



Legislative Council
of the
Hong Kong Special Administrative Region

Finance Committee

Report on the examination
of the Estimates of Expenditure 2009-2010

June 2009

Finance Committee

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Chapter I : Introduction

1.1 At the Legislative Council meeting on 25 February 2009, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2009. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over five days from 23 to 27 March 2009 to examine the Estimates. The purpose of these special meetings was to ensure that the Administration was seeking a provision no more than necessary for the execution of the policies of the Government for 2009-2010.

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 2 985 written questions were received and forwarded to the Administration for replies. Both the printed and electronic copies of the written replies by the Controlling Officers were forwarded to members prior to the special meetings. The replies can also be browsed at the Council's website.

1.4 Each session of the special meetings from 23 to 27 March 2009 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 120 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. All the written replies to these questions were forwarded to members

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prior to resumption of the Second Reading debate on the Appropriation Bill 2009 on 1 and 2 April 2009. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

1.6 The attendance of members and public officers at the special meetings is given in **Appendix III**. The speaking notes of Directors of Bureaux 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 24 June 2009 in accordance with Paragraph 53 of the Finance Committee Procedure.

Chapter II : Civil Service

2.1 At the invitation of the Chairman, Miss Denise YUE, Secretary for the Civil Service (SCS), briefed members on the major initiatives and expenditure concerning the civil service for the coming year (Appendix IV-1).

Control of the civil service establishment

2.2 Mr WONG Kwok-hing said that The Hong Kong Federation of Trade Unions had all along been urging the Government to relax control of the civil service establishment. He therefore welcomed the Government's plan to increase the civil service establishment to meet service needs. He asked whether the additional posts were in fact existing vacancies or newly created posts, and whether serving non-civil service contract (NCSC) staff could apply for these posts. SCS responded that in view of the new initiatives to be pursued and the increasing demand on public services, it was considered justified to allow a moderate net increase in the civil service establishment of about 1 530 posts in 2009-2010. These were all new posts and those who met the entry requirements, including existing NCSC staff, could apply for the civil service posts through open recruitment.

2.3 Mr LEE Cheuk-yan supported the proposed increase in the civil service establishment, which had been shrunk from some 190 000 posts at its peak to about 160 000 posts as a result of the Government's effort to keep the civil service establishment under control. As it seemed that most of the 1 530 new posts would be earmarked for the disciplined services, Mr LEE expressed concern that other bureaux/departments might be forced to contract out their services, particularly those undertaken by Workman II posts under Model Scale 1 (MOD1) grades as these were still subject to control and approval from the Civil Service Bureau (CSB) was required for open recruitment of these posts. He pointed out that the duties of Workmen II were essential as evidenced by their contributions in cleaning the infected premises during the outbreak of the Severe Acute Respiratory Syndrome in 2003, and consideration should be given to allowing bureaux/departments to fill vacant Workman II posts.

2.4 In response, SCS clarified that the net increase in civil service establishment by 1 530 posts comprised both disciplined posts and civilian posts, details of which were set out in the Administration's reply serial no. CSB006. In gist, the departments which would enjoy the highest net growth in establishment were the Leisure and Cultural Services Department (LCSD) (net increase of

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200 posts), the Housing Department (net increase of 177 posts) and Department of Health (net increase of 172 posts). She added that CSB had approved applications from three departments for open recruitment of grades under open recruitment control, involving some 360 posts. At present, there were some 6 800 Workmen II and 2 400 Workmen I in the civil service, and CSB was currently vetting applications for open recruitment of Workmen II from two departments. On outsourcing, SCS explained that it was an established policy that the private sector should be engaged in the delivery of public services if such services were considered well-suited for outsourcing, provided that this would not result in forced redundancy of serving civil servants. Mr LEE Cheuk-yan however pointed out that none of the 7 700 civil service vacancies filled between December 2008 and March 2010 belonged to MOD1 grades. In his view, the Government was depriving the grassroots of the opportunity to join the civil service.

Non-civil service contract staff

2.5 Mr WONG Kwok-hing enquired if consideration would be given to creating more NCSC positions as part of Government's efforts to preserve employment and if so, the number of NCSC positions to be created. SCS explained that of the 62 000 jobs and internship opportunities which Financial Secretary undertook to create in the coming three years, about 44 000 were estimated to arise from various enhanced employment programmes, 4 000 were estimated to arise from internship opportunities provided under the "Internship Programme for University Graduates", 10 000 were jobs for maintaining 1 000 dilapidated buildings, 2 800 for assisting organizers to host more events to attract tourists, 260 for organizing activities relating to the 2009 East Asian Games and the 60th anniversary of the founding of the People's Republic of China, 500 for conducting education programme for Internet users, and 200 for enhancing energy efficiency in government buildings and public facilities. Given the nature of these jobs, it was expected that only some 200 to 300 NCSC positions would be directly created under the Government. SCS added that as at 31 December 2008, there were about 14 600 NCSC staff in the civil service. Based on available information, SCS expected that the number of NCSC positions engaged by bureaux/departments in 2009 and 2010 would stay at around 14 000 with some minor fluctuations, and with 500 to 600 additional positions to be created during summer months to meet seasonal upsurge in service demand.

