competitive conduct. SEDL further advised that the regulatory authority, and not any companies, was the body tasked with the responsibility to decide whether an act was regarded as anti-competitive and breached the new law having regard to factors, such as the combined market share of the parties under complaint.

12.40 In this connection, the Chairman enquired about the legislative timetable and expressed concern that if scrutiny of the relevant bill could not be completed before the current LegCo term ended in July 2008, the Bill would lapse. SEDL replied that while it took some time to gauge SMEs' views during the drafting process, the Administration would endeavour to introduce the Bill by the end of 2007.

Consumer protection

12.41 Miss TAM Heung-man was pleased to note that the Consumer Council (CC) would examine the current consumer protection laws. Noting that currently, CC did not have substantive power to conduct investigation, she was concerned whether resources would be allocated for it to carry out investigation to enhance consumers' protection.

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12.42 SEDL remarked that CC would shortly begin a review of the current consumer protection laws with a view to ensuring that the policy objective of safeguarding the legitimate interests of consumer could continue to be implemented effectively. If it was considered necessary to amend the existing legislation to strengthen CC's power, resources would be deployed to meet the need.

12.43 The Chairman asked about the scope and timetable of the review. The Chief Executive, CC advised that CC would explore the best possible means to improve legal protection of consumers in Hong Kong by examining the current consumer protection laws. The investigative power to be provided under the amended legislation, if any, could be conferred upon CC or another agency. On the timetable of the review, the Chief Executive, CC (Designate) said that a special working group had been formed under CC to undertake the review. The first meeting would soon be held to define the scope of the review and to prioritize works. Subject to the progress of the review, the report was expected to be ready by the end of 2007. SEDL advised that if necessary, the Administration would brief the Panel on the details of the report before deciding whether to proceed with legislative amendments. The Chairman called on the Administration to consult Members and the public during the review.

13.1 At the invitation of the Chairman, Mr Stephen IP, Secretary for Economic Development and Labour (SEDL), briefed members on the key measures of the Economic Development and Labour Bureau (EDLB) to improve employment, promote labour relations, protect employees' rights and benefits, and enhance occupational safety and health in 2007-2008 (Appendix IV-11).

Employees' rights and benefits

Family-friendly employment practices

13.2 Mr WONG Kwok-hing expressed concern on the effectiveness of measures adopted by the Administration to promote family-friendly employment practices in the workplace. Mr WONG urged the Administration to actively consider legislating for paid paternity leave which he considered an effective measure to promote family-friendly employment practices and help boost Hong Kong's birth rate in meeting the Chief Executive's earlier pledge of strengthening family-based support network and appeal for married couples to have three children respectively.

13.3 In reply, the Permanent Secretary for Economic Development and Labour (Labour) (PSL) said that the Administration was conducting a study on the proposal to legislate for paid paternity leave and collecting information from overseas countries, such as Sweden which had enacted legislation on paternity leave. He emphasized the need for the Administration to balance the interests of employees and employers and to take into account the local situation in considering the way forward. While the Administration understood Members' views on paternity leave, there was concern among employers over making paternity leave a statutory requirement as it would increase the running costs and create operational difficulties, in particular when 98% of the local companies were small and medium-sized enterprises. PSL emphasised that the Administration had been actively promoting the adoption of family-friendly employment practices and encouraging employers to provide paternity leave for employees on their own initiative. In this connection, the Administration welcomed the recent move of a major power company to adopt paternity leave as a practice, which would serve as a good example for other enterprises to follow. PSL added that the Labour Department (LD) would continue to arrange publicity and education programmes to strive for wider acceptance of the community and employers on enlightened family-friendly employment practices. Related messages and information were disseminated through LD's 18 Human Resources Managers

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Clubs, nine industry-based tripartite committees on regular basis. The large scale "Seminar on Family-friendly Employment Practices" to be held on 1 June 2007 would include the topic of paternity leave as a prominent theme.

13.4 Echoing the concern about the effectiveness of promoting family-friendly employment practices through publicity and education work, Ms LI Fung-ying considered it more important to provide incentives for employers to adopt such practices. In this respect, she questioned whether the Government, as the largest employer in Hong Kong, would promote family-friendly employment practices within the civil service so as to act as a role model for the private sector. Mr LEE Cheuk-yan concurred that the Administration's efforts in promoting family-friendly employment practices should be strengthened.

13.5 PSL responded that the Administration had all along promoted good management practices through various fronts. For instance, award schemes were organized by LD to honour good employers for the adoption of good people management practices. The Administration would encourage employers to adopt "employee-oriented" people management practices taking into account the family needs of their employees. Such practices were not limited to the provision of paternity leave but also the flexibility in releasing employees to attend to their family matters, etc. He reiterated that the Administration had ascertained support from various communities so as to achieve wider acceptance of the good management practices and cited the large-scale seminar to be held on 1 June 2007 as an example, in which the Women's Commission, non-governmental organisations and associations of human resources practitioners would also be involved in staging the event.

13.6 On the promotion of family-friendly employment practices within the civil service, PSL pointed out that in general civil service benefits were better than those provided for employees in the private sector under the Employment Ordinance (Cap. 57). For instance, civil servants had more flexibility in terms of leave arrangements in attending to family matters. As such, resources were mainly deployed for promoting family-friendly employment practices in the private sector. SEDL supplemented that it would be inappropriate for the Government to provide financial incentives to encourage employers to adopt family-friendly employment practices. Employers should be made aware that such practices would enhance staff morale and employer and employee relationship, thereby improving employees' productivity and benefiting employers.

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He assured members that there were many good employers in Hong Kong who were receptive to family-friendly employment practices. The Administration would continue with its efforts to strengthen its publicity on and promotion of good management practices.

13.7 Mr LEUNG Yiu-chung reflected the concerns of security guards about their long working hours and low wages, and urged the Administration to address their difficulties. In particular, the long working hours had become a major obstacle for maintaining intimate relationship between couples and might be a reason accounted for the low birth rate in Hong Kong. Mr Frederick FUNG also commented that the private sector was slow in adopting family-friendly employment practices, such as 8-hour work, 5-day week and the provision of child care services for employees. In this connection, they sought information on the resources and manpower to be allocated in 2007-2008 for promoting family-friendly employment practices.

13.8 In reply, PSL stressed that publicity and education would be conducted to bring out the messages of "employee-oriented" good people management practices, and that relevant guidelines had been published to help disseminate the messages. On resource allocation, he said that \$120,000 had been set aside to organize the large-scale seminar to be held on 1 June 2007 while LD would deploy existing resources for other relevant activities, including promotional efforts through LD's networks of 18 Human Resources Managers Clubs and nine industry-based tripartite committees.

13.9 In reply to Mr LEUNG Yiu-chung and the Chairman's enquiry about legislating on working hours, SEDL said that findings of relevant studies conducted by the Administration revealed that given the diverse nature of different types of jobs in Hong Kong, there was no consensus on the number of working hours applicable across the board. Notwithstanding, the Administration would continue to monitor the situation of working hours and devise appropriate measures to protect employees' benefits.

Wage protection

13.10 Mr WONG Kwok-hing expressed concern that during continuous outsourcing of public services to the private sector, in particular services provided by the Leisure and Cultural Services Department, Food and Environmental Hygiene Department, Housing Department and Hospital Authority, the

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Administration had failed to ensure adequate wage protection for workers employed by the contractors. He criticized that the measure put in place since 2004 requiring contractors to offer employees with wages not lower than the relevant average market rates as set out in the latest Quarterly Report of Wage and Payroll Statistics published by the Census and Statistics Department (C&SD) at the time when the tender was invited had been abused by the contractors to implement pay cuts on employees. He cited cases under which the wages of workers employed by a Hospital Authority's contractor were successively reduced from some \$7,000 to some \$6,000 and further down to some \$5,000 upon renewal of the contracts. Mr WONG urged that the existing mechanism should be reviewed to enhance wage protection for workers.

13.11 PSL explained that as the existing mechanism only required contractors to offer their workers wages not lower than the relevant average market rates as published by C&SD, the wages offered by contractors upon renewal of contracts could be lower if C&SD's latest statistics indicated a downward adjustment in the relevant wages. Notwithstanding that employers had complied with existing requirements, LD could, if circumstances so warranted, mediate in the event of disputes so as to help the workers. He undertook to follow up with the relevant departments in exploring possible improvement measures for enhancing wage protection for workers upon renewal of contracts with the employers.

13.12 Noting that the Government would start preparatory work for introducing statutory minimum wage for cleaning workers and security guards before the completion of the final review of the effectiveness of the Wage Protection Movement (WPM) which was launched in October 2006, Miss CHAN Yuen-han and Mr Frederick FUNG sought information on the details of and the timetable for completing the preparatory work.

13.13 SEDL stressed that the Administration was mindful of the need to address the issue of minimum wage for cleaning workers and security guards. According to the Administration's schedule, the final review of WPM would be conducted in October 2008. While the Administration would continue to promote vigorously WPM and monitor closely its progress, to ensure that no time would be lost in putting in place a statutory minimum wage for these workers should the voluntary compliance approach of WPM failed to work, the related preparatory work would proceed in parallel. PSL added that at the meeting of the Panel on Manpower held on 15 March 2007, the Administration briefed

members on the work plan for the preparatory work. The work would cover seven major areas, including the definition of cleaning workers and security guards; whether, and if so, what special measures should be introduced for the vulnerable groups; definition of a statutory minimum wage; the mechanism for setting and adjusting the minimum wage level; enforcement and penalty in relation to the implementation of a statutory minimum wage; how best to implement a statutory minimum wage for the cleansing and guarding services sectors in the light of practical experience of WPM and the best practices in other jurisdictions; and the content of the draft legislation. In this connection, the Chairman urged the Administration to proceed with the preparatory work in a more expedient manner in view of the fact that the current term of the Legislative Council would end in July 2008.

13.14 Pointing out that the Administration had earmarked an estimated expenditure of \$9.21 million in 2007-2008 for promotional work relating to WPM, Mr KWONG Chi-kin questioned the adequacy of resources. He opined that WPM was doomed to fail and should be terminated such that the legislative process on mandating minimum wages could commence as soon as possible. He also considered that the mid-term review of WPM was an opportune time for assessing the ineffectiveness of WPM and enquired about the position of the review.

13.15 On the manpower provision for WPM, PSL responded that the Administration had carefully considered the manpower requirement and considered the creation of 23 new posts (including 13 labour inspector posts) sufficient for the implementation of WPM in its initial stage, including strengthening inspections to workplaces, providing conciliation service, and prosecution of wage offences. Consideration would be given to seeking additional resources for strengthening manpower support for related work if WPM gained wide acceptance among enterprises. Regarding the mid-term review of WPM, SEDL said that the review would help track the progress and evaluate the need for additional resources. He reiterated that notwithstanding the Administration's plan to implement WPM for two years and conduct a mid-term review in October 2007 and the final review in October 2008 to ensure that no time would be lost in putting in place a statutory minimum wage for cleaning workers and security guards should WPM prove ineffective, the Administration would start the related preparatory work before completion of the overall review.

13.16 Mr Frederick FUNG opined that more resources should be allocated for implementing WPM and the preparatory work for introducing a statutory minimum wage for the cleansing and guarding services sectors. PSL advised that in addition to the 23 new posts to be created for launching WPM, LD would also deploy existing resources to undertake the preparatory work for introducing the legislation on minimum wage.

Tackling wage offences

13.17 Mr Tommy CHEUNG noted that in tackling wage offences in the catering industry, at times LD might have arranged persons to disguise as workers to work in suspected problematic restaurants to gather intelligence and evidence facilitating prosecution on wage offences. He sought information on the enforcement actions taken in the construction industry to combat wage offences. In reply, PSL clarified that LD had not arranged any "disguised workers" to work in suspected business establishments. To strengthen the effectiveness of intelligence collection, LD had been employing former police officers with experience in criminal investigation to assist in intelligence collection, analysis and investigation of wage offences. This mode of operation which emphasized on intelligence-led investigation had proved very effective. As regards enforcement actions in the construction industry, evidence collection at the construction sites would be ineffective as relevant wage records were usually kept by the main contractors in their offices rather than at the construction sites. Instead, LD usually relied on the alert systems developed with trade unions for taking enforcement actions in the construction industry. Moreover, for construction sites of public works projects or projects of the Housing Authority, public officers of relevant government departments would be stationed on-site to take charge of the projects, thus facilitating evidence collection in tackling wage offences. As regards the catering industry, PSL pointed out that LD had engaged former police officers to collect evidence of wage offences, such as wage slips, on the spot and help forestall wage defaults by employers. LD's enforcement actions would be targeted at restaurants with past records of wage offences, or subject of frequent complaints by workers or labour unions. He stressed that efforts would be stepped up in tackling wage offences in different industries in order to protect employees' rights and benefits. LD would initiate prosecution if sufficient evidence was available. The Administration would consider deploying more resources to tackle wage offences in the construction industry should the situation warrant.

Chapter XIII : Labour

13.18 Mr Tommy CHEUNG noted that among the 785 convicted summonses to employers contravening the wage provisions in 2006, 261 summonses involved employers in the construction industry. The figure was much higher than those for the catering and import/export industries. As such, Mr CHEUNG stressed the need for the Administration to step up enforcement actions against wage offences in the construction industry. He queried whether the Administration was trying to avoid antagonizing the real estate tycoons by not stepping up enforcement actions in the construction industry. Mr Abraham SHEK however pointed out that the problem of wage default in the construction industry was not that serious as in the catering industry and considered LD's current enforcement actions taken in the construction industry appropriate.

13.19 SEDL clarified that the Administration would take enforcement actions against any problematic establishments regardless of the sectors or industries they belonged to. PSL pointed out that wage defaults in the catering industry developing into claims on the Protection of Wages on Insolvency Fund had all along accounted for the majority of claims to the Fund, except for 2006 when the construction industry ranked first due to the liquidation of a sizeable construction company. As for the 261 convicted summonses in the construction industry in 2006, they were mainly related to wage defaults involving a sizeable construction company.

Employment services

13.20 Miss CHAN Yuen-han expressed grave concern about the problem of working poverty which had further aggravated the problem of disparity of wealth in Hong Kong. She was disappointed that despite pledges in the Policy Address in October 2005 for promoting co-operation among parties to further develop social enterprises, there had been little progress in taking forward the initiative. Moreover, no concrete measures had been included in the 2007-2008 Estimates of Expenditure to address the related problems. Miss CHAN considered that there was an urgent need to improve the co-ordination among the relevant policy bureaux and departments in tackling the problems and asked whether consideration would be given to merging the Labour Branch and LD under EDLB with the Health, Welfare and Food Bureau (HWFB) so that the problem of poverty, which cut across policy bureaux and was closely related to labour and welfare matters, would be taken up by a single bureau. The Chairman also expressed concern about the lack of comprehensive policy and co-ordinated efforts among policy bureaux to tackle the problem of poverty.

13.21 In reply, SEDL said that he was not in a position to answer questions relating to the restructuring of government bureaux and departments. Nonetheless, he assured members that the Administration had all along attached great importance to resolving the problem of poverty and had established the Commission on Poverty, which was chaired by the Financial Secretary, to tackle related issues. The Commission had been adopting a multi-pronged approach in tackling related issues with concerted efforts from relevant bureaux, including EDLB and HWFB and responsible departments.

13.22 Referring to his experience in helping workers find job through LD's Interactive Employment Service Website (iES), Mr LEE Wing-tat commented that iES was not user-friendly, in particular for people with limited computer knowledge, and users had encountered difficulty in searching job information. While welcoming the opening of new job centres to serve residents in remote areas, such as Tin Shui Wai, to enhance employment services to job seekers living in remote districts, Mr LEE suggested that the Administration should consider providing employment and placement services at district community centres managed by the Home Affairs Department (HAD). PSL advised that LD had set up a new job centre each in Yuen Long and North District in September 2006 to strengthen employment services for job seekers residing in the districts and neighbouring areas. Since their opening, the two new job centres had canvassed more than 9 000 local vacancies to promote employment opportunities in the districts. As regards Mr LEE's suggestion, PSL informed members that LD had been installing Vacancy Search Terminals (VSTs) throughout the territory to provide employment information to facilitate job seekers. For instance, VSTs had been installed in four community centres of the public housing estates in Tin Shui Wai so far. He explained that with the touch-screen design of VSTs, people with low computer literacy would easily apprehend the operation. To expand LD's information network, PSL undertook to explore with HAD the feasibility of installing VSTs in more community centres. He added that to further strengthen employment services in remote areas, LD would continue to organize district-based job fairs in districts with relatively high unemployment rate to help job seekers find jobs. In response to Mr LEE Wing-tat's further enquiry, PSL said that at present, LD had set up job centres in 12 districts. As for VSTs, the unit cost was in the range of \$20,000 to \$30,000. In increasing the number of VSTs, it was necessary to upgrade the server supporting the network of VSTs. He informed that LD was examining the relevant upgrading work. SEDL pointed out that LD had also installed VSTs in Public Enquiry Service Centres of HAD.

(Post-meeting note: The Administration has subsequently advised that VSTs had been installed at a community centre and two social security field units in Tin Shui Wai so far. One more VST was also planned for installation in the district.)

13.23 Mr James TIEN opined that given the current low unemployment rate and that the Administration had already started preparatory work for introducing statutory minimum wage for the cleansing and security guard sectors, it was understandable that the business sector would be less enthusiastic in joining WPM. With increasing improvement in the employment situation in tandem with continuous economic growth, wages in the market were expected to go up gradually. Employers would need to offer higher wages even if they did not join WPM. Against such background, Mr TIEN expressed concern about the cost-effectiveness for providing an estimated expenditure of \$355.2 million on employment services, which represented 36.5% of the estimates of expenditure for LD in 2007-2008. Given the current unemployment rate of 4.3%, which was close to 3.5% as defined as "full employment" by international standard, Mr TIEN expressed concern about the cost-effectiveness for allocating more than \$300 million on employment service for achieving "zero unemployment".

13.24 Pointing out that there were still over 140 000 unemployed people in Hong Kong, SEDL highlighted the need for the Government to continue providing employment services to job seekers. He also stressed that all along there had been strong demand from the public for the Government to enhance employment services. LD was strengthening its services in meeting the public aspirations. He assured Mr TIEN that the Administration would closely monitor the employment situation to ensure that resources were put to effective use. PSL supplemented that there had been concern about increasing polarization in the job market as evidenced by the disparity in the unemployment rates of 1.9% and 5% for the high-skilled and low-skilled employees respectively. The employment services provided by LD were basic services mainly targeted at the low-skilled workers with a view to helping them enter the labour market.

Occupational safety and health

13.25 Mr LEE Cheuk-yan pointed out that as a result of economic transformation in Hong Kong, increasing number of employees had taken jobs in the service sectors. These employees were required to work long hours with little rest time. They could easily become victims of occupational diseases. In

this connection, Mr LEE noted that among the 2 588 patients who sought consultation at the occupational health clinics in 2006, 2 256 patients had been found suffering from diseases or injuries "caused by, related to or aggravated by work" but only 230 patients were classified as having occupational injuries or diseases. Among those who were not classified as suffering from occupational injuries or diseases, 2 024 patients had musculoskeletal disorder. He was concerned that as musculoskeletal disorder was not classified as an occupational disease, patients suffering from the illness would not be entitled to medical treatment or statutory compensation. In view of the prevalence of musculoskeletal disorder among workers, Mr LEE asked whether consideration would be given to including the disease as an occupational disease, and the measures to be taken in strengthening publicity to promote the services of occupational health clinics and preventive measures against occupational diseases. Moreover, to alleviate the problem of physical disorder as a result of long working hours, Mr LEE urged that consideration be given to legislating on rest time.

13.26 PSL stressed the Administration's commitment to improve occupational safety and health, including assistance rendered to workers suffering from occupational diseases. He said that the Government was aware of the rising problem of physical and musculoskeletal disorders among employees. He clarified that on the one hand, there was clear definition on occupational diseases under the Employees' Compensation Ordinance (Cap. 282), on the other hand there were many contributing factors leading to diseases or injuries "caused by, related to or aggravated by work". Nevertheless, the Administration would spare no efforts in promoting employees' awareness to prevent physical disorders and occupational diseases, such as the promotion of proper sitting posture. Promotional campaigns had been and would be organized to disseminate relevant messages through various channels, such as road shows and Announcements in the Public Interest. On the proposal to legislate on rest time, PSL explained that there would be difficulty in implementing the proposal because of differences in business needs and operating environment of various trades. Nevertheless, LD had issued guidelines for reference of employers on the provision of rest time to protect the safety and health of employees who were required to use display screen equipment at work for prolonged period of time.

13.27 Mr LEE Cheuk-yan said that while the guidelines to employers for provision of rest time to employees who needed to use display screen equipment had statutory basis, employees working in the catering and retail sectors were not entitled to rest time despite their long working hours. He pointed out that the

guidelines issued by LD on rest time for employees were not binding on employers and asked if LD had checked employers' compliance with the relevant guidelines. PSL responded that employees' benefits in respect of individual trades, including retail, were discussed at the meetings of the tripartite committees. He assured members that the Administration would continue its efforts in disseminating messages and liaising with the industries to strengthen employee's awareness of safety and health at work.

Staffing arrangement

13.28 Noting that Mr Matthew CHEUNG, PSL, would retire by the end of March 2007, Mr LAU Chin-shek and Mr LEE Cheuk-yan on behalf of labour unions appreciated Mr CHEUNG for his past contributions to and commitments for the labour sector. Given Mr CHEUNG's wide experience in the civil service and expertises in labour affairs, Mr LAU said that the labour sector had urged the Administration to consider creating a new post in the civil service for Mr CHEUNG enabling him to continue serving the Government on labour matters after his retirement. Notwithstanding the Government's established policy governing civil servants' retirement, the Chairman concurred that consideration should be given to retaining Mr CHEUNG in view of his commendable services.

13.29 SEDL said that he was grateful for Mr CHEUNG's dedicated services to EDLB and it was also his personal wish for Mr CHEUNG to continue serving the Government on labour affairs. He believed that Mr CHEUNG as a person with dedication and commitment would continue to serve the public in different capacities as other retired public officers doing the same of their own volition. In this connection, Mr LAU Chin-shek urged SEDL to convey members' views expressed above for further consideration of the Government.

Chapter XIV : Housing

14.1 At the invitation of the Chairman, Mr Michael SUEN, Secretary for Housing, Planning and Lands (SHPL), briefed members on the Housing, Planning and Lands Bureau's major initiatives in relation to housing and the associated expenditure for the year 2007-2008 (Appendix IV-12).

Use of public housing redevelopment sites

14.2 Mr Fred LI considered that the recent good response to the sale of surplus Home Ownership Scheme (HOS) flats had demonstrated a strong demand for HOS flats from sandwiched class families which were not eligible for public rental housing (PRH). He pointed out that with the revival of the private property market, the prices of medium to small-sized properties had increased to beyond the affordability of these families. He therefore urged the Administration to consider adjusting the housing policy to help meet the property ownership aspirations of these families. He further enquired whether the Administration would consider reviving the production of HOS flats on cleared public housing sites to meet the demand.

14.3 In response, SHPL said that it was the Administration's established subsidized housing policy to provide PRH to those who could not afford private housing. While the Housing Authority (HA) currently did not have an annual target number for construction of PRH flats, the pledge was to keep the average waiting time for PRH at around three years. Under the Government's repositioned housing policy announced in 2002, the Administration had decided to cease the production of HOS so as to refrain from competition with the private residential market in view of the overlap between HOS and private residential properties. Moreover, in line with the repositioned housing policy, meeting the home ownership aspirations of the general public was no longer an objective to be pursued. SHPL said that the issue of meeting the property ownership aspirations of the general public went beyond the objectives of the public housing policy and should be considered in the broader context of provision of private housing for the community. To this end, the Administration would closely monitor the land supply situation to strike a proper balance among the interests of all sectors of the community. Cleared public housing redevelopment sites would continue to be reserved for PRH development as far as possible to meet the community's demand for public housing.

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14.4 Mr Frederick FUNG expressed concern that HgA would return prime public housing redevelopment sites to the Government, in particular those in the urban area such as the site of So Uk Estate, thereby affecting the production of PRH flats and the waiting time of PRH applicants. He asked how the Administration would resolve the problem of insufficient land supply for public housing development. In reply, SHPL acknowledged the inevitable trend of shifting PRH development to the New Territories in view of the limited supply of land in the urban area. He reiterated that while cleared public housing sites would be reserved for PRH development as far as possible, whether a particular site was suitable for PRH development would be examined in the light of factors, including the timing of site availability, development potential, compatibility with the neighbourhood, other land use plans for the site etc. In monitoring the progress of public housing land supply, the Housing Department (HGD) would, based on the development programme of individual sites and prevailing circumstances at the time, discuss with and consult relevant government bureaux, departments and District Councils to ensure that land resources were put to the best use for the overall development of the society.

Management of public rental housing tenancies

14.5 Miss CHAN Yuen-han noted with concern the increasing number of appeals from PRH tenants involving rent arrears received by the Appeal Panel (Housing), and enquired about how rent arrears cases were handled, particularly cases involving genuine hardship. The Permanent Secretary for Housing, Planning and Lands (PSH) assured members that HGD staff always dealt with such cases in a flexible manner. He said that PRH tenants with genuine financial hardship could apply for the Comprehensive Social Security Assistance (CSSA). The allowances under CSSA could fully cover PRH rents. Moreover, PRH households with rent-to-income ratio exceeding 20% or with income below 60% of the Waiting List income limits were eligible for assistance under the Rent Assistance Scheme. As regards the concern about appeals involving rent arrears, the Appeal Panel (Housing) had been adopting a flexible and understanding attitude in hearing the cases. Only about 40% of the Notices to Quit issued in connection with rent arrears were upheld by the Appeal Panel (Housing).

14.6 Mr LEUNG Kwok-hung considered the Marking Scheme for Estate Management Enforcement in public housing estates (the Marking Scheme) discriminatory against PRH tenants. He expressed concern about the unfairness to tenants where the entire household would be held liable for any misdeeds

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committed by individual family member under the Marking Scheme and the tenancy of a household would be terminated if it had accrued 16 or more points under the Marking Scheme within two years. In response, PSH pointed out that less than 3% of all tenancy termination cases in 2006 was attributable to eviction order issued under the Marking Scheme.

14.7 Referring to criticism of the Subcommittee on Strategy and Measures to Tackle Family Violence set up under the Panel on Welfare Services (the Subcommittee) about HgD's failure in making timely and flexible re-housing arrangements for victims of family violence until tragedies occurred, Miss CHAN Yuen-han was concerned whether the Administration would put in place measures to improve handling of such cases in future. PSH advised that HgD and the Social Welfare Department (SWD) had been working closely to devise measures to improve the handling of such cases. The Subcommittee would be briefed on the detailed improvement measures at its meeting on 23 April 2007. In general, allocation of PRH flats under Compassionate Rehousing or splitting arrangements would be made for victims of family violence upon recommendation of SWD on the basis of its social work professional judgement. PSH further confirmed that with SWD's recommendation, victims not meeting the eligibility criteria for PRH would be allocated with flats under Compassionate Rehousing on strong compassionate grounds.

Provision of public housing for one-person applicants

14.8 Referring to the Administration's pledge of keeping the average waiting time for PRH at around three years (the three-year pledge), Mr Albert HO pointed out that with the introduction of the new points system for non-elderly one-person PRH applicants and in view of the acute shortage of one-person PRH flats, he was aware of cases where non-elderly one-person applicants had been on the Waiting List for five to six years. Mr HO called on the Administration to tackle the problem by expediting the production of one-person PRH flats and conducting review of the points system. He cautioned that failure to meet the three-year pledge might undermine HgA's credibility and give rise to judicial review.

14.9 In response, SHPL said that at present about one-third of the some 100 000 applicants in the Waiting List were non-elderly one-person applicants. Studies also revealed that a large number of these applicants were in fact young people living with their parents in PRH. As these young people wished to live

by themselves, they had applied for PRH when reaching the age of 18. HgA had examined carefully how far the housing need of these young applicants should be met with public resources. Having regard to HgA's mission to provide subsidized housing for the most needy, HgA had devised the points system as an administrative measure to address the issue of increasing number of non-elderly one-person applicants. On the concern about the application of the three-year pledge for non-elderly one-person applicants, PSH clarified that the three-year pledge did not apply to these applicants. He added that the points system was introduced in late 2005 and a quota was allocated to these applicants from 2006-2007. The arrangements would be subject to review one year after its full implementation.

Review of domestic rent policy for public housing

14.10 Mr WONG Kwok-hing was concerned that by bundling the introduction of the new income-based rent adjustment mechanism through the Housing (Amendment) Bill 2007 (the Bill) with HgA's proposal to reduce PRH rents by 11.6%, the Legislative Council (LegCo) Members would be held responsible for any delay in effecting a reduction in PRH rents. Given the complexity of the new rent adjustment mechanism and the controversies of the issues involved, it was highly undesirable that the Administration had bundled the Bill with the proposed rent reduction. Pointing out that LegCo Members fully supported PRH tenants' demand for an early rent reduction, Mr WONG called on the Administration to immediately reduce PRH rents so as to relieve the burden on tenants before putting in place the new income-based rent adjustment mechanism. He opined that consideration should also be given to implementing rent reduction with retrospective effect after passage of the Bill. Mr LEUNG Kwok-hung echoed the concern about putting rent reduction on hold pending the introduction of the new rent adjustment mechanism.

14.11 SHPL said that the Administration was mindful of Members' concerns about the new rent adjustment mechanism and would make every effort to address them during the scrutiny of the Bill. As regards the suggestion for the Administration to reduce PRH rents immediately, SHPL said that related issues had been discussed on several occasions previously and maintained the view that it would be highly imprudent for HgA to introduce rent reduction before putting in place a flexible and sustainable rent adjustment mechanism. The new rent level should be determined on the basis of the new rent adjustment mechanism to ensure coherence and consistency of the entire rent adjustment framework. He

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reiterated that the Administration had already made clear that the across-the-board normal rent reduction of 11.6% would be implemented upon passage of the Bill. Nevertheless, to address the demand from some political parties and tenants groups for short-term rent remission measures, HgA had already granted a one-off rent remission for the month of February 2007 to PRH tenants. In this connection, Mr WONG Kwok-hing reiterated his concerns and urged the Administration to reconsider his proposals raised above.

Work of the Independent Checking Unit of the Housing Department

14.12 Regarding the performance target of giving advice within 12 working days to restaurant licence applications under the Application Vetting Panel system (AVP system), Mr Tommy CHEUNG expressed concern about the low attainment rate of 80% in 2006 and the target rate of 90% for 2007. He questioned the low attainment rates and enquired whether this was due to insufficient manpower, the implementation of the five-day week, or problems relating to AVP system. In response, PSH explained that the Independent Checking Unit (ICU) was established under HgD to exercise building control starting from late 2005 to cover, inter alia, HgA's properties and divested retail and car-parking facilities (RC facilities). ICU was responsible for vetting applications for restaurant licences in HgA's properties and RC facilities to ensure compliance with the structural and safety requirements stipulated in the Building Department's code of practice applicable to private buildings (the Code). As the method previously adopted by HgA for calculating building areas and records of the means of escape discharge values differed from those required in the Code, ICU had to adjust and re-calculate the figures following the Code. For complicated cases, the vetting process might take a slightly longer time. Moreover, it was necessary to send ICU's advice to the Food and Environmental Hygiene Department and the applicants before the relevant Application Panel Meeting but this deadline was always met. PSH stressed that ICU had not held up the vetting procedure and the implementation of five-day week had not lengthened the process. He further confirmed that sufficient manpower had been deployed to process the applications, and envisaged that as staff became more experienced with the new vetting procedure, the attainment rate of the performance pledge would improve.

14.13 Mr Frederick FUNG noted with concern that the target attainment rate for HgD's ICU to respond to emergencies outside office hours where the safety of buildings and life or property were under threat was only 80%. He pointed out that BD had achieved a much higher attainment rate of 99.4% in 2006 when such

emergency responsibility was under BD's purview. PSH said that as ICU would take up the emergency response duty only from mid 2007 onwards, it would be prudent to set the target attainment rate at 80% for the initial period. As ICU gained more experience, a higher attainment rate was envisaged for 2008.

Regulating sales arrangements for uncompleted first-hand private residential properties

14.14 Mr LEE Wing-tat noticed that the Administration only received six complaints on sales arrangements for uncompleted first-hand private residential properties in 2006-2007 but he had received some 40. He queried whether the Administration's low complaint figure was due to insufficient publicity on the complaint channels and suggested that consideration be given to imposing a mandatory requirement on real estate developers to include information on complaint channels in the sales brochures of residential properties. Given that descriptions, such as floor plan and calculation of saleable area, contained in sales brochures were complicated and difficult to apprehend for the general public, Mr LEE stressed the need for the Administration to conduct checks on developers' compliance with the requirements under the Consent Scheme for sale of uncompleted private residential properties and on the sales brochures to ensure the accuracy of information provided by developers. In this regard, he enquired whether resources would be allocated for enhancing regulation of sales arrangements of first-hand private residential properties and conducting investigations into related complaints to safeguard buyers' interests. Mr LEUNG Kwok-hung criticized the Government for failure to effectively regulate developers in the sale of uncompleted residential flats and concurred that it was necessary for the Administration to increase resources in stepping up control over developers.

14.15 On the regulation of sales arrangements for first-hand private residential properties, PSH said that the Real Estate Developers Association of Hong Kong (REDA) had been following a self-regulatory regime since 2001 and had issued guidelines on the sales arrangements and contents of sales brochures for compliance by its members. Recently, REDA had taken the initiative to set up a Compliance Committee to follow up on complaints against developers' non-compliance with the guidelines. REDA members were also required to submit an independent auditor's "certificate of compliance" certifying that the conduct of their sales was in compliance with REDA's guidelines before offering a residential development for sale. The Administration would closely monitor

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these new measures and assess their effectiveness. It would also continue to monitor developers' compliance with REDA's guidelines on the disclosure of required information in sales brochures and advertisements to enable the prospective purchasers to make informed decisions.

14.16 On manpower provision, PSH said that 12 non-directorate and one directorate staff were earmarked in 2007-2008 for discharging, inter alia, responsibilities relating to the monitoring of first-hand private residential market. Apart from these resources, other agencies, including the Estate Agents Authority (EAA) and the Consumer Council (CC), would also undertake their respective regulatory and monitoring work. Upon the Chairman's request, PSH undertook to provide after the meeting further details on the resources provided for in 2007-2008, including manpower provision, in relation to the regulation and monitoring of the sales arrangements of uncompleted private residential properties.

14.17 As regards the concern about complaints relating to sales arrangements, SHPL invited members to forward complaints from the public to the Administration for follow up. PSH added that information on complaint channels was available on the websites of relevant government departments and regulatory authorities. Nevertheless, he undertook to step up publicity to promote public awareness of the complaint channels.

14.18 Mr LEE Wing-tat maintained that a mechanism should be put in place to effectively ensure the accuracy and transparency of sales information provided by developers and that the Administration should provide necessary resources to conduct pre-sale checking under the Consent Scheme and sales brochures to ensure full compliance. Mr James TO recalled that in the past the Administration did conduct surprise spot checks at the sales sites to ascertain the accuracy of the sales information and questioned why the government had abandoned the practice. As not all developers in Hong Kong were members of REDA, he expressed concern that REDA's guidelines were not binding on all developers. In this regard, Mr TO emphasized the important responsibility of the Administration to ensure transparency and strengthen regulation over the sale of uncompleted private residential properties with a view to protecting the interests of property buyers.

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14.19 In response, PSH pointed out that malpractices involving inadequate or misleading property sales information had been on the decline in recent years. Nonetheless, the Administration would consider resorting to measures, such as conducting spot checks, if situation warranted. He added that EAA would conduct sale site inspection and take enforcement actions against improper practices by estate agents. Besides, for consumer protection, developers were required to comply with the relevant requirements under the Consent Scheme before pre-sale consent was given by the Lands Department, and sales brochures were submitted to the Administration for vetting at least 24 hours before commencement of sale.

14.20 Mr James TO was concerned that brochures submitted by developers for the Administration's checking might be different from those distributed to prospective buyers at the sales offices or sales sites. As such, he called on the Administration to join hands with EAA to ensure that information given in the sales brochures, advertisements and other promotional materials was accurate and adequate to facilitate property buyers to make informed decisions.

14.21 Dr YEUNG Sum said that purchase of residential properties was very often the largest investment of many people in their lives. The Administration had an important responsibility as the gatekeeper to ensure that the information provided in the sales brochures was accurate and complete in order to protect the interests of home buyers. He supported the suggestion for the Administration to make it mandatory for developers to include complaint channels in the sales brochures.

14.22 PSH said that the Administration was aware of the cases of estate agents producing different pamphlets to suit their use in promoting sales. In this regard, EAA had issued a practice circular setting out the guidelines regulating estate agents' practice in the sale of first-hand residential properties. Estate agents were reminded not to produce their own sales brochures or pamphlets. Estate agents who did not observe these guidelines might be subject to disciplinary action by EAA. PSH also undertook to follow up with REDA on enhanced publicity for complaint channels, including displaying the complaint hotline at conspicuous locations at sales offices and sales sites.