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2.6 Mr LEE Cheuk-yan recalled that the 2006 special review of the employment situation of NCSC staff had identified that the work of some 4 000 NCSC positions should be more appropriately performed by civil servants. The remaining some 12 500 were engaged within the ambit of the NCSC Staff Scheme and one of the reasons for their engagement was that some government services were under review. These involved NCSC staff engaged by Radio Television Hong Kong and some 300 Library Assistants engaged by LCSD. However, conversion of such NCSC positions to civil service posts had yet to be implemented pending reviews of the modes of delivery of the services concerned. He enquired about the schedule for the conversion exercise. SCS explained that as the reviews in question were conducted by the relevant bureaux/departments, CSB could only act upon receipt of the outcome of the reviews. Mr LEE considered the situation undesirable lest some bureaux/departments might use the reviews as an excuse to delay conversion of the relevant NCSC positions. SCS said that her understanding was that the review of the mode of delivery of frontline and support services in public libraries jointly conducted by LCSD and the Efficiency Unit was at the final stage.

Civil service training

2.7 Dr Margaret NG noted that the annual expenditure on civil service training was only some \$30 million, which in her view was far from adequate given the substantial civil service establishment. She enquired about the basis upon which the annual expenditure was arrived at, and whether this included the expenditure of \$10 million for National Studies programmes in 2009-2010. SCS clarified that the \$30 million referred to was only the expenditure on courses outsourced to external organizations by the Civil Service Training and Development Institute (CSTDI) under CSB. She said that the Government attached great importance to the training and development of civil servants, and the average spending in this regard amounted to about \$100 million every year. In 2005-2006, 2006-2007 and 2007-2008, the total expenditure on civil service training incurred by CSTDI was \$107 million, \$117 million and \$125 million respectively. In addition, individual bureaux/departments also had their own provisions for staff training and development to meet their specific needs. For example, the Hong Kong Police Force, the Housing Department and the Civil Aviation Department had spent \$17 million, \$11.6 million and \$10.4 million respectively on training in 2007-2008.

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2.8 Dr Margaret NG enquired about the criteria for assessing the training needs for civil servants as it seemed that too much weight had been placed on skill training and routine training with little emphasis on preparing civil servants to become more receptive to new ideas and changing demands of the community such as racial equality. SCS responded that while bureaux/departments were responsible for job-related training to meet their specific operational and professional needs (such as training on air traffic control organized by the Civil Aviation Department), CSTDI was responsible for generic training to meet the common needs of all civil servants, such as human resource management, management of contracts, racial equality, national studies and Basic Law training. The Equal Opportunities Commission had been invited to conduct 10 talks on the latest development of the Racial Discrimination Ordinance (Cap. 602) for civil servants of different departments, and two large-scale programmes on integrity training had been jointly organized with the Independent Commission Against Corruption.

2.9 To ensure that appropriate training would be provided to civil servants to enhance their effectiveness in meeting community expectation and to promote ethical culture and integrity in the civil service, Dr Margaret NG requested the Administration to provide information on the following --

- (a) whether the Administration would learn from other jurisdictions' relevant developments and practices, and instil changes in civil servants' core values, mindset and culture as required in keeping with the changing demands of the community;
- (b) the role and establishment (including the grades of officers involved) of CSTDI, the criteria adopted by CSTDI in identifying the training needs of civil servants and evaluating the effectiveness of its training courses in facilitating civil servants to discharge their duties in a satisfactory manner;
- (c) whether an independent third party had been/would be engaged to assess the effectiveness or shortcomings of training programmes organized by CSTDI;

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- (d) the mechanism in place to fortify a culture of continuous learning in the civil service, and to arouse civil servants' interest in attending staff development programmes; and
- (e) whether the Administration would, in response to public expectations on civil servants' performance in general and in specific areas such as racial equality, invite local and overseas experts to give talks in training programmes to facilitate civil servants to have a better understanding of the various topics related to their jobs.