14.23 Dr KWOK Ka-ki said that following the cessation of production of HOS flats and with escalating property prices in the private market, home ownership was increasingly beyond the reach of the middle or lower income

people. Given the wide public concern about collusion between the Government and developers, and developers' malpractices in the sales arrangements for residential properties, including inaccurate sales information, different price lists, confusing definitions and calculation methods on floor areas for units, Dr KWOK was concerned how the Administration would strengthen regulation over developers in protecting property buyers' interests.

14.24 On the public concern about regulation of the residential property market, SHPL dismissed claims about collusion between the Government and developers. He stressed that Hong Kong had a robust, free and open property market with more than 100 000 transactions per year at a rough ratio of 2:8 for transactions in the first-hand and second-hand markets. There could be no manipulations of such an active market. He reiterated that the Administration would spare no effort in addressing public concerns. As for concern about definitions on and calculation of different floor areas for units, PSH said that the matter would be discussed at the meeting of the Panel on Housing to be held on 2 April 2007.

14.25 Mr Abraham SHEK remarked that the construction and sale of residential properties was subject to full compliance with all legal requirements as well as relevant Government rules and regulations. Apart from the three-pronged regulation by the Administration, EAA and CC, REDA had established a self-regulatory regime since 2001 to ensure the accuracy of sales information and enhance the transparency in the local property market. Mr SHEK stressed the importance to deal with suspected breaches of requirements and related complaints in a rational manner. The public and property buyers should substantiate their cases with facts and refer them for proper follow up by relevant authorities.

Chapter XV : Planning and Lands

15.1 At the Chairman's invitation, Mr Michael SUEN, Secretary for Housing, Planning and Lands (SHPL), briefed members on the major initiatives and expenditure on planning and lands for the coming year (Appendix IV-13).

Land administration

15.2 Mr WONG Kwok-hing relayed the concern of relevant workers unions over the proposal of creating a Senior Estate Surveyor post in the Lands Department (LanD) to examine the feasibility of outsourcing more land management work. He questioned the need to create the Senior Estate Surveyor post as there was already another proposal of establishing a new management services team (MST) in LanD to enhance the Department's service quality.

15.3 In reply, the Director of Lands (D of L) said that the creation of a Senior Estate Surveyor post and the establishment of MST were two separate initiatives to improve service delivery. The setting up of MST was proposed in response to the recommendations in respect of land administration made by the Public Accounts Committee of the Legislative Council, the Ombudsman and the Independent Commission Against Corruption to ensure that actions being or had been taken were in compliance with the guidelines, procedures and prescribed timeframe set out in the Department's relevant departmental instructions. It would be a dedicated team whose work would be to identify room for further improvement in LanD's existing operating systems. On the other hand, the main task of the proposed Senior Estate Surveyor post was to examine and formulate a detailed action plan covering the letting and management of outsourced contracts if implemented.

Land sale

15.4 Regarding the fairness of the way in which land auctions were conducted, Mr Albert HO expressed concern about the present land auction procedures which did not prevent bidders from entering into private negotiations during the bidding process, as evidenced in a recent auction, hence giving rise to opportunities for collaboration for bidding at a lower premium. Such an arrangement also encouraged exchange of benefits among bidders. Mr HO enquired whether the Administration had allocated sufficient resources to review the land sale process to ensure that it was fair and transparent. He also asked whether the Administration had investigated the recent incident to determine whether any contravention of legislation was involved. He also sought

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clarification from D of L on whether he had said that such negotiation during the bidding process was lawful.

15.5 In reply, D of L clarified that he did not believe that on that particular occasion of land auction, the alleged negotiation among some developers during the bidding process had resulted in a lower premium for the lot sold. He emphasized that the bidding process in land auctions was transparent. Even if some developers negotiated for co-operation during the bidding process, other participating developers would continue to out bid the "collaborating" developers for the lot of land if they considered it worthy of bidding. SHPL added that a Member had written to the Administration expressing concerns about the case and the Administration was looking into the various aspects of the case, including whether any contravention of legislation was involved. The Administration would continue to monitor the land bidding procedures and processes using existing resources.

Town planning

Compensation for diminution of development rights due to planning actions

15.6 Making reference to a complaint he had recently received against the amendments proposed by the Town Planning Board (TPB) to the Wong Nai Chung Outline Zoning Plan (OZP) to impose planning restrictions on certain leased land lots, Prof Patrick LAU asked whether the Administration would provide compensation to those affected parties as the restrictions imposed would diminish the development rights under the relevant land leases. He emphasized that Article 105 of the Basic Law protected the right of individuals and legal persons to compensation for lawful deprivation of their property rights.

15.7 In reply, the Permanent Secretary for Housing, Planning and Lands (Planning and Lands) (PSPL) said that the proposed amendments to the Wong Nai Chung OZP referred to by Hon Patrick LAU aimed at specifying clearly the planning parameters, such as the maximum plot ratio and building height permitted for any future development/redevelopment on the relevant sites. While lease conditions were administrative tools for controlling development, OZPs made under the Town Planning Ordinance (Cap. 131) were statutory means to effect development restrictions. Hong Kong had all along been placing heavy emphasis on protecting private property rights. Therefore, during the plan-making process, the public would have sufficient opportunities to raise

objections to any proposed amendments to OZPs. Whether development rights would be affected would depend on the circumstances of individual cases. There were many precedents where the Court had ruled that the imposition of development restrictions on OZPs was legitimate and development rights of the title owners were not deprived of. The Administration would ensure that its planning actions would not be in breach of Article 105 of the Basic Law.

15.8 Mr Abraham SHEK commented that it was undesirable for TPB to be chaired by a Government official and for its secretariat to be served by Government employees. He considered that the membership composition and operation of TPB should progress with times. He also shared the concern on whether the said amendments proposed by TPB would be in breach of Article 105 of the Basic Law.

15.9 In reply, SHPL said that TPB was a statutory body established under the Town Planning Ordinance, and there were statutory provisions governing its membership composition and operation. Amendments to OZPs made by TPB had to abide by the statutory procedures laid down in the Ordinance. Those amendments effected through statutory planning means would not be in breach of Article 105 of the Basic Law.

Planning for harbourfront areas

15.10 Miss CHAN Yuen-han made reference to the provision of \$1.25 million earmarked for public consultation and engagement for the Central Reclamation Urban Design Study (the Study) and enquired whether the Study would cover the preservation of the Queen's Pier and if so, whether the provision would include the expenditure for public consultation relating to the preservation of the Queen's Pier. She further queried why the Administration had not made provisions for the costs arising from the preservation of the Queen's Pier, which she noted from media reports that some \$100 million might be required.

15.11 Mr LEE Wing-tat pointed out that the preservation of the Queen's Pier would involve a lot of technical issues and a satisfactory solution had yet to be identified. He asked whether sufficient provision had been made for the preservation of the Queen's Pier. In relation to temporary relocation of the Queen's Pier, he commented that it should be relocated at a place near the existing location of the Queen's Pier, such as the space outside the City Hall or on newly reclaimed land in Central. He also noted from media reports that some

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\$100 million might be required for the preservation of the Queen's Pier and commented that in disseminating information, the Administration should not overplay the preservation costs so as to create an impression that the preservation of the Queen's Pier would be very costly.

15.12 In reply, SHPL said that the objective of the Study was to refine the existing urban design framework of the Central reclamation area and it was not directly related to the preservation of the Queen's Pier. As regards preservation of the Queen's Pier, the Administration had held two formal meetings and other informal meetings with relevant professional organizations in the community and an agreement had been reached on the direction for preserving the Queen's Pier. In order not to obstruct the reclamation works, it seemed that the best option was to first temporarily relocate the Queen's Pier and then rebuild it either in-situ or at a place near its existing location. While a provision of \$1.25 million had been earmarked for conducting public consultation under the Study, no specific provision for works relating to the preservation of the Queen's Pier had been made because a practicable reprovisioning option had yet to be identified and the costs would depend on the option chosen. The Administration would seek additional funding from the Legislative Council if the existing provisions for the reclamation works in Central could not cover the reprovisioning costs of the Queen's Pier. PSPL added that the provision of \$1.25 million could also be used for public consultation on how and where to reprovision the Queen's Pier.

15.13 Dr KWOK Ka-ki expressed concern that the Administration had not allocated sufficient resources for the protection and enhancement of harbourfront areas. He noted that a provision of \$5 million had been earmarked for the public engagement and consultation activities organized with the Harbour-front Enhancement Committee in 2005-2006, 2006-2007 and 2007-2008. He considered the provision far from adequate and asked whether the Administration would allocate more resources in this regard.

15.14 In reply, PSPL explained that the provision of \$5 million only covered the expenditure incurred from public engagement activities of the Harbour-front Enhancement Committee and its subcommittees. As for harbourfront enhancement projects, so far the departments concerned had implemented those projects under their project votes and no additional funding had been sought from the Finance Committee. For example, the Administration had constructed a waterfront promenade costing about \$10 million at the West Kowloon Reclamation, and the waterfront promenade in Wan Chai would be

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completed soon. As for the waterfront promenade and other enhancement works in Central, the costs of which had yet to be estimated, the Administration would seek necessary funding approval after completion of the planning work and feasibility studies.

Urban renewal

15.15 Dr KWOK Ka-ki asked when the Administration would conduct a review of the Urban Renewal Strategy (URS) and whether the Administration would make provisions for conducting the review. He was disappointed that the Administration had not made much progress in this regard.

15.16 In reply, SHPL said that over the past few years, the Urban Renewal Authority (URA) had been giving priority to implementing the former Land Development Corporation projects that were not yet completed. In general, these projects were implemented in accordance with the repealed Land Development Corporation Ordinance. As a result, there were so far only a few new projects commenced under the Urban Renewal Authority Ordinance (Cap. 563). The Administration considered it necessary to allow more time for URA to accumulate practical experience in order to provide a solid basis for a comprehensive and effective review of URS.

15.17 Mr Fred LI declared interest that he was a non-executive director of URA. He considered it necessary to start the review of URS as soon as possible, as the majority of the outstanding urban renewal projects of the former Land Development Corporation had already been implemented and there were changes in public views on urban renewal in recent years. There were calls for reducing development intensity, preventing the wall effect and preserving the existing characteristics of the localities concerned during redevelopment. Urban renewal in future might need a new approach and public discussion on how URA should respond to those calls would be required. He expressed concern on the profitability of future urban renewal projects and whether the prudent commercial principles currently adopted by URA could still be applicable.

15.18 Mr Abraham SHEK shared the view that public aspirations on urban renewal had changed and there should be a review of URS. Self-financing in the long run through cross-subsidization among different urban renewal projects should no longer be the main consideration in implementing urban renewal projects and a new approach would be required in this regard. He further

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commented that urban renewal projects in Central and developments at sites along the West Rail should avoid creating the wall effect by reducing their development intensity.

15.19 In reply, SHPL emphasized that URA was required to exercise prudence in handling its finances because this was instrumental in ensuring financial sustainability of the urban renewal programme in the long run. In trying to balance development and conservation, there must be give and take. Cross-subsidization would enable urban renewal projects with profits to subsidize those with deficits. URS was to provide the overall direction and the guiding principles for the implementation of the urban renewal programme in the long run. Issues relating to high development intensity and the wall effect of developments were not directly related to URS. In regard to those issues, the Administration was undertaking an overall review from a territory-wide perspective and would put forward a formal proposal in due course.

15.20 Dr Fernando CHEUNG said that urban renewal required inter-departmental co-ordination and co-operation. He expressed concern that there would be increasing confrontations between URA and affected property owners and tenants if the Government was not willing to provide resources for urban renewal to improve the living conditions of citizens and URA was to maintain its operation along commercial lines. He asked when the Administration would review URS or even the Urban Renewal Authority Ordinance.

15.21 In reply, SHPL said that the Government had injected \$10 billion for URA to implement urban renewal projects and this demonstrated the Government's financial commitment in urban renewal. In implementing its urban renewal projects, URA should take heed of Members' comments but at the same time, it should not deplete its funds too quickly and should manage its finances prudently to maintain sustainable operation. As regards reviewing URS, he reiterated that it was necessary for URA to accumulate a few more years' experience to enable a meaningful review.

Register of Old and Valuable Trees

15.22 Miss CHOY So-yuk expressed concern on whether sufficient resources had been earmarked for the protection of old and valuable trees. She pointed out that recently, four trees in Tai Wai listed on the Register of Old and

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Valuable Trees had been damaged as a result of improper trimming during road construction. She enquired about the measures being taken by departments responsible for planning and lands on protection of trees listed on the Register of Old and Valuable Trees.

15.23 In reply, D of L said that for leased land (i.e. private land) and land demised by Short Term Tenancy etc. in recent years, tree preservation clauses were normally included in land leases to provide that any tree growing on the lot or adjacent to it would not be interfered with without the consent of the Director of Lands. Land was responsible for enforcing those lease conditions. For Government works projects, there were established procedures and criteria for tree-felling and transplanting. Those procedures and criteria were specified in a circular promulgated by the Environment, Transport and Works Bureau. All Government departments concerned had to adhere to the procedures and criteria in the circular.

Buildings

15.24 In relation to inspection of shopping malls or commercial buildings for detecting irregularities regarding approved facilities for people with disabilities, Dr Fernando CHEUNG enquired whether there would be any additional manpower and resources for strengthening inspection work; whether there was a target number of future inspections; and whether there would be a complaint hotline.

15.25 In reply, the Director of Buildings said that the inspection of shopping malls or commercial buildings for detecting irregularities regarding approved facilities for people with disabilities was an on-going activity. The number of commercial buildings inspected had increased from 5 to 15 recently. Information on the target buildings for inspection was mainly provided by the concerned groups when they found that approved facilities for people with disabilities had been altered or removed. The Buildings Department could then concentrate its resources on inspecting those target buildings.

Chapter XVI : Food Safety and Environmental Hygiene

16.1 At the Chairman's invitation, Dr York CHOW, Secretary for Health, Welfare and Food (SHWF), briefed members on the major initiatives and expenditure on food safety and environmental hygiene for the coming year (Appendix IV-14).

Food safety

16.2 Dr KWOK Ka-ki was concerned that the number of tests performed on food samples for regulatory compliance purposes had decreased from 136 053 tests in 2005 to 127 025 tests in 2006, despite the mounting concern of the public on food safety. The Government Chemist explained that extra tests had been conducted in 2005 because of the outbreak of the malachite green incidents. The original estimate of routine tests for 2005 was around 120 000 only.

16.3 Mr Tommy CHEUNG asked why, with the establishment of the Centre for Food Safety, the number of food samples collected for tests had only increased from 63 000 in 2006 to 65 000 in 2007, i.e. an increase of only 2 000 food samples. The Director of Food and Environmental Hygiene (DFEH) explained that while the number of food samples collected for tests under the food surveillance scheme would be increased by 2 000 in 2007, more food samples were envisaged to be collected for tests in response to food complaints and food incidents in the year. In reply to Mr CHEUNG's further query, the Permanent Secretary for Health, Welfare and Food (Food and Environmental Hygiene) (PSFEH) confirmed that the 65 000 food samples to be collected by the Food and Environmental Hygiene Department (FEHD) for tests in 2007 included the 36 200 food samples to be tested by the Government Laboratory.

16.4 Mr Albert CHAN enquired about the responsibility of the Centre for Food Safety and FEHD in handling complaints against sub-standard food. He opined that the existing procedures were cumbersome, and should be streamlined.

16.5 DFEH responded that over 5 000 food complaints were received in a year. The FEHD district offices would handle the complaints, and where appropriate, would refer the complaints to the Centre for Food Safety for investigation. A review of the complaint handling procedures would be conducted in 2007-2008 with a view to further improving the system.

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16.6 Mr Albert CHAN was concerned that many supermarkets and retailers were selling expired food items which could seriously undermine the health of the public. DFEH responded that the enforcement officers undertaking food sample checks would pay particular attention to the labelling on food items.

16.7 Noting that a financial provision of \$38.3 million had been earmarked for the creation of 75 posts and related departmental expenses for enhancing food import control and related work, Mr Joseph LEE enquired about the measures to be taken to enhance the source-tracing work in food incidents and prevention of smuggling of food into Hong Kong. SHWF responded that part of the increased financial provision and new posts would be dedicated to auditing the food surveillance work undertaken in the Mainland. Food surveillance work would also be undertaken at other places identified to be importing high risk food items. Over 90% of food items consumed in Hong Kong were imported. While the Administration was drawing up a Food Safety Bill to extend regulatory control to all imported food items by phases, currently food importers importing high risk products were required to produce certificates issued by the food control authorities in their countries.

16.8 In relation to Dr KWOK Ka-ki's question about the 125 posts to be created in FEHD in 2007-2008 for the programme of "Food safety and public health", the Administration agreed to provide information on the details of new posts (including the number and type of posts) to be created for the food surveillance work undertaken in the Mainland.

16.9 Mr Fred LI queried why non-governmental organizations (NGOs) like the Greenpeace were able to detect prohibited or excessive chemicals in different kinds of food while the Government's food surveillance teams could not find any problem in such food before the NGOs' test results were publicized. He asked whether the setting up of the Food Safety Testing Laboratory (FSTL) would help improve the situation. SHWF responded that whenever a NGO identified problems in certain type of food, the relevant department would follow up the matter, including the collection of information from the organization about the methodology it employed in food testing. The department concerned would undertake relevant food sample tests and would publicize the findings. The FSTL to be established under the Government Laboratory in 2007-2008 would provide enhanced and timely laboratory support for the increasing number of food samples tested in relation to food complaints, food incidents and food surveillance.

Inspection of licensed food premises

16.10 Mr TAM Yiu-chung enquired about the number of food premises classified under different categories of the Risk-based Inspection System, and the number of food poisoning cases occurred in the three categories of food premises in 2006. DFEH advised that there were about 20 000 food premises in Hong Kong, with about 10 000, 5 300 and 4 500 food premises in the low-risk, medium-risk and high-risk categories respectively. He undertook to provide the statistics on the food poisoning cases in the three categories of food premises in 2006.

Avian influenza

16.11 Mr Fred LI expressed concern about a recent case where a child had contracted the H9N2 avian flu in Tseung Kwan O. He enquired about the measures taken by the Administration to prevent the outbreak of avian flu in Hong Kong again. SHWF advised that there was an established system to check imported poultry and birds. FEHD and the Agriculture, Fisheries and Conservation Department (AFCD) conducted regular tests on the poultry and birds imported into Hong Kong, in local farms and in the markets. Out of the 6 600 tests conducted by FEHD in poultry stalls in 2006, 146 samples were found to contain H9, which was commonly found in local poultry but was seldom contracted by human beings. The departments concerned were looking into the Tseung Kwan O case, e.g. how the child had contracted the disease, with a view to preventing the disease from spreading. The public would be informed of the outcome of the investigation of the case.

16.12 Referring to the Tseung Kwan O avian flu case, Mr WONG Yung-kan was concerned that the Government's warning that the public should avoid taking children to markets might have aroused unnecessary fear and panic among members of the public. SHWF said that the Government had to advise the public, including children who were most vulnerable to infections, to avoid high risk areas where avian flu might be contracted, and avoid getting into physical contacts with poultry and birds, especially upon the discovery of an avian flu case. The Government would continue to disseminate information to the public to prevent the spread of infectious diseases.

Central poultry slaughtering

16.13 Referring to paragraph 5(6) of SHWF's speaking note, Mr WONG Kwok-hing asked whether the Government would lay down in the tender-document conditions that the contractor of the central poultry slaughtering and processing plant should give priority to employing workers who were affected by the central poultry slaughtering policy. SHWF responded that the prime concern of the Government was that the contractor would meet the productivity, hygiene and quality requirements of the tender. The contractor should be given the discretion in recruiting suitable staff. Experienced workers in the poultry industry should enjoy a strong competitive edge over other applicants if they applied for jobs in the new slaughtering and processing plant. Consideration would be made to compensating the traders who were affected by the central poultry slaughtering policy.

16.14 Mr Vincent FANG asked whether the additional provision of \$7.6 million for the programme "Environmental hygiene" of FEHD was for the commissioning of a consultancy to study the establishment of a central poultry slaughtering and processing plant. Noting that the Government had already planned to grant a concessionary rent of \$1 to the contractor, Mr FANG asked whether the reason for allowing the contractor to process poultry products was to attract bidders for operating the new plant. He pointed out that since the operator would monopolize the supply of live poultry in Hong Kong, other operators engaged in processing of poultry products might complain about unfair competition if the operator of the central slaughtering plant became the sole operator which could use fresh poultry to produce by-products. He enquired whether the Government would impose control on the prices of fresh poultry and the by-products in the tender document. SHWF advised that the primary aim of the central slaughtering plant was to meet the demand for slaughtering live chicken from local farms. However, the central slaughtering plant would not be viable if the contractor was only allowed to operate it solely as a slaughtering plant. To enable viable operation of the slaughtering plant, it was necessary to allow the contractor to engage in poultry processing activities. SHWF said that the Legislative Council would be briefed on the detailed tendering arrangements before these were finalized. PSFEH supplemented that the additional expenditure of \$7.6 million was to cover the increase in expenditure for the whole work programme "Environmental hygiene" of FEHD, including measures like anti-mosquito work, and was not merely for the commissioning of a consultant to prepare the tender documents for the central slaughtering plant.

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16.15 Mr Tommy CHEUNG said that the stance of the Liberal Party was that if the central slaughtering plant was to provide only chilled poultry for Hong Kong, the project could be abandoned as there was abundant supply of chilled poultry from the Mainland. If the contractor was allowed to engage in poultry processing activities in the central slaughtering plant, the Government did not have to lease out the site at a concessionary rent of \$1, as many operators would be interested in bidding for the contract. Should the Government insist that the rent should be \$1, the Government should lay down in the tendering document that the supply of freshly slaughtered poultry should be the primary business of the central slaughtering plant.

16.16 Mr WONG Yung-kan noted that the Government's original proposal was to set up a central slaughtering plant only. Yet the Government had changed its plan and would allow the contractor to engage in poultry processing activities. Moreover, the Government would charge only a nominal rent on the contractor and pay for the consultancy study for setting up the plant. He opined that such moves had departed from the original aim of the project.

16.17 PSFEH explained that in order to ensure the viability of the central slaughtering plant, it was necessary to allow the contractor to engage in processing poultry products. For instance, if there was an outbreak of avian flu locally or in the Mainland, import of live poultry from the Mainland would be banned, and the central slaughtering plant would need to maintain its operation through processing poultry products from other safe sources. Such practice was common in overseas slaughtering houses.

Animal smuggling

16.18 Mr Fred LI noted with concern that the number of birds being smuggled into Hong Kong had increased considerably, from 46 heads in 2005 to 5 447 heads in 2006, notwithstanding that the number of detected cases had decreased from 20 to 9 cases during the same period. The Director of Agriculture, Fisheries and Conservation (DAFC) responded that AFCD worked closely with the Customs and Excise Department and the relevant authorities in the Mainland to step up surveillance and enforcement operations against smuggling of animals into Hong Kong. Resources had also been allocated to set up dog teams at boundary control points to assist in combating animal smuggling.

Development of the fisheries industry

16.19 In response to Mr WONG Kwok-hing's enquiry regarding the work to formulate proposals for the long-term development of the fisheries industry, SHWF said that a committee had been set up in December 2006 and its membership included three Legislative Councillors, namely Mr Fred LI, Mr WONG Yung-kan and Mr Vincent FANG. DAFC supplemented that it was envisaged that the committee would take about 18 months to draw up a long-term development plan for the fisheries industry.

Development of the agriculture industry

16.20 Mr WONG Kwok-hing and Mr WONG Yung-kan asked whether, similar to the arrangement for the fisheries industry, the Government would set up a committee to draw up a long-term plan for development of the agriculture industry. DAFC responded that based on the findings of a large-scale survey conducted in 2006, currently there were about 1 600 farms in Hong Kong. Discussions had been held with the farmers concerned with a view to enhancing the development of organic farming in Hong Kong. For poultry and pig farmers who had joined the voluntary surrender schemes, workshops had been held to assist them to transfer to other agricultural activities. A one-stop service was provided to enable the farmers to convert their farms into other uses.

16.21 Mr Joseph LEE was concerned that there were many fake organic farm products in the market. He enquired about the measures to be taken to combat such fake products, and to assist the development of organic farming in Hong Kong. DAFC advised that the Vegetable Marketing Organization had provided funding support for the setting up of the Hong Kong Organic Resource Centre Certification Limited to assess and certify local organic farms and their products. All local farmers were welcomed to join the scheme. The accredited farms would be issued with a certificate, and their products could bear a logo as an identification of being genuine organic farm products.

Reprovisioning of fresh food wholesale market

16.22 Mrs Selina CHOW asked whether, in reprovisioning the Fish Marketing Organization's temporary Castle Peak Wholesale Fish Market, the Government had included in the budget the expenditure for a feasibility study on measures to minimize the noise nuisance of the market to the nearby residents, in

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view of the fact that the fish market operated in the early morning, and a lot of noise was generated by the vessels delivering fish to the market. She asked whether the building plan for the wholesale market would include noise abatement design and/or materials. DAFC advised that the relevant District Council and the Town Planning Board had discussed the noise nuisance created by the wholesale market, and the Environmental Protection Department had approved the Environment Impact Assessment Report for the proposed project. The design of the market had taken into consideration the need to reduce the noise generated from the operation of the market, and the Public Works Subcommittee would be briefed on the details of the project in due course. AFCD together with the Architectural Services Department and other departments concerned would further look into possible measures to minimize the noise generated by the vessels.

Vacant stalls in public markets

16.23 Mr WONG Kwok-hing was concerned about the high vacancy rate in public markets. He asked whether any measure would be taken to improve the situation, e.g. by reducing the rents of the vacant stalls, or allowing the unemployed to start business in the markets and pay a concessionary rent. SHWF pointed out that the public market rentals had not been increased for many years. DFEH supplemented that there was a policy to reduce the stall rental of selected markets by 20% and 40% if a stall had been vacant for four months and six months respectively. The department would also consider other means to improve the occupancy rate of individual markets.

Cleansing service

16.24 Noting that the number of workers employed by the contractors on public cleansing services in 2005-2006 was 5 243 as compared with 4 737 in 2006-2007, Mr TAM Yiu-chung enquired why the contractors had employed less workers in 2006-2007 than in 2005-2006. He was concerned that the workers might have to work longer hours or take up additional duties. DFEH responded that the contractors had employed more workers during the economic downturn period, and had adjusted the number of workers based on actual operational needs. The maximum working hours of individual workers had been laid down in the cleansing contracts.

Shop-front obstructions

16.25 Mr LEE Wing-tat was concerned that many food business operators extended their business onto public pavement, causing obstructions on the streets and noise nuisance to the residents in the vicinity, especially during the evening. FEHD's district offices had pointed out that they carried out massive operations from time to time to clear up such shop-front obstructions. Mr LEE opined that such an approach could not root out the problem as the operators suffered little if only their tables and chairs were confiscated. He asked about the progress on the review of the relevant legislation with a view to imposing penalties on the licensees when they were found to have extended their shops onto public areas.

16.26 DFEH advised that with the creation of 59 new Health Inspector posts in FEHD, the department should be able to step up enforcement actions against shop-front obstruction offenders. He said that the department was consulting the trades concerned on the review of the relevant legislation to enhance FEHD's enforcement action against unauthorized extension of food business.

Non-civil service contract staff

16.27 Mr LEUNG Yiu-chung was concerned that there were more than 500 non-civil service contract (NCSC) staff in each of FEHD and AFCD and their contracts would end at the end of the year. With the increased workload of the two departments, e.g. prevention of avian flu and enforcement on food safety, the pressure on civil servants would be enormous if the departments did not renew the contracts of NCSC staff. He said that since the NCSC staff had worked in the departments for many years, the departments would save the costs in training new staff if they employed the NCSC staff on a long-term basis.

16.28 DAFC responded that out of the 578 NCSC positions in AFCD, about 100 NCSC staff were employed at the Wetland Park and their positions might be deleted when the services of the Park were contracted out. About 200 NCSC positions which were created to relieve the unemployment situation in Hong Kong would be subject to review. During the year the department would recruit about 100 persons to fill up the new civil service posts to be created and the existing civil service vacancies, and the NCSC staff were welcomed to apply for the posts. DFEH said that if it was found that the duties of any NCSC positions should more appropriately be performed by civil servants, the department would take steps to

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convert the NCSC positions into civil service posts. He stressed that civil servants had to be recruited through open, fair and competitive procedures, and NCSC staff were welcomed to apply for civil service posts. DAFC also pointed out that the NCSC staff who had experience working in the Government should enjoy a competitive edge over other candidates in applying for civil service posts.

16.29 The Chairman stated that the Administration should note members' concern about the employment situation of NCSC staff in setting its policy for recruitment of civil servants.

Chapter XVII : Health, Welfare and Women

17.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Health, Welfare and Food (SHWF), briefed members on the major initiatives and expenditure on health-related services for the coming year. (Appendices IV-15a and IV-15b)

Health care reform and financing

17.2 Dr YEUNG Sum welcomed the Administration's plan to conduct a public consultation on health care reform and financing in 2007. He however was concerned that the Government might already have a predetermined stance on the proposed health care reform and financing arrangements as the incumbent Chief Executive had already mentioned in his earlier election platform that he would implement compulsory saving scheme and provide a tax deduction for premiums paid to private medical insurance schemes to encourage the public to take out personal medical insurance. Dr YEUNG therefore queried whether the public consultation would be a genuine one, and sought details on the findings of the Administration's study on health care reform and financing options.

17.3 SHWF said that the Administration was still examining various health care financing options, such as social health insurance, private medical insurance, etc, and their suitability for local application. Details of the health care financing options, including their merits and de-merits, would be included in the public consultation document to be issued around mid-2007. The Administration maintained an open mind on the future strategies for health care reform and its financing options, and would take into account public views before making a decision on the matter.

17.4 Mr Abraham SHEK pointed out that in order to foster a harmonious community, it was necessary to provide adequate medical services for the growing ageing population. He also considered that with an improved economy, the Administration should allocate more resources to improve the specialist services as the waiting time was too long to be acceptable.

17.5 SHWF said that in order to relieve the financial pressure faced by the Hospital Authority (HA), the Administration had already increased the provisions to HA in the past few years to meet the public need for specialist services among others. However, with an aging population, the Administration could not simply rely on increasing the annual provision for HA. Rather, it had to work out a sustainable long-term funding arrangement which could satisfy the demand for medical services in the community.

Telephone booking system for general out-patient clinics

17.6 Mr WONG Kwok-hing, Dr Fernando CHEUNG, Mr TAM Yiu-chung and Dr Kwok Ka-ki were concerned about the difficulties encountered by the elderly in using the telephone booking system for HA's general out-patient clinics (GOPCs). Mr WONG Kwok-hing pointed out that in some cases, elderly patients who felt sick early in the morning could not obtain a consultation slot for immediate medical attention. Dr Fernando CHEUNG added that the 110 000 single elders who lived alone were particularly hard hit by the telephone booking service as they did not have any one to turn to for help if they encountered difficulty in using the service. Worse still, some elders had hearing impairment problem and might not have access to telephone. These members therefore requested HA to review the operation of the telephone booking system and consider allowing booking by other means, such as operating the telephone booking service manually or setting aside a certain number of consultation slots for walk-in elderly patients so as to assist them in obtaining consultation slots for general out-patient services.

17.7 SHWF said that HA had reviewed the operating mode of the telephone booking system and introduced enhancements to make it easier for patients to adapt to the use of the telephone booking service. The Chief Executive/Hospital Authority (CE/HA) added that the telephone booking system was implemented to minimize the inconvenience of patients queuing in person at clinics early in the morning. Since the territory-wide implementation of the telephone booking service, HA had received a number of comments regarding the service. HA was now studying in details the suggestions with a view to further enhancing the booking system. At present, the lines of the telephone booking system were particularly busy around 3:00 pm everyday when the booking started for a consultation slot in the evening session of the same day, or the morning or afternoon session of the next day. To cater for the need of the elderly patients, a separate quota had been allocated for this group of patients. Statistics indicated that after the implementation of the telephone booking service, public GOPCs recorded a higher rate of attendance in respect of patients aged 75 or above. To meet the demand for telephone booking service, additional telephone lines were installed and the telephone booking system could now operate round the clock. As the telephone booking service was in its early days of territory-wide operation, it took time for all the parties involved to adapt to this new service and the system itself also had room for improvements. HA would continue to closely monitor the operation of the GOPC telephone booking service in various districts, keep in

view the use of the telephone booking service by the public, and consider the suggestion of the local community positively. HA would also liaise with different District Councils and community organizations, with a view to making use of community resources to provide assistance to people who needed help in using the telephone booking service.

Obstetric service

17.8 Mr TAM Yiu-chung enquired whether double booking for obstetric services by local expectant mothers at different hospitals might lead to wastage of resources.

17.9 SHWE said that the Government and HA were committed to ensuring that local expectant mothers would have priority in the use of obstetric services in public hospitals. In this connection, HA had set up a central booking system for antenatal services. Local expectant mothers would be given priority in the booking of antenatal services over other persons. In addition, HA would ensure that all local expectant mothers would be able to gain access to obstetric services in their own hospital cluster. The central booking system would allow HA to better assess the demand for obstetric services and, if necessary, plan service expansion in advance. In this connection, HA was discussing with private hospitals on ways to further enhance communication and co-ordination to avoid double bookings with a view to making the most effective use of available resources for obstetric services. As regards Mainland pregnant women, it was unlikely that double booking would arise as they had to pay the obstetric package cost at the time they booked the services. Separately, with the revision of the minimum fee of the obstetric package for non-local pregnant women, the number of Mainland pregnant women giving birth through the Accident and Emergency Department had fallen by more than 70%, and hence, helped relieve the pressure on the obstetrics department of public hospitals.

17.10 The Director (Cluster Services), HA added that with the aid of the central computer network, double registration at two separate hospitals would not arise. However, there were cases whereby pregnant women might be referred to other hospitals for examination and treatment on the advice of medical practitioners.

17.11 Noting that the occupancy rate of obstetrics beds was as high as 103% in the New Territories East (NTE) Cluster from March 2006 to

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January 2007, Ms Audrey EU enquired whether the Administration had allocated adequate resources for the obstetric service in the NTE Cluster for 2007-2008 as local expectant mothers had expressed strong views against the insufficient obstetric services in the territory.

17.12 CE/HA said that with the implementation of the new arrangements for obstetric services, HA had reserved sufficient places for local women to ensure that they had priority over non-locals in booking obstetric services. HA had also considered new measures to recruit and retain mid-wives to meet the demand. Extra beds would be provided for local pregnant women in United Christian Hospital and Queen Elizabeth Hospital to meet the demand during the peak period.

Provision of Chinese medicine clinics

17.13 While the Government had committed to establishing a total of 18 public Chinese medicine clinics (CMCs) in the territory, Ms LI Fung-ying expressed grave concern about the slow pace of development. This would deprive graduates of local Chinese medicine degree programmes of the opportunities to undertake practical training and result in waste of resources.

17.14 Miss CHAN Yuen-han also enquired whether there were sufficient graduates and resources to support the development of CMCs as the average capital cost of setting up a CMC was about \$5.85 million, and that each new clinic was required to engage at least five graduates of local Chinese medicine degree programmes as junior Chinese medicine practitioners.

17.15 In response, SHWF said that the Administration had committed to developing 18 CMCs to serve the 18 districts. It had so far set up a total of nine CMCs, and was examining the feasibility of setting up two to five more CMCs. Apart from setting up CMCs, the Administration had jointly worked with local universities and hospitals on ways to integrate the best use of Chinese medicine with Western medicine. A Chinese medicine out-patient clinic was also provided at Queen Elizabeth Hospital. All these would help provide more training opportunities for graduates. At present, some graduates were attached to Chinese medicine practitioners with more than 50 years of experience and the standard of this batch of new Chinese medicine practitioners should be raised in 10 years. He stressed that the development of Chinese medicine should be taken forward in a progressive manner to ensure its quality.

17.16 Noting members' concerns about the slow pace of development, SHWF said that it was still the Administration's target to provide 18 CMCs to serve all the 18 districts. It however needed time to identify suitable sites for providing new CMCs at government or HA premises.

Waiting time for specialist services

17.17 Mr LEE Wing-tat was concerned about the long time taken for members of the public to wait for diagnosis tests for suspected cancer. In order to enable early treatment, he urged the Administration to put in place extra resources to shorten the waiting time, particularly for those who had been initially diagnosed with suspected cancer by medical practitioners.

17.18 SHWF said that everyone should have a duty to take care of their own health. Notwithstanding, HA would arrange medical checks for persons who had cancer symptoms or family history of cancer within the existing resource constraints. The Department of Health had also launched a cervical screening programme for women, the waiting time of which was within acceptable range. On diagnosis tests for suspected cancer cases, SHWF said that patients would be referred to HA for further medical checks if they were found to have cancer symptoms by medical practitioners.

17.19 Mrs Selina CHOW was concerned about the long waiting time for first appointment at specialist clinics. CE/HA said that it had always been the HA's targets to keep the median waiting time for first appointment at specialist out-patient clinics of first priority and second priority patients to within two weeks and eight weeks respectively. The targets were set, having regard to clinically acceptable waiting time. The relevant figures in 2005-2006 (i.e. less than one week and five weeks respectively) were HA's actual performance in the year. He further said that 94% and 95.8% of the first priority and second priority patients respectively could have access to specialist out-patient clinics within the target time. HA would aim at improving the figures to 100%.

17.20 Mrs Selina CHOW was unconvinced of the explanation and pointed out that it was unreasonable for HA to deliberately adjust downward the performance targets so as to give them bigger leeway. She opined that HA should raise its target indicators to provide better services to the public.

Psychiatric services

17.21 Ms Audrey EU pointed out that the Financial Secretary had made a provision of \$20 million in his Budget Speech to enhance outreaching services for the promotion of mental health in the community and early identification of people with psychological disturbances. She queried why there would be a reduction in hospital beds for mentally ill patients in 2007-2008.

17.22 In response, SHWF said that the occupancy rate for the hospital beds for mentally ill patients was not high, and hence, there was room for reducing the number of beds in the forthcoming year. To better treat the psychiatric patients, the Administration focused on early identification and treatment, with rehabilitation in a community setting. Given that patients who had been admitted to an institution might have difficulty in re-integrating into the society, the Administration had provided additional resources in outreaching service for psychiatric patients. It was hoped that with the use of new drugs and the promotion of rehabilitation service, the efficacy of the treatment of mentally ill patients would improve, thereby reducing the expenditure involved.

17.23 Miss CHAN Yuen-han pointed out that as there were around 20 000 new mentally ill patients each year, it was questionable whether it was justified to reduce hospital beds for mentally ill patients to 4 500 in 2007-2008. She was worried that some patients might not be able to receive treatment at hospitals and were forced to stay at home. This might pose potential risk to family members of those mentally ill patients. She sought the Administration's explanation on its policy on the provision of psychiatric services.

17.24 SHWF said that the Administration had discussed with HA on the planning of psychiatric services, taking into account the world trend in mental health service which shifted in-patient service to ambulatory and community care to promote better integration in the community and help patients achieve a better quality of life. He also stressed that mentally ill patients would not be deprived of the right to access hospital facilities due to resource constraints. Arrangements would be made to suitably adjust the number of beds for mentally ill patients if needed. In response to Miss CHAN's request, the Administration agreed to provide details of complaint cases involving mentally ill patients being turned away for treatment at the HA hospitals, including the number and nature of the complaints, and how the cases were resolved.

17.25 In response to Dr KWOK Ka-ki's enquiry on the estimated number of psychiatric patients who were prescribed new psychiatric drugs in 2007-2008, SHWF said that in the past three years, there had been an increasing trend to prescribe new drugs to psychiatric patients. At present, around 40% to 50% of psychiatric patients were prescribed new drugs. Regarding financial implication, he envisaged that the cost for prescribing new psychiatric drugs would be further reduced after patent expiry. As such, it should not impose too much pressure on HA.

17.26 Dr Joseph LEE said that under the Mental Health Ordinance (Cap. 136), only approved social workers but not community nurses were allowed to refer a person for medical treatment of psychiatric disorder. In order to ensure early medical treatment for this group of persons, he considered that legislative amendment should be introduced to empower community nurses to make such referrals.

17.27 SHWF said that community nurses should work with approved social workers as a team to ensure that persons suspected of having psychiatric disorder could seek timely medical treatment. He agreed that community nurse should also be able to refer patients to seek medical treatment. As regards the review of the Mental Health Ordinance, the Administration would consider the suggestion put forward by Dr Joseph LEE.

Supply of nurses

17.28 Dr Fernando CHEUNG expressed concern about the problem in recruiting nurses for the Elderly Health Centres (EHCs) which had resulted in the reduction of the number of attendances for health assessment and medical consultation in 2006. The welfare sector had also experienced similar difficulty in recruiting and retaining nurses. Noting that HA had launched a two-year enrolled nurse training programme for the welfare sector in 2006 to provide 110 enrolled nurse training places, he enquired about the Administration's measures to tackle the problem.

17.29 SHWF said that there had been a shortage of nurses in the past years, particularly in the year 2004-2005 when a voluntary retirement scheme was implemented. It was envisaged that with the expansion of the private sector medical services this year, some nurses in the public sector would be transferred to the private sector. To address the shortage of nurses, the Administration had

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planned to increase one or two nursing classes at the HA's nursing school, in addition to the 600 places at local universities. The Administration would also consider allocating new resources for HA to organize enrolled nurses training courses to train enrolled nurse for the homes for aged and the welfare sector. He undertook to consult the relevant Panel on the proposed measures.

17.30 Dr Fernando CHEUNG pointed out that the median waiting time for new enrolment at EHCs was 37.2 months and queried whether such long waiting time was acceptable. In response, the Director of Health acknowledged that the waiting time to enroll for EHCs was rather long due to manpower and resource constraints. While it was not possible for the Administration to provide similar service to all the elderly, EHCs were aimed at serving as benchmarks for other non-governmental organizations or private sector to provide primary health care to the elderly. Presently, about half of the elders enrolled at EHCs had chronic illness who should have received medical attention elsewhere. However, as they preferred to have medical check at EHCs, this would inevitably prolong the waiting time for new enrollment at EHCs.

Community nurses

17.31 Dr Joseph LEE noted the recruitment of eight additional community nurses for rehabilitation and geriatric services in 2007-2008 at an estimated cost of about \$1.7 million and enquired about the cost-effectiveness of such deployment in reducing hospital admission and re-admission of patients.

17.32 CE/HA said that in view of the shift from in-patient care to community care, HA would recruit more community nurses in the year 2007-2008 to conduct more home visits and provide nursing services for frequent hospital users, patients of chronic illnesses and high-risk elderly patients in a community setting to reduce the hospital re-admission rates and accident and emergency attendance for these patients.

Resources for the New Territories West

17.33 Mr LEE Cheuk-yan pointed out that with a huge population in the New Territories West (NTW), it was inexplicable that the ratios of medical practitioners and nurses as well as expenditure on drugs and other expenses to the overall population in the NTW Cluster were the lowest among all clusters. Given the high utilization rate of the public health care system in NTW, he sought

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the Administration's explanation on how such imbalance of allocation of health resources could be addressed.

17.34 SHWF explained that the urban clusters which had a long history of development would have more patients and facilities as compared with those newly developed clusters in the New Territories. As a matter of fact, some patients, even after moving to the New Territories, would continue to visit hospitals in the urban clusters rather than in their own clusters. Notwithstanding, the Administration would ensure that each cluster would be able to provide adequate medical and health services, having regard to the mode of care delivery as well as the prevailing mix of acute, ambulatory and community services. Adequate resources would be put in place with a view to ensuring that chronic patients would not be required to seek cross-district treatment in the longrun. As regards specialist services, HA would allocate resources to different clusters having regard to the population distribution in each cluster. Regarding the services in NTW, he pointed out that there were on-going projects in NTW to improve the medical and health care services in the district. These included the phased opening of the redeveloped Pok Oi Hospital and the Rehabilitation Block of Tuen Mun Hospital in 2007.

17.35 CE/HA said that while recognizing the service gap in the NTW Cluster, HA's policy was to deliver its service through service networking and hospital clustering. HA also had a plan to redress the imbalance in the provision of health service in the NTW Cluster. With the opening of the new hospital facilities in 2007, additional health care professionals would be deployed in the district to serve the public.

17.36 Mr LEUNG Kwok-hung expressed grave concern that the health care facilities in Tin Shui Wai were insufficient to meet the demand in the district due to planning blunder. At the request of Mr LEUNG, the Administration agreed to provide the number of patients residing in NTW who sought medical attention in a clinic or hospital of HA in other districts.

Reduction in general beds of Hong Kong West Cluster

17.37 Mr Andrew CHENG was concerned about the reduction of general beds in the Hong Kong West (HKW) Cluster, particularly when the provision of private in-patient services at Queen Mary Hospital had already drained considerable resources from the public health care system. He sought the Administration's explanation on its policy on provision of general beds.

17.38 SHWF said that the deployment of resources and adjustment to the number of hospital beds in each cluster were decided by HA taking into account the projected number of patients with chronic illness and acute illness that each cluster had to serve. On the provision of private services at public hospitals, the main rationale for such provision was to offer the public a means for accessing specialized expertise and facilities in the public medical sector. To ensure that public services would not be adversely affected by the provision of private services, there were restrictions on the number of beds that could be earmarked for private services. CE/HA added that the reduction of general beds in the HKW Cluster was part of HA's move to shift the care of delivery to ambulatory and community based services.

Funding for Hospital Authority

17.39 Dr KWOK Ka-ki noted that the public health expenditure as a percentage of Gross Domestic Product (GDP) had decreased from 2.8% in 2003-2004 to the estimated 2.1% in 2007-2008 despite that the subvention to HA had increased from a revised estimate of \$27,961 million for 2006-2007 to an estimate of \$28,632 million for 2007-2008. He expressed concern that the increase in resources could not address the rising demand for health care service and sought details on the breakdown of the increase.

17.40 SHWF pointed out that there was an increase in the expenditure envelope for HA starting from 2005-2006, with additional \$300 million each year for three years. The Administration would provide additional resources for new services offered by HA. He remarked that public expenditure should be considered based on the actual need but not simply as a proportion of GDP.

17.41 CE/HA added that generally speaking, the salary increment and qualification creep did not exert a great pressure on the HA's annual recurrent expenditure. The increase in subvention for HA could enable the provision of new facilities, the expansion in Pok Oi Hospital and the opening of the new Rehabilitation Block at the Tuen Mun Hospital, the prescription of new drugs and replacement of old equipment in 2007-2008 to cater for the demand of medical services.

17.42 In response to Mr LEUNG Kwok-hung's enquiry on whether more resources would help the Administration to address the deficiencies in the local health care system, SHWF replied that the Administration's role was to use existing resources to take care of the public's health in a cost-effective manner.

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17.43 Noting that there was a reduction in the general out-patient attendances to about 4 838 000 in 2007-2008, Mrs Selina CHOW remarked that HA should not use this as an excuse to reduce the resource so allocated for general out-patient services.

Self-financed drugs

17.44 Mr Abraham SHEK noted that the patients' expenditure on self-financed drugs had increased significantly from \$130 million in 2005-2006 to a projection of \$340 million in 2006-2007. Acknowledging that patients' health should be accorded priority consideration, he expressed concern that it was not fair to put the health of poor patients at risk by depriving their right to receive the necessary drugs. He also enquired why civil servants who were eligible for free medical treatment were required to purchase drugs on their own.

17.45 CE/HA explained that the increase in the patients' expenditure on self-financed drugs was mainly due to the implementation of HA Drug Formulary in public hospitals and clinics since July 2005 which aimed at ensuring a responsible use of drugs. In developing the Formulary, HA had considered whether patients should be required to purchase certain drugs at their own expenses, having regard to overseas experience. HA would use the Samaritan Fund as a safety net to offer assistance, to ensure that no one would be denied treatment because of lack of means.

17.46 Mr Abraham SHEK was not convinced of the Administration's explanation and pointed out that Hong Kong people did not have a tendency to overuse drugs. He urged the Administration to review the drug formulary arrangement.

Welfare

Social security

17.47 Miss TAM Heung-man expressed concern that the Comprehensive Social Security Assistance (CSSA) payments could only meet the basic needs of recipients without any means to provide advancement opportunities for upward mobility for their next generation. She was disappointed that no resources had been earmarked in 2007-2008 for conducting review and study on the mechanism of calculating CSSA payment viz. the Social Security Assistance Index of

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Prices (SSAIP). She enquired about the measures which the Administration would take to tackle intergeneration poverty.

17.48 In reply, the Secretary for Health, Welfare and Food (SHWF) said that CSSA payment rates were reviewed annually to take account of price changes as reflected by the movement of SSAIP which were compiled on a monthly basis to measure inflation/deflation. In addition to annual adjustment and the regular monitoring of the changes of SSAIP, a Household Expenditure Survey for CSSA households was conducted every five years for the purpose of updating the weighting system of SSAIP to ensure that the index could more accurately reflect the impact of price changes experienced by CSSA recipients. The mechanism had been working well and the Administration had no intention to conduct a comprehensive review of the mechanism. Notwithstanding, the Financial Secretary (FS) had announced in his 2007-2008 Budget Speech that \$300 million would be earmarked for the establishment of a Child Development Fund to provide children from a disadvantaged background with more development opportunities. Various support services, such as social, educational and child care services, were also provided by Social Welfare Department (SWD) and the Education and Manpower Bureau. He remarked that instead of increasing the CSSA payment rates, the more effective way to enhance upward mobility of the needy children was to improve the employment opportunities of their parents, thereby alleviating the problem of intergeneration poverty. A socially-inclusive society was more conducive to helping people to move out of poverty.

17.49 Mr WONG Kwok-hing welcomed the provision of one additional month of standard rate CSSA payments and Social Security Allowance (SSA) to the respective welfare recipients. He however considered that the Administration should review the existing rates of CSSA and SSA to ensure that they could better meet the needs of recipients. SHWF explained that the one-off additional payment aimed to share the fruits of economic prosperity with welfare recipients. He reiterated that there was an established review mechanism for CSSA and SSA. Following the last review in 2006, the Finance Committee (FC) had approved the adjustments to the rates of CSSA and the Disability Allowance (DA) under SSA on 15 December 2006. The rate of the Old Age Allowance (OAA) under SSA had been frozen in view of the overshoot in previous adjustments.

17.50 Mr TAM Yiu-chung asked when the one-off additional payments would be released. SHWF and the Director of Social Welfare (DSW) advised

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that subject to the passage of the Appropriation Bill 2007 by the Legislative Council, a separate funding proposal on the one-off additional payments would be submitted to FC for approval. As the one-off additional payments would provide relief to many welfare recipients, Mr TAM opined that the Administration should start the relevant preparatory work for release of the one-off payments while proceeding with the procedures for funding approval. The Chairman echoed that the Administration should forward the funding proposal to FC as soon as practicable.

17.51 While welcoming the one-off additional payments for welfare recipients and the tax concessions of \$8.1 billion for taxpayers, Mr Albert HO was concerned that the working poor had been left out from sharing the fruits of economic prosperity. In this connection, Members of the Democratic Party (DP) had urged FS to consider earmarking additional funding of about \$1 billion for the provision of one-off payments similar to those for welfare recipients to the some 300 000 to 400 000 low-income households as a token of appreciation for their self-reliance.

17.52 SHWF advised that the proposed one-off payment for the working poor was not on the agenda of the Commission on Poverty. Besides, it would be difficult to ascertain the number of working poor. Notwithstanding, the Government had put in place various measures to help the needy families, including the Transport Support Scheme announced by FS in his Budget Speech delivered on 28 February 2007 which aimed to encourage unemployed and low-income people in financial difficulties who lived in remote areas to seek jobs and work across districts. Mr Albert HO remarked that working poor referred to those who were not required to pay salaries tax but were not eligible for CSSA or those with household income below the median household income. There were ways to access to these low-income earners who had filed tax returns but were not required to pay tax.

17.53 Mr WONG Kwok-hing opined that the Administration should consider relaxing the permissible limit of absence of 240 days from Hong Kong for OAA recipients. As retired civil servants were not subject to any residence requirement for their pensions, he queried why a double standard should apply to OAA recipients. He opined that the residence requirement for OAA should be lifted. SHWF said that OAA and civil service pensions were two separate issues. The former was a non-contributory and non means-tested allowance while the latter was a retirement benefit provided by the Government to its employees.

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The imposition of a residence requirement on OAA was to ensure the prudent use of public money. OAA would cease if recipients concerned left Hong Kong on a permanent basis.

17.54 Miss CHOY So-yuk was not convinced of SHWF's explanation. She pointed out that as CSSA payments was fully portable and retired civil servants were entitled to pensions regardless of their place of residence, it was unfair that the permissible limit of absence for OAA was only extended from 180 days to 240 days in 2005. Given the huge fiscal surplus, the Administration could no longer use technical and financial constraints as the excuses for declining Members' repeated request for further relaxation of the permissible limit of absence to 364 days so that recipients concerned were only required to return to Hong Kong for one day each year to prove their existence and eligibility for OAA. This would obviate the need for and alleviate the financial burden of OAA recipients to maintain a home in Hong Kong. The proposed extension would not create any technical problem since only minor modification to the existing computer system was required.

17.55 SHWF explained that CSSA and OAA were two different social security schemes; the former was means-tested while the latter, particularly the Higher OAA, was not. As regards the Portable CSSA Scheme, he said that recipients concerned could only choose to live in the Guangdong and Fujian Provinces and would receive CSSA payments lower than that of their counterparts in Hong Kong. However, there were no such restrictions on OAA recipients. SHWF reiterated that as OAA was not means-tested, the Administration had to be cautious in ensuring the prudent use of public coffers.

17.56 Mr WONG Kwok-hing criticized the Administration for ignoring the needs of the elderly. He held the view that OAA was a token of appreciation for the contributions which the elderly had made for Hong Kong and therefore should not be subject to any residence requirement. He pointed out that Mainland retirees residing in Hong Kong were eligible for any retirement benefits offered by their Mainland employers upon presentation of the survival proof certified by the Hong Kong Federation of Trade Unions. He urged the Administration to consider adopting a similar arrangement for OAA recipients. SHWF assured members that the Administration would keep OAA under regular review taking into account public aspirations. At members' request, SHWF undertook to provide a report on past reviews of OAA, with particular reference to the justifications for not extending the permissible limit of absence from Hong Kong

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beyond 240 days. The Chairman suggested that the subject should be further discussed by the Panel on Welfare Services.

Care for the elderly

17.57 Ms LI Fung-ying noted that the revised financial provision in respect of support services for the elderly for the government sector and the subvented/private sectors in 2006-2007 had decreased by 22.3% and 5.8% respectively when compared to the original estimate. According to the Administration, the decreases were attributable to the lower than expected cashflow requirements for projects under the Partnership Fund for the Disadvantaged (PFD) and rescheduling of the implementation of the Enhanced Home and Community Care Services (EHCCS). Given the keen demand for support services for the elders, she opined that the resources earmarked for such services should be fully utilized to enhance service quality on the one hand and reduce the waiting time on the other.

17.58 DSW explained that funding for PFD was provided to non-governmental organizations (NGOs) on an annual basis to support a variety of services, including those for elders and families etc. The 22.3% decrease in financial provision for the government sector in 2006-2007 reflected the actual funding applications for PFD by NGOs. As regards EHCCS, DSW clarified that service capacity had actually been increased in 2006-2007 to meet demand. As discussion with individual NGOs on the implementation timetable had to be made to take account of their readiness, some resources would be deployed in 2007-2008 instead of 2006-2007. He assured members that the unspent resources for 2006-2007 would be carried forward to 2007-2008 to maintain the service quality.

17.59 Miss CHAN Yuen-han noted with concern that under the conversion programme, the number of self-care (S/C) hostel/home for the aged (H/A) places would be reduced from 3 099 in 2006-2007 to 1 119 in 2007-2008 and the number of care-and-attention (C&A) home places from 9 933 in 2006-2007 to 9 263 in 2007-2008. She asked if the Administration had conducted any review of the conversion programme to ascertain its effectiveness in meeting the needs of elders.

17.60 SHWF responded that in line with the principle that subsidized residential care places for the elderly should provide long term care (LTC) and

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continuum of care, the Administration had since 2005-2006 implemented the programme to convert S/C hostel and H/A places which had no LTC element, and some existing C&A places not providing continuum of care, into C&A places providing continuum of care. There would not be displacement of elders from the participating homes as the conversion would be vacancy-led. He explained that the reduction in the number of the S/C and H/A places concerned would eventually be transformed into C&A places providing continuum of care to better meet elders' need for LTC services. Given that the programme had only been implemented for two years, the Administration had yet to conduct any review of the effectiveness of the programme.

17.61 Mr TAM Yiu-chung pointed out that while elders could use CSSA payments for subsidized or private residential care homes for the elderly (RCHEs), they usually preferred the former in view of their better services. He asked how their demand could be met without having to wait for a long time for subsidized RCHEs. He also requested for supplementary information on the number of complaint cases against private and subsidized RCHEs in 2006-2007 and the number of substantiated cases.

17.62 SHWF noted that while elders would not have to wait for admission to private RCHEs, many of them would prefer subsidised RCHEs even though the waiting time was relatively longer. In the face of an ageing population, it was for consideration whether it was a desirable and financially viable option to convert all elderly services into subsidised services as the cost of subsidised services was essentially higher. The Administration would keep in view the community's expectation in this regard. In response to Mr TAM's further enquiry on the progress of various initiatives, including the concept of "money follows the elders", SHWF advised that the Elderly Commission (EC) had been advocating the concepts of "ageing in the community" and "active ageing", and that additional funding was provided in the Estimate to help bring forward these concepts. As regards long-term care financing, he said that the Administration was exploring possible options having regard to developments in the studies on health care financing options. The "Fee Assistance Scheme for Residential Care Services for Elders" could be one of the options to be studied further.

17.63 Mr Albert HO said that DP Members had all along been urging for the enhancement of care for the elderly. To meet the increasing demand for RCHE places, he asked if the Administration would consider providing more RCHEs in new towns, such as Tuen Mun, Tin Shui Wai, North District and

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Fanling, given the availability of land in these districts. This would also help create more job opportunities for the local people. The Chairman said that the Administration should continue to increase the supply of subsidised residential care places in view of the strong demand for subsidised RCHE places.

17.64 SHWF advised that the Government was committed to providing LTC and continuum of care to the elders. However, it might not be appropriate to locate the elders to RCHEs in more remote districts. Besides, it would not be convenient for family members to visit the elders in RCHEs in remote areas. He nevertheless assured members that the Administration would closely monitor the service demand for RCHEs.

17.65 On the proposed allocation of \$96 million over the next four years to implement a trial scheme in two districts to provide one-stop support services to elderly discharges in need, Dr Fernando CHEUNG enquired about the role of NGOs and whether they had been consulted on the trial scheme. SHWF explained that under the trial scheme, elderly discharges who had difficulty taking care of themselves would receive one-stop rehabilitation and home-based community care services. In consultation with EC and relevant parties, the Administration would work out the details of the trial scheme, including the service content, mode of delivery, district for implementing the trial scheme, medical and social welfare interface, and the cost involved.

Combating domestic violence

17.66 Given the rise in domestic violence cases in 2006, Ms LI Fung-ying noted with concern that no additional manpower resources had been earmarked in 2007-2008 for the Family Support Networking Teams (FSNTs). She pointed out that the increase in resources for other service units for families in need could not replace the services of FSNTs. DSW clarified that FSNTs were not the only units that dealt with domestic violence cases. SWD provided a wide range of preventive, supportive and specialized services to support victims of domestic violence and families in need. Given the relatively small staff size of FSNTs and the fact that additional resources had been earmarked for FSNTs in 2006-2007, the estimated expenditure for FSNTs in 2007-2008 was set at a comparable level as in 2006-2007.

17.67 Dr Fernando CHEUNG doubted if it was realistic for SWD to project a 2% increase in the number of domestic violence cases in 2007-2008, given that

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the number of domestic violence cases recorded by the Police and handled by the Family and Child Protective Services Units (FCPSUs) of SWD, the units mainly responsible for tackling domestic violence within the Department, in 2006 had increased by 80% and over 6% respectively as compared to 2005. In view of the rising number of domestic violence cases, he further questioned why the estimated number of supervision cases per worker under family and child protection would decrease from 46 in 2006-2007 to 41 in 2007-2008.

17.68 DSW responded that apart from the Police, SWD or NGOs, or both, also provided services to victims of domestic violence and family in need through the Integrated Family Service Centres/Integrated Services Centres, FCPSUs, Clinical Psychology Units, refuge centres for women, Family Crisis Support Centre, residential care placements for children and child care centres etc. Additional resources had been allocated in the past two years to strengthen the related services. The Administration would continue to monitor the situation and seek funding from the Legislative Council (LegCo) when necessary. The Chairman recalled that the Administration had undertaken to provide consolidated statistics on domestic violence cases handled by SWD and the Police when responding to an oral question on child abuse at the Council meeting on 31 January 2007. SHWF assured members that the required information would be provided shortly. As regards the decrease in caseload per worker, SHWF explained that this was due to the increase in manpower in 2007-2008 to share out the workload.

Rehabilitation

17.69 Mr WONG Kwok-hing expressed doubt about the Administration's commitment to implement various measures to facilitate full integration of people with disabilities (PWDs) into the community. By way of illustration, he said that SHWF had declined to attend meetings of the Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for PWDs (the Subcommittee) albeit transport needs of PWDs had all along been a cause of concern of LegCo. Furthermore, 8 173 orders of dial-a-ride rebus service had been declined in 2006. He considered it necessary for the Administration to work out concrete plans on the provision of concessionary fares for PWDs.

17.70 SHWF said that the Administration was mindful of the transport needs of PWDs. To gain a better understanding of the general travel behaviour

of the target beneficiaries (i.e. PWDs who were DA recipients or CSSA recipients with 100% loss in earning abilities), HWFB had conducted a Survey on the Public Transport Needs of PWDs (the Survey) and subsequently, the Secretary for the Environment, Transport and Works (SETW) and SHWF had jointly written to the major public transport (PT) operators appealing to them to consider providing fare concessions to PWDs taking into account findings of the Survey. While PT operators in general had expressed reservation on the Survey findings, the Administration would continue its efforts to persuade PT operators to provide fare concessions for PWDs and discuss with them the implementation details, such as service contents, fare concessions, cost involved and target beneficiaries etc.

17.71 Mr LEE Cheuk-yan, who was the Chairman of the Subcommittee, briefed members on the deliberations of the Subcommittee. He pointed out that pertinent issues, particularly the question of whether the provision of fare concessions to selected PWD groups would lead to discrimination under the Disability Discrimination Ordinance (Cap. 487), had been clarified. However, the financial arrangement for the provision of fare concessions had yet to be solved. Despite that the Survey had shown that fare concessions for PWDs would result in positive business operation due to increased patronage, there were dissenting views between the Government and PT operators on how the financial implications associated with the fare concessions for PWDs should be absorbed. As the Government was the biggest shareholder of the two major PT operators, i.e. the Mass Transit Railway Corporation and Kowloon-Canton Railway, the Subcommittee held the view that the Administration could work out separate measures to address the transport needs of PWDs without further delay.

17.72 SHWF agreed that fare concessions would be conducive to helping PWDs integrate into the community, thereby achieving self-reliance and improving their quality of life. However, as the transport portfolio fell under the purview of the Environment, Transport and Works Bureau, he would relay members' views to SETW. Mr WONG Kwok-hing and Mr LEE Cheuk-yan invited SHWF to attend meetings of the Subcommittee to further discuss the issue. They also requested SHWF to liaise with SETW with a view to reaching a final decision on the provision of fare concessions to PWDs before the end of current term of the incumbent Chief Executive. As PT operators had agreed to consider the feasibility of providing fare concessions to PWDs in the light of the Survey, the Administration was requested to advise the latest progress in this respect.

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17.73 Dr Fernando CHEUNG noted that no progress had been made to increase 50 severely mentally handicapped hostel places and 120 supported hostel places as committed in the 2006-2007 Estimates of Expenditure. He was concerned that the same would happen to the proposed increase of 161 severely mentally handicapped hostel places and 121 supported hostel places in the 2007-2008 Estimates, thereby resulting in an acute shortage in residential services. Given that 1 900 severely mentally handicapped persons were on the waiting list for residential places, it would take nine years to meet the full demand with the proposed increase of 161 such places in 2007-2008. He urged the Administration to work out concrete plans to resolve the problem. The Chairman echoed that the Administration should explain why no progress had been made in 2006-2007 to increase the two types of residential places as committed.

17.74 Expressing similar views, Dr KWOK Ka-ki noted with concern that the average waiting time of severely mentally handicapped persons, severely physically handicapped persons and severely disabled persons for residential care services had increased from 62.4 months, 45.6 months and 24 months in 2004-2005 to 85.2 months, 75.6 months and 40 months in 2006-2007 respectively. With the substantial fiscal surplus of over \$50 billion for 2006-2007, the Administration should increase the resources for rehabilitation services to ensure that the needy could have access to such services. Apart from concrete plans to meet the demand for rehabilitation services, efforts should also be made to ensure the quality of service provided by the private sector.

17.75 SHWF responded that the Government attached great importance to the needs of PWDs, particularly those severely mentally handicapped persons and persons with severe behavioural problems whose family members could hardly take care of them. A study on the provision of continuum of care to these people in the long run would be carried out. Meanwhile, inspection on private residential homes had been stepped up to ensure the quality of services provided. On the slippage of provision of new residential care homes, SHWF said that this was partly due to the resistance from local residents. DSW added that other factors, such as lengthy public consultation and discussion with local residents as well as delay in building works, which were beyond the control of SWD might also affect the progress of these projects. Notwithstanding, the Administration would strive to provide the additional residential places as planned.

17.76 Dr Fernando CHEUNG acknowledged that it might be difficult to persuade residents in existing residential developments to agree to the provision of residential care homes in their proximity. To this end, consideration should be given to including residential care homes in the planning and design of new residential projects, particularly those redevelopment projects of old public rental housing (PRH) estates. DSW confirmed that efforts had been made by SWD to include residential care homes in the planning of redeveloped PRH projects. However, as these projects might take a long time to complete, alternative sites, including vacated premises by kindergartens, had been identified. To facilitate understanding, Dr KWOK Ka-ki requested the Administration to provide the number of requests made by HWFB for inclusion of residential care homes in the planning of redevelopment projects, particularly those for old PRH estates, and the outcome of such requests. In the event that such requests were not acceded to, the reasons for rejection given by the relevant bureaux/departments.

Women's interests

17.77 Miss CHAN Yuen-han was gravely concerned about the problem of women in poverty. She pointed out that the working poor earning less than \$4,000 a month were mainly women, most of them were new arrivals. Apart from the Capacity Building Mileage Programme (CBMP), more should be done to help ameliorate the problem. As the issue straddled several policy areas and could not be resolved by HWFB alone, she asked if SHWF would liaise with other relevant bureaux to tackle the problem in a cross-departmental and cross-disciplinary manner.

17.78 SHWF responded that the Government was committed to protecting women's interests. In addition to promoting gender equality, "equal pay for equal value" and the Wage Protection Movement (WPM) to put in place a minimum wage for cleansing and guarding services or legislation if WPM failed to work, the Administration, with the assistance of the Women's Commission, had kept under review policies and services related to women. In response to Miss TAM Heung-man's question on the resources incurred in the reviews, SHWF said that these were absorbed from within the existing resources of HWFB and the respective bureaux and departments concerned. As regards the assistance to female new arrivals, SHWF said that a wide range of services and activities had been offered by the Government and NGOs in districts with high population of female new arrivals to help them adapt to the socio-economic environment of Hong Kong. Education and publicity would also be stepped up to eliminate discrimination.

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17.79 Miss TAM Heung-man enquired about the measures to promote women's participation in the advisory and statutory bodies (ASBs) and the cost incurred in 2007-2008. SHWF pointed out that under the gender mainstreaming initiative, the Administration had set a gender benchmark of 25% as an initial working target for appointment to ASBs, which had already been met. It would further enhance gender mainstreaming by promoting women's participation in the non-governmental and private sectors.

17.80 Mr LEUNG Kwok-hung said that women, particularly single mothers and housewives, were another underprivileged group. In addition to the allocation of \$19.8 million in 2007-2008 to promote women's interests and some \$10 million to continue CBMP over the next three years, he held the view that new funding resources should be explored to help resolve the problem of poverty. These might include the establishment of a universal retirement protection scheme. With the contribution of about 3% of the monthly earnings of each employee to a central pool, eligible welfare recipients would then be able to receive \$3,000 per month.

17.81 Referring to the motion debate on universal retirement protection scheme at the Council meeting on 26 April 2006, SHWF reiterated the Government's position that personal savings, the Mandatory Provident Fund Scheme and a safety net for the underprivileged were the three main pillars of retirement protection. The question of whether an additional scheme was feasible and reasonable had yet to be carefully assessed. Besides, there was strong objection in the community against the establishment of a central fund for retirement. Notwithstanding, the Central Policy Unit had embarked on a study on the problems associated with the ageing population. The findings of which would help the Government to determine its long-term policy in this regard.

Chapter XVIII : Administration of Justice and Legal Service

18.1 At the Chairman's invitation, Miss Emma LAU, Judiciary Administrator (JA), and Mr WONG Yan-lung, Secretary for Justice (SJ), highlighted the key programme areas within their respective purviews for the year 2007-2008 (Appendices IV-16a and IV-16b).

Dispute resolution through mediation

18.2 Noting that the Mediation Co-ordinator's Office (MCO) had held information sessions for 439 people in 2006-2007 and referred 113 cases to mediators in the private sector for mediation service, Ms Audrey EU was concerned about the effectiveness of the work of MCO in assisting parties to receive family mediation service. She sought information on the percentage of cases referred to mediators among the total number of cases serviced by MCO in 2006-2007. In response, JA said that as each case normally involved two parties, the number of people attending MCO information sessions would be about double the number of cases. On that basis, a rough estimate of the percentage of cases referred would be about 50%. She nevertheless undertook to provide the percentage of referral after the meeting.

18.3 Ms Miriam LAU supported the efforts of the Department of Justice (D of J) in developing and promoting mediation as an alternative form of dispute resolution. Pointing out that community-base mediation could effectively help resolve disputes between parties at the district level (such as between individual property owners and the Owners' Incorporations), Ms LAU enquired whether D of J had plans to promote such service in addition to the schemes for resolution of family disputes and disputes in the construction industry. Ms LAU urged the Administration to expedite work in developing and promoting mediation, where resources were available, through working out concrete implementation plans in this respect.

18.4 SJ shared Ms Miriam LAU's view that mediation service, such as community-base mediation service, could be developed as an effective alternative for dispute resolution. SJ advised that he had invited a number of legal practitioners and academic lawyers to assist him to identify ways in which mediation could be developed and promoted. He said that promotion of mediation could be done through enhancing public understanding about mediation and showcasing successful resolution of disputes by means of mediation. SJ said that the revised estimates of D of J for 2006-2007 was below the original

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estimates because a number of cases had been deferred and the associated expenses had not been incurred in 2006-2007 as originally estimated.

18.5 Mr LEE Wing-tat shared Ms Miriam LAU's view that mediation would be effective in resolving minor disputes in the community, thereby reducing the costs and time for bringing these cases to the court. Mr LEE noted with concern that MCO was only holding information sessions on family mediation and referring parties concerned to private mediators outside the Judiciary. Moreover, he opined that the expenditure of MCO in the past few years only constituted a small percentage of the total estimates of the Judiciary (about 0.01%) and might not be adequate for promoting mediation for dispute resolution. He enquired about the Judiciary's plan to promote mediation in the next few years and whether additional resources would be allocated in this regard.

18.6 In response, JA said that while the Judiciary supported the promotion of mediation as an alternative for dispute resolution, as the administrator of the judicial system, it should maintain impartiality and therefore was not in a position to provide mediation service. The Judiciary was only one of the parties involved in the promotion of mediation, i.e. through referral of cases to private mediators by MCO. More resources were allocated by the Administration for encouraging the use of mediation, such as funding for legally aided persons to use mediation service. She understood that to take forward the recommendation of the Working Party on Civil Justice Reform in its final report for application of mediation service to legally aided cases, the Legal Aid Department had completed a one-year pilot scheme on mediation of legally aided matrimonial cases and was evaluating the effectiveness of mediation for these cases. As for the Judiciary, a pilot scheme for voluntary mediation in relation to cases in the Construction and Arbitration List of the High Court had been launched in September 2006. The Judiciary was also examining, together with the legal and mediation professions, the feasibility of a pilot scheme for building management cases handled by the Lands Tribunal. The Chief Justice appointed a working party in January 2007 to consider how the Judiciary might facilitate mediation as an alternative consensual dispute resolution for cases handled by various levels of courts.

18.7 Mr LEE Wing-tat further opined that parties to commercial disputes involving small amount of money might have difficulties in meeting the costs for resolving disputes through legal proceedings. He enquired whether the Judiciary had plans to facilitate the resolution of minor commercial disputes through mediation. In reply, JA advised that the Small Claims Tribunal (SCT) provided a

simple, inexpensive and informal procedure to deal with monetary claims not exceeding \$50,000. As legal representation was not permitted in SCT, the Tribunal Officers facilitated parties in sorting out issues and negotiating settlement as well as advising them of the alternative of resolving disputes through mediation. Nevertheless, parties concerned would decide on the use of mediation purely on a voluntary basis.

Law drafting

18.8 Ms Audrey EU observed that the progress of introduction of bills into the Legislative Council (LegCo) had been rather slow, thereby resulting in an undesirable arrangement where only a few bills were introduced at the beginning of a legislative session while the majority were clustered towards the session end. She was concerned whether the Law Drafting Division (LDD) of D of J had experienced any difficulties in manpower resource management to cope with the uneven distribution of workload.

18.9 SJ responded that D of J was not in a position to comment on the priority of legislative proposals submitted to LegCo as this would be subject to the decision of the respective policy bureaux. He agreed that additional manpower resources would help relieve the heavy workload of LDD. Nevertheless, the current workload was still manageable and measures, such as training, would help draftsmen upgrade the skills.

18.10 Noting that D of J had quantified the work of LDD in terms of the total pages of bills and subsidiary legislation published in the Gazette, Ms Margaret NG opined that the quality of law drafting should be attached greater importance. She was of the view that D of J should play a more active role in making timely and comprehensive legislative reforms/amendments to bring the laws of Hong Kong up-to-date as well as in line with the international best practice. Moreover, D of J should take the lead in the introduction of legislative proposals, in particular those involving issues about the constitution and the legal system, instead of providing technical support to the respective policy bureaux in drafting only.