2.10 While agreeing to provide the information as requested, SCS explained that some 70% of the courses directly organized by CSTDI were outsourced to external organizations and delivered by academics, consultants and professionals with proven delivery effectiveness. For example, speakers from tertiary institutes and non-governmental organizations in addition to the Equal Opportunities Commission would be invited to give talks on racial equality, and a professor from the University of Cambridge had been invited to conduct a course on judicial review for middle ranking civil servants recently. As far as course evaluation was concerned, SCS said that each participant would be invited to complete a questionnaire upon completion of a course, which would help CSTDI evaluate the effectiveness of the course and identify areas for further improvements. The customer liaison groups of individual departments were also a source of feedback on the performance gaps and training needs of the civil servants concerned.

Fringe benefits of civil servants

2.11 Mr CHEUNG Man-kwong considered the some \$3.1 billion Government expenditure on fringe benefits for civil servants in 2007-2008 quite substantial. He cautioned that the public might find the expenditure on civil servants' fringe benefits unacceptable amid the current financial situation, and asked if there was room to reduce or cap the related expenditure to a certain level. SCS responded that following the review of civil servants' fringe benefits in 2006, a number of such benefits had already been reduced or abolished. For example, the Air-conditioning Allowance had been abolished for all civil servants; civil servants joining the Government in 1996 and 2000 and after could no longer enjoy Overseas and Local Education Allowances respectively; and the ceiling rates for

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Overseas Education Allowance and Local Education Allowance had also been frozen for existing claimants and adjusted to the 1997 level for new claimants respectively starting from the 2006-2007 school year. Moreover, an annual quota of 2 000 had been imposed on civil servants' Home Purchase Scheme. As a result, expenditure on fringe benefits had been decreasing since 2006. She added that in considering whether an allowance should be removed or retained, the Administration was guided by the principles of reasonableness and lawfulness with regard to Articles 100 and 102 of the Basic Law and the employment contracts of civil servants in which their fringe benefits were set out. Full consultation of civil servants was also necessary.

2.12 While indicating support for the establishment of eight additional consultation rooms and dental surgeries in existing clinics in 2009-2010, Dr PAN Pey-chyou enquired whether these were for the exclusive use of civil servants and if so, whether more dedicated consultation rooms would be established to provide medical services for civil servants in the long run. SCS confirmed that the additional consultation rooms were for the exclusive use of civil servants. Of these, two would be set up in the existing Chai Wan Families Clinic and the remaining six in the new Families Clinic to be provided in the New Territories. She nevertheless pointed out that even with the provision of the additional consultation rooms, these could not meet all the medical needs of the civil service and eligible persons at the general outpatient level. They would still need to seek medical services provided by the Hospital Authority through its network of some 70 general outpatient clinics, and specialist outpatient clinics as well as hospitals throughout the territory.

Chapter III : Communications and Technology

3.1 At the invitation of the Chairman, Mrs Rita LAU NG Wai-lan, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work of the Communications and Technology Branch of the Commerce and Economic Development Bureau (CEDB) for the 2009-2010 financial year (Appendix IV-2).

Radio Television Hong Kong

3.2 Mr LEE Wing-tat said that staff of the Radio Television Hong Kong (RTHK) had complained to him that the status of RTHK as "a department under review" had subjected staff recruitment and promotion to a more complex procedure than the usual practice in other Government departments. Moreover, equipment and facilities for the production of digital and high definition (HD) television (TV) programmes were so grossly inadequate that programme editing had to be done in the Baptist University's studio. The situation was very unsatisfactory that Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) had reportedly warned that they would not broadcast RTHK's non-HD TV productions. Mr LEE expressed grave concern that RTHK's capability to operate effectively would gradually seep away, and this would adversely affect staff morale.

3.3 The Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PS(CT)) stressed that the Administration was committed to ensuring that RTHK was adequately resourced to provide quality broadcasting services to the community. Following an increase in the provision for RTHK in 2008-2009, a further increase of 5.5% would be sought in the budget proposal for 2009-2010. PS(CT) added that the Administration was aware of the concern over RTHK's staff morale and had maintained a close dialogue with RTHK management and staff union on a full range of management and staffing matters on a regular basis. As far as he was aware, RTHK had been able to fill its vacancies through recruitment and appointment of non-civil service contract staff.

3.4 On facilities and equipment, the Director of Broadcasting (D of B) advised that RTHK had been upgrading and digitizing its TV and radio studio and production equipment. For 2009-2010, \$25.6 million had been set aside for procuring standard definition (SD) and HD equipment for SD and HD programme productions. It was expected that both indoor and outdoor filming by RTHK

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could be in HD format by the end of 2009. He added that RTHK TV programmes were currently broadcast through the analogue channels of the two free-to-air TV stations at prime time as per the licensing conditions of the two stations. Individual programmes were broadcast in SD and HD format through the SD and HD channels of the two stations by mutual agreement with RTHK. Discussions with the stations for more timeslots for broadcasting RTHK programmes on their SD and HD channels were underway. On programme quality, D of B said that RTHK radio and TV programmes were well received by the public as shown by the high audience ratings achieved. In 2008, RTHK, together with the three local TV stations, conducted an industry-wide Television Programme Appreciation Index Survey covering the year 2007. In terms of audience appreciation, RTHK scored the highest average among the four stations. Of the top 20 highest Appreciation Index rated programmes, nine were RTHK productions. Seminars, workshops and internal training programmes had been organized to help upgrade production quality. Continued efforts would be made to improve the breadth and the depth of programme content, and to bring in an international perspective. On staff morale, D of B said that staff turnover had slowed down, and he was pleased to report that some new productions such as "The Hong Kong Stories" were well received by the public. He was confident that RTHK staff would upkeep their professionalism and efforts in providing the community with quality broadcasting services.

3.5 Ms Starry LEE enquired about the work plan of RTHK on programmes for underprivileged children and also for English speaking children aged between seven to 11. She was keen to ensure that programmes be produced to help ethnic minority children to learn Chinese. Referring to the rising drug abuse and sex problems among the youth, she asked whether special programmes in this respect would be produced for young audience. On educational TV (ETV) programmes, Ms LEE observed that the utilization of the ETV service by schools, particularly pre-primary and secondary schools, had not been satisfactory. As indicated in the performance measurement indicators, only 325 kindergartens and 381 secondary schools were covered by the service in 2007-2008.

3.6 D of B advised that in collaboration with relevant non-governmental organizations, the Administration would launch a project entitled "Children's Dreams Come True" targeting at underprivileged children in the summer of 2009. An English educational programme "Sunday Smile" featuring singing, poetry, story telling, fun, and music had been launched for children aged 7 to 11 with

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English as their second language. On ETV programmes, D of B said that the main role of RTHK was to produce school ETV programmes for the Education Bureau to underpin the Government's education policies. ETV programmes were mainly subject-based, such as Chinese Language, English Language, Mathematics and Science, the contents of which were designed by the Education Bureau in consultation with teachers and parents. He undertook to relay to the Education Bureau for consideration members' suggestions for producing programmes for children of the ethnic minorities. On ETV usage by schools, D of B said that the ETV service was mainly focused on primary school students. With the decline in the population of primary school students, the target number of primary schools to be covered by the ETV service had decreased accordingly as compared to those of previous years.

Promoting the development of film industry

3.7 Mr WONG Kwok-hing remarked that Hong Kong films had traditionally been very popular in South East Asian markets in 1960s-70s. Regrettably, this was no longer the case due to the general downturn in the local film industry. With a shrinking film market and decreasing number of film productions and box office revenue in recent years, the film industry was facing a tough time. Noting that the Film Development Council had approved the grant of \$29 million for financing only 11 film productions under the Film Development Fund, he asked what other concrete measures would be implemented to help revitalize the local film industry.

3.8 SCED replied that the film industry was a flagship of the creative industries in Hong Kong, contributing significantly to the development of the services industries and tourism, as well as enhancing the international and cultural image of Hong Kong. The Administration was committed to promoting creativity and providing a favourable environment conducive to the long-term development of the Hong Kong film industry. To this end, the Film Development Fund was set up to provide financial support for the production of small-to-medium budget films, and to finance projects that were beneficial to the development of the film industry. The funding support from the Government aimed to encourage more commercial investment in film productions, creating a large critical mass of film activities that would generate job opportunities, nurture film talents, groom a new generation of movie directors, and help the film industry revitalize. SCED further said that a promotional campaign under the

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banner of "Hong Kong Film New Action" had been organized to rebuild the traditional markets of Hong Kong movies in Taiwan, Singapore and Malaysia. A Hong Kong delegation made up of members of the Film Development Council and industry representatives had visited these three places between December 2008 and February 2009, and representatives from these three markets would also come to Hong Kong in late March 2009 to attend business forums with local industry leaders on the promotion of Hong Kong films. As regards the Mainland market, co-ordination with the relevant Mainland authorities had resulted in a series of market liberalization measures being implemented under the Mainland and Hong Kong Closer Economic Partnership Arrangements to facilitate the expansion of Hong Kong film industry in the Mainland. As a result, there was a significant increase in the number of films co-produced by Hong Kong and the Mainland.