18.11 SJ shared Ms Margaret NG's view about the importance of ensuring the quality of law drafting and stressed that D of J was committed to producing legislative drafts of high quality. Moreover, it was the policy of D of J to continuously carry out law reforms/amendments to bring the laws of Hong Kong

in line with the latest developments but he hoped that Members could appreciate that prioritization of work was necessary. As to the role of D of J in submitting legislative proposals to LegCo, SJ advised that under the existing arrangement, policy bureaux were responsible for submitting legislative proposals under their respective purview. SJ did not agree that D of J only provided technical drafting support to policy bureaux as it had an important role in giving legal advice to bureaux from the constitutional and human rights perspectives to ensure that the proposed legislation was consistent with the provisions of the Basic Law, including human rights provisions. As to Ms NG's concern about the personal involvement of SJ in the law drafting process, SJ advised that he would monitor closely the drafting of important/political sensitive pieces of legislation.

18.12 Responding to Ms Margaret NG's concern about the progress of the Companies Ordinance rewrite exercise, SJ explained that the rewrite exercise could not be completed in a rush given the extensive scope and complexity of the Companies Ordinance. Additional manpower resources had been provided for D of J to cope with the rewrite work and officers concerned would spare no efforts in taking forward the task.

18.13 Ms Margaret NG remained concerned about the quality of law drafting and questioned whether the general language proficiency requirement (LPR) for applicants to the entry rank of the Government Counsel (GC) grade (to which draftsmen in LDD belonged) would have limited the choices of candidates in the recruitment process. In this connection, Ms NG highlighted LPR on Chinese Language and questioned whether this requirement would have excluded from the GC grade high calibre candidates possessing good legal knowledge but failing to meet this particular requirement. Ms NG also pointed out that LegCo Members had come across rather unsatisfactory law drafting in Chinese in the scrutiny of bills and doubted whether the existing LPR on Chinese Language was effective in ensuring the drafting quality of bills in Chinese. In this connection, Ms NG enquired about measures to facilitate the recruitment of high calibre candidates with the needed professional knowledge and experience to ensure the quality of law drafting.

18.14 In response, SJ advised that in addition to LPR, applicants of the GC grade were subject to other entry requirements, such as those on professional qualifications and knowledge. He stressed that in the recruitment of officers to the GC grade, D of J would consider the suitability of an applicant having regard to all relevant factors. As the work of LDD required bilingual legislative

drafting, proficiency of draftsmen in both languages would facilitate the deployment of manpower resources in the division. Nevertheless, SJ pointed out that where necessary, flexibility was allowed in granting exemptions from LPR in recruitment to facilitate the selection of suitable applicants and therefore the requirement would not result in exclusion of potential applicants. At the request of Ms Margaret NG, SJ undertook to provide information on the number of serving GCs in LDD to whom exemptions from LPR had been applied during recruitment. The Solicitor General supplemented that apart from satisfying the basic LPR applicable to all applicants of the GC grade alike, applicants for GC posts in LDD were required to attend a written test specially devised for the recruitment of law draftsmen.

18.15 SJ pointed out that legislative drafting required special expertise of which in-house on-the-job training was found to be the most effective way of enhancing drafting skills of junior drafters. Under the Mentorship Scheme in LDD, on-the-job training on drafting was provided to mentees by their assigned mentors on a regular and on-going basis. The effectiveness of mentorship schemes for training of legislative drafting skills was recognized by overseas drafting authority, such as the parliamentary draftsmen of the United Kingdom (UK).

18.16 Ms Margaret NG opined that in addition to on-the-job training for draftsmen to maintain high drafting quality, D of J should attach importance to the knowledge and experience of draftsmen in legislative drafting and legal principles. In this connection, she noted with concern that among the 38 GCs in LDD, only eight had 15 years or more experience in the grade. She requested the Administration to provide further information on the experience in legal practice of GCs in LDD. In reply, SJ advised that disclosure of personal information of individual officers might give rise to concern about personal privacy protection. He nevertheless undertook to provide, where practicable, general information on the experience of GCs in LDD requested by Ms NG.

18.17 Noting that 38 non-directorate posts would be created in D of J in 2007-2008, Ms Margaret NG enquired whether these included new posts for law drafting in LDD. In reply, the Director of Administration and Development said that while one vacancy in LDD would be filled in 2007-2008, no new post would be created for law drafting in the division in the coming financial year.

Provision of legal advice by the Department of Justice

18.18 Referring to the request of the Subcommittee to Examine the Implementation in Hong Kong of Resolutions of the United Nations Security Council (UNSC) in relation to Sanctions (the Subcommittee) for SJ's comments on the existing mechanism for implementation of UNSC sanctions, Ms Margaret NG pointed out that the advice from SJ had been outstanding for over one year. In this connection, she was of the view that the long lead time taken for provision of legal advice to LegCo was not conducive to the efficiency of LegCo's work. In response, SJ appreciated Ms NG's concern and advised that considerable time was required to examine the complicated issues involved in the question raised by the Subcommittee in a comprehensive manner. He nevertheless undertook to make every effort to provide a response to the Subcommittee as soon as practicable.

Cases handled by the Small Claims Tribunal

18.19 Noting SJ's advice that the 1 305 civil proceedings brought by the Government in 2006 covered cases handled by SCT, Mr Albert CHAN was concerned that the administration cost involved in the civil proceedings might far exceed the amount of claims awarded to the Government in some minor cases handled by SCT. In this connection, Mr CHAN referred to a case where a Comprehensive Social Security Assistance recipient was prosecuted for causing injury to a Police officer and for compensation of the financial loss of the Government in this respect. He held reservation on the Government's prosecution of civil cases involving small claims, in particular where the defendants concerned would unlikely have the means to pay the claims in the event of conviction. Mr CHAN questioned the criteria and factors for consideration in assessing whether civil litigations should be brought by the Government and opined that the Government should review the relevant criteria and factors.

18.20 SJ replied that while he would not comment on specific case, the decision of whether civil proceedings should be brought by the Government was not made on the basis of the amount of claim involved. At the request of Mr Albert CHAN, SJ undertook to provide information on the 1 305 civil proceedings in 2006 with breakdown by the number of cases handled by various levels of courts and the prevailing criteria and factors for consideration in assessing whether civil litigations should be brought by the Government.

Recovery agents

18.21 Pointing out that concerns about the operation of recovery agents in Hong Kong had previously been discussed at meetings of the Panel on Administration of Justice and Legal Services, Ms Miriam LAU enquired whether the prevailing legislation would have adequate deterrent effect against the operation of these agents.

18.22 In reply, SJ advised that given that common law offences of maintenance and champerty were applicable to Hong Kong, in some circumstances the activities of some recovery agents might be unlawful. The operation of recovery agents had been considered by the Law Reform Commission of Hong Kong in the context of the study on conditional fee arrangements in Hong Kong. SJ advised that the regulation of recovery agents, including policy and possible legislative amendments, had to be considered in detail having regard to various factors and developments in overseas jurisdictions. In the case of UK, regulatory arrangements had been put in place in respect of the operation of recovery agents but such changes had been subject to controversy. As to the enforcement actions against unlawful recovery agents, SJ said that difficulties had been encountered in the collection of evidence but the Hong Kong Police Force (HKPF) had been investigating referral cases from the legal profession, the Commissioner of Insurance and D of J. Responding to Ms Miriam LAU's further enquiry, SJ explained that while HKPF was undertaking investigation of certain cases, prosecution could only be made on the basis of sufficient evidence.

18.23 Ms Margaret NG opined that the operation of recovery agents in UK was different from those in Hong Kong in that the former were not charging their clients by a percentage of the compensation received. In reply, SJ explained that when referring to the example of recovery agents in UK, he did not mean to compare the case of Hong Kong directly with UK or recommend Hong Kong to follow the example of UK. He was trying to illustrate the need to examine the subject with reference to the practices in different jurisdictions. He pointed out that issues relating to the charging of conditional fees and the operation of recovery agents would have to be examined in the context of the wider question of "access to justice".

Appointment and promotion of judges and prosecutors

18.24 Mr Martin LEE observed that in some criminal cases, particularly those handled by the Magistrates' Courts, judges would convict the defendants even in the face of weak evidence. In this connection, Mr LEE doubted whether a higher conviction rate of cases handled by individual judges would be taken into consideration, or be regarded as merits, in the appointment and promotion of judges. In reply, JA advised that judges were appointed by the Chief Executive (CE) based on the recommendations of the Judicial Officers Recommendation Commission (JORC). In making recommendations to CE, JORC observed strictly the criteria for appointment of judges as stipulated in the Basic Law and the relevant legislation. Relevant information on candidates provided to JORC included their qualifications, professional experience etc. Information on the conviction rates were not compiled by the Judiciary.

18.25 Noting that information on court cases handled by judges was not provided to JORC, Mr Martin LEE expressed further concern that JORC would therefore not be able to take into consideration in appointment the unsatisfactory performance of individual judges who had convicted defendants in the absence of reasonable and adequate evidence. He enquired about the information provided to JORC for consideration of appointment.

18.26 In reply, JA stressed that judges adjudicated according to law and their decisions were subject to appeal under the well-established appeal mechanism. It would not be appropriate for the Judiciary Administration to comment on the decisions of judges. JA reiterated that JORC made recommendations for judicial appointments in accordance with the criteria enshrined in the relevant legislation and the Basic Law. As to the information considered by JORC, JA advised that this could not be disclosed on grounds of confidentiality. Responding to Mr Martin LEE's further enquiry on channels for the legal professionals and the public to lodge complaints about judicial conduct, JA advised that in accordance with the mechanism for handling complaints of judicial conduct, the relevant court leaders would ensure that complaints received were handled and investigated in a fair manner. As to Mr Martin LEE's enquiry about the evaluation of performance of prosecutors, SJ advised that prosecutors who discharged their responsibilities in a fair manner and in accordance with the established prosecution policy guidelines would be considered as performing better than those failing to conduct cases in the aforesaid manner.

Waiting times for court cases

18.27 Ms Audrey EU enquired about the lead time between the completion of court hearings and handing down of judgments. In reply, JA advised that in 2006, the Court of Appeal, the Court of First Instance (CFI) and the District Court recorded an average of 20 days, 30 days and 28 days respectively for handing down of judgment. For appeal cases handled by CFI, the average was 20 days.

18.28 Pointing out that the waiting time for summons cases in Magistrates' Courts had far exceeded the target of 50 days in 2005 and 2006 (with waiting time of 94 days and 95 days in 2005 and 2006 respectively), Ms Audrey EU queried why the Judiciary had not made earlier appointment of new Special Magistrates to deal with these cases to improve the average waiting time with the abundant financial resources in the 2006-2007 estimates. Ms EU was concerned that there might be difficulties in recruiting suitable candidates and enquired whether the Judiciary was confident that the target waiting time of 50 days could be achieved with the appointment of Special Magistrates in 2007-2008.

18.29 JA responded that several recruitment exercises of Judges and Judicial Officers for various levels of courts had commenced about 18 months ago to fill vacancies at different levels of courts. She said that it was envisaged that the recruitment of Special Magistrates could be completed within 2007 and the Judiciary would strive to improve the waiting time for summons cases with the appointment of new Special Magistrates. Responding to Ms Audrey EU's further enquiry, JA said that while there were currently six vacancies of Special Magistrates, the number of vacancies to be filled would depend on the recommendation of JORC. She also confirmed that financial resources were available to cater for the requirements of newly appointed Special Magistrates for office accommodation, support facilities and supporting staff. At the request of Ms EU, JA undertook to provide information on the resources allocated for the appointment of new Special Magistrates to deal with summons cases.

Lighting and room temperature in courts

18.30 Ms Audrey EU expressed concern about the insufficient lighting in courts and enquired whether the Judiciary had conducted regular assessments and review in this respect. Moreover, Ms EU opined that the low room temperature in courts was not in line with the principle of energy saving and environmental

protection. In this connection, Ms EU enquired whether the Judiciary had adopted the same standard temperature of 25.5 °C adopted by government bureaux and departments for the air-conditioning in courts.

18.31 In reply, JA said that the Judiciary conducted checking of the lighting in courts from time to time and took necessary follow-up actions in response to feedbacks from court users. As regards the room temperature in courts, JA advised that the Judiciary adopted the same standard of 25.5°C for areas in the Judiciary premises outside the court rooms. She nevertheless pointed out that the temperature in the court rooms was set at a lower level of about 22°C to 23°C to cater for the need of judges and lawyers in their professional outfits and the large number of court users.

Chapter XIX : Works

19.1 At the Chairman's invitation, Dr Sarah LIAO, Secretary for the Environment, Transport and Works (SETW), briefed members on the main initiatives in respect of the Policy Area: Works, and the related estimates for the coming year (Appendix IV-17).

Measures to expedite the Capital Works Programme

19.2 Mr WONG Kwok-hing asked whether the Administration would be able to fully utilize the \$29 billion earmarked for infrastructure projects in 2007-2008 so as to create more employment opportunities in the local construction industry. Ir Dr Raymond HO also expressed concern on the Administration's failure to meet the expenditure target of \$29 billion on infrastructure projects in past years and asked whether the unspent amount for a particular year would be returned to the central coffers or carried forward for infrastructure projects in the following years.

19.3 In reply, SETW and the Permanent Secretary for the Environment, Transport and Works (Works) (PSW) advised that although the Administration would continue to earmark \$29 billion a year on average over a five-year cycle for infrastructure projects, different projects would have different implementation schedules and the actual amount of works executed in a particular year would fluctuate. Over the past 15 years, there were four years in which the actual expenditure on infrastructure projects had exceeded \$29 billion. Actual appropriation of funds from the Capital Works Reserve Fund for individual projects needed to go through the relevant approval procedure, and the funds approved were on project basis and covered the total costs of the individual projects rather than on annual appropriation basis.

19.4 Mr Abraham SHEK pointed out that the Administration should monitor the progress of planning and implementation of infrastructure projects, and should expedite projects to ensure that available resources could be gainfully utilized. He sought explanation for the under-spending in 2006-2007. In reply, PSW said that the under-spending in 2006-2007 was mainly due to the gap between the completion of several major infrastructure projects, such as the Hong Kong-Shenzhen Western Corridor and Route 9, and the impending implementation of new major infrastructure projects. The expenditure on infrastructure projects would increase when these new projects were eventually implemented.

19.5 Mr WONG Kwok-hing referred particularly to the 25 priority outstanding leisure and cultural services projects of the former municipal councils which had taken a long time to plan and to implement. Where infrastructure projects were delayed, the Administration could in fact expedite these outstanding leisure and cultural projects by making use of the unspent provisions. He quoted the Ecological Park (Tso Kung Tam Valley) in Tsuen Wan which was scheduled to start as late as in mid 2010. He queried why it was necessary to take such a long time to carry out the preparatory and consultation work. The Director of Architectural Services (D Arch S) explained that the Architectural Services Department (Arch SD) had to obtain user requirements from the Home Affairs Bureau first before proceeding with the project, and the latter had recently provided the project brief to Arch SD on 8 March 2007 after thoroughly consulting the relevant District Council on the details of the project. Arch SD would proceed with conducting a technical feasibility study to ascertain the works schedule and cost estimates of the project. Out of the 25 priority outstanding leisure and cultural services projects, 23 were already being designed or constructed.

19.6 Mr LEE Wing-tat considered that the full cost estimates of major infrastructure projects which would not be implemented in the coming year, such as the Central Kowloon Route, should not be reflected in the Estimates for 2007-2008. He commended the Administration for making arrangements for advancing alternative minor works projects when certain projects of higher priority could not be implemented as scheduled. This mechanism however only applied to minor projects but not major infrastructure projects. He suggested that the Administration should devise contingency plans to handle situations where planned major infrastructure projects could not be implemented as scheduled, which had become common due to the need to allow more time for District Councils, environmental protection groups and non-governmental organizations to give views on major infrastructure projects. Such contingency plans would enable better utilization of the earmarked provision for infrastructure projects.

19.7 In reply, SETW explained that unlike minor works projects, major infrastructure projects required substantial resources for conducting detailed feasibility studies and thorough communication and consultation with the stakeholders and the public before implementation. Advancing the preparatory work for projects of lower priority might not be a cost-effective way of utilizing resources and might cause public expectation on projects of lower priority to rise

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to an unjustifiably high level. Instead, the Administration would focus on enhancing the planning process of major infrastructure projects. For example, for some infrastructure projects, such as the road infrastructure network in northwest and northern New Territories, the Administration would prepare various implementation options to facilitate consideration and discussion by the parties concerned.

19.8 Mrs Selina CHOW commented that although some infrastructure projects had been planned for a long time, they were not yet implemented. The Administration should have a sense of urgency in expediting the progress of infrastructure projects so as to minimize the time required for completion of those projects. She considered that the approval process for infrastructure projects could be expedited and the Public Works Subcommittee could hold additional meetings to consider funding proposals for public works projects if necessary. She also suggested that more outside professionals should be engaged to carry out the preparatory work for infrastructure projects so as to expedite project implementation.

19.9 In reply, PSW pointed out that over 100 public works projects would be submitted for consideration of funding approval in the current legislative session, out of which 49 projects had already been approved. In terms of expenditure on public works projects over the past four years, there was over-spending of 4.7% in 2003-2004, under-spending of 1.3% in 2004-2005, under-spending of 1.0% in 2005-2006 and over-spending of 0.5% in 2006-2007. While the Administration would make every effort to expedite individual works projects, it was necessary for the Administration to consult the relevant District Councils, Panels and the community before implementation of major public works projects. The consultation process sometimes required a long time because of differences in views. As regards the suggestion of engaging outside professionals, the Administration had already been adopting the practice where appropriate. For example, Arch SD would engage outside consultants in carrying consultancy work. Other departments, such as the Highways Department, Civil Engineering and Development Department and Drainage Services Department, also engaged outside professionals to assist them in their work.

19.10 In reply to Prof Patrick LAU's enquiry about the extent of outsourcing of Arch SD's work, D Arch S advised that nearly 90% of the works projects of Arch SD had already been outsourced and there was little room for further outsourcing.

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19.11 Drawing reference to the Lok Ma Chau Spur Line, Kai Tak Development and Central Kowloon Route, Ir Dr Raymond HO enquired how the Administration would handle situations where the progress of implementing public works projects was affected by objections from green groups or requirements in environmental protection.

19.12 In reply, SETW said that environmental protection requirements would not affect the progress of implementing public works projects as long as various alternative options for reducing the impact of works projects on the environment had been identified and disseminated to the stakeholders, such as professionals, green groups and affected parties. The necessary preliminary research and statutory process relating to environmental protection could sometimes be conducted in parallel with the planning process to expedite the progress. At the planning stage, the Administration would try to identify implementation options which could minimize the impact of works projects on the environment as far as possible. She pointed out that the progress of some projects, such as the Kai Tak Development, was affected by planning and reclamation issues rather than environmental protection requirements.

19.13 In reply to Mr SIN Chung-kai's enquiry about the under-spending by the Civil Engineering and Development Department in 2006-2007, the Director of Civil Engineering and Development explained that the original estimate for Head 33 "Civil Engineering and Development Department" for 2006-2007 was \$1,292.8 million and the revised estimate was \$1,056.0 million. The under-spending of 18% was mainly due to the delay in the implementation of cross-boundary delivery of surplus public fill to the Mainland under Programme 7 (Management of Construction and Demolition Materials), the original estimate and revised estimate of which for 2006-2007 were \$393.8 million and \$169.7 million respectively. As the unspent provision was earmarked for Programme 7, it had been frozen and could not be deployed for other infrastructure projects.

19.14 Mr SIN Chung-kai commented that some infrastructure works were very much needed by the local communities concerned and there was urgency in implementing those projects. He enquired how far it was possible to deploy unspent provisions on alternative infrastructure projects. In reply, PSW explained that there was greater flexibility of implementing alternative projects for minor works projects funded under the Capital Works Reserve Fund Block Allocations. For medium and major infrastructure projects, approval from the

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Finance Committee had to be sought for upgrading each project from Category B to Category A of the Public Works Programme before they could be implemented and the Administration could not bypass the established procedures.

19.15 Mr Albert CHAN considered that the construction of the Ecological Park (Tso Kung Tam Valley) in Tsuen Wan was long overdue because discussion about the project had started some 20 years ago. As for the cycle track from Tsuen Wan to Tuen Mun, he urged the Administration to implement the project as soon as possible because the project would bring about improvements to the environment and provide leisure facilities for the public. He suggested that the Administration should prepare a prioritized list of major infrastructure projects so that alternative projects could be implemented when some original projects could not be implemented as scheduled. Preparation work for infrastructure projects, such as feasibility studies, should be conducted well in advance. In this way, the earmarked provision of \$29 billion for infrastructure projects could be utilized to its fullest extent.

19.16 In reply, SETW said that while she fully understood members' wish of expediting major infrastructure projects, there were necessary procedures which must be completed before implementation of those projects. The works departments under the Environment, Transport and Works Bureau (ETWB) were responsible for the implementation of projects, which was the last stage in the work flow. As regards minor works projects, ETWB would work closely with the Home Affairs Bureau with a view to expediting the implementation of minor works projects.

19.17 Mr Abraham SHEK suggested that the Administration should adopt a new frame of mind and consider expediting the implementation of infrastructure projects through public-private-partnership so as to reduce the unemployment rate of the construction industry and benefit the local economy. In reply, PSW said that the Administration had been actively exploring the feasibility of implementing infrastructure projects through public-private-partnership, but the crux was whether the expected financial return of individual projects had adequate appeal to the private sector. He remarked that as public infrastructure projects only accounted for one-third to one-quarter of all works projects in Hong Kong, an increase in expenditure on public infrastructure projects might not be able to fully compensate for the decrease in expenditure on private works projects. However, there had been an upward trend in the number of private works projects in recent years.

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19.18 In relation to the expenditure on building projects under the "Facilities Development" Programme of Arch SD, Prof Patrick LAU noted that there was a decrease from \$6.364 billion in 2005 to \$5.681 billion in 2006 and further to \$3.225 billion in 2007, and it was expected that the annual expenditure on building works would pick up in the years after 2007. He sought explanation on the anticipated increase in expenditure in the years after 2007. D Arch S explained that the decrease in expenditure over the past two years was due to a fewer number of building projects under implementation. The expenditure in the years after 2007 would increase because there were a number of major building projects in the pipeline. These projects included the Tamar Development Project, Prince of Wales Hospital - extension block, Lo Wu Correctional Institution redevelopment project, headquarters building of the Customs and Excise Department and construction and improvements works to existing sports facilities for the 2009 East Asian Games.

19.19 The Chairman said that in view of the grave concern expressed by members on the implementation of infrastructure projects, there was a need for organizing a separate forum to further discuss the matter with the Administration. She asked the Legislative Council Secretariat to consult the Administration on the extent of information that could be provided to members to facilitate discussion.

Greening Master Plans

19.20 Ms Miriam LAU shared the view that there was a need to expedite the planning and implementation of infrastructure projects. As regards greening, she was impressed by Shenzhen's laudable, thoughtful and well-designed greening measures and commented that the greening measures in Hong Kong could not compare with those in Shenzhen in terms of cost-effectiveness. She opined that the development and implementation of Greening Master Plans (GMPs) should not be limited to urban areas and should be extended to the New Territories. In this regard, she asked whether greening for various districts could be expedited by implementing greening measures simultaneously in urban areas and in the New Territories. She also pointed out that Shenzhen had made arrangements for frequent and regular watering and maintenance of the plants while Hong Kong was deficient in this aspect. For the highway to the airport, she considered that more effort on greening was required.

19.21 In reply, the Deputy Secretary for the Environment, Transport and Works (Works)¹ said that a recent review revealed that the completion date for the implementation of GMPs for selected urban areas could be advanced from 2010 to 2009, if the response of the industry to the tenders to be issued was favourable. In view of resource constraints and the fact that the greening level of urban areas, especially old areas, was comparatively low, greening efforts would be devoted to urban areas first. As for the New Territories, discussion with the Home Affairs Department was already in progress and greening measures would be implemented, in particular in areas with high pedestrian flow. The focal points would be areas such as the various town centres. As regards requests for further expediting greening work, she explained that there might be practical difficulties because Hong Kong was short of supply of landscape architects and certain types of greening involved labour-intensive work, such as designs involving frequent pruning and trimming. Shenzhen was in a more favourable position in this regard. The lack of response from the market at relevant tender exercises would also affect the actual progress of implementing GMPs. The Administration was however keen to pursue its greening plans and hoped the market would dovetail. As for the airport, the Administration was discussing with the Airport Authority on ways to improve the greening work.

Chapter XX : Environment

20.1 At the Chairman's invitation, Dr Sarah LIAO, Secretary for the Environment, Transport and Works (SETW), briefed members on the main initiatives of the programmes under the Policy Area: Environment (Appendix IV-18).

Sewage treatment

20.2 Mr SIN Chung-kai expressed disappointment that not much progress had been made in protecting the environment so far. By way of illustration, the continuous use of chemically enhanced primary treatment (CEPT) instead of the more effective secondary biological treatment under the Harbour Area Treatment Scheme (HATS) Stage 2A might not be able to bring the needed improvement to the water quality of the harbour to allow for cross-harbour swimming competition, which had been suspended since 1973 due to the deteriorating water quality. With the substantial fiscal surplus, he hoped that HATS Stage 2B could be expedited so that the water quality could be further improved through the use of secondary biological treatment to enable the holding of cross-harbour swimming competitions.

20.3 While acknowledging that environmentalists were keen on the use of better treatment methods for sewage given the limited assimilation capacity of the harbour, SETW pointed out the general public might not be ready to support this in view of the huge cost associated with the treatment schemes. Besides, there were constraints in the provision of secondary sewage treatment facilities as it would require huge land commitment, and might create odour nuisance to the surrounding community. To this end, the Administration had launched a feasibility study on compact sewage treatment technologies with smaller land requirements in 2001. However, the study revealed that the actual land requirement for these compact technologies was much more than what was expected. Meanwhile, the use of CEPT under HATS Stage 1 had brought about significant improvements to the water quality of the harbour. Therefore, the Administration planned to take forward HATS Stage 2 in two phases with Stage 2A to be implemented first to collect and convey sewage from the north and west of Hong Kong Island to the Stonecutters Island Sewage Treatment Works (SCISTW) to enable the early improvements to water quality. This would be followed by the more time consuming Stage 2B which would involve the building of a biological plant next to the existing SCISTW. She assured members that Stage 2B would be proceeded and the polluter-pays principle would be adhered to in the provision of sewage services.

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20.4 Ir Dr Raymond HO said that he was a member of the delegation of the Panel on Environmental Affairs to study sewage treatment in some European countries in 2001. He recalled that the Biological Aerated Filters (BAF) technology was initially recommended as a secondary sewage treatment method for HATS Stage 2. The option had since been dropped in favour of disinfection under HATS Stage 2A, to be followed by biological treatment under HATS Stage 2B at a later stage. Given the substantial fiscal surplus, he suggested that HATS Stage 2A and 2B should be proceeded with in tandem to optimize the use of resources and avoid wastage on the one hand and expedite the implementation process on the other. There was also a need for early identification of suitable sites for the secondary biological treatment plant under HATS Stage 2B.

20.5 In response, SETW said that the outcome of the pilot study on the use of BAF technology for treatment of sewage with high salinity content revealed that the land requirement for BAF technology was much more than what was originally anticipated. Besides, recent studies also revealed that BAF technology was beset with problems if used on a large scale. The Administration planned to proceed with HATS Stage 2A as soon as possible and to identify suitable sites for the expansion of SCISTW for the implementation of secondary treatment under HATS Stage 2B in parallel. There was a need to proceed early with disinfection under HATS Stage 2A to resolve the problem of deteriorating water quality of Tsuen Wan beaches. The disinfection facilities used under HATS Stage 2A would still be required under HATS Stage 2B and a review of the implementation plans for HATS Stage 2B would be made in 2010/11.

20.6 Mr Martin LEE enquired about the timeframe within which cross-harbour swimming competition could be held. The Permanent Secretary for the Environment, Transport and Works (PSETW) said that cross-harbour swimming competitions were expected to resume upon completion of HATS Stage 2A in 2014.

Air quality

20.7 Referring to the findings of an air quality analysis made by the Civic Exchange in 2006 which had compared the roadside air quality with that measured by the air quality monitoring stations, Ms Audrey EU noted that 53% of pollutants were originated from local sources while over 30% from the Pearl River Delta (PRD) Region. She sought the Administration's views on the findings as these might implicate on the resources required to improve the air

quality in Hong Kong, which according to the Chief Executive, was better than that in 1997. SETW said that studies on air quality were based on established assessment methods with reference to emission inventories. Based on a three-year study by the Government, the main sources of pollution, amounting to 80%, were found to originate from the PRD Region while the remaining 20% from local sources. These percentages, which were derived using the data from computer models and air quality monitoring stations, were however subject to variations depending on the direction of the wind. By way of illustration, pollution from the PRD Region would be less if the winds were blown from the South. She pointed out that the method adopted by the Civic Exchange in assessing air quality was quite different from the established methods currently used by the Government. The former was based on the number of polluted days affected by PRD Region and local sources without taking into account the levels of pollution. Besides, the analysis was only based on carbon dioxide emissions. She nevertheless assured members that the Administration was committed to reducing local pollution with a view to meeting the 2010 emission reduction targets and a package of measures to reduce local emissions from vehicles and power plants had been implemented.

20.8 Mr WONG Kwok-hing expressed concern about the problem of global warming which had become more serious judging from the weather nowadays. The Hong Kong Observatory even predicted that there would not be any winters for Hong Kong decades later. He enquired about the measures which the Government had taken to address the problem and whether a special committee would be set up for the purpose given the worldwide concern over global warming. SETW said that the Government was very concerned about global warming. Hong Kong had adopted a series of measures to address the problem since the mid 1990's. Positive progress was then made through the use of liquefied natural gas and nuclear power for electricity generation, as well as a series of energy conservation and emission reduction measures. The reduced reliance on the use of coal in power generation had resulted in lower carbon dioxide emissions from the energy sector compared with the peak. Based on the emission statistics from 1990 to 2004, it was found that while there was a reduction in the average emission per person, there had been an increase in total emissions largely due to population growth. In 2002, the Mainland ratified the Kyoto Protocol. Being a developing country, the Mainland was not required to commit to any limits or reduction of greenhouse gases. It was however required to provide an emission inventory and take positive steps to reduce emissions. It could also help the developed countries to achieve their emission reduction targets

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through the Clean Development Mechanism under the Kyoto Protocol. As part of China, these arrangements were applicable to Hong Kong.

20.9 Ir Dr Raymond HO queried the feasibility of emissions trading in Hong Kong given the many uncertainties related to business considerations of the power plants and the disparity in emission control between the Mainland and Hong Kong. He therefore enquired about overseas experience in emissions trading. SETW said that the differences in emission control between the Mainland and Hong Kong would indeed provide opportunities for emissions trading. Despite the differences, emissions trading could be carried out effectively as long as clear implementation framework and environmental audit mechanism were available.

20.10 Mr Jeffrey LAM enquired about the progress of tightening the emission caps on local power plants. The Deputy Director of Environmental Protection (3) (DDEP(3)) said that emission caps had been imposed on the CLP Power Hong Kong Limited when its Specified Process Licence (SPL) was renewed in August 2005. Similar emission caps were imposed on the power plant at Lamma Island. These emission caps were expected to be further tightened upon the renewal of SPLs.

20.11 Mr Martin LEE enquired about the means to assess the effectiveness of the "Action Blue Sky Campaign". SETW said that the campaign was meant to be a promotional and educational programme with no specific targets on the number of days with clear skies. The air quality would be monitored by air quality monitoring stations over an extended period of time, through measurements on the levels of pollutants as set out in the emission inventory.

20.12 Ms Miriam LAU was disappointed at the slow progress being made in the use of alternative fuel for vehicles. She pointed out that South Korea was prepared to convert its 7 000 buses to natural gas models by 2010. Other countries, such as India and Philippines, would be using buses that run on natural gas. However, Hong Kong was only encouraging the switch to cleaner Euro IV diesel models. She asked if the Administration had conducted any studies on the use of alternative vehicle fuels, such as natural gas and hydrogen, the latter of which would emit steam as the only tailpipe emission. SETW said that she was also keen on the use of alternative fuels. She would likely be the first one to buy a commercial hydrogen vehicle model if this was available in the market. However, such models were only on trial and not available commercially. The

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Director of Electrical and Mechanical Services added that tenders for the study on the feasibility of using natural gas as vehicle fuel had just been invited. It was hoped that the outcome of the study would be made available by late 2007.

20.13 Ms Miriam LAU opined that more efforts should be made to reduce emissions from vessels, most of which were using diesel as fuel. She noted that the Administration had requested the Hong Kong Star Ferry Company to use alternative fuels. However, the ferry companies found it difficult to accede to the Administration's request given the high cost of alternative fuels. SETW said that there was a price to be paid for cleaner air and ferry passengers would have to pay more if alternative fuels were used. However, it was worth noting that ocean liners, rather than ferries, were the major contributors of emissions from vessels. It was hoped that ocean liners, whose operation was governed by international maritime regulations, could use more environment friendly fuels.

20.14 Noting that the Administration would consult the public on the need for legislation to ban idling engines, Mr Jeffrey LAM enquired if the ban would apply to all vehicles in Hong Kong. DDEP(3) said that the ban on idling engines would apply across the board in order to reduce unnecessary emissions and exemptions for certain categories of vehicles. However, exemptions would be granted in situations where engines had to be turned on as in the case of mechanical breakdown or accidents/emergencies. Mr LAM considered that to avoid disputes arising from the need to turn on engines while idling, as in the case of drivers/passengers who might require air-conditioning for health reasons, it was necessary to set out all the exemptions in the legislation on the ban on idling engines. He hoped that reference could be made to overseas experience in the implementation of the ban. DDEP(3) said that details on exemptions would be worked out after consultation with the trades and the public. According to his understanding, drivers/passengers requiring air-conditioning to be turned on while idling for health reasons would need to produce medical certificates as proofs in overseas countries adopting the ban.

Waste management

20.15 While supporting the Construction Waste Disposal Charging Scheme which had been effectively implemented on public works projects, Mr LEE Wing-tat remained concerned about fly-tipping by private contractors and in particular, sub-contractors undertaking private works projects who would tend to evade disposal charges by dumping waste on the side streets. He enquired if

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the waste monitoring system used in public works projects could similarly be applied to private works projects. SETW said that unlike waste disposal legislation overseas which required waste producers to prove that they had properly disposed of their waste, the onus of proof under the Construction Waste Disposal Charging Scheme rested with the Government. In other words, the Government had to prove that the waste producers concerned had indeed illegally dumped the waste which was much more difficult to enforce. Notwithstanding, the Administration would conduct a review of the Scheme, including the onus of proof, after this was implemented for a period of time. DDEP(1) said that in anticipation of the increase in fly-tipping following the implementation of the Scheme, the Environmental Protection Department (EPD) had stepped up patrolling duties and enforcement against illegal dumping of construction waste. However, enforcement could only be taken when the waste producers were caught red-handed, since the onus of proof rested with the Government and not the waste producers.

20.16 Mr LEE Wing-tat agreed that the Scheme would be difficult to enforce if the onus of proof rested with the Government. To this end, he opined that consideration should be given to soliciting the assistance of the Real Estate Developers Association and the Hong Kong Construction Association in promulgating operation guidelines on the proper disposal of construction waste to prevent illegal dumping activities, which were most rampant in subcontracted projects. SETW agreed to the need for further liaison with the construction industry with a view to tightening the operation guidelines on waste disposal. However, the crux of the problem still lied on the onus of proof. Overseas experience showed that a greater deterrent effect could be achieved if waste producers were held liable for handling waste from cradle to grave.

20.17 In order to effectively monitor the disposal of construction waste, Miss CHOY So-yuk said that a mechanism should be worked out to ensure that the waste loads arising from construction projects were delivered to landfills. Consideration should be given to projecting the amount of waste to be generated from each construction project and this should be checked against the number of chits presented at the landfills. SETW said that the Administration was not allowed to do so under the current legislation as the onus of proof did not rest with the waste producers.

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20.18 Mr Vincent FANG noted that the Administration planned to introduce the Product Eco-Responsibility (PER) Bill into the Legislative Council within this year. He held the view that instead of introducing environmental levies, a more effective means to promote product responsibility was through public education and waste recycling measures. By way of illustration, the "No Plastic Bag Day" Campaign organized by green groups on a voluntary basis had received overwhelming support from the public. He therefore questioned the need for a mandatory Producer Responsibility Scheme (PRS) on plastic shopping bags. He considered that more resources should be earmarked for public education on waste reduction and provision of assistance to the recycling industries.

20.19 PSETW said that the PER Bill was meant to provide an economic incentive to reduce waste and the environmental levy on plastic shopping bags would be the first PRS to be implemented under the Bill. Educational and publicity efforts had been stepped up to encourage the use of less plastic shopping bags and cooperation from supermarkets and retail chains had been sought to reduce the use of plastic shopping bags on a voluntary basis. There had since been a reduction in use of plastic bags by over 10% in those retail shops which organized voluntary schemes. Overseas experience had revealed that PRS on plastic shopping bags would be much more effective if implemented on a mandatory basis. The Administration had embarked on a study on the environmental levy on plastic shopping bags and would consult Members and the public on the proposed PRS shortly. Notwithstanding this plan, she agreed to the need for more education and publicity efforts to promote PRS. In this connection, the Environment Conservation Fund Committee had reserved \$10 million for publicity and education programmes on environmental initiatives under the Policy Framework on the Management of Municipal Solid Waste. The Administration was also committed to assisting recycling operations as evidenced in the development of EcoPark. Tender assessment for tenancies for the first batch of three lots in Phase 1 had already been completed.

20.20 In response to Miss CHOY So-yuk's enquiry about the time frame for PRSs, DDEP(2) advised that plastic bags, vehicle tyres and electrical/electronic equipment would be the first three products in which PRS would be introduced, possibly by 2007.

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Energy efficiency

20.21 Miss CHOY So-yuk enquired if there were any new initiatives on energy efficiency, other than energy efficiency labeling. SETW said that the Architectural Services Department would be using new energy efficient appliances as far as possible while the Highways Department had been making efforts to reduce energy consumption in street lighting.

20.22 Mr Martin LEE asked if the air-conditioning temperature of 25.5°C during the summer months in Hong Kong was also applicable to the winter months. SETW said that temperature control would not apply in Hong Kong during winter months since the use of heaters was not common in Hong Kong.

Noise pollution

20.23 Miss CHOY So-yuk enquired if the Administration would consider requiring developers to incorporate in the sales brochure for residential developments the noise levels which the developments would be exposed to. PSETW said that while EPD was supportive of the proposal from the environmental perspectives, relevant stakeholders would have to be consulted and their views would be taken into account when the proposal was taken forward.

Chapter XXI : Transport

21.1 At the Chairman's invitation, Dr Sarah LIAO, Secretary for the Environment, Transport and Works (SETW), briefed members on the part of the 2007-2008 Estimates related to the transport portfolio (Appendix IV-19).

Cross-boundary transport infrastructure

Hong Kong – Shenzhen Western Corridor (SWC)

21.2 Mr WONG Kwok-hing expressed dissatisfaction with the public transport arrangements of the public transport interchange at the SWC control point (SWCPTI). He pointed out that SWCPTI was so small that only franchised buses, green minibuses (GMBs) and taxis could have access to SWCPTI while non-franchised buses (NFB) could not. He urged the Administration to reconsider NFB operators' request for access to SWCPTI.

21.3 SETW responded that it was the first time the laws of Hong Kong would be applied to Hong Kong Port Areas in the Mainland to implement the co-location arrangements for customs and immigration facilities. Given the geographical and environmental constraints of the SWC control point, there was a need to carefully contain the traffic flow at SWCPTI. As the relevant transport arrangements were made in collaboration with the Mainland authorities, the Administration could not unilaterally increase the number or types of vehicles accessing the SWC control point. In view of the great demand for NFB service, Mr Andrew CHENG urged the Administration to discuss with the Mainland authorities on the trade's request for access to SWCPTI to facilitate the operation of NFBs at SWCPTI on the one hand and obviate any conflict which might arise from the present transport arrangements before the commissioning of SWC on the other.

21.4 Noting that the traffic load in the western and northwestern parts of the New Territories would increase following the commissioning of SWC, Mr WONG Kwok-hing enquired about the measures which had been taken or to be taken by the Administration to alleviate the traffic congestion in Tuen Mun and Yuen Long districts, particularly the progress of the on-going negotiation with the Route 3 (Country Park Section) Company on means to increase the utilization of Route 3. In view of the substantial fiscal surplus, he urged the Administration to consider buying out the franchises of Route 3 and Western Harbour Crossing with a view to enhancing the utilization of Route 3, improving the distribution of traffic among the three road harbour crossings, and reducing the public's travelling expenses.

21.5 SETW explained that a quota system would be implemented to control the traffic volume of SWC. Quota holders of other boundary crossings would be encouraged to switch to use the new control point. The Administration would closely monitor the traffic situation after the commissioning of SWC and progressively increase the quotas. To relieve the existing pressure on Tuen Mun Road (TMR), improvement works had been carried out to increase the junction capacity of Castle Peak Road slip road and the slip road of TMR at Sham Tseng Interchange. Three other projects, namely, widening of the section at Tsing Tin Interchange, widening of TMR's town centre section, as well as reconstruction and improvement of TMR's expressway section had also been scheduled for implementation. It was expected that the overall operation of TMR would be further improved upon completion of these projects.

Guangzhou-Shenzhen-Hong Kong Express Rail Link (ERL) and Hong Kong-Zhuhai-Macao Bridge (HZMB)

21.6 Ms LI Fung-ying enquired about the progress and implementation timetables of ERL and HZMB projects which appeared to be going nowhere. Noting that the Mainland had already started the construction works of the Shibi-Longhua section of ERL, she was concerned that the delivery of the Hong Kong section of ERL would lag behind and enquired about the rationale behind. She also expressed concern about the impacts of the possible delay on the employment opportunities of construction workers.

21.7 SETW explained that preparatory work for large-scale infrastructure projects usually took time. The preparatory time for the two projects referred to was even longer because they were both complicated cross-boundary projects which required prolonged negotiation having regard to different considerations and possible conflicting interests. On ERL, it was originally designed to connect with Guangzhou and Shenzhen only, but was later decided that it should form part of the national high-speed rail network to provide direct through train services between Hong Kong and other major Mainland cities. As a result of the change, more time was required to examine the options of taking forward the Hong Kong section to ensure that it could tally with the national railway development strategy. In particular, there was a need to consider factors, such as impacts on customs and immigration arrangements arising from the possible increase in passenger flow, compatibility with the technological development of the Mainland in high-speed rail network.

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21.8 As regards HZMB, SETW said that detailed preparatory work had to be done for this over 37-kilometre long grand bridge. Over the past three years, a detailed feasibility study and studies on 24 subjects had been carried out. Moreover, as the alignment and landing points of HZMB involved the interests of three individual jurisdictions, additional time was required to obtain consensus from the three governments, or else the project could not be implemented. As such, it would be difficult to set out a definite timetable for the project. Notwithstanding, the Administration would endeavour to expedite the relevant advance work as far as possible.

Local transport infrastructure

21.9 Referring to the media reports that the Shatin to Central Link (SCL) would be changed to a Shatin to Hung Hom Link without the connection to Central, Mr Andrew CHENG cautioned that the alleged change would further aggravate the traffic congestion at the Cross Harbour Tunnel. As the Administration had time and again undertaken that SCL would reach Central, he questioned the rationale behind the Reply Serial No. ETWB(T)010 that the alignment, programme and construction cost of SCL would depend on, among others, the progress of the Kai Tak Planning Review and the Wan Chai Development Phase II Review. He urged the Administration to honour its undertaking and ensure that SCL would reach Central regardless of other considerations, including the pending merger of the Mass Transit Railway and the Kowloon-Canton Railway systems.

21.10 In response, the Permanent Secretary for the Environment, Transport and Works (Transport) (PST) assured members that there had not been any talk on the part of the Administration of cutting the Island section of SCL. In fact, SCL was still at the planning stage and the Administration had yet to reach any final decision on the project, including its implementation programme and other technical aspects.

The overall transport policy

21.11 Ms Miriam LAU expressed concern about the slow progress made in converting red minibuses into GMB operation (the conversion plan) which had come to a standstill in the past year. The Commissioner for Transport (C for T) did not agree that the conversion plan was slow. In fact, among the five GMB routes proposed for introduction in 2006, three of them would soon commence

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operation. He stressed that before any GMB route could commence operation, extensive consultation with all stakeholders concerned, including the District Councils (DCs), rural committees and other trade associations, had to be conducted in view of the possible impacts of the new GMB routes on the business of other public transport modes. By way of illustration, taxi operators were opposed to the three new GMB routes. It would take time to resolve any conflicts which might have affected the progress of the conversion plan. He nevertheless undertook to make use of every opportunity to explain the established policy of encouraging the provision of scheduled public light bus service in the form of GMBs to ensure better service quality.

21.12 Ms Miriam LAU opined that the conflict between taxis and GMBs highlighted the increasingly keen competition among different public transport modes as a result of the Government's policy that railway development formed the backbone in meeting the transport needs of Hong Kong. To maintain a healthy competitive environment for all transport modes, she considered that the Administration should conduct a comprehensive review of the existing transport policy to rationalize the services of different transport modes and to strike a proper balance.

21.13 SETW said that the Administration was committed to better co-ordinating transport services for the public while ensuring the viability of all transport trades. However, Hong Kong was a free economy and the market would take its force. Besides, the rate and pattern of population growth would have impact on the sustainability of certain transport modes. She nevertheless undertook to identify resources to conduct the proposed comprehensive policy review.

21.14 Ms Miriam LAU further enquired about the progress of the introduction of the long-proposed multi-purpose taxis with bigger trunks to resolve the competition between taxis and van-type light goods vehicles. She was unconvinced of SETW's previous remarks on the difficulties in introducing this type of taxi given the availability of suitable Euro IV diesel commercial vehicles. SETW said that at present, only Liquefied Petroleum Gas multi-purpose taxis were allowed to run on streets.

Traffic management measures

Electronic Road Pricing

21.15 Given the substantial changes in economy, land use and transport infrastructure developments as well as commuters' behaviours and characteristics, Mr Jeffrey LAM asked if there was a need to update the Electronic Road Pricing (ERP) transport model, which was developed based on the 1996 traffic situation. In view of the public concern and the controversy over the implementation of ERP, he enquired if a decision on the way forward on ERP would be made after completion of the current updating exercise and if so, the anticipated implementation timetable.

21.16 C for T responded that while technological developments over the past 10 years had made many ERP options feasible, there remained the need to address public concern about possible infringement of ERP upon privacy. It was worth noting that similar road charging schemes were implemented in Stockholm and Singapore, but these had been vetoed by referendum in Edinburgh. Hence, there was a need to learn from overseas experience on how a consensus on implementation of ERP could be achieved. A public consultation exercise would be considered after completion of the current updating exercise on ERP in August 2007. PST added that alternative routes had to be made available to provide a choice for motorists before an equitable and effective ERP could be launched. For example, ERP could only be considered to alleviate the traffic congestion problem along the northern shore of the Hong Kong Island when the Central-Wanchai Bypass was put in place. As such, it would be difficult to provide an implementation timetable at this stage.

Bus-bus interchange schemes

21.17 Mr WONG Kwok-hing remarked that the introduction of bus-bus interchange (BBI) schemes could help people living in remote areas, such as Tung Chung and Tin Shui Wai, to reduce their travelling expenses, particularly those who were looking for employment. He enquired if the Administration had any plan to review the BBI schemes with a view to expanding their services to more people and if so, the timetable for the review.

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21.18 C for T advised that the Transport Department (TD) encouraged franchised bus companies to introduce more BBI schemes to enhance bus network efficiency and to reduce traffic congestion and roadside pollution. However, support from DCs concerned was necessary for the introduction of BBI schemes, particularly for those long bus routes which passed through a number of districts. In practice, it would require a considerable amount of time to reach a solution that was acceptable to most if not all DCs. Besides, it would take time to identify suitable interchange points. Notwithstanding, C for T undertook to continue to pursue actively new BBI schemes including the proposed Siu Lam Interchange in Tuen Mun District.

Global positioning system

21.19 Mr Albert CHAN opined that the introduction of the global positioning system (GPS), which did not involve two governments, should be expedited as the application of GPS in Hong Kong had lagged behind Taiwan and Shanghai.

21.20 C for T responded that while vehicles equipped with GPS system were already available locally, the application of GPS to car navigation was not popular because most vehicles running in the urban areas did not need to rely on GPS. Besides, the application of GPS to car navigation would require the support of an Intelligent Road Network which was being developed as part of the Transport Information System project, which would be completed in February 2008 to enable the private sector to develop and provide value added GPS navigation services to motorists. TD was also liaising with the motor trade on measures to promote the use of GPS. Hopefully, the new vehicles to be imported in 2008 would all be equipped with GPS systems, and the hardware and software for installation of such systems in existing vehicles should be made available by then. TD would also develop later systems for the provision of reliable real-time traffic information to support the use of GPS.

Road safety

21.21 Mr Albert CHAN enquired about the progress and timetable of introducing overall improvement to the parapets along highways. The Director of Highways said that all improvement works to highways as set out in the Independent Expert Panel on Tuen Mun Road Incident's Report on Enhancement of Highway Safety had been completed. New guidelines on the parapet design had also been issued for all new highway projects to follow.

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21.22 Ms Miriam LAU was concerned about the progress of installation of red light camera (RLC) systems. She recalled that when the proposal to raise the penalty level for red light jumping was put forward in 2005, the transport trades had raised concern that there were not enough RLC systems to facilitate effective and fair enforcement against the offence. The trades had since urged the Administration to expedite the installation of additional RLC systems at major road junctions and accident blackspots. However, the installation progress had been slow despite repeated calls from Members, in particular Members of the Liberal Party. Given the substantial fiscal surplus, Ms LAU considered that there was room to expedite the installation process.

21.23 PST advised that many additional RLC housings and RLCs had already been installed at road junctions. In 2006 alone, 68 RLCs and 20 RLC housings were installed. The number of RLC housings and RLCs would be further increased by 24 and 75 respectively in 2007, thereby improving the ratio of RLCs and junctions to 1:1. In other words, all accident-prone junctions and red light jumping blackspots would have been covered. The Administration would continue to adopt the approach of identifying accident-prone junctions and red light jumping blackspots for installation of RLCs to ensure cost-effectiveness.

Transport services for persons with disabilities

21.24 Dr Fernando CHEUNG enquired about SETW's stance on the provision of concessionary public transport fares for persons with disabilities (PwDs). SETW advised that the policy objective of the transport portfolio was to provide barrier-free transport for PwDs. In this regard, TD had urged the public transport operators to improve the accessibility of PwDs to transport services to facilitate integration of PwDs into society. Such efforts would continue.

21.25 Dr Fernando CHEUNG asked if provision would be earmarked to further reduce the number of declined orders for rebus dial-a-ride (DAR) service to about 20%. C for T explained that at present, the DAR service could meet 90% of the demand although a higher percentage of orders had to be declined during the morning peak hours from 9:00 am to 11:00 am. With the provision of three additional rebuses in 2007-2008, the number of declined orders could be reduced by about 30%. Besides, there were alternatives for DAR service, such as taxi service albeit at a higher charge. In this connection, TD had been liaising with certain taxi manufacturers on the feasibility of introducing wheelchair-accessible taxis to supplement rebus service.

21.26 Dr Fernando CHEUNG recalled that in June 2005, the Administration stated that a total of 18 rehabuses were aged 10 years or above, and that these buses were proper for early replacement as they were equipped with a single-arm tail-lift. However, according to the replacement programme, the Administration was only prepared to replace nine rehabuses in 2007-2008. He asked if the Administration would reconsider replacing all the 18 rehabuses and if so, the timetable for replacement. C for T explained that due to resource constraints, TD could not replace all the 18 rehabuses in one go. He however pointed out that with the three additional rehabuses to be procured in 2007-2008, a total of 13 rehabuses would be purchased in 2007-2008. It was hoped that resources could be made available soon for replacement of the remaining old rehabuses.

Appendix I

Programme of special meetings of Finance Committee to examine the Estimates 2007-2008 from 19 to 22 March 2007

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Civil Service	19 March	9:00 am - 9:45 am
2.	Secretary for Security	19 March	9:50 am - 11:20 am
3.	Secretary for Financial Services and the Treasury • Financial Services	19 March	11:25 am - 12:10 pm
4.	Secretary for Financial Services and the Treasury • Public Finance	19 March	12:15 pm - 1:00 pm
5.	Secretary for Commerce, Industry and Technology • Communications and Technology	19 March	2:15 pm - 3:00 pm
6.	Secretary for Commerce, Industry and Technology • Commerce and Industry	19 March	3:05 pm - 4:05 pm
7.	Director of Administration Commissioner, Independent Commission Against Corruption The Ombudsman Director of Audit Permanent Secretary to Chief Executive Secretary General, Legislative Council Secretariat	19 March	4:15 pm - 5:15 pm
8.	Secretary for Home Affairs	20 March	2:15 pm - 4:00 pm
9.	Secretary for Constitutional Affairs	20 March	4:10 pm - 4:55 pm
10.	Secretary for Education and Manpower	20 March	5:00 pm - 6:15 pm

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
11.	Secretary for Economic Development and Labour • Economic Development	21 March	9:00 am - 10:15 am
12.	Secretary for Economic Development and Labour • Labour	21 March	10:20 am - 11:20 am
13.	Secretary for Housing, Planning and Lands • Housing	21 March	11:25 am - 12:10 pm
14.	Secretary for Housing, Planning and Lands • Planning and Lands	21 March	12:15 pm - 1:15 pm
15.	Secretary for Health, Welfare and Food • Food Safety and Environmental Hygiene	21 March	2:15 pm - 3:30 pm
16	Secretary for Health, Welfare and Food (i) Health (ii) Welfare and Women	21 March	3:40 pm - 4:55 pm 5:00 pm - 6:15 pm
17.	(i) Judiciary Administrator (ii) Secretary for Justice	22 March	2:00 pm - 3:15 pm
18.	Secretary for the Environment, Transport and Works • Works	22 March	3:25 pm - 4:10 pm
19.	Secretary for the Environment, Transport and Works • Environment	22 March	4:15 pm - 5:30 pm
20.	Secretary for the Environment, Transport and Works • Transport	22 March	5:35 pm - 6:35 pm

**Summary of written and supplementary questions
and requests for additional information**

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Civil Service	44	6	-
2.	Secretary for Security	195	11	1
3.	Secretary for Financial Services and the Treasury • Financial Services	30	2	-
4.	Secretary for Financial Services and the Treasury • Public Finance	84	6	3
5.	Secretary for Commerce, Industry and Technology • Communications and Technology	79	-	2
6.	Secretary for Commerce, Industry and Technology • Commerce and Industry	60	1	2
7.	Director of Administration Commissioner, Independent Commission Against Corruption The Ombudsman Director of Audit Permanent Secretary to Chief Executive Secretary General, Legislative Council Secretariat	36 21 1 9 19 1	- 2 - - - -	3 2 - - - -
8.	Secretary for Home Affairs	286	13	-

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
9.	Secretary for Constitutional Affairs	100	-	1
10.	Secretary for Education and Manpower	228	6	2
11.	Secretary for Economic Development and Labour • Economic Development	167	11	-
12.	Secretary for Economic Development and Labour • Labour	108	9	-
13.	Secretary for Housing, Planning and Lands • Housing	39	-	1
14.	Secretary for Housing, Planning and Lands • Planning and Lands	147	8	-
15.	Secretary for Health, Welfare and Food • Food Safety and Environmental Hygiene	215	1	2
16.	Secretary for Health, Welfare and Food (i) Health (ii) Welfare and Women	204 281	6 24	2 4
17.	(i) Judiciary Administrator (ii) Secretary for Justice	15 18	- 2	2 3
18.	Secretary for the Environment, Transport and Works • Works	56	1	1

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
19.	Secretary for the Environment, Transport and Works • Environment	122	1	-
20.	Secretary for the Environment, Transport and Works • Transport	150	3	1
	Total :	2,715	113	32

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 19 to 22 March 2007**

**Meeting held in the morning of 19 March 2007 (Sessions 1 - 4)
9:00 am to 1:00 pm
Legislative Council Chamber**

Members present :

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Margaret NG
Hon James TO Kun-sun
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, GBS, JP
Hon SIN Chung-kai, JP
Hon Howard YOUNG, SBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon LEUNG Kwok-hung
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon KWONG Chi-kin
Hon TAM Heung-man

Public officers attending :

Miss Amy TSE, JP

Mr Alfred FOK

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

Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)

Session 1 - Civil Service

Miss Denise YUE, GBS, JP

Mr Andrew WONG, JP

Miss Jennifer MAK, JP

Mr K S SO, JP

Mrs Rosanna URE, JP

Mr Patrick CHAN

Mrs Stella AU YEUNG

Mrs Lucia LI, JP

Ms Michelle LI, JP

Secretary for the Civil Service

Permanent Secretary for the Civil Service

Deputy Secretary for the Civil Service (1)

Deputy Secretary for the Civil Service (2)

Deputy Secretary for the Civil Service (3)

Director of General Grades

Secretary, Public Service Commission

Director of Accounting Services

Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service

Deputy Director of Health

Principal Executive Officer (Management) of Civil Service Bureau

Dr T H LEUNG, JP

Mr P H LI

Session 2 - Security

Mr Ambrose LEE, IDSM, JP

Mr Stanley YING, JP

Mr YUE Fung-lin

Secretary for Security

Permanent Secretary for Security

Principal Management Services Officer (Security) of Security Bureau

Commissioner of Police

Director of Immigration

Director of Fire Services

Commissioner of Correctional Services

Commissioner of Customs and Excise

Controller, Government Flying Service

Chief Staff Officer, Civil Aid Service

Chief Staff Officer, Auxiliary Medical Service

Secretary, Independent Police Complaints Council

Mr TANG King-shing

Mr LAI Tung-kwok, IDSM

Mr KWOK Jing-keung, FSDSM, JP

Mr KWOK Leung-ming, CSDSM

Mr Timothy TONG, JP

Captain Brian Y M BUTT

Mr LIU Chi-keung

Dr CHAN Yiu-wing

Mrs Brenda FUNG

Miss CHENG Wai-fung

Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance

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

Director-General of Civil Aviation
Commissioner for Narcotics

Session 3 - Financial Services

Mr Frederick MA, JP

Secretary for Financial Services and the Treasury

Mr Kevin HO, JP

Permanent Secretary for Financial Services and the Treasury (Financial Services)

Mrs Sarah KWOK, JP

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

Mr Albert LAM

Deputy Secretary for Financial Services and the Treasury (Financial Services) 2

Mr John LEUNG

Deputy Secretary for Financial Services and the Treasury (Financial Services) 3

Mr Clement CHEUNG, JP

Commissioner of Insurance

Mr E T O'CONNELL

Official Receiver

Mr Gordon JONES, JP

Registrar of Companies

Mr Eddie YUE, JP

Executive Director (Monetary Management and Infrastructure), Hong Kong Monetary Authority

Mr FUNG Hing-wang, JP

Commissioner for Census and Statistics

Mr Raymond NG

Senior Executive Officer (Financial Services)

Mrs Avia LAI

Administrative Assistant to Secretary for Financial Services and the Treasury

Session 4 - Public Finance

Mr Frederick MA, JP

Secretary for Financial Services and the Treasury

Mr Alan LAI, GBS, JP

Permanent Secretary for Financial Services and the Treasury (Treasury)

Mr Martin GLASS, JP

Deputy Secretary for Financial Services and the Treasury (Treasury) 2

Mr Joe WONG

Deputy Secretary for Financial Services and the Treasury (Treasury) 3

Ms Rhoda CHAN

Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)

Mrs Alice LAU, JP

Commissioner of Inland Revenue

Mrs Lucia LI, JP

Director of Accounting Services

Mr LO Hing-chung, JP

Commissioner of Rating and Valuation

Mr Timothy TONG, JP

Commissioner of Customs and Excise

Mr Alan WONG, JP

Commissioner for Transport

Ms LUI Ying	Assistant Commissioner for Transport (Administration and Licensing)
Ms Maria KWAN, JP	Director of Government Logistics
Mr K K KWOK, JP	Government Property Administrator
Mr C H YUE, JP	Director of Architectural Services
Mr K K NG	Assistant Director of Architectural Services (Property Services)
Mrs Avia LAI	Administrative Assistant to Secretary for Financial Services and the Treasury

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Mr Andy LAU	Chief Council Secretary (1)2
Miss Erin TSANG	Chief Council Secretary (1)3
Miss Polly YEUNG	Chief Council Secretary (1)5
Mrs Mary TANG	Senior Council Secretary (1)2
Ms Annette LAM	Senior Council Secretary (1)3
Ms Rosalind MA	Senior Council Secretary (1)8
Mr Justin TAM	Council Secretary (1)3

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 19 to 22 March 2007**

**Meeting held in the afternoon of 19 March 2007 (Sessions 5 - 7)
2:15 pm to 5:15 pm
Legislative Council Chamber**

Members present :

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon Bernard CHAN, GBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC

Hon CHIM Pui-chung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG
Hon KWONG Chi-kin

Public officers attending :

Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)

Session 5 - Communications and Technology

Mr Joseph WONG, GBS, JP	Secretary for Commerce, Industry and Technology
Mr Francis HO, JP	Permanent Secretary for Commerce, Industry and Technology (Communications and Technology)
Mrs Marion LAI, JP	Deputy Secretary for Commerce, Industry and Technology (Communications and Technology)
Mr Howard DICKSON	Government Chief Information Officer
Mr Stephen MAK, JP	Deputy Government Chief Information Officer (Operation)
Mr Anthony WONG, JP	Commissioner for Innovation and Technology
Mr CHU Pui-hing, JP	Director of Broadcasting
Mr AU Man-ho, JP	Director-General of Telecommunications
Ms Lorna WONG, JP	Commissioner for Television and Entertainment Licensing
Mr Maurice LOO	Administrative Assistant to Secretary for Commerce, Industry and Technology

Session 6 - Commerce and Industry

Mr Joseph WONG, GBS, JP	Secretary for Commerce, Industry and Technology
Miss Yvonne CHOI, JP	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Ms Linda LAI, JP	Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry) ¹
Mr Christopher WONG, JP	Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry) ²
Miss Viola CHAN	Principal Executive Officer (Administration) of Commerce, Industry and Technology Bureau (Commerce and Industry)
Mr Joseph LAI, JP	Director-General of Trade and Industry
Mr Mike ROWSE, JP	Director-General of Investment Promotion
Mr Timothy TONG, JP	Commissioner of Customs and Excise
Mr Stephen SELBY, JP	Director of Intellectual Property
Mr Maurice LOO	Administrative Assistant to Secretary for Commerce, Industry and Technology

Session 7 - Central Administration and Other Services

Miss Elizabeth TSE, JP	Director of Administration
Mr Benjamin CHEUNG	Director of Legal Aid
Mr William CHAN	Deputy Director of Legal Aid (Policy and Administration)
Ms Kitty CHOI, JP	Head, Efficiency Unit
Mr Robin IP, JP	Deputy Head, Central Policy Unit
Mr Wilfred WU	Principal Executive Officer (Administration), Administration Wing
Mr KWOK Kwok-chuen, BBS, JP	Government Economist
Mr Stephen FISHER, JP	Secretary to the Commission on Poverty
Mr Benjamin TANG, JP	Director of Audit
Ms Celia CHEUNG	Departmental Secretary, Audit Commission
Ms CHANG King-yiu, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mrs Fanny LAW	Commissioner, Independent Commission Against Corruption
Mr Francis LEE, IDS	Director of Investigation (Private Sector), Independent Commission Against Corruption
Mr TSE Man-shing	Assistant Director (Administration), Independent Commission Against Corruption
Mr Ricky FUNG, JP	Secretary General, Legislative Council Secretariat
Mr Joseph KWONG	Accountant, Legislative Council Secretariat
Ms Alice TAI, JP	The Ombudsman
Mr Y C MOK	Chief Executive Officer, Office of The Ombudsman

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU

Miss Erin TSANG

Miss Polly YEUNG

Mrs Mary TANG

Mr Anthony CHU

Chief Council Secretary (1)1

Chief Council Secretary (1)3

Chief Council Secretary (1)5

Senior Council Secretary (1)2

Council Secretary (1)2

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 19 to 22 March 2007**

**Meeting held in the afternoon of 20 March 2007 (Sessions 8 - 10)
2:15 pm to 6:15 pm
Legislative Council Chamber**

Members present :

Hon Emily LAU Wai-hing, JP (Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, GBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP

Hon Jeffrey LAM Kin-fung, SBS, JP
 Hon Andrew LEUNG Kwan-yuen, SBS, JP
 Hon LEUNG Kwok-hung
 Dr Hon KWOK Ka-ki
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon WONG Ting-kwong, BBS
 Hon Ronny TONG Ka-wah, SC
 Prof Hon Patrick LAU Sau-shing, SBS, JP
 Hon TAM Heung-man

Public officers attending :

Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)

Session 8 - Home Affairs

Dr Patrick HO, JP	Secretary for Home Affairs
Mrs Carrie LAM, JP	Permanent Secretary for Home Affairs
Mr Donald TONG, JP	Deputy Secretary for Home Affairs (1)
Mrs Agnes ALLCOCK, JP	Deputy Secretary for Home Affairs (2)
Ms Esther LEUNG	Deputy Secretary for Home Affairs (3)
Mrs Pamela TAN, JP	Director of Home Affairs
Mr Gary YEUNG, JP	Deputy Director of Home Affairs (1)
Mr Isaac CHOW, JP	Deputy Director of Home Affairs (2)
Mr Thomas CHOW, JP	Director of Leisure and Cultural Services
Mr Vincent LIU	Deputy Director of Leisure and Cultural Services (Leisure Services)
Mr CHUNG Ling-hoi, JP	Deputy Director of Leisure and Cultural Services (Culture)
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services
Mr Edward YAU, JP	Director of Information Services
Mr Paul BROWN	Acting Deputy Director of Information Services (2)
Mrs Betty CHU	Assistant Director of Home Affairs (Administration)
Mr Ricky CHUI	Assistant Director of Leisure and Cultural Services (Finance)
Mr CHEUNG Hing-wah	Assistant Director of Social Welfare (Youth and Corrections)

Mr TONG Fu-keung

Chief Executive Officer (Licensing) of
Television and Entertainment Licensing
Authority

Session 9 - Constitutional Affairs

Mr Stephen LAM, JP

Ms Cherry TSE, JP

Mr Arthur HO, JP

Mr Howard CHAN

Mr LAM Man-ho

Mr Patrick CHAN

Mr Richard LUK

Mr Peter LEUNG, JP

Mr Thomas TSO, JP

Mr Manfred WONG

Secretary for Constitutional Affairs

Permanent Secretary for Constitutional
Affairs

Deputy Secretary for Constitutional
Affairs (1)

Deputy Secretary for Constitutional
Affairs (2)

Chief Electoral Officer

Director, Hong Kong Economic and Trade
Affairs, Shanghai

Director, Hong Kong Economic and Trade
Affairs, Chengdu

Director, Hong Kong Economic and Trade
Affairs, Guangdong

Director, Beijing Office

Senior Executive Officer, Beijing Office

Session 10 - Education and Manpower

Professor Arthur LI, GBS, JP

Mr Raymond WONG, JP

Mrs Betty FUNG, JP

Mr M Y CHENG, JP

Mrs Betty IP

Miss Vivian LAU, JP

Mrs Lily TSANG, JP

Mr LI Wing

Mr Michael STONE, JP

Dr Carrie WILLIS, MBE

Ms Rebecca PUN

Secretary for Education and Manpower

Permanent Secretary for Education and
Manpower

Deputy Secretary for Education and
Manpower (1)

Deputy Secretary for Education and
Manpower (3)

Deputy Secretary for Education and
Manpower (4)

Deputy Secretary for Education and
Manpower (6)

Principal Assistant Secretary for Education
and Manpower (Finance)

Controller, Student Financial Assistance
Agency

Secretary-General, University Grants
Committee

Executive Director, Vocational Training
Council

Executive Director, Employees Retraining
Board

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU

Ms Debbie YAU

Mrs Mary TANG

Ms YUE Tin-po

Mr Justin TAM

Chief Council Secretary (1)1

Senior Council Secretary (1)1

Senior Council Secretary (1)2

Senior Council Secretary (1)5

Council Secretary (1)3

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 19 to 22 March 2007**

**Meeting held in the morning of 21 March 2007 (Sessions 11 - 14)
9:00 am to 1:15 pm
Legislative Council Chamber**

Members present :

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon James TO Kun-sun
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, GBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, JP
Hon WONG Yung-kan, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum
Hon LAU Chin-shek, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP

Dr Hon Joseph LEE Kok-long, JP
 Hon Daniel LAM Wai-keung, SBS, JP
 Hon Jeffrey LAM Kin-fung, SBS, JP
 Hon Andrew LEUNG Kwan-yuen, SBS, JP
 Hon LEUNG Kwok-hung
 Dr Hon KWOK Ka-ki
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon CHEUNG Hok-ming, SBS, JP
 Hon WONG Ting-kwong, BBS
 Hon Ronny TONG Ka-wah, SC
 Prof Hon Patrick LAU Sau-shing, SBS, JP
 Hon KWONG Chi-kin
 Hon TAM Heung-man

Public officers attending :

Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)

Session 11 - Economic Development

Mr Stephen IP, GBS, JP	Secretary for Economic Development and Labour
Ms Eva CHENG, JP	Permanent Secretary for Economic Development and Labour (Economic Development)
Mr Michael WONG, JP	Deputy Secretary for Economic Development and Labour (Economic Development) 1
Mr Howard LEE	Deputy Secretary for Economic Development and Labour (Economic Development) 2
Miss Janice TSE, JP	Deputy Secretary for Economic Development and Labour (Economic Development) 3
Miss AU King-chi, JP	Commissioner for Tourism
Mr LEE Wai-kuen	Acting Director of Marine
Mr Norman LO, AE, JP	Director-General of Civil Aviation
Mr LAM Chiu-ying, JP	Director of the Hong Kong Observatory
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services

Mr CHAN Yau-fung, JP
Mr John CHAI, JP

Mr Timothy TONG, JP
Mr LAY Chik-chuen

Ms Clara CHONG

Mrs Grace LEE

Miss Jacqueline TONG

Mrs Pamela CHAN, BBS, JP
Ms Connie LAU

Mr Owin FUNG

Acting Postmaster General
Director of Civil Engineering and
Development
Commissioner of Customs and Excise
Assistant Director of Agriculture, Fisheries
and Conservation (Conservation)
Executive Director, Hong Kong Tourism
Board
Deputy Executive Director, Hong Kong
Tourism Board
General Manager of Strategic Planning and
Marketing, Hong Kong Tourism Board
Chief Executive, Consumer Council
Chief Executive Designate, Consumer
Council
Administrative Assistant to Secretary for
Economic Development and Labour

Session 12 - Labour

Mr Stephen IP, GBS, JP

Mr Matthew CHEUNG, JP

Mrs Jenny CHAN, JP

Mr Fred TING, JP

Mr Owin FUNG

Secretary for Economic Development and
Labour
Permanent Secretary for Economic
Development and Labour (Labour)/
Commissioner for Labour
Deputy Commissioner for Labour (Labour
Administration)
Deputy Commissioner for Labour
(Occupational Safety and Health)
Administrative Assistant to Secretary for
Economic Development and Labour

Session 13 - Housing

Mr Michael SUEN, GBS, JP
Mr Thomas CHAN, JP

Miss Mary CHOW, JP

Ms Ada FUNG

Mr Kenneth MAK, JP

Secretary for Housing, Planning and Lands
Permanent Secretary for Housing, Planning
and Lands (Housing)/Director of Housing
Deputy Secretary for Housing, Planning and
Lands (Housing)
Deputy Director of Housing (Development
and Construction)
Deputy Director of Housing (Corporate
Services)

Mr Patrick LAU, JP
Mr CHEUNG Hau-wai, JP
Mr Chris GABRIEL

Director of Lands
Director of Buildings
Assistant Director of Housing (Independent
Checking Unit)

Session 14 - Planning and Lands

Mr Michael SUEN, GBS, JP
Mrs Rita LAU, JP

Miss Annie TAM, JP

Ms Olivia NIP, JP

Mr Patrick LAU, JP
Mr CHEUNG Hau-wai, JP
Mrs Ava NG, JP
Mr John CHAI, JP

Mr HO Kwong-wai, JP

Secretary for Housing, Planning and Lands
Permanent Secretary for Housing, Planning
and Lands (Planning and Lands)
Deputy Secretary for Housing, Planning and
Lands (Planning and Lands) 1
Deputy Secretary for Housing, Planning
and Lands (Planning and Lands) 2
Director of Lands
Director of Buildings
Director of Planning
Director of Civil Engineering and
Development
Director of Electrical and Mechanical
Services

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU
Miss Erin TSANG
Ms Anita SIT
Ms Connie SZETO
Ms Debbie YAU
Mrs Mary TANG
Ms Annette LAM
Mr WONG Siu-ye
Ms Guy YIP

Chief Council Secretary (1)1
Chief Council Secretary (1)3
Chief Council Secretary (1)4
Chief Council Secretary (1)6
Senior Council Secretary (1)1
Senior Council Secretary (1)2
Senior Council Secretary (1)3
Senior Council Secretary (1)7
Council Secretary (1)1

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 19 to 22 March 2007**

**Meeting held in the afternoon of 21 March 2007 (Sessions 15 - 16)
2:15 pm to 6:15 pm
Legislative Council Chamber**

Members present :

Hon Emily LAU Wai-hing, JP (Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, GBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, JP
Hon WONG Yung-kan, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon LEUNG Kwok-hung

Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon TAM Heung-man

Public officers attending :

Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)

Session 15 - Food safety and environmental hygiene

Dr York CHOW, SBS, JP	Secretary for Health, Welfare and Food
Mrs Carrie YAU, JP	Permanent Secretary for Health, Welfare and Food (Food and Environmental Hygiene)
Mr Eddy CHAN, JP	Director of Food and Environmental Hygiene
Mrs Stella HUNG, JP	Director of Agriculture, Fisheries and Conservation
Mr K C LUK	Head of Planning and Resource Management of Health, Welfare and Food Bureau
Dr T L TING, JP	Government Chemist
Mr Andy CHAN	Administrative Assistant to Secretary for Health, Welfare and Food

Session 16 - Health, Welfare and Women

Dr York CHOW, SBS, JP	Secretary for Health, Welfare and Food
Ms Sandra LEE, JP	Permanent Secretary for Health, Welfare and Food (Health and Welfare)
Mr Shane SOLOMON	Chief Executive, Hospital Authority
Dr CHEUNG Wai-lun	Director (Cluster Services), Hospital Authority
Dr P Y LAM, JP	Director of Health
Mr K C LUK	Head of Planning and Resource Management of Health, Welfare and Food Bureau
Dr T L TING, JP	Government Chemist
Mr Paul TANG, JP	Director of Social Welfare

Miss Eliza LEE

Mr Alan WONG, JP
Mr Don HO

Mr Andy CHAN

Deputy Secretary for Health, Welfare and
Food (Family and Women)

Commissioner for Transport

Assistant Commissioner for Transport
(Management and Paratransit)

Administrative Assistant to Secretary for
Health, Welfare and Food

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU

Mr Andy LAU

Ms Anita SIT

Mrs Mary TANG

Mr SUNG Pui-yin

Ms Guy YIP

Mr Anthony CHU

Chief Council Secretary (1)1

Chief Council Secretary (1)2

Chief Council Secretary (1)4

Senior Council Secretary (1)2

Senior Council Secretary (1)4

Council Secretary (1)1

Council Secretary (1)2

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 19 to 22 March 2007**

**Meeting held in the afternoon of 22 March 2007 (Sessions 17 - 20)
2:00 pm to 6:35 pm
Legislative Council Chamber**

Members present :

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon Bernard CHAN, GBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon MA Lik, GBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Dr Hon Fernando CHEUNG Chiu-hung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG

Public officers attending :

Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)

Session 17 - Judiciary administration and Legal administration

Mr WONG Yan-lung, SC, JP	Secretary for Justice
Mr Ian WINGFIELD, GBS, JP	Solicitor General
Miss Susie HO, JP	Director of Administration and Development
Mr John READING, SC	Deputy Director of Public Prosecutions
Miss Emma LAU, JP	Judiciary Administrator
Mr Augustine CHENG, JP	Deputy Judiciary Administrator (Operations)
Mr Clement LI	Assistant Judiciary Administrator (Corporate Services)

Session 18 - Works

Dr Sarah LIAO, JP	Secretary for the Environment, Transport and Works
Mr C K MAK, JP	Permanent Secretary for the Environment, Transport and Works (Works) ¹
Miss Janet WONG, JP	Deputy Secretary for the Environment, Transport and Works (Works) ¹
Mr Helius NG, JP	Acting Deputy Secretary for the Environment, Transport and Works (Works) ²
Mr C H YUE, JP	Director of Architectural Services
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr C K WONG, JP	Director of Drainage Services
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services
Mr CHAN Chi-chiu, JP	Director of Water Supplies
Mr C S WAI, JP	Director of Highways

Session 19 - Environment

Dr Sarah LIAO, JP	Secretary for the Environment, Transport and Works
Ms Anissa WONG, JP	Permanent Secretary for the Environment, Transport and Works (Environment)/ Director of Environmental Protection
Dr Mike CHIU, JP	Deputy Director of Environmental Protection (1)
Mr Raymond FAN	Deputy Director of Environmental Protection (2)
Mr Roy TANG	Deputy Director of Environmental Protection (3)
Mr Carlson K S CHAN	Deputy Director of Environmental Protection (4)
Mrs Stella HUNG, JP	Director of Agriculture, Fisheries and Conservation
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr C K WONG, JP	Director of Drainage Services
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services

Session 20 - Transport

Dr Sarah LIAO, JP	Secretary for the Environment, Transport and Works
Mr Joshua LAW, JP	Permanent Secretary for the Environment, Transport and Works (Transport)
Mr Philip YUNG, JP	Deputy Secretary for the Environment, Transport and Works (Transport)1
Miss Cathy CHU, JP	Deputy Secretary for the Environment, Transport and Works (Transport)2
Ms Annette LEE, JP	Deputy Secretary for the Environment, Transport and Works (Transport)3
Mr Patrick HO	Deputy Secretary for the Environment, Transport and Works (Transport)4
Mr Alan WONG, JP	Commissioner for Transport
Mr K K LAU, JP	Deputy Commissioner for Transport (Planning and Technical Services)
Ms Carolina YIP, JP	Deputy Commissioner for Transport (Transport Services and Management)
Mr C S WAI, JP	Director of Highways

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU

Mrs Mary TANG

Ms Sarah YUEN

Mr WONG Siu-yee

Ms Rosalind MA

Chief Council Secretary (1)1

Senior Council Secretary (1)2

Senior Council Secretary (1)6

Senior Council Secretary (1)7

Senior Council Secretary (1)8

**Presentation by Secretary for the Civil Service
at the special meeting of the Finance Committee
on Monday, 19 March 2007**

Madam Chairman and Members,

In his Budget Speech delivered last month, the Financial Secretary indicated that the government operating expenditure had been contained within \$200 billion for three years in a row. He paid tribute to the civil service for their contribution towards reining in government expenditure, implementing a wide range of policies and providing quality services to the community, while coping with greatly increased pressure from various austerity measures.