Enforcement of the Unsolicited Electronic Messages Ordinance

3.9 Mr CHAN Kam-lam enquired about the progress of the implementation and enforcement of the Unsolicited Electronic Messages Ordinance (Cap. 593) that came into full operation in December 2007. He asked about the percentage of telecommunications users who had registered under the "Do-not-call Registers" as well as the measures to tackle repeat offenders. He asked whether the effectiveness of the implementation would be reviewed.

3.10 The Director-General of Office of the Telecommunications Authority (DG, OFTA) advised that up to the end of February 2009, the Office of the Telecommunications Authority (OFTA) had received 9 925 reports against different types of unsolicited commercial electronic messages including pre-recorded telephone messages, short messages, fax, and emails, and 7 274 reports of which (73%) had been dealt with. The remaining 2 651 reports of suspected contravention of the Unsolicited Electronic Messages Ordinance (Cap. 593) would be processed expeditiously and complainants would be informed of the outcome of the investigations. DG OFTA said that it was quite common that more than one report was attributed to the same sender. Up to end February 2009, one enforcement notice, 69 warning letters, and 804 advisory letters had been issued. The OFTA would closely monitor the compliance situation and take appropriate action against repeat offenders. For repeat offenders, following the issue of an advisory letter, if reports continued to be filed against the same sender, OFTA would commence formal investigation and issue a

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warning letter to the senders concerned. On the number of registrants on the "Do-not-call Registers", she said that more than one million users had so far registered. The registers were still open for registration and OFTA would continue to publicize the registration system, which had been fine-tuned several times in the light of operating experience. To enhance efficiency, the form for lodging report with OFTA had been revised to facilitate reporting of suspected contravention. Reporting procedures, investigation and enforcement would be reviewed on a regular basis to ensure effective and efficient operation.

Mid-term review of domestic free television programme services licences

3.11 Mr Paul TSE expressed concern about the financial stringency of ATV as recently reported in the media. He asked whether the Administration would consider bringing forward the review of ATV's free television programme service licence scheduled for December 2009. While hoping that the new capital injection by a Taiwanese tycoon would help turn ATV around, he suggested that contingency plans be in place for the Administration to take control in the event that ATV was unable to continue its operation due to financial difficulty.

3.12 Mr LEE Wing-tat said that few of ATV's programmes enjoyed high Appreciation Index ratings. He was of the view that given its long-standing financial problems, relatively small audience and small market share, ATV had difficulty in providing quality TV programmes that could compete with TVB. He questioned whether the Government had conducted any study or survey on ATV's performance. As airwave spectrum was a scarce public resource, he urged the Administration to seriously reconsider whether ATV should continue to be allocated this public resource if there was no sign of improvement.

3.13 SCED advised that the current domestic free television programme service licences of ATV and TVB, valid until end 2015, were subject to a mid-term review to be conducted by December 2009. Preparation work for the mid-term review had already commenced. Following the established practice, the Broadcasting Authority would review the two licensees' performance against the statutory and licensing requirements, assess their capital and programming investment plans for the next six years (i.e. from 2010 to 2015), and make recommendations to the Chief Executive-in-Council by end of 2009. Public views on the two licensees' performance would be solicited as part of the mid-term review. The Broadcasting Authority would hold a public hearing and

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conduct a public opinion survey in mid-2009 to gauge community views on TV services and assess public responses to the licensees' performance, and the Panel on Information Technology and Broadcasting would be briefed on the mid-term review. SCED further said that it was necessary to provide a fair competition environment for television programme services. There were provisions in the Broadcasting Ordinance (Cap. 562) governing the extension and renewal of licence as well as suspension and revocation of licence. The injection of new funding and the new management team would hopefully help turn ATV around. SCED assured members that the Government and the Broadcasting Authority would closely monitor the operation of the two licensees to ensure the provision of quality TV services in accordance with the statutory requirements, licensing conditions, and codes of practice.

Government Wi-Fi service

3.14 Noting that different districts across Hong Kong had different Wi-Fi hotspots, Miss Tanya CHAN enquired about the criteria for determining the distribution of Wi-Fi installations at different locations. She asked whether there was any plan to co-operate with private commercial set-ups to provide Wi-Fi services in commercial premises.

3.15 The Government Chief Information Officer replied that the objective of the GovWiFi programme was to provide free Internet access service for the public at those Government premises with a high number of visitors. Wi-Fi hotspots were installed at Government premises with high public patronage such as public libraries, youth and social centres, job centres, and public enquiry service centres as recommended by departments. While the current GovWiFi programme was limited to Government premises