2. Today, I am going to brief Members on the efforts the Civil Service Bureau has made in controlling and rationalising public expenditure.

3. First, **the control of the size of the civil service.** In his 2005 Policy Address, the Chief Executive reiterated the target set in 2003 to reduce the civil service establishment to around 160 000 by end 2006-07. We will meet this target on schedule. The civil service establishment will be reduced to about 161 800 by the end of March 2007. This represents a reduction of over 18% in civil service establishment as compared with the peak of 198 000 in early 2000. We have achieved this target through the controlling officers' efforts in reengineering, reorganisation and redeployment of staff, as well as the introduction of the Second Voluntary Retirement (VR II) Scheme and a general civil service recruitment freeze by the Government.

4. In the coming year, we will continue to strictly control the size of the civil service and work closely with controlling officers to monitor the staffing situation of individual bureaux and departments through their annual manpower plans. Existing civil service vacancies or new posts will be filled or created only on a need basis after critically reviewing the manpower situation and exploring the feasibility of other alternative means of service delivery. Taking into account the need to implement various policy initiatives and meet the community's increasing demand for public service, as well as the phased replacement of certain non-civil service contract staff posts by civil service posts, we estimate that the civil service establishment will slightly expand by about 0.7% to around 162 900 by the end of March next year (2008).

5. Second, **the resumption of open recruitment of civil servants.** To complement the creation of new posts and to pre-empt possible succession problem arising in the civil service in the long run, we will resume open

recruitment of civil servants from 1 April (2007). However, the recruitment freeze will continue to apply to those grades included in the VR II Scheme until March next year (2008). In the meantime, if the controlling officers of individual VR II grades consider it absolutely necessary to conduct open recruitment to fill vacancies, they can seek the special approval of a Panel co-chaired by the Chief Secretary and the Financial Secretary.

6. **Third, the development of an improved civil service pay adjustment mechanism.** It has long been our civil service pay policy to offer adequate remuneration to attract, retain and motivate staff of suitable calibre to provide the public with quality service. In addition, we subscribe to the principle of broad comparability between civil service and private sector pay in order to ensure that the civil service remuneration is considered fair by both civil servants and the public. In this connection, we are developing an improved civil service pay adjustment mechanism in close consultation with the staff side representatives.

7. The key elements of the mechanism include the periodic conduct of Pay Level Surveys (PLS) and the conduct of annual Pay Trend Surveys (PTS) on the basis of an improved methodology. Progress has been made on the latter. A LegCo Brief on the improved PTS methodology was provided to this Council last week. Based on the improved methodology, a PTS for 2007 will be conducted shortly by the Pay Survey and Research Unit of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service. We are now discussing with staff side representatives on how to apply to the civil service the results of a PLS recently completed by a consultant.

8. **Fourth, civil service pay and staff-related expenses.** With the downward adjustments or revisions to the civil service establishment, civil service pay and fringe benefits in the past few years, the portion of civil service pay and staff-related expenses in the Government's operating expenditure is forecast to reduce to about 30% or \$65.2 billion in the 2007-08 estimates, compared with about 36% or about \$71.2 billion in 2001-02. The two figures quoted above for 2007-08 have not presumed any pay adjustment for the civil service in 2007-2008. We will decide on this matter after we have completed our discussions with the staff side representatives on how to apply the PLS results to the civil service and when the outcome of the PTS to be conducted shortly is available.

9. **Fifth, civil service training.** The civil service is the backbone of the SAR Government. Despite the many measures to reduce staff-related expenses, we are committed to providing civil servants at all levels with training to update their skills and to instil in them knowledge necessary for providing quality services to the public. For example, we will continue to provide training opportunities on national studies, such as through classroom and e-learning and civil service staff exchange programmes, to ensure that our staff are kept abreast of the latest political, social and economic developments in the Mainland. Also, we will continue to work closely with departments to support them in their

Human Resources Development and Management efforts, focusing on special training needs such as in contract management, customer service and performance management.

10. Madam President, with the support of the community and this Council, we will continue to improve the management of the civil service so as to ensure the civil service continues to render quality public service to the community.

**Presentation by Secretary for Security
at the special meeting of the Finance Committee
on Monday, 19 March 2007**

Chairman,

- In the draft Estimates for the new financial year (2007/2008), the allocation on the security policy area group is \$28.9 billion, representing 11.6% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$25.2 billion, which is 8.8% higher than my allocation of \$23.2 billion for the current financial year.
- With the continued growth of the economy, the Government's financial situation has improved. However, we are fully committed to using our resources cost-effectively to introduce new or enhanced services. We will continue to ensure that Hong Kong remains a secure and safe city. I will briefly highlight some of the new services or enhancements.

Law and Order

- In 2006, the overall crime figure and the violent crime figure registered an increase of 4.8% and 6.9% respectively as compared with 2005. Despite the increase in the crime figures, the number of many serious crimes — including burglaries, criminal damage, blackmail and rape — decreased. Overall speaking, the law and order situation has remained stable but the Police will as always remain vigilant. The seven major operational targets of the Commissioner of Police for 2007 include combating violent crimes, triad-related cases, “quick-cash” crimes, terrorism, trafficking and abuse of dangerous drugs, offences related to visitors and illegal immigrants and Mainland visitors, and road safety.

Immigration Control/Customs Services

- We will continue to improve our services through the use of information technology. The Immigration Department is planning to extend the e-Channels facilities to visitors holding Travel Pass on a trial basis within 2007.
- To cope with the ever-increasing cross-boundary traffic, we also need to establish more control points. To cater for the commissioning of the control points for the Shenzhen Bay Port and the Lok Ma Chau Spur Line later this

year, we have earmarked some \$565 million involving 1 373 posts for relevant disciplined departments.

- The Individual Visit Scheme has been extended gradually and currently covers 49 Mainland cities¹. Since its implementation in July 2003, more than 18 million Mainland residents have visited Hong Kong under the Scheme, bringing considerable benefits to the tourism, retail and related sectors. The Government will continue to ensure corresponding measures to facilitate entry of IVS visitors, such as the smooth operation of control points.
- Up to 12 March 2007, 1 072 applicants have been granted formal approval for residence in Hong Kong under the Capital Investment Entrant Scheme. Their total investment reaches some HK\$7.64 billion, or on average HK\$7.13 million per entrant which exceeds the minimum requisite amount of HK\$6.5 million. Another 248 applicants have been granted approval-in-principle.
- Hong Kong attracted more than 27 000 talents and professionals through various schemes in 2006, a 57% increase over 2003.
- To attract topnotch talent, we introduced the Quality Migrant Admission Scheme in June 2006. Under the scheme, applicants who meet specified eligibility criteria will be allowed to enter Hong Kong, without the requirement of securing an employment offer beforehand. Applicants are assessed under a point system (計分制) which contains criteria such as age, academic attainment and professional qualification. Till 10 March 2007, ImmD received a total of 681 applications and a total of 149 applicants were allotted quota. We will review the scheme shortly.
- In line with the international trend for enhanced passport security as well as the requirements of the International Civil Aviation Organisation, we have introduced HKSAR e-passport with biometric identifier in February 2007. The new e-passport will help safeguard the travel convenience enjoyed by the passport holders.

Public Safety

- With a view to further improving the fire safety of pre-1987 composite and domestic buildings, we have secured the agreement of the Security Panel to commence the Fire Safety (Buildings) Ordinance on 1 July 2007. We will adopt a series of measures, including phased implementation based on the age of buildings, a flexible and pragmatic approach in enforcement, as well

¹ 21 cities in Guangdong, Beijing, Shanghai, Fuzhou (urban area only), Xiamen, Chuenzhou, Nanjing, Suzhou, Wuxi, Hangzhou, Ningbo, Toizhou, Chongqing, Tianjin, Shenyang, Dalian, Chengdu, Jinan, Nanning, Nanchang, Changsha, Haikou, Guiyang, Kunming, Shijiazhuang, Zhengzhou, Changchun, Hefei and Wuhan.

as provision of appropriate financial and technical assistance, to facilitate the commencement of the Ordinance.

- On emergency ambulance service (EAS), we have stepped up publicity to promote the appropriate use of EAS, and we are studying the feasibility of adopting a medical priority dispatch system in Hong Kong to ensure that EAS are more targeted at persons in genuine need of such services. We will also continue to review the resources for EAS.

Custody and Rehabilitation of Offenders

- We have secured funding of HK\$1.3 billion from the Finance Committee for the redevelopment of Lo Wu Correctional Institution. The project will commence in mid-2007. We will continue to study other prison development possibilities to address the problems of outdated penal facilities and overcrowding in some of our penal institutions.
- CSD will take forward the Risks and Needs Assessment and Management Protocol for Offenders to improve the overall management and rehabilitation of offenders. This new approach will facilitate CSD in systematic evaluation of the custodial and re-offending risks as well as and the rehabilitation needs of offenders, and enable effective implementation of management measures and matching programmes for addressing such risks and needs.
- We will continue to work in partnership with various sectors of the community to help rehabilitated offenders re-integrate into society. To that end, CSD will continue to organize public education and publicity activities to appeal for community acceptance and support for rehabilitated offenders.

Countering the Menace of Drugs

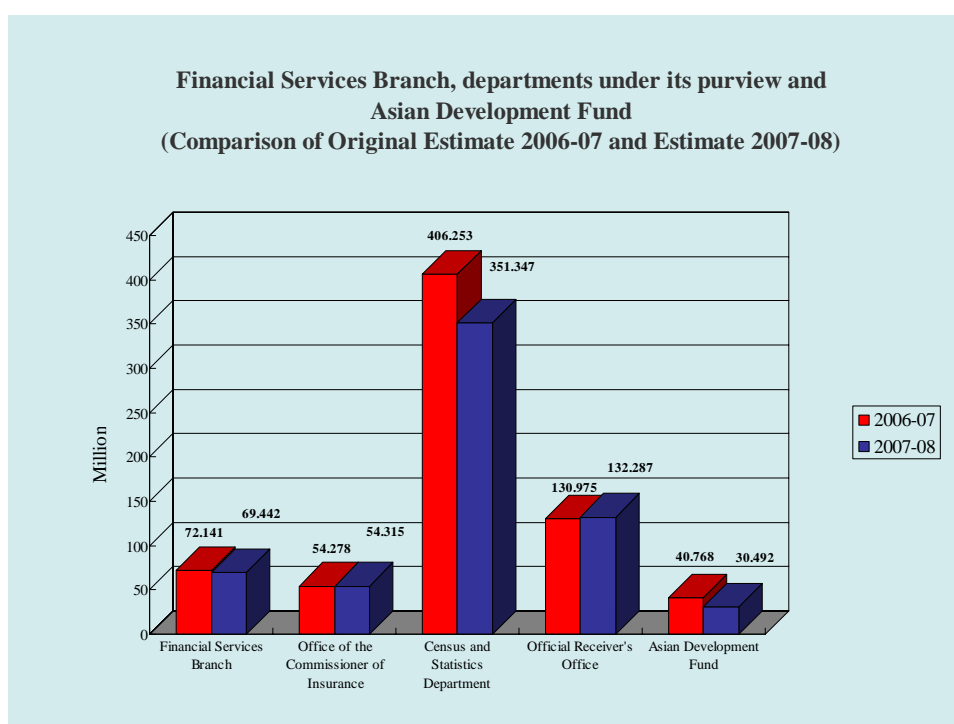
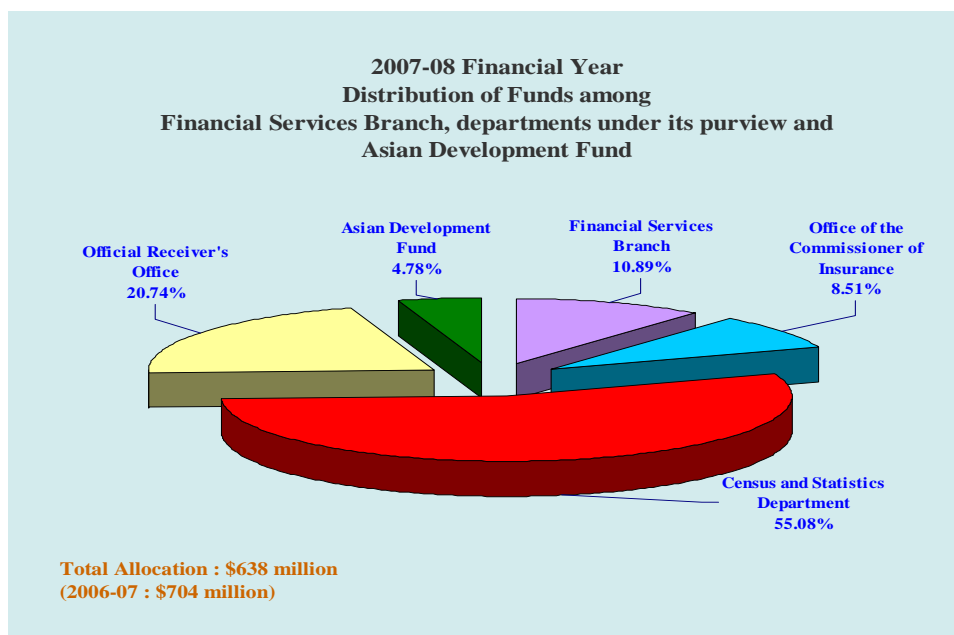
- We will continue to tap the views of Action Committee Against Narcotics, Drug Liaison Committee and anti-drug workers in formulating our anti-drug policies. On drug treatment and rehabilitation, we will continue to accord priority to enhancing the professionalism of anti-drug workers and monitor the progress of the licensing scheme for drug treatment centres. For 2007-08, we will develop measures to strengthen the co-operation between private medical practitioners and social workers to address the medical needs of drug abusers and widen the network for early intervention. On preventive education, the Hong Kong Jockey Club Drug InfoCentre will continue to serve as a platform for anti-drug educational and publicity activities.

Combating Money Laundering and Terrorist Financing

- At the international level, we will continue to participate actively in the work of the Financial Action Task Force on Money Laundering and the Asia/Pacific Group on Money Laundering and contribute towards the global fight against money laundering and terrorist financing. Within Hong Kong, we will focus on the preparation for the “Mutual Evaluation” (ME) on Hong Kong this year to be conducted by the Financial Action Task Force on Money Laundering. We will continue to engage the various sectors concerned in further enhancing our regime and meeting the latest international standards.

Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Financial Services and the Treasury
at the special meeting of the Finance Committee
on Monday, 19 March 2007**



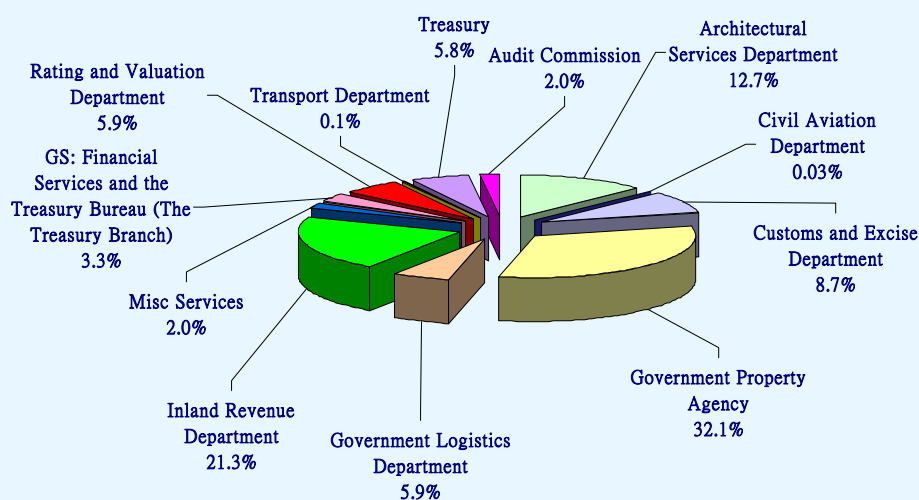
2007-08 Financial Year
Major Policy Initiatives of Financial Services Branch

- Continue our effort to strengthen Hong Kong's position as an international financial centre
 - * Enhancing Regulatory System
 - Establishment of Financial Reporting Council
 - Giving Statutory Backing to Major Listing Requirements
 - Rewrite of Companies Ordinance
 - * Promoting the Asset Management Development
 - * Enhancing the Cooperation with the Mainland
 - * Stepping up the promotion of Hong Kong's strengths as a capital formation and investment platform to the rest of the world

Appendix IV-4 (Session 4)

Presentation by Secretary for Financial Services and the Treasury at the special meeting of the Finance Committee on Monday, 19 March 2007

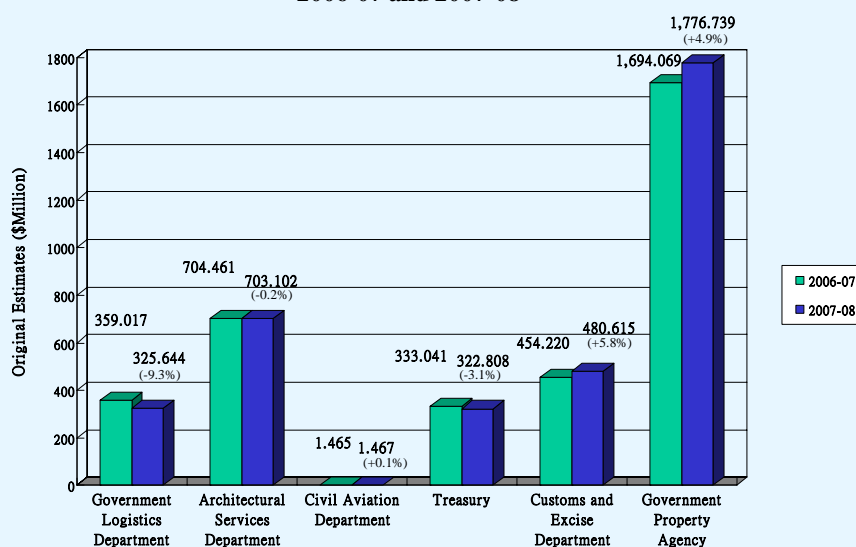
Envelope Allocation for Operating Account in 2007-08 to the Treasury Branch and its Departments



Total Allocation: \$5,535 million (2007-08)
\$5,488 million (2006-07)

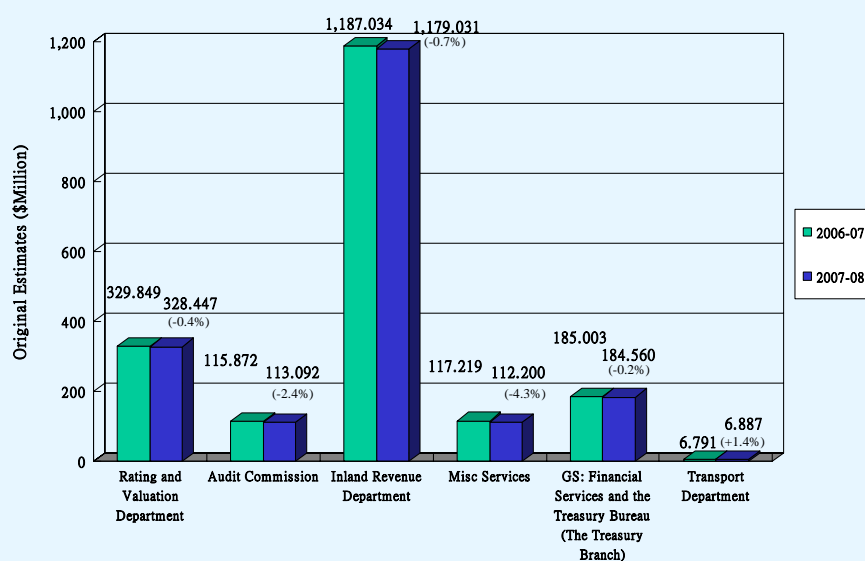
1

Comparison between Original Estimates for Operating Account in 2006-07 and 2007-08



2

Comparison between Original Estimates for Operating Account in 2006-07 and 2007-08 (Cont'd)



3

Major Tasks

- Upholding the principles of prudent management of public finance and keeping expenditure within the limits of revenues in allocation of resources.
- Drawing up a final report of the public consultation on tax reform.
- Implementing the financial arrangements for the merger of the two railway corporations.

4

**Presentation by Secretary for Commerce, Industry and Technology
at the special meeting of the Finance Committee
on Monday, 19 March 2007**

Chairman,

I would like to brief Members on the key issues of work of the Communications and Technology Branch of the Commerce, Industry and Technology Bureau for the new financial year.

Film

2. The film industry is the flagship of Hong Kong's creative industries. It is facing a number of problems such as dwindling investment, shrinkage of the market and exodus of talents. To support the further development of the film industry, the Financial Secretary has earmarked in this year's Budget \$300 million to set up a fund to help finance film production and overcome the shortage of talent. The fund will provide :

- (a) limited funding support to small to medium sized productions;
- (b) training for film workers;
- (c) promotion of Hong Kong films locally and overseas; and
- (d) activities to raise the interest and film literacy of the local audience.

We are now consulting the industry on the detailed arrangements of the fund. We aim at submitting the application for funding to the Finance Committee in the middle of this year.

3. To improve the framework for supporting film development, the Chief Executive proposed in his Policy Address in last October to set up a Film Development Council comprising industry representatives. We are finalising the preparatory work and we expect the Council to be set up by April. The new Film Development Council will assist the Government in co-ordinating all efforts which facilitate film development, provide advice to the Government, and approve the fund applications.

Wi-Fi

4. The Financial Secretary has also committed \$210 million in the recent Budget to provide Wi-Fi wireless Internet access service in government venues in various districts of the territory for use by members of the public for free. Our plan is to install, within a year upon availability of funding, Wi-Fi facilities in venues frequented by the public, such as libraries, key cultural and recreation centres, community halls, major parks and main government offices of various District Offices, Immigration Department and Transport Department. Around 200 premises would be covered, involving about several thousand access points. This initiative will complement the Wi-Fi service being or to be provided by commercial operators in built-up business and residential areas. It would facilitate the public to access the Internet more widely to obtain information. We intend to secure funding for the project from the Finance Committee in the middle of this year.

Spectrum Policy Review

5. The public consultation on the proposed spectrum policy framework has been completed. The Administration is considering the views received and will finalize the policy as soon as possible. Upon promulgation of the spectrum policy, the Office of the Telecommunications Authority (OFTA) would reactivate the public consultation on Broadband Wireless Access services. To cater for the trend of convergence of fixed and mobile communications services, OFTA will soon complete their review of the regulatory framework for telecommunications.

Unsolicited Electronic Messages Bill

6. On the other hand, the scrutiny of the Unsolicited Electronic Messages Bill is almost completed. In the light of the discussions at Bills Committee meetings, the Administration has proposed a number of amendments to improve the provisions of the Bill. For the benefit of the public and the whole community, I sincerely hope that Members would support and pass the Bill and the proposed amendments. After the Bill is enacted, we will put in place the necessary implementation arrangements as soon as possible, and implement a series of public education programmes to enhance the public and the industry's understanding of the relevant arrangements.

Communications Authority

7. We are now working out the details concerning the new legislation to establish the Communications Authority, with a view to introducing it into the Legislative Council in the next few months. The new unified regulator overseeing both the telecommunications and broadcasting sectors will be able to handle regulatory issues relating to broadcasting, telecommunications and Internet

services effectively and swiftly amid the trend of media and technology convergence.

Digital 21 Strategy

8. The public consultation exercise on the updated Digital 21 Strategy was completed in December last year. We are considering the public feedback received and will finalise this blueprint for Hong Kong's development in information and communications technology (ICT) around the middle of this year.

E-Government

9. The new one-stop portal for Government online information and services, GovHK, was soft launched for public use in September last year. We are continuing to enrich the content of GovHK in the light of user feedback, which is very positive so far.

10. With the funding support given by the Finance Committee for a provision of \$49.2 million in January this year, we will embark on a pilot electronic procurement programme in three departments. We will conduct a review after the implementation of the programme before mapping out the way forward for further roll-out to the rest of the Government.

Innovation and Technology

11. The Financial Secretary has announced in the Budget that in order to provide further impetus to the development of applied scientific research, restrictions of the Small Entrepreneur Research Assistance Programme and the University-Industry Collaboration Programme under the Innovation and Technology Fund would be relaxed. The initiative enables the companies to co-operate with the Mainland and overseas universities and tap on their technological and other advantages so as to enhance the effectiveness of the R&D efforts.

DesignSmart Initiative

12. We are implementing the DesignSmart Initiative. The InnoCentre jointly developed by the Hong Kong Science and Technology Parks Corporation and the Hong Kong Design Centre is now operating in full swing. We will seek the Finance Committee's approval for a funding of \$100 million over five years to support the Hong Kong Design Centre to continue to promote our trades and industries to make full use of design.

13. Thank you.

**Presentation by Secretary for Commerce, Industry and Technology
at the special meeting of the Finance Committee
on Monday, 19 March 2007**

Chairman,

I would like to introduce briefly the key areas of the work of the Commerce and Industry Branch of the Commerce, Industry and Technology Bureau in the new financial year.

Negotiations under Doha Development Agenda

2. Through the efforts of major World Trade Organizations (WTO) Members including Hong Kong, China, the Doha Development Agenda (DDA) negotiations eventually resumed in full in February this year. We will continue to work with WTO Members to bring the negotiations to an early conclusion, with a view to securing better market opportunities and a more predictable international trading environment for Hong Kong goods and services.

3. We will also continue to participate actively in the WTO negotiations on rules, to clarify and improve the rules concerned, as so to ensure that the multilateral trading system will not be eroded by the abusive use of protectionist measures.

Deepening the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

4. CEPA is operating smoothly and we have started consultations with the Mainland on further liberalization with a view to reaching consensus in mid 2007. We will also hold the first CEPA consultative forum on 30 March to gather views from the trade on CEPA implementation and liberalization, and to jointly explore with them on how to fully develop the potentials of CEPA.

Maintaining Close Cooperation and Liaison with the Mainland

5. The Government will continue to promote trade and economic cooperation with the Mainland. The setting up of the Economic and Trade Offices in Chengdu and Shanghai will facilitate closer liaison with Mainland provinces on trade and economic matters. At the same time, this also enables us to provide better support to Hong Kong businessmen in the Mainland. In addition, the Government or the Hong Kong Trade Development Council (TDC) will continue to organise trade delegations to the Mainland to foster

communication and to enhance Hong Kong businessmen's understanding of the market opportunities in the Mainland. In the past year, the Chief Executive has led delegations to Guangxi, Yunnan, Hunan, Guizhou and Jiangxi Provinces. I also led a delegation of the Federation of Hong Kong Industries on a visit to East Guangdong just last week.

Promotion of Inward Investment

6. We will continue to reinforce Hong Kong's position as a preferred destination for foreign direct investment. In 2006, a record number of 3 845 regional headquarters and regional offices represented foreign companies in Hong Kong. We will continue to step up our investment promotion both overseas and in the Mainland and increase joint overseas marketing activities with cities in the Pearl River Delta to promote Hong Kong's unique position as a two-way business platform between Mainland and the rest of the world.

7. The Government is preparing to commission a consultancy study to review the current strategy for promotion of inward investment, in particular to review the role and mission of Invest Hong Kong and the relevance of its existing nine priority sectors in the context of Hong Kong's overall economic development.

Promotion of HK Brand

8. Hong Kong has long been recognised as a brand in itself with great potential which can be well utilised. We would consider injecting new impetus to the "Brand Hong Kong" programme, including strategic proposals relating to this put forward by the Focus Group on Trade and Business formed pursuant to the Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong", and leverage on the celebration activities of the 10th Anniversary of the HKSAR Establishment to actively promote Hong Kong. We will also continue to cooperate with relevant organisations, such as TDC and the Hong Kong Design Centre to promote Hong Kong brand products and services, and encourage the application of design among businesses.

Convention and Exhibition Industry

9. The Government has been closely monitoring the intensifying regional competition in the convention and exhibition industry and the possible risk of Hong Kong's role as an international trade fair capital being marginalized. We will continue to take appropriate measures to enhance Hong Kong's advantages in this regard. We are stepping up our promotional efforts to promote Hong Kong as the world's events capital, and will liaise closely with the Central People's Government, other policy bureaux, Economic and Trade Offices of the HKSAR, trade associations and chambers of commerce, etc. to identify opportunities for hosting large-scale international conventions and exhibitions in Hong Kong.

We are also actively pursuing the development of additional convention and exhibition facilities to meet the growing demand. For example, we are now discussing with the AsiaWorld Expo (AWE) for an early commencement of the AWE Phase 2 expansion project, while the TDC is also actively pursuing development of the Hong Kong Convention and Exhibition Centre Phase 3 in Wanchai.

Support for Small and Medium Enterprises (SMEs)

10. The Government attaches great importance to small and medium enterprises (SMEs) and provides them with the necessary support. We have implemented various funding schemes, including the SME Funding Schemes, the Innovation and Technology Fund and the Design Support Programme. Since the launch of the SME Funding Schemes, more than 48 000 SMEs have benefited from the Schemes, involving a total loan guarantee or grant of more than \$9.6 billion. Through the Innovation and Technology Fund, total funding support of \$250 million has also been provided to upgrade the technological level of small enterprises and increase the competitiveness of their products. In addition, we provide SMEs with information and advisory services, support in expanding markets as well as infrastructure, design and one-stop technical support services. We will consider how to assist Hong Kong-owned SMEs with business in the Mainland to cope with the challenges brought about by the 11th Five Year Plan, including providing technical and other support to help them upgrade their operations to meet the environmental standards.

Intellectual Property Protection

11. We are committed to maintaining a robust intellectual property protection regime for the sustainable development of our economy. On the legislative front, we are tendering our full assistance to facilitate the work of the Legislative Council with a view to securing passage of the Copyright (Amendment) Bill 2006 within the current legislative year. In parallel, we are consulting the public on copyright protection in the digital environment. The public consultation period will last until end-April. We will soon submit to the Legislative Council our proposed amendments to the Patents Ordinance for the purpose of implementing a WTO Protocol that facilitates access to pharmaceutical products for addressing public health problems.

12. On the enforcement front, the Customs and Excise Department will continue to combat intellectual property-related offences vigorously. The Intellectual Property Department will continue to conduct public education activities to promote respect for intellectual property rights in the community.

Facilitating Trade

13. We are committed to maintaining Hong Kong's competitiveness as an international trade centre. Having regard to recent developments in securing and facilitating trade, we intend to upgrade our customs infrastructure by funding the implementation of an electronic customs clearance system for road cargoes. We are preparing legislative amendments to provide the legal basis required for implementing the proposed electronic system. We will soon submit the amendment bill to the Legislative Council.

14. Thank you.

**Presentation by Secretary for Home Affairs
at the special meeting of the Finance Committee
on Tuesday, 20 March 2007**

Chairman,

First of all, I would like to thank Members for their interest in the Draft Estimate of the Home Affairs Bureau (HAB). My respective Controlling Officers have provided answers to 286 written questions from Members accounting for the use of resources under their purview. They are here to respond to any further questions that Members may wish to raise.

2. HAB will face a number of new challenges in the coming year. 2007-08 will see additional resources for various programmes to meet new demands. I would like to take a few minutes to brief Members on several priority tasks of HAB in the new financial year.

The 10th Anniversary of the Establishment of the HKSAR

3. 2007 marks the 10th Anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR). This is a memorable occasion for Hong Kong. Therefore, the Government will organize a variety of events in Hong Kong in the second and third quarters to mark this important and joyous occasion. We will also encourage different sectors of the community to organize celebration activities with the aim of promoting community involvement. The celebration activities include ceremonial events, exhibitions and international conferences, commissioning of infrastructural projects, cultural and sports events, district events and activities organized by our Mainland and overseas Economic and Trade Offices. We will publicize details of the celebrations programme towards the end of this month.

4. A Steering Committee led by the Chief Secretary for Administration is overseeing the preparation work. A Celebrations Coordination Office has been set up under HAB in January 2007 to co-ordinate with respective bureaux and departments in organizing the ceremonial and major celebration events, and to facilitate and promote community involvement in the 10th Anniversary Celebrations.

2008 Beijing Olympic and Paralympic Equestrian Events

5. The 2008 Beijing Olympic Games is the first Olympics ever held on Chinese soil. Hong Kong has the honour and privilege to assist in organising the

Equestrian Events. Preparatory work is overseen by a high-level Equestrian Committee chaired by the Chief Secretary for Administration. Although the competitions will take place in August and September 2008, we are intensifying our preparatory work on all fronts within 2007, with a Test Event planned for August 2007. The Equestrian Company, which is the executive arm of the Equestrian Committee, is responsible for the day-to-day organisation work. HAB will ensure effective co-ordination of all parties to ensure the success of the Events, particularly in discharging a range of Government functions. To this end, an institutional framework has been put in place through a Steering Committee chaired by the Permanent Secretary for Home Affairs which is underpinned by six Co-ordination Committees.

6. To cultivate Olympism and instil a sense of national pride into the community and educate the public about the equestrian sports, we have drawn up a comprehensive cultural, education and community involvement programme which will last until late 2008. There are about 20 partners organising over 70 cultural and community involvement activities to promote the Events.

7. The successful staging of the Events in the territory will not only reaffirm Hong Kong's status as the capital for major international events but also enhance Hong Kong's image as "Asia's World City". It could stimulate sports interests, and bring economic benefits as well as harmony to the community.

Promoting Sports Development on All Fronts

8. The Chief Executive's 2006-07 Policy Address has highlighted a strategy to promote sports development on all fronts. This has been welcomed by the sports community and the public at large. Additional resources have been included in the 2007-08 Draft Estimate to enable us to launch these initiatives.

9. To promote sports for all, additional recurrent subvention of \$30 million would be provided to National Sports Associations from 2007-08 onwards to help strengthen their administrative support as well as to expand the School Sports Programme and other community sports activities. Over the five-year period from 2006-07 to 2010-11, we will also provide about \$9 billion in capital works funding to develop district recreation and sports facilities.

10. To encourage and nurture more young sports talents to compete for Hong Kong in the international sports arena, from 2007-08 onwards, we will provide additional recurrent funding of \$40 million to enhance the support to athletes. Out of this, around \$20 million will be specifically used to enhance direct financial subsidy to athletes. These resources will not only support the existing elite athletes, but will also benefit disabled athletes and young people who have demonstrated potential in sports.

11. To enhance the quality of elite training and to enable the expanding elite sports squads to excel in international competitions, we are embarking on the redevelopment of the Hong Kong Sports Institute. With better infrastructure and a more modern training environment, we hope that more young people would be encouraged to devote their time and effort to sports and to strive for achievements for themselves and for the glory of Hong Kong.

12. Major sports events can help instil a sustainable sporting culture and bring tangible economic benefits to our community. It is our aim to develop Hong Kong as Asia's sports events capital. To this end, we will continue to encourage the commercial sector to support more major sports events, and will develop necessary sports infrastructure. In particular, with the support of the Legislative Council (LegCo) Finance Committee, over \$1 billion will be incurred for constructing new sports facilities and upgrading existing ones to support the hosting of the East Asian Games in 2009. The first ever bi-annual Hong Kong Games will be held in April this year.

Funding for the Performing Arts

13. As Members will notice from the 2007-08 Draft Estimate, from April 2007, funding responsibility for the ten major performing groups will be transferred from the Leisure and Cultural Services Department (LCSD) and the Hong Kong Arts Development Council (HKADC) to HAB. This is to follow up a recommendation of the Committee on Performing Arts to unify funding arrangements for major performing arts groups and to implement a common set of assessment criteria. A Funding Committee has been set up to advise us on developing a clear and measurable assessment criteria on artistic excellence, community impact and good governance in addition to quantifiable output. The new funding mechanism would allow for upward and downward funding adjustment for the groups, and provide for an 'entry and exit' mechanism.

14. Meanwhile, HKADC will re-focus its work on supporting young and budding artists, as well as small and medium sized arts groups. The objective is to identify new blood and groom up-and-coming artists, which is essential to ensuring a sustainable and vibrant arts scene for Hong Kong. Additional recurrent funding of \$10 million will be provided to HKADC as from April 2007 for this purpose.

15. Arts education is instrumental to raising the artistic literacy of our young people which is conducive to whole person development. From 2007-08, we will provide new funding to the Hong Kong Academy for Performing Arts (HKAPA) to establish a new 'Performing Arts Teaching Unit'. This new teaching unit in HKAPA will help raise the quality and standard of arts education in Hong Kong through curriculum design and teacher training. Additional funding is also made available to HKAPA to strengthen its programmes offered under the Chinese Traditional Theatre.

Built Heritage Conservation Policy Review

16. In response to recent public concerns and debate on built heritage conservation, HAB organised a series of public forums in January and February to discuss with the public again our built heritage conservation policy. Through these interactive discussions, we have explained to the public more comprehensively our current work on conserving built heritage, and have widely gauged views from districts and the community on the subject. Apart from organising public forums, we have made use of different channels (e.g. TV series, radio programmes, web forum and e-mail) to enhance public knowledge of built heritage conservation and to encourage discussion and exchanges among interested parties. I will also attend meetings of the 18 District Councils (DC) to discuss the subject in detail with all the DC members.

17. We reported to the LegCo Panel on Home Affairs in early March on the progress made so far. In general, the public response has been encouraging. We have received a lot of valuable suggestions covering a wide range of areas, including review of assessment criteria for built heritage, formulation of diversified measures to conserve and re-use built heritage, establishment of a heritage trust fund, and enhancement of public participation and co-ordination among government departments. We are in the process of consolidating these views and ideas. We will continue to keep an open-mind to listen to the views of the community. We expect that we will be able to announce concrete policy proposals and measures on built heritage conservation in the latter half of 2007.

Implementation of the 2006 District Council Review Recommendations

18. With effect from 1 January 2007, we have launched a pilot scheme to involve DCs in the management of district facilities in the four districts of Wan Chai, Wong Tai Sin, Sai Kung and Tuen Mun. The pilot aims to test our protocols and working relationship amongst the various stakeholders to pave the way for effective roll-out to all 18 districts from the new term DC in January 2008. Meanwhile, to enhance the work of Government in districts, designated Heads of Departments are taking turns to personally attend District Council Meetings and a Steering Committee on District Administration has been set up to provide a more effective forum for resolving cross-departmental district management problems. We believe that the enhanced role and functions of District Councils will attract more people to take part in the District Council election later this year.

Conclusion

19. Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Presentation by Secretary for Constitutional Affairs
at the special meeting of the Finance Committee
on Tuesday, 20 March 2007**

Madam Chairman,

Today, we wish to brief Members on the financial estimates of the Constitutional Affairs Bureau (CAB) and the Registration and Electoral Office (REO) in 2007-08, as well as the work priorities in the coming year. The policy areas of CAB cover constitutional development and co-ordination of Mainland affairs. We also co-ordinate the work of the Economic and Trade Offices (ETOs) in the Mainland, Beijing Office and REO.

Estimates of Expenditure of CAB

2. In 2007-08, CAB is allocated \$123.3 million, which is about 10% higher than the revised estimates for 2006-07.

3. The estimated increase is due to mainly the provision of full-year operating expenses for the new ETOs in Shanghai and Chengdu, which were established in September 2006. We have also reserved additional funds for promoting closer ties with the Mainland, for organizing and sponsoring activities to celebrate for 10th Anniversary of the Establishment of the HKSAR, as well as the promotion of the Basic Law.

Constitutional Development

Promoting discussion on the roadmap for universal suffrage

4. We will continue discussion on the models and roadmap for implementing universal suffrage, through the Commission on Strategic Development, in accordance with the Basic Law. The Commission will meet again in April. Depending on the progress made, we will summarize the discussions of the Commission on the models and roadmap for selecting the Chief Executive and for forming the Legislative Council by universal suffrage, and publish a report for public consultation.

5. The report is expected to be published around mid-2007. The public can express views on the issues relating to universal suffrage.

The 2007 Chief Executive Election

6. On the electoral front, the poll for the Chief Executive Election will be held on the coming Sunday.

The 2007 District Council Election and 2008 Legislative Council Election

7. To prepare for the 2007 District Council Election, we will adopt new measures this year, including the financial assistance scheme of \$10 per vote for candidates, and the printing of photos of candidates and emblems of the organizations which support them on ballot papers.

8. From June to July, we will launch a publicity campaign to encourage the public who are eligible to register as voters, and to remind registered voters to have their records updated by the end of August.

9. We will also commence the preparations for the 2008 Legislative Council election.

Further Development of the Political Appointment System

10. From July to November last year, we consulted the public on the Government's package of proposals on further development of the political appointment system. We have received more than 200 written submissions. A decision on the way forward will be made after the election of the third term Chief Executive.

Mainland Affairs

11. In the course of 2006/07, we have made progress in regard to Mainland affairs in the following aspects:

- (1) the establishment of the Mainland Affairs Liaison Office on 1 April last year;
- (2) the extension of the geographical coverage of Guangdong ETO to cover five provinces / region and the establishment of Immigration Division under the office;
- (3) the establishment of the Shanghai and Chengdu ETOs last September; and
- (4) corresponding adjustment to the coverage of the Beijing Office and enhancement of its functions in commercial relations and investment promotion.

12. We estimate that the expenditure for the ETOs in Guangdong, Chengdu and Shanghai will increase by \$6.9 million for the following main reasons:

- (1) to provide for full year operating expenses for the Shanghai and Chengdu ETOs; and
- (2) to provide for the organization of celebration activities for the 10th Anniversary of the Establishment of the HKSAR.

13. This year, we propose to allocate \$53 million to the Beijing Office. The Beijing Office will enhance promotion of Hong Kong in provinces, cities and autonomous regions within its coverage, and organize activities in Beijing and other areas to celebrate the 10th Anniversary of the Establishment of the HKSAR. The Office will also continue to foster close ties with the Central Government and Mainland authorities, and assist the relevant Bureaux / Departments of the HKSARG to discuss and follow up specific matters with their Mainland counterparts.

Regional Co-operation

14. On Guangdong and Hong Kong Co-operation, last year, we made substantive progress in respect of major cross-boundary infrastructure and boundary control points co-operation, facilitation of cross-boundary flow of people and cargo, environmental protection, etc. The SAR Government will continue to push forward the preparation work for the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

15. On the Pan Pearl-River Delta (PPRD) Regional Co-operation, the Chief Executive had led business delegations to visit four PPRD provinces / region in the past 12 months. Our Mainland ETOs had also assisted in organizing delegations of the financial sector to the PPRD provinces / region. Since the commencement of the PPRD co-operation in June 2004, the number of PPRD enterprises listed in Hong Kong has increased from 71 to 97 by the end of 2006.

16. In 2006 alone, there were 39 Mainland companies listed in Hong Kong, and the total capital raised amounted to a record high of more than HK\$300 billion. In the coming year, we will continue to strengthen our ties with the Mainland, and to facilitate commercial relations and investment promotion.

Basic Law Promotion

17. To further enhance public awareness and understanding of the Basic Law, we have earmarked a sum of \$8 million for organizing a series of Basic Law promotion activities. This represents an increase of \$1 million over last year's estimates.

Taiwan-related Matters

18. On Taiwan-related matters, SAR Government has, in the past few years, received quite a number of Taiwan officials, academics, as well as individuals and organizations from the political circles and different sectors in Taiwan (including those who are from both the Pan-Blue camp and Pan-Green camp). We will continue to brief Taiwan visitors through various means on the development of Hong Kong and the implementation of the “One Country, Two Systems” in the SAR.

Estimated Expenditure of the Registration and Electoral Office

19. In 2007-08, we propose to allocate \$230.1 million to REO, which is about 74% higher than the revised estimate of the previous financial year. The increase is mainly due to the expenses required for the conduct of District Council election this year and for making preparations for the 2008 Legislative Council election. It is estimated that the expenditure for the District Council election will be about \$144 million.

20. Madam Chairman, this concludes my opening remarks. If Members have any questions on the estimates of expenditures of CAB and REO, I will be pleased to answer them.

**Presentation by Secretary for Education and Manpower
at the special meeting of the Finance Committee
on Tuesday, 20 March 2007**

Chairman,

The total expenditure for the two policy areas of education and manpower development for the financial year 2007-08 is estimated at about \$58.7 billion, comprising recurrent expenditure of \$51 billion and non-recurrent expenditure of \$7.7 billion.

Education

2. On education, the total expenditure for the coming financial year will be about \$57.2 billion, accounting for 23% of the total Government expenditure and representing an increase of 7.8% as compared with the revised estimate for 2006-07. Of this total, about \$50 billion or 87% is recurrent in nature. The growth in recurrent expenditure is 11.6%.

3. As in previous years, education remains the largest spending area of the Government, both in terms of total expenditure and recurrent expenditure.

4. With effect from the 2007/08 school year, we shall introduce the Pre-primary Education Voucher Scheme to provide direct fee subsidy to parents with children attending classes in eligible kindergartens, and to further enhance the quality of pre-primary education, including professional upgrading of principals and teachers.

5. We will continue to provide additional resources for various initiatives to strengthen the support for schools and teachers. Specifically, we will –

- enhance professional development for teachers in special education;
- continue to provide additional teachers to implement specialised teaching in all primary schools; and
- continue to provide additional teachers by phases at junior levels of the secondary schools which have admitted students with low academic achievements.

6. The new academic structure for senior secondary education and higher education scheduled to start from the 2009/10 school year will remain top focus of the education sector. We will continue to keep a close dialogue with the school sector and the tertiary institutions to ensure smooth implementation.

Manpower Development

7. The total expenditure on manpower development for 2007-08 will be about \$1.5 billion, representing an increase of 3.4% as compared with the revised estimate for 2006-07. The increase is mainly due to a higher level of estimated expenditure for reimbursement of course fees under the Continuing Education Fund.

8. We will continue to implement various initiatives in 2007-08, including the Continuing Education Fund Scheme and the Skills Upgrading Scheme, to encourage lifelong learning so as to meet the manpower development needs of the community. We will also continue to set up Industry Training Advisory Committees by phases to develop specifications for competency-standards for different industries under the Qualifications Framework.

9. Chairman, my colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Economic Development and Labour
at the special meeting of the Finance Committee
on Wednesday, 21 March 2007**

Chairman,

Policy Responsibilities

The overall policy objective of the Economic Development Branch (EDB) of the Economic Development and Labour Bureau is to ensure that we have the best infrastructure to support the economic development of Hong Kong. Our policy responsibility covers tourism, logistics, port and maritime development, civil aviation, energy, competition policy, consumer protection, postal service and meteorological service, etc.

Funding Provision

In 2007-08, the proposed allocation to EDB's policy portfolio is **\$2,530 m**. This represents 1.0% of the Government's total operating expenditure. The proposed allocation is about **\$53 m** (about 2.1%) **less** than the revised estimates (\$2,583 m) for last year.

I will highlight the priorities of the major policy portfolios under this Bureau in the coming year in the ensuing paragraphs.

Work Priorities in the Coming Year

Tourism

Tourism performance last year continued to grow – visitor arrivals exceeded 25 million and the tourism expenditure exceeded \$117 b. The Mainland market grew by 8.4% and continued to be our number-one source market; visitors from other markets grew by 7.8%, and among them, long-haul markets, including Europe, the Americas, Australia and New Zealand, all recorded encouraging growth (4.2% to 11.1%). The outlook of the tourism industry in Hong Kong is expected to remain positive this year.

Being an international financial and commercial centre and Asia's World City, Hong Kong is well-positioned to enhance its cosmopolitan tourism profile. We are one of the safest cities with world-class financial, transportation, telecommunication and tourism infrastructure. We have a unique East-Meets-West culture and are a trend-setter in shopping and dining. All these

make us the most preferred city for tourists who wish to enjoy the diversity of a cosmopolitan lifestyle. Enhancing cosmopolitan tourism will be one of our key considerations when investing in tourism infrastructure and formulating our strategy for tourism promotion.

Developing Hong Kong into a leading regional cruise hub is an important step in this direction. The Government announced in October 2006 its plan to develop a new cruise terminal at Kai Tak through an open land tender. We will invite tender for the project immediately after the approval of the Outline Zoning Plan for Kai Tak, now scheduled for the fourth quarter of 2007. While the project is going through the required statutory town planning procedures under the Town Planning Board, we will make use of this time to gauge market response to the development parameters. This will facilitate our tender preparation work and allow more time for potential bidders to prepare their submissions. We expect that the first berth at Kai Tak will be commissioned in 2012.

Besides, we will continue to promote family tourism. Several major tourism projects that came on stream in late 2005 and 2006, including the Hong Kong Disneyland, the Hong Kong Wetland Park and Ngong Ping 360, have special appeal to all ages, making Hong Kong a highlight for visitors with families. In 2006, the number of overnight family visitors increased by 15.8% as compared with 2005. The number of visitors aged under 16 has increased by 23.5% as compared with 2005.

We are also giving full support to the redevelopment project of the Ocean Park. The redevelopment will turn the Ocean Park into a world-class marine-themed attraction and help Hong Kong develop family tourism further. The works commenced smoothly in end 2006. The Ocean Park Corporation has also proposed to develop hotels in the Ocean Park so as to enhance its attractiveness and induce visitors to stay longer.

In addition, we will continue to make optimum use of existing resources to develop and promote green tourism under the principles of nature conservation and sustainable development. We will also continue to actively plan and implement new projects under the “Tourism District Enhancement Programme”. These include the Aberdeen Tourism Project to complement the redevelopment plan of the Ocean Park, enhancement of the Lei Yue Mun waterfront, development of a piazza in Tsim Sha Tsui, etc.

On tourism promotion, the Government will continue to work closely with HKTB and the travel trade to promote Hong Kong’s tourism development and improve tourism service quality. Strategic promotion targeting the high yield segments, e.g. family and business visitors will also continue, leveraging on mega tourism facilities and events, our position as a regional convention and exhibition hub, and our special cosmopolitan appeal to stimulate growth in tourist arrivals and tourism spending.

Port, Maritime and Logistics Development

The robust growth of Mainland China's international trade, particularly the import and export through Southern China (at above 20% last year) continues to bring opportunities and challenges to Hong Kong's port and logistics development.

In 2006, the port of Hong Kong handled a total of 23.5 million twenty-foot equivalent units (TEUs) of containers, representing an increase of 4.1% over 2005.

To enhance the competitiveness of Hong Kong port and the maritime industry, we have implemented a series of measures including streamlining the port entry procedures by introducing a multiple entry permit for river trade vessels; reducing the port fees and charges; enhancing the mid-stream cargo handling capacity by establishing more services anchorages, and introducing a six-month annual tonnage fee reduction for Hong Kong registered ships. These measures have been brought into operation progressively before 2 January this year.

It is also imperative that we ensure the supply of maritime professionals to sustain and further develop our shipping and maritime industry. Apart from putting in place the Sea-going Training Incentive Scheme in 2004 and the Ship Repair Training Incentive Scheme last year, we will establish a Maritime Scholarship shortly so that the first awards will be made in 2007-08 academic year. This scholarship will encourage local and Mainland talented graduates to take up a post-graduate programme in Hong Kong and eventually join our shipping and maritime industry.

We have been working closely with the industry to implement the recommendations of the study on "Hong Kong Port - Master Plan 2020". We have engaged consultants to update the Port Cargo Forecast to work out the optimal timing for the construction of Container Terminal 10 and conduct an ecological, fisheries and water quality study at Northwest Lantau to assess the environmental suitability of this location for development of container terminals. The studies are expected to complete by the first half of this year.

The Hong Kong Shipping Register (HKSR) continues to grow at a steady pace. The HKSR crossed the 33 million gross tonnage mark (over 1 100 vessels) in January this year and is among the top five largest shipping registers in the world.

The Hong Kong logistics industry is increasingly specialized in value-added supply chain management services. We are therefore keen to promote e-logistics. We are working with the Hong Kong Productivity Council on a pilot project called the On-Board Trucker Information System, with a view to applying information technology to trucking operations. We are also partnering

with the Hong Kong Productivity Council to offer a series of training programmes on automation techniques to promote better understanding of e-logistics among practitioners.

In addition, to lower the cost of cross-boundary trucking, we have been in discussion with the Guangdong authorities and achieved good progress. With the consensus of both Hong Kong and Guangdong, the Liaobu inland control point in Dongguan has come into operation last December. It adopts an express clearance system to raise the efficiency of inspection.

To capitalize on the benefits brought to our logistics industry by the country's 11th Five-Year Plan, the Government held the Economic Summit under which the Focus Group on Maritime, Logistics and Infrastructure formulated a series of strategic proposals, including enhancing the cost-effectiveness of cross-boundary freight transport and planning for the provision of port infrastructure from a macro perspective. We will study the proposals in details with a view to strengthening our logistics industry.

Civil Aviation

On civil aviation, last year we signed Air Services Agreements with Ethiopia, Mexico and Kazakhstan, taking our total number of international aviation partners to 58. We also reviewed or expanded air services arrangements with 14 existing aviation partners. We will continue to pro-actively implement our progressive liberalisation policy in air services. We will continue to expand our aviation network by increasing the frequency of flights and number of destinations through concluding more new air services agreements and expanding existing traffic arrangements. Currently, there are 85 airlines based in Hong Kong, operating over 5 600 scheduled flights every week to about 150 destinations.

Furthermore, we will replace the Civil Aviation Department's (CAD) air traffic control system and develop a new CAD Headquarters on the Airport Island to accommodate under one roof the department's various divisions which are currently scattered geographically. This will enable us to utilize resources more efficiently to support the long-term growth of the aviation industry. The Airport Authority is conducting the tendering exercise on the development of a third air cargo terminal, and will examine whether there is a need for a third runway and conduct relevant technical and environmental feasibility studies.

Energy

The current Scheme of Control Agreements between the Government and the two power companies will expire in 2008. We completed two rounds of public consultation last year to seek views on the future development of our electricity market.

In the light of comments received, we are negotiating with the two power companies on the post-2008 regulatory arrangements with an aim to mapping out a scheme that will best serve the overall interest of Hong Kong. This includes reducing the permitted rate of return of the power companies, encouraging them to reduce emissions of pollutants, and ensuring stable and reliable supply of electricity. The Government is actively pursuing this policy initiative and we hope to finalise the regulatory arrangements within this year.

Separately, CLP Power Company Limited (CLP) anticipates that the current Yacheng gas field of Hainan Island will be depleted by early 2010s. To maintain a stable electricity supply, CLP proposes to construct a liquefied natural gas receiving terminal in Hong Kong to replace the supply from Yacheng.

With the assistance of a professional energy consultant, we are currently examining CLP's Financial Plan. Government will approve the proposal only if it can be established that there is a genuine need for the terminal and that the proposal is reasonable in all respects.

Competition Policy

Last year the Competition Policy Review Committee (CPRC) completed its review on the effectiveness of Hong Kong's competition policy and delivered its findings. The CPRC recommended that a new cross-sector competition law be introduced, and that an independent Competition Commission be set up to enforce the law.

Based on the recommendations of CPRC, the Government conducted a three-month public consultation, from November 2006 to February this year. We will brief the Legislative Council Panel on Economic Services on the results of the public consultation at its meeting of 26 March 2007.

Consumer Protection

The Consumer Council will shortly begin a review of the current consumer protection laws, with a view to ensuring that we can continue to implement effectively our policy objective of safeguarding the legitimate interests of consumers, in particular with regard to fair transactions.

To enhance consumer confidence and to deter trade mal-practices, the Council will explore the best possible means to improve legal protection of consumers in Hong Kong by examining the current consumer protection laws.

**Presentation by Secretary for Economic Development and Labour
at the special meeting of the Finance Committee
on Wednesday, 21 March 2007**

Madam Chairman,

The estimate of expenditure for the Labour Department (LD) in 2007-08 is \$972.4 million, which is \$54.5 million (or 5.9%) higher than the revised estimate for 2006-07. Of this, 36.5% (\$355.2 million) will be spent on employment service.

2. The unemployment rate has dropped from its peak of 8.5% in mid-2003 to 4.3%, the lowest level in over eight and a half years. We will keep up our efforts in providing a wide range of employment services. We will also strive to promote labour relations, combat illegal employment and wage offences, protect employees' rights and benefits, and improve occupational safety and health.

Improving Employment

3. We will make continued efforts in facilitating economic development, thereby creating more employment opportunities in the market. In the last three and a half years, the market created some 300 000 new jobs. Total employment has also reached 3.47 million. Last year, the LD received close to 480 000 private sector vacancies and successfully placed nearly 119 000 job-seekers into jobs. Both figures are all-time highs. In the first two months of this year, the Department received over 66 000 private sector vacancies. On average, the LD processed more than 1 600 such vacancies per working day.

4. To meet employers' needs flexibly and help job-seekers secure employment, we held a series of large-scale and district-based job fairs last year. To strengthen our employment services in remote areas, the LD has set up a new job centre each in Yuen Long and North District in September last year. Job-seekers living in the districts can now enjoy comprehensive employment support. This year, we will continue staging large-scale job fairs in remote areas such as Tin Shui Wai, Tseung Kwan O and Tung Chung to assist job-seekers living in these areas in securing employment.

5. We will also continue to run the "Youth Pre-employment Training Programme" (YPTP) and the "Youth Work Experience and Training Scheme" (YWETS) which, together, provide through-train pre-employment and on-the-job training service for the youths. The two programmes will offer a total of no less

than 20 000¹ training places in this financial year. The joint recruitment exercise has already commenced last month. We have sufficient training places and will not turn away any eligible applicant. To encourage more young people to attend training so as to enhance their employability, we will, starting from the next programme year, provide transport allowance to trainees of YPTP and YWETS for pre-employment training.

6. To strengthen the support for youth employment, the LD plans to set up two new Youth Employment Resource Centres, one in Kowloon and the other in the New Territories, to provide one-stop advisory and support services on employment and self-employment to past and existing trainees of YPTP and YWETS as well as all youths aged between 15-29.

7. For the middle-aged, we are helping them through the “Employment Programme for the Middle-aged” and our comprehensive employment services. We will also extend the “Special Incentive Allowance Scheme for Local Domestic Helpers” until March 2008 to further promote the local domestic helpers market. Besides, we will continue to assist those having special difficulties in securing employment through the “Work Orientation and Placement Scheme” and the “Work Trial Scheme”. We will continue to enhance our employment services to help place job-seekers of different age groups and with different needs into employment.

Promoting Labour Relations

8. Good labour relations are vital to our social stability and economic prosperity. Last year, the number of labour disputes and claims handled by the LD dropped 4% from that of 2005 and is the lowest since 1998. This shows that labour relations has continued to improve. Last year, only 0.02 working day per 1 000 salaried employees was lost due to strikes, which is one of the lowest figures in the world, indicating that labour relations in Hong Kong are generally harmonious. For labour disputes and claims handled by the LD, the settlement rate reached over 70% (70.7%), the highest since 1994.

9. Last year, we continued with our all-out efforts in clamping down at source on employers evading their wage liabilities, thus preventing wage defaults from becoming claims on the Protection of Wages on Insolvency Fund. The number of applications received by the Fund decreased by 24% when compared to 2005 and is a record low since 1996.

10. For the coming year, we will continue with our promotional work in enhancing harmonious labour relations. We will organise a large-scale seminar to promote among employers the adoption of “employee-oriented” people management practices. Employers will be encouraged to take into account the

¹ YPTP : 12 000 placements, YWETS : 8 000 placements.

family needs of their employees, to devise and implement appropriate family-friendly employment practices. This can help employees balance their work commitments and family responsibilities. We will also launch roving exhibitions in different districts to raise public understanding of the Employment Ordinance. We will continue to closely co-operate with the nine industry-based tripartite committees to further promote good labour relations.

Protecting Employee's Rights and Benefits

11. To protect the employment opportunities of local workers, the Administration will continue its rigorous enforcement action against illegal workers and their employers. Last year, the LD, together with the Police and the Immigration Department, launched 189 joint operations. This year, the LD will continue to mount more joint operations in conjunction with relevant enforcement authorities to clamp down on illegal employment activities, targeting in particular employers of illegal workers.

12. On the protection of employee's rights and benefits, we will keep up our efforts in tackling wage offences. Last year, the LD secured convictions of a record high of 785 summonses relating to employers' failure to pay wages — an increase of 33.7% over 2005. The LD will continue to strengthen collection of intelligence and evidence and to conduct thorough investigations into wage offences, so that prompt and effective prosecutions could be taken against suspected offenders. We will step up enforcement against wage offences, with particular emphasis on the catering and construction sectors. If the offender is a limited company, apart from prosecuting the company, where there is sufficient evidence we will consider prosecuting the company directors and other responsible persons to enhance the deterrent effect.

13. We review Hong Kong's labour legislation from time to time in line with the territory's socio-economic developments. The new provisions of the Employment Ordinance which recognise the treatment, examination and certification given by registered Chinese medicine practitioners came into effect on 1 December 2006. This milestone improvement in employees' protection allows employees, who have to seek medical advice and treatment, an additional choice in a medical profession widely accepted by the community. This year, we will organise a series of activities to familiarise stakeholders with the new medical functions of registered Chinese medicine practitioners in relation to employee benefits under labour laws.

14. The Administration launched the Wage Protection Movement for cleaning workers and security guards in late October last year. Under the Movement, participating entities undertake to pay these workers wages not lower than the relevant market averages published by the Census and Statistics Department in each quarter. We will promote wage protection through a package of measures including promotion, publicity, public education, contractual

regulation and enforcement. The Administration is stepping up its efforts to promote and publicise the Movement. We will also continue to work closely with the business sector, employer groups, owners' corporations and related stakeholders to solicit their support. To ensure that no time would be lost in putting in place a statutory minimum wage for the cleansing and guarding services sectors should the voluntary compliance approach fail to work, the Government will start the preparatory work before the final review is completed.

Enhancing Occupational Safety and Health

15. The Administration is committed to improving occupational safety and health. The number and rate of occupational injuries have been falling steadily since 1998. Compared with 1998, the number of occupational injuries went down by 30.3% to 44 267 in 2005. The injury rate per 1 000 employees over the same period also decreased 33.4% from 26.7 to 17.8. Among various industries, the safety performance of the high-risk construction industry continued to make notable improvement. The number of industrial accidents for the construction industry in 2005 stood at 3 548, representing a hefty drop of 81.9% from 19 588 in 1998. The accident rate per 1 000 workers over the same period also dropped from 247.9 to 59.9, down by over 75.9%.

16. For the first three quarters of 2006, the number and the rate of occupational injuries showed a small rise as compared with the same period of 2005. The number of occupational injuries in all workplaces stood at 35 631, an increase of 7.6% over the corresponding period in 2005, while the injury rate per thousand employees rose from 17.8 to 18.7, up by 5%. During the same period, the construction industry recorded 2 596 industrial accidents with an accident rate of 64.7, a rise of 0.3% in the figure and 14.2% in the accident rate. We are very concerned about the rising trend of accidents, and will take effective steps to reduce the accident tolls. In respect of occupational health, the number of confirmed occupational diseases had also decreased significantly over the same period. With a view to enhancing the Department's occupational health service in the New Territories, we have set up a new occupational health clinic in North District.

17. We will continue to actively promote safety and health at work through enforcement, publicity and education. Last year, we focused our enforcement and promotional efforts on scaffolding work (particularly truss-out scaffolds) and the catering industry with a view to raising the occupational safety and health awareness of the stakeholders. For this financial year, in addition to the accident-prone sectors and high-risk work activities, we are also targeting our efforts at plant and equipment safety in the container-handling and construction industries.

**Presentation by Secretary for Housing, Planning and Lands
at the special meeting of the Finance Committee
on Wednesday, 21 March 2007**

Madam Chairman,

Major Initiatives

On private property market, we will continue to maintain the policy of facilitating the free operation of the residential property market, in order to create a stable environment for home ownership and investment. To enhance market transparency and to make available accurate market information to property buyers, we will continue to release statistics on the supply of the private residential units in the primary market on a regular basis and closely monitor the operation of developers' self-regulatory regime for the sale of uncompleted flats. We have all along maintained dialogue with the Real Estate Developers Association of Hong Kong, the Consumer Council and the Estate Agents Authority to identify room for further improvement of the self-regulatory regime.

2. In the area of public rental housing, the Hong Kong Housing Authority will continue to maintain the average waiting time of public rental housing applicants at around three years, in line with the Government's policy.

3. We will also endeavour to proceed with the legislative process of the Housing (Amendment) Bill 2007. We hope to secure the Legislative Council's support for the passage of the bill so that the Housing Authority can put in place the new income-based rent adjustment mechanism as soon as possible to timely adjust domestic rents based on objective statutory criteria.

Public Expenditure on Housing

4. The public expenditure on housing in 2007-08 will be about \$15.86 billion, representing 5.9% of the total public expenditure. The Housing Authority accounts for \$15.68 billion or 98.9% of the expenditure, which will mainly be used for the construction and management of public rental housing. The remaining 1.1%, mainly the expenditure of the Housing Department, will be used for exercising building control over the Housing Authority's sold properties, work related to the private housing market, provision of administrative support to the Appeal Panel (Housing), rehousing of families affected by clearances and natural disasters, as well as provision of support services for housing-related matters and infrastructure projects.

5. To enhance efficiency, the Housing Department has been striving to tap new sources of revenue and cut down expenditures as well as to streamline its organisation structure. During the period between October 2002 and January 2007, a total of 3 286 posts were deleted, of which 2 474 were civil service posts and 812 were the Housing Authority's contract staff posts. The Housing Department plans to further delete about 200 posts by the end of March 2007, in order to meet the objective of downsizing the overall establishment by about 3 500 posts, which would far exceed the Government's overall target.

Conclusion

6. In conclusion, the Government will continue to implement a clear and comprehensive housing policy to foster the healthy development of the residential property market in a free, stable and highly transparent environment, and, through the work of the Housing Authority, to provide public housing to those needy families who cannot afford private rental accommodation, to ensure that the needs of the whole society are met.

7. My colleagues and I will be pleased to take questions from Members. Thank you.

**Presentation by Secretary for Housing, Planning and Lands
at the special meeting of the Finance Committee
on Wednesday, 21 March 2007**

Madam Chairman,

Land Supply

On land supply, our policy objective is to provide sufficient land to meet the development needs of our community. In drawing up the Application List, we will make available, for application by developers, sites located in various districts, for different uses and of various sizes. As the 2007-08 Application List has just been announced last week, I will not go into details here. Application List aside, developers may acquire land through various means, including purchasing land in the private market, acquiring and assembling existing properties for redevelopment, and participating in property development projects of the two railway corporations and the Urban Renewal Authority.

2. A Consultancy Study on a Review of the Processing of Lease Modification and Land Exchange Applications launched by the Government in conjunction with the Pre-Construction Task Force was completed in February 2007. The Lands Department is putting in place some quick wins while studying the feasibility of other recommendations, with a view to speeding up the processing of applications.

Planning for Hong Kong

3. Our planning vision is to make Hong Kong a better place for all of us to live and work in. We aim to draw up rational land uses through statutory plan making, having regard to social, economic and development needs. In mapping out our plans for the future, we strive to strike a balance between development and conservation, with a view to facilitating sustainable development for our city. In the planning process, we will engage and consult the community extensively to seek their views.

4. In providing a planning framework for long-term strategic development, we will maintain close ties with the Mainland, in particular the Pan-Pearl River Delta Region. We will continue to enhance cooperation with our Guangdong authorities and to further the sharing of planning information and experiences.

Building Safety and Maintenance

5. To put in place a permanent solution to resolve the long-standing problem of building neglect, we have conducted a two-stage public consultation on building management and maintenance. The results of the consultation exercises have confirmed the community's support for the introduction of mandatory building inspection and mandatory window inspection. There is also a general community consensus that owners should be responsible for upkeeping their buildings and shouldering the financial commitment. We will soon report to the LegCo Panel on Planning, Lands and Works on the results of the public consultation and the arrangements for the implementation of the two schemes.

Minor Works Control System

6. Apart from the above, we also see a need to simplify the statutory requirements and procedures for carrying out small-scale building works, such as the installation of supporting frames for air conditioners, erection of advertisement signboards as well as the repair of windows and drainage pipes. The proposed minor works control system was introduced into the Legislative Council in 2003 on which Members and the industry have voiced their comments. To allow a more comprehensive dialogue with the industry, we have excised the minor works proposal from the relevant Amendment Bill. A working group was subsequently established with relevant stakeholders to examine how the proposal should be refined and implemented. The consultation work has largely been completed. We are now drafting the relevant legislation and plan to introduce the amendment bill into the Council in the current legislative session.

Expenditure on Buildings, Lands and Planning

7. To implement the policies on Buildings, Lands and Planning, we estimate that the public expenditure for this policy area in 2007-08 will be \$8,295 million, representing 3.1% of the total public expenditure. Compared with 2006-07, the allocation from my Operating Expenditure Envelope to the policy areas of Building, Lands and Planning in 2007-08 is \$3,191m, and is similar to this year's provision (\$3,212m).

8. Our group of departments, in pursuing our various policy initiatives and in discharging their respective functions and responsibilities, will continue to be guided by the relevant Ordinances and practical administrative practices. We will continue re-prioritizing our tasks and re-engineering our work processes so as to maximize efficacy and efficiency. In response to growing community aspirations for balanced and sustainable developments, we will continue strengthening the internal development approval process and mechanism to ensure efficient coordination of our group of developments in the development process.

9. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you, Madam Chairman.

**Presentation by Secretary for Health, Welfare and Food
at the special meeting of the Finance Committee
on Wednesday, 21 March 2007**

Food and Environmental Hygiene

Madam Chairman and Honorable Members,

The work of Health, Welfare and Food Bureau is intimately linked with people's livelihood. Our work in respect of food and environmental hygiene is integral to the daily lives of the general public. In the Estimates for the coming year, about \$4,600 million has been earmarked for recurrent expenditure in the policy portfolio for Food and Environmental Hygiene. The services are mainly delivered by the Food and Environmental Hygiene Department, Agriculture, Fisheries and Conservation Department, and Government Laboratory. There is an additional provision of about \$500 million, which is mainly intended for enhancing overall food safety, stepping up preventive measures against avian influenza and meeting operation expenses for new facilities.

2. The work of food and environmental hygiene covers a multitude of issues. I shall highlight three main focus areas, namely: (1) enhancing food safety; (2) continuing to stay vigilant to guard against avian influenza outbreak; and (3) formulating long-term direction and goals for fisheries industry.

Food Safety

3. The Centre for Food Safety, established in May last year, is committed to implementing initiatives for food safety and stepping up efforts in disseminating food safety information to the public. At present, we are reviewing the work strategy and future direction of the Centre for Food Safety. The review will be completed in a few months' time and we will report the review result to the Legislative Council.

4. We are also working on a completely new food safety bill to extend the scope of regulation to a variety of food, including farmed aquatic produce, vegetables and fruits. We plan to amend the existing legislation to regulate imported poultry eggs. The new legislation will provide for the registration of food importers and traders as well as mandatory ban on the sale of problem food to ensure that imported food will comply with our safety standards. Moreover, we will continue to work on the legislative proposal for nutrition labelling. The bill will be submitted to the Legislative Council later this year.

Prevention against Avian Influenza

5. Prevention against avian influenza is another main thrust of the Bureau. We will:

- (1) continue to limit the population of local poultry flock to 2 million or less;
- (2) continue to ban backyard poultry keeping;
- (3) propose amendment legislation to provide for the registration of poultry egg importers and to stipulate that imported poultry eggs must be accompanied with health certificates to ensure that the eggs come from avian influenza free areas;
- (4) deter smuggling of poultry and related products by travellers and Hong Kong residents through deploying quarantine detector dogs introduced by the Agriculture, Fisheries and Conservation Department and Centre for Food Safety at ports of entry;
- (5) step up surveillance against illegally imported birds, continue to closely monitor avian influenza infection amongst wild birds, and draw up contingency measures to prevent the spread of the virus; and
- (6) set up a poultry slaughtering and processing plant at the identified site in Sheung Shui and invite open tender from the private sector to develop the project. The plant will commence operation in 2009-10.

Long-term Development of Fisheries Industry

6. We have formed a committee comprising representatives from the fisheries industry, academics and experts to formulate proposals that would balance the objectives of conserving fisheries resources and sustaining the development of the industry and to set down the long-term direction and goals for local fisheries industry.

7. Madam Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Health, Welfare and Food
at the special meeting of the Finance Committee
on Wednesday, 21 March 2007**

Health

Madam Chairman and Honorable Members,

Recurrent government expenditure on health in 2007-08 is \$30.5 billion, amounting to 15% of the total recurrent government expenditure and more than 40% of the total recurrent expenditure of the Health, Welfare and Food Bureau. I shall highlight our initiatives in the coming financial year with regard to three main areas, namely, medical services, health services as well as health care reform and financing.

Medical Services

2. In 2007-08, the Government's appropriation to the Hospital Authority (HA) is estimated at \$28.6 billion, an increase of more than \$670 million or 2.4% compared with that of last year. The \$670 million increase mainly comes from an allocation of additional recurrent funds of \$295 million as pledged in last year's Budget Speech that there would be an annual increase of subvention to the HA of some \$300 million per annum over the next three years. Besides, an allocation of about \$390 million for procurement of medical equipment and information technology systems also constitutes part of the increase.

3. I expect the HA to make optimum use of the new provision, strengthen existing measures and introduce new initiatives in order to improve the quality of health care services, including:

- (1) more extensive use of new cancer drugs, expansion of radiotherapy services and additional provision for haemodialysis;
- (2) enhancing psychiatric outreach and outpatient services;
- (3) phased opening of the redeveloped Pok Oi Hospital and the Rehabilitation Block of Tuen Mun Hospital; and
- (4) strengthening the prevention and control of poisoning.

4. With the provision of additional resources and more flexible and efficient deployment of existing resources, I expect that the HA will be able to balance its budget in 2007-08.

Health Services

5. In 2007-08, the Department of Health (DH) will have an allocation of \$2,300 million, an increase of over \$100 million or 5% compared with that of last year. The DH will continue its comprehensive promotion of public health. Major scope of its work includes, among others, prevention of diseases and spread of communicable diseases, enhancement of port health measures, and provision of medical care and rehabilitation services.

6. We are drafting a bill to amend the Quarantine and Prevention of Disease Ordinance with an objective to support the implementation of the revised International Health Regulations promulgated by the World Health Organisation. Moreover, we will continue to enhance our surge capacity against the outbreak of influenza pandemic and other public health emergencies. We will also promote a healthy lifestyle, particularly healthy diet among the public, and step up publicity on smoking prevention and cessation.

7. The DH will also extend the Comprehensive Child Development Service (CCDS). Piloted in four communities since 2005, the CCDS aims to identify at an early stage needy children, pregnant women and families, and to provide them with early service support. The review of the pilot implementation shows that the CCDS has strengthened cross-sectoral collaboration and cooperation. Apart from providing early support to the children and families in need, the CCDS has also facilitated access of the more needy to services they needed. In view of these, we plan to extend the CCDS to all districts in Hong Kong in phases.

Health care reform and financing

8. The consultation paper “Building a Healthy Tomorrow” on health care reform released in 2005 has gained wide support from the community as it maps out the broad directions for the reform. Extensive studies have been conducted to identify measures to translate these broad directions into action and to thrash out the specific implementation details. We will conduct a public consultation later this year in this regard.

9. Madam Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Health, Welfare and Food
at the special meeting of the Finance Committee
on Wednesday, 21 March 2007**

Social Welfare

Madam Chairman and Honorable Members,

Recurrent government expenditure on social welfare in 2007-08 is \$36 billion, an increase of \$3.1 billion compared with the Revised Estimate of last year. It amounts to 17.5% of total recurrent government expenditure, which ranks second after the funds allocated to education. I shall highlight how our Bureau is going to utilise these additional resources.

Social Security

2. Both the Comprehensive Social Security Assistance (CSSA) and Social Security Allowance (SSA) Schemes provide assistance to people in need. Their combined share in the total recurrent government expenditure has increased from 7.8% in 1996-97 to 12.3% in 2006-07. The number of recipients has risen from 740 000 to 1.1 million, representing an increase of 48%. The estimated expenditure in relation to these two non-contributory schemes in 2007-08 amounts to \$24.1 billion.

3. We have completed the review of the provision of disregarded earnings under the CSSA Scheme. To encourage employable recipients to move towards self-reliance, we will raise the “no-deduction” limit for disregarded earnings from \$600 to \$800 and relax the criteria for allowing CSSA recipients to be eligible for disregarded earnings from not less than three months on CSSA to not less than two months. The recurrent financial implications of this initiative will be about \$30 million, benefiting about 19 800 recipients.

4. Furthermore, one additional month of standard rate CSSA payments and SSA allowance will be provided, bringing benefit to over one million welfare recipients. The expenditure involved amounts to approximately \$1.5 billion. This initiative aims to share the fruits of economic prosperity with welfare recipients.

Care for the Elderly

5. The objective of our elderly policy is to help the elderly to age in the community. We provide the elderly with subsidised home-based community

care and day care services. Subsidised residential care places are also made available to the elderly who are in need but cannot be adequately taken care of at home. In 2007-08, the Government's estimated expenditure on social security and elderly services, excluding public housing and public health services, will amount to \$16 billion, representing an increase of 3.7% compared with the Revised Estimate of last year.

6. An additional funding of \$150 million is provided in the Estimate to enhance support services for the elderly, which include:

- (1) allocating an additional recurrent funding of \$38 million to enhance the services for the elderly singletons or the hidden elderly;
- (2) allocating an additional recurrent funding of \$16 million to provide additional subsidised residential care places in new purpose-built residential care homes for the elderly; and
- (3) allocating a funding of \$96 million over the next four years to implement a trial scheme in two districts to provide one-stop support services to elderly discharges.

The Elderly Commission has been advocating the concepts of "ageing in the community" and "active ageing". The aforementioned new initiatives further help bring forward these concepts.

Combating Domestic Violence

7. Over the past few years, the Administration has already committed additional resources to strengthen the support and specialised services for victims of domestic violence. In the coming year, we will continue to devote additional resources, to reinforce the manpower of social workers in the Social Welfare Department (SWD), to enhance SWD's 24-hour hotline, to set up a new crisis intervention and support centre, and to strengthen the service of the refuge centres for women and clinical psychological support, etc.

More Flexible Child Care Services

8. Families have various child care needs. We will allocate additional resources to enhance the development of more flexible child care services.

Rehabilitation

9. We will continue to implement various measures to facilitate full integration of people with disabilities into the community. To address the needs for early intervention, we will provide 200 more places in pre-school programme

for children with disabilities. We will also provide 340 more places in residential cum day services for adults with disabilities.

10. The Government is committed to promoting mental health. With a focus on community-based programmes, we plan to implement a new Community Mental Health Intervention Project, which will adopt a multi-disciplinary approach to provide early, appropriate and outreaching intervention to persons with suspected mental health problems.

11. The Budget has earmarked about \$103 million of additional resources to implement the measures above to combat domestic violence, enhance child care and strengthen rehabilitation services.

Women's Interests

12. In 2007-08, we have earmarked \$19.8 million for promoting women's interests. We will continue to work closely with the Women's Commission to promote women's interests. About \$10 million will be allocated to continue the Capacity Building Mileage Programme over the next three years to encourage women to pursue life-long learning.

13. Madam Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

**Presentation by Judiciary Administrator
at the special meeting of the Finance Committee
on Thursday, 22 March 2007**

The Judiciary has the constitutional responsibility to administer justice fairly and impartially. Its role is to maintain an independent and effective judicial system, which upholds the rule of law, safeguards the rights and freedoms of individuals and commands confidence within and outside Hong Kong. In the financial year 2007-08, a total provision of \$995.6 million is sought to enable the Judiciary to achieve its objectives.

Budgetary Arrangements for the 2007-08 Draft Estimates

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Administration in 2005, the Judiciary submitted its resource requirements for 2007-08 to the Administration in August 2006, prior to the Administration drawing up the operating expenditure envelope for the Judiciary. Based on the experience of the last two exercises, the Judiciary considers that the above budgetary arrangements are working satisfactorily, and the Administration has been helpful in the process.

3. The draft Estimates of 2007-08 for the Judiciary, amounting to \$995.6 million, represents an increase of \$95 million, or 10.5%, over our revised estimates for 2006-07. This would provide adequate resources for the Judiciary to appoint additional judges and judicial officers at the levels of District Court and Magistrates' Courts to fill existing vacancies, appoint additional Deputy Judges and Judicial Officers at various levels of court to help improve waiting time in pressure areas, and deploy and engage adequate staff to provide support to the increased level of judicial and registry services.

4. Last year, I informed Members that the Judiciary had started to take action in the latter half of 2005-06 to recruit Judges and Judicial Officers at various levels of court. Much progress has been made in the past 12 months in this regard. In November 2005, we started the recruitment of Permanent Magistrates and the appointment of 11 Permanent Magistrates took effect from August to October 2006. In May 2006, we started the recruitment of Judges of the Court of First Instance of the High Court and Judges of District Court. 6 Judges of the Court of First Instance of the High Court took office from November 2006 to January 2007 and 7 District Judges took office in February 2007. It is expected that some additional appointments of District Judges would be announced in the coming months. Finally, in September 2006, we started the recruitment of Special Magistrates, and it is expected that the recruitment exercise would be completed within 2007.

5. In addition to these recruitment exercises, the Judiciary has provided additional temporary judicial resources to various levels of court to help relieve the heavy workload and reduce the waiting time where necessary. We have also engaged additional staff on a temporary basis to support the Deputy Judges and Judicial Officers. In the coming year, we would continue to monitor the waiting times closely and deploy appropriate temporary judicial resources to the needed areas. We also plan to create 18 support staff posts to enhance the court support and various administrative functions.

Waiting Times

6. As mentioned above, the Judiciary has been monitoring the waiting times at various levels of courts and has taken measures to redeploy judicial and staff resources over the past 18 months to the pressure areas to keep the waiting time reasonably within targets.

7. In 2005, in the Court of First Instance of the High Court, the average waiting times of the Criminal and Civil Fixture Lists were 193 days and 233 days respectively. These have been significantly reduced during 2006, standing at 119 days for the Criminal Fixture List and 124 days for the Civil Fixture List.

8. At the Magistrates' Courts, priority attention was given to reducing the waiting times for charge cases, in particular those cases involving defendants in custody. The waiting time for charge cases for defendants in custody decreased from 44 days in 2005 to 42 days in 2006. The waiting time for charges cases for defendants on bail also decreased from 68 days in 2005 to 66 in 2006.

9. In the course of 2006, we have also been paying attention to the waiting times in the District Court and the Family Court. Having regard to the trend of lengthening waiting times there, further additional deputy judicial resources have been deployed in the latter part of 2006. There are now emerging indications that the additional measures are effective.

10. In 2006, the average waiting times of the Criminal and Civil Lists in the District Court were 117 and 125 respectively. Improvements are however noted recently, with the average waiting times standing at 105 days and 94 days for criminal and civil lists respectively in the last six months. Similar improvements are seen in respect of the Special Procedure List in the Family Court. In 2006, the average waiting time was 45 days. This has reduced to 33 days in the last six months.

Civil Justice Reform

11. In 2006, much progress has been made on the preparation of the implementation of the Civil Justice Reform. From April to July 2006, the Steering Committee on Civil Justice Reform conducted a consultation on the draft

amendments to the relevant primary and subsidiary legislation. The Steering Committee received 30 responses including responses from the two professional bodies, commenting mostly on technical and drafting issues. The Steering Committee subsequently held meetings with the two professional bodies for detailed discussions. It accepted a number of comments from respondents and accordingly revised the package of proposed legislative amendments. The Administration of Justice and Legal Services (“AJLS”) Panel of the Legislative Council has also been briefed twice on the subject in 2006, including the outcome of the consultation exercise on proposed legislative amendments in November 2006. The Judiciary is now working closely with the Administration, with a view to introducing the relevant legislative amendments into the Legislative Council shortly.

Conclusion

12. The Judiciary will continue to explore areas for further improvements to enhance access to justice and to provide quality services to court users and members of the public.

13. Thank you.

**Presentation by Secretary for Justice
at the special meeting of the Finance Committee
on Thursday, 22 March 2007**

Chairman and Members, Good Afternoon,

The Department of Justice carries the important mission of upholding the rule of law, providing efficient and effective legal service to the Government and maintaining and improving the present legal system. Our work is delivered through five programmes areas, namely: Prosecutions, Civil, Legal Policy, Law Drafting and International Law. To put our estimates of expenditure of \$906.6 million for 2007-08 in context, let me highlight some of our work in the coming financial year.

Programme 1 - Prosecutions

2. In the year ahead, we will continue to prosecute cases firmly and fairly, in accordance with our established prosecution policy guidelines, and to account for our decisions in a way which is transparent and understandable.

3. New prosecutors will be joining the department during the year, and they will receive intensive training in all aspects of prosecutorial responsibility. We are committed to ensuring that they are learned in the law, familiar with ethical standards, and able to conduct cases in a professional way. The programme of continuing legal education for existing prosecutors will continue apace. A third seminar for new fiat counsel is also envisaged, at which barristers and solicitors who wish to conduct summary level prosecutions will receive tailor-made guidance as to what is expected of those who prosecute in the magistracies.

4. The Prosecutions Division will continue to use its position in the International Association of Prosecutors (IAP) to contribute to global strategies to combat crime. In September this year, we will be hosting the 12th annual conference of the IAP, during which we will have the opportunity of showcasing Hong Kong to the prosecutors of the World.

Programme 2 – Civil

5. The Civil Division provides litigation support and advisory services to Government bureaux and departments as may be required on a wide range of civil law issues. In 2006 we experienced again a challenging year in terms of volume and complexity of work.

6. On the Civil Litigation side, we expect the trend of increasing workload will continue in 2007. During 2006, 1,305 civil proceedings were brought by the Government, and 919 civil proceedings were brought against the Government. Major litigation handled in the year included judicial review proceedings raising constitutional law and human rights issues, common law claims in connection with Civil Service Regulations, highly complex Government rent appeals and insider dealing inquiries. Many of these cases will continue into 2007, and we expect that approximately 2,500 new civil proceedings of varying complexity will arise in 2007.

7. Turning to the Civil Advisory side, the workload in terms of the size and significance of matters is expected to increase in the coming financial year. Some of the more significant civil advisory matters include the rewriting of the Companies Ordinance, the considerations to prohibit anti-competitive practice, the regulation of television broadcasting and telecommunications and the establishment of the Communications Authority, the regulation of securities, the new initiatives in relation to the Cruise Terminal at part of the former Kai Tak airport site. Moving forward the merger of the MTRCL and KCRC, settling the legal contracts for the procurement of goods and services, the regulation of utilities under the respective schemes of control.

Programme 3 – Legal Policy

8. Under the Legal Policy Programme area, the latest Supplement to the Closer Economic Partnership Arrangement (CEPA), namely CEPA IV, came into effect on 1 January 2007. CEPA IV contains a number of new liberalization measures. They include further relaxing the requirements of Mainland law firms who wish to form association with Hong Kong law firms and lifting the residency requirement for representatives stationed in representative offices of Hong Kong law firms in the Mainland. They also permit Hong Kong residents who have acquired Mainland lawyer qualifications to engage in activities as agents in matrimonial and succession cases relating to Hong Kong in the capacity of Mainland lawyers, and to undergo internship in a branch office of a Mainland law firm set up in Hong Kong as well as allowing Hong Kong barristers to act as agents in civil litigation cases in the Mainland in the capacity of citizen. These liberalization measures may encourage more Hong Kong legal professionals to develop practices in the Mainland, and will facilitate legal professionals of both jurisdictions to explore and enhance their cooperation in professional practices.

9. The consultancy study on the demand for and supply of legal services has been progressing smoothly. It is expected that the survey will be completed within this year. The findings from the survey will provide a useful reference in understanding the demand for and supply of, legal services in Hong Kong.

10. In parallel with the completion of that study, I have invited a number of legal practitioners and academic lawyers to assist me to identify ways in which mediation can be developed and promoted as an alternative form of dispute resolution; building on the success of the Judiciary's pilot scheme for the resolution of family disputes and its well-established use in the construction industry.

11. The official launch of the fully established bilingual Community Legal Information (CLIC) Website is scheduled to be held in May 2007. By that time, the website will contain legal information on 21 separate topics, enabling members of the public to have greater access to free legal information.

12. The Mainland Judgments (Reciprocal Enforcement) Bill was introduced into the Legislative Council on 7 March 2007. The bill when enacted will benefit members of the business community who are doing business with the Mainland as the court judgments of one jurisdiction can be enforced in the other without the need to start fresh time consuming and costly litigation proceedings. I look forward to the early enactment of the Bill.

Programme 4 – Law Drafting

13. The Law Drafting Division went through a busy year in 2006. A total of 5,252 pages of bills and subsidiary legislation were published in the Gazette, as compared with 2,796 pages in 2004 and 3,484 pages in 2005. The marked increase was partly attributable to the completion of a number of mammoth items [e.g. the 900-page Banking (Capital) Rules], we expect the growth rate to subside in the coming year.

Programme 5 – International Law

14. In the coming year, the International Law Division will continue to provide advice on international law issues, negotiate international agreements or contribute as legal advisers in negotiations and handle requests for international legal co-operation to bring benefits to the HKSAR. We will also continue to handle and co-ordinate requests to and from the HKSAR concerning surrender of fugitive offenders, mutual legal assistance and transfer of sentenced persons.

Expenditure

15. At mentioned earlier on, the financial provision for the whole Department for 2007-08 is \$906.6M which is 7.9% (or \$66.7M in dollar terms) higher than our revised estimated expenditure for 2006-07 (which is \$839.9M). This increase is mainly due to the creation of 38 non-directorate posts at the Senior Government Counsel and Government Counsel level together with supporting staff to cope with increasing demand for legal services.

16. We will continue our practice of briefing out cases to private sector lawyers if deemed appropriate. Our total provision for briefing-out expenditure in 2007-08 is \$170.5M. This is slightly higher than the corresponding 2006-07 original estimates of \$165.6M.

Staffing

17. In 2006, 18 new Government Counsel recruits have joined us. This year, we have conducted another recruitment exercise. 38 candidates have been recommended for appointment to fill existing and anticipated government counsel vacancies. We look forward to welcoming them later in the year and will provide the necessary familiarisation and training programmes to help them settle into their jobs. On-going training and development opportunities will also be provided.

Conclusion

18. The above outlines the major work in the Department in the coming financial year. My colleagues and I will be pleased to provide further information Members may require on our estimated expenditure for 2007-08.

19. Thank you.

**Presentation by Secretary for the Environment, Transport and Works
at the special meeting of the Finance Committee
on Thursday, 22 March 2007**

Chairman,

I am pleased to attend the Special Finance Committee meeting today to brief Members on the estimated expenditure relating to public works in the 2007-08 financial year. I would like to elaborate on our work from two aspects:

- (1) the Capital Works Programme and projects of concern to members of public, and
- (2) working closely with the construction industry and safeguarding workers' interest.

(A) Capital Works Programme and Projects of Concern to Members of Public

Our public works projects have been progressing smoothly in the 2006-07 financial year, with major items including Route 8, Stage 1 of the Water Mains Replacement and Rehabilitation Programme, and the co-located boundary crossing facilities at Shekou, Shenzhen. As for the 2007-08 financial year, a number of major projects will commence construction, including the Tamar development project, the improvement and upgrading works for the 2009 East Asian Games sports facilities, Stage 2 of the Water Mains Replacement and Rehabilitation Programme, and drainage works in various districts. These will create a considerable number of jobs for the construction industry.

We are also devoting all efforts to pursue other major projects, such as the Central-Wan Chai Bypass and Wan Chai Development Phase II, Central Kowloon Route and Kai Tak Development. However, these projects have yet to commence, as they require more time for preparatory work, including public consultation. If various sectors of the community can reach a consensus on these projects as soon as possible, an early start in their construction can be made.

We will also do our utmost to expedite the progress of individual projects. Under the prerequisite of not compromising the quality of works, we will shorten the implementation timetable as far as possible. As at February 2007, the Public Works Subcommittee has approved the funding applications of 49 works projects at a total estimated cost of \$13.2 billion. For the remaining LegCo year in 2006-07, there will be further funding applications

for capital works projects to be submitted to the Public Works Subcommittee for consideration.

In recent years, Government has set aside \$29 billion annually for the Capital Works Programme. However, the implementation of capital works projects and the actual annual expenditure will inevitably fluctuate with changes in the social environment, pace of development and actual progress of works.

Apart from the major projects mentioned above, I wish to talk about three areas of work in the coming year that are of concern to the public:

(1) Greening

We will continue to actively implement greening works to improve our living environment. Greening is closely linked with improving air quality, and helps to lower the temperature in the city. We therefore plan to develop Greening Master Plans (GMP) for the urban areas to achieve overall improvement of environment. Our target is to complete this task before end-2010. After completing the GMPs for Central and Tsim Sha Tsui, we have commenced the development of GMPs for Sheung Wan/Wan Chai/Causeway Bay and Mong Kok/Yau Ma Tei early this year, to be followed by other districts. We hope that when we apply for funds later, Members will give us their staunch support again.

(2) Decking of Nullahs

Another measure to beautify the environment is decking of nullahs. We are decking 16 sections of nullahs according to schedule at a total cost of around \$1.2 billion. Six of these projects have been completed smoothly, and we envisage to finish another two within this year. For the remaining eight projects, we will continue to collect views from the relevant communities and other stakeholders, so as to gain their support and complete the projects as planned. Furthermore, we have commissioned a feasibility study early this year on improving the appearance of the Yuen Long Nullah and raising the ecological value of the river course. The study is expected to be completed in two years.

(3) Total Water Management

On the Total Water Management programme, we are progressing rigorously with researches on the use of reclaimed water and new water resources. These include the pilot schemes at Ngong Ping and Shek Wu Hui for the use of reclaimed water, and the study on desalination by reverse osmosis technology. After gathering data from the various pilot schemes, we will map out a long-term strategy and implementation plan on Total Water Management by early next year.

(B) Working Closely with the Industry and Safeguarding Workers' Interest

On working closely with the industry and safeguarding workers' interest, there are the following points:

(1) Construction Industry Council

After several years of hard work by Government and the industry, the Construction Industry Council (CIC) Ordinance was enacted by the Legislative Council in May last year and CIC was set up on 1 February this year. CIC will forge consensus on long-term strategic issues, convey industry needs and aspirations to Government, as well as provide a communication channel to assist Government in collecting advice on construction-related matters. CIC will, on the basis laid by its forerunner – the Provisional Construction Industry Coordination Board, continue to strive for the implementation of the reform measures recommended by the Construction Industry Review Committee. We are assisting CIC to carry out other preparatory work including open recruitment of its Executive Director, so that it can pursue in full force the long-term sustainable development of the construction industry, and work with the Construction Industry Training Authority for their amalgamation by early-2008. We will ensure close partnership between Government and CIC, achieved through the CIC membership of three public officers serving as interface. The Environment, Transport and Works Bureau (ETWB) will also facilitate close cooperation among other government departments and CIC.

(2) Non-payment of Wages in the Construction Industry

In tackling the non-payment of wages, Government has, starting from 1 May last year, implemented a series of control measures in all new public works contracts with invitation to tender, in order to monitor the payment of wages to workers and control multi-layer subcontracting. Up to now there are over 20 works contracts operating such measures. The monitoring group formed by ETWB with the industry is reviewing the implementation of the measures to obtain experience gained for further refinement. Government has also organized regular training courses for construction site personnel to familiarize them with the operation of the measures. We envisage that in the coming year, more new works contracts will adopt these measures.

(3) Construction Workers Registration

On the other hand, the Construction Workers Registration Authority (CWRA) commenced the registration of about 160 000 construction workers in end-2005, and has now successfully issued registration cards to over 80% of the workers. To enable the industry to adapt gradually to the registration system, CWRA now plans to commence the prohibition provisions in the Ordinance in

two phases, that is, firstly prohibit unregistered workers to carry out construction work on construction sites starting from 1 September this year, and then with effect from 1 June next year, prohibit workers not yet registered as skilled workers or semi-skilled workers for designated trades to undertake work of the trades on construction sites. We believe that after the prohibition provisions take effect, the problem of employment of illegal workers will be improved and wages disputes between workers and employers lessened.

(4) Exploring Business Opportunities

Furthermore, we will continue to reach out to new markets for the construction industry. On the basis of CEPA, we have secured a number of concessions for the construction industry of Hong Kong in entering the Mainland market, and to facilitate our contractors and consultants to establish business in the Mainland. At the same time, we have successfully reached agreements on mutual recognition of professional qualifications for six professions of the Mainland and Hong Kong, including architects, structural engineers, planners, quantity surveyors, building surveyors and estate surveyors. We will continue active discussion with relevant organizations of both sides to facilitate other professions in reaching mutual recognition agreements.

Chairman, I, as well as the Permanent Secretary and the Works Directors, will be pleased to answer any questions Honourable Members may have.

**Presentation by Secretary for the Environment, Transport and Works
at the special meeting of the Finance Committee
on Thursday, 22 March 2007**

Chairman,

I am delighted to attend the special meeting of the Finance Committee today to brief Members on the part of the 2007-08 Estimates which relates to the environmental protection and conservation portfolio.

2. The allocation for the policy area of environmental protection and conservation in the 2007-08 financial year is about \$6.2 billion, representing an increase of about \$790 million or 14.7% in real terms over the revised estimate for last year.

3. Of the total allocation of \$6.2 billion, the operating expenditure is about \$4.9 billion, which is \$1.0 billion or 27.4% in real terms more than the revised estimate for last year. The additional allocation will mainly be for the Environmental Protection Department (EPD) to launch an incentive scheme to encourage early replacement of pre-Euro and Euro I diesel commercial vehicles with new ones which comply with the latest statutory emission standard. In addition, the Civil Engineering and Development Department will have additional funding to implement a scheme on cross-boundary delivery of surplus public fill. As regards the number of posts, there will be a net increase of 5 posts in the EPD in 2007-08.

4. The provision for capital expenditure in 2007-08 is about \$1.3 billion, which is \$254 million less than the revised estimate for last year, representing a decrease of 17.2% in real terms. The reduction is mainly due to the reduced cashflow requirements for or completion of some capital works projects.

5. I will now outline the priority areas under the environmental protection and conservation portfolio in the coming year.

Improving Air Quality

6. The Government has been very concerned about the air quality of Hong Kong. The Government launched last July the Action Blue Sky Campaign to appeal for the community's support and participation in combating air pollution in Hong Kong. The EPD has rolled out a series of publicity and educational activities to encourage the public to take action at the personal level, such as switching off idling engines, setting air-conditioned temperature at 25.5 degrees

Celsius in summer and reducing the consumption of products containing volatile organic compounds.

7. Moreover, we will continue to take vigorous measures to make sustained improvement in air quality. To reduce vehicle emissions, we will be introducing the following four new measures on April 1 –

- (a) requiring local pre-Euro long-idling heavy-duty diesel vehicles to be installed with emission reduction devices;
- (b) controlling products containing volatile organic compounds;
- (c) granting \$3.2 billion to encourage car owners to replace pre-Euro and Euro I commercial diesel vehicles by Euro IV models; and
- (d) providing tax relief to promote environment friendly cars.

Furthermore, we expect to start in the second quarter of this year the detailed study on the review of Hong Kong's Air Quality Objectives and the public consultation on a legislative ban on idling vehicles. We are confident that these measures will further improve air quality in Hong Kong, particularly the roadside air quality.

8. Power companies have always been a major source of pollution in Hong Kong. Another focus of our work is to reduce emissions from power plants. To fully achieve the emissions reduction targets by 2010, we have asked the power companies to accelerate the timing of emissions reduction projects, increase the use of ultra-low sulphur coal and use natural gas for power generation as much as possible. We will progressively tighten the emissions caps during the renewal of the power companies' Specified Process Licences.

9. During the discussions with the two power companies on the Scheme of Control arrangements in 2008, we are following up proposals in the "Future Development of the Electricity Market in Hong Kong Stage II Consultation", such as to link the permitted rate of return on all fixed assets of the power companies to their achievement of the emissions caps stipulated in the licences issued under the Air Pollution Control Ordinance; to provide financial incentives to encourage the power companies to reduce their emissions to levels below those required in the licences; to give a higher rate of return for renewable energy infrastructure; etc.

10. On cross-boundary cooperation, the two sides will continue to work closely in implementing the Pearl River Delta (PRD) Regional Air Quality Management Plan, with a view to achieving the jointly agreed emissions reduction targets by 2010. One of the key measures in the Management Plan is the Emissions Trading Pilot Scheme for Thermal Power Plants in the PRD region.

The implementation framework of the Pilot Scheme was announced on January 30. The environmental protection authorities of the two sides are now promoting the Pilot Scheme among thermal power plants in the PRD region, including Hong Kong.

11. We will also implement a mandatory Energy Efficiency Labelling Scheme to encourage the use of energy efficient products. The corresponding Bill will be introduced into the Legislative Council shortly.

Solid Waste Management

12. The EPD has made good progress in implementing the Policy Framework for the Management of Municipal Solid Waste (2005-2014) to deal with our pressing waste problem. Up to February 2007, about 705 000 households have joined the source separation of domestic waste programme. A three-month trial scheme was commissioned by the EPD late last year to examine how waste reduction behaviour would be affected by the volume of garbage bags and the type of waste recovery facilities under different housing settings. The information so obtained will help us to study the feasibility of introducing a charging scheme for municipal solid waste with variable rates.

13. On producer responsibility schemes, we have completed a study on an environmental levy on plastic shopping bags, and the specific proposals will be considered by the LegCo Panel on Environmental Affairs on shortly. The objective of the levy is not to increase the Government's revenue, but to create an economic incentive to reduce the indiscriminate use of plastic shopping bags in accordance with the "polluter pays" principle. With the support of the public and Members, we hope to introduce the Product Eco-responsibility Bill into this Council within this year. The first batch of Phase I lots of the EcoPark was made available for leasing in end 2006 and the applications are being vetted.

Harbour Area Treatment Scheme

14. To further improve the water quality in Victoria Harbour, we will continue to take forward the second stage of the Harbour Area Treatment Scheme (HATS), which, coupled with planned improvements to all sewerage facilities in Hong Kong, will maintain our momentum in dealing with water pollution. However, the second stage is subject to the legislature endorsing proposals for polluters to share the operating costs of sewage services in accordance with the "polluter pays" principle. Last December, the Government announced proposals to adjust the sewage charge in a step-wise manner over a ten-year time frame. Under these proposals the average bill for domestic accounts would rise from \$11 per month now, to \$12 per month in 2007, and gradually to \$27 per month in ten years' time. Even after the projected increase, Hong Kong's sewage charge will remain amongst the lowest when compared with many major cities in developed economies.

15. The Stage 2A works cover the expansion of the Stonecutters Island Sewage Treatment Works, which will collect the remaining sewage from Hong Kong Island (which currently only receives preliminary screening), provide centralised chemical treatment and advance the provision of disinfection. The target year for completion of this phase is 2014. The Stage 2B works involve the construction of new biological treatment facilities. The timing of such works depends on a review in 2010/11.

Conclusion

16. I hope Members will continue to support our policies and measures to protect the environment and conserve our ecological resources, which will further improve our living environment and competitiveness as a world city.

17. Chairman, I, together with the Permanent Secretary and colleagues, would be pleased to answer Members' questions on this part of the Estimates.

**Presentation by Secretary for the Environment, Transport and Works
at the special meeting of the Finance Committee
on Thursday, 22 March 2007**

Chairman and Honourable Members,

The Financial Secretary delivered the 2007-08 Budget on 28 February 2007. Today, I would like to brief Members on the part of the Estimates which relates to the transport portfolio.

2. The allocation for the policy area of transport in the 2007-08 financial year is about \$7.25 billion, which represents a decrease of about \$1.59 billion or 18.17% in real terms over the revised estimate for last year.

3. Of the total allocation of \$7.25 billion, the operating expenditure is about \$3.16 billion, which is \$0.21 billion or 7.1% in real terms more than the revised estimate for last year. The additional allocation will mainly be used for a number of services, which include:

- (a) providing reserve for carrying out maintenance services of the newly completed road projects, which include the Hong Kong-Shenzhen Western Corridor (SWC), Deep Bay Link and Route 8 between Tsing Yi and Shatin;
- (b) contracting out of the management, operation and maintenance of the Tsing Sha Control Area; and
- (c) strengthening the vegetation maintenance service for roadside slopes.

As regards the number of posts, there will be a net increase of 23 and 102 posts in the Transport Department and Highways Department respectively. Such increase is to meet the operational needs for the provision of various services, including those mentioned above.

4. The provision for capital expenditure in 2007-08 is around \$4.09 billion, which is about \$1.8 billion or 30.88% in real terms less than the revised estimate for last year. The decrease is attributable to the completion of a number of major road projects, such as the widening of Yuen Long Highway between Lam Tei and Shap Pat Heung Interchange and the improvement of Castle Peak Road between Area 2 of Tsuen Wan and Sham Tseng, within this financial year. In addition, various major projects, including Route 8 between Cheung Sha Wan and Shatin

and the improvement of Castle Peak Road between Sham Tseng and Siu Lam, are approaching completion. There is therefore a reduction in the relevant cash flow requirements.

5. In the coming year, our priority areas under the transport portfolio are as follows:-

- (a) on cross-boundary transport infrastructure, we are pressing ahead for the commissioning of the SWC and the Sheung Shui to Lok Ma Chau Spur Line in mid-2007. We will also continue our efforts in taking forward the planning work of the Guangzhou-Shenzhen-Hong Kong Express Link and the advance work of the Hong Kong-Zhuhai-Macao Bridge;
- (b) on local transport infrastructure, Route 8 between Cheung Sha Wan and Shatin is expected to be opened for use by end 2007. We will continue to monitor the progress of the Kowloon Southern Link for completion in 2009. We will also actively pursue the planning work of the Shatin to Central Link, the Northern Link and the West Island Line, and assess the viability of the South Island Line. Besides, we will continue with the implementation of various highway projects, including Route 8 between Tsing Yi and Cheung Sha Wan and the improvement of Tung Chung Road between Lung Tseng Tau and Cheung Sha;
- (c) on local transport, the Bills Committee of the Legislative Council is now deliberating on the Rail Merger Bill. We are looking forward to the early implementation of the merger so that passengers can benefit from the fare reduction and improved interchange arrangements to be brought about by the merger as soon as possible;
- (d) on road safety, we will further enhance road safety by means of legislation, enforcement and education;
- (e) on traffic management, we will monitor the implementation of the recommendations of the Task Force on Emergency Transport Co-ordination, with a view to enhancing the efficiency and co-ordination in handling traffic and transport emergencies; and
- (f) finally on environmental protection, we will continue to implement a series of measures, including encouraging the bus companies to deploy environmentally friendly buses along busy roads and enhancing bus service rationalisation as well as stepping up related publicity and education efforts, so as to reduce roadside pollution, noise nuisance and traffic congestion.

6. The above is my brief introduction on the part of the 2007-08 Estimates relating to the transport portfolio. I would be pleased to hear Members' views and answer questions on this part of the Estimates. Thank you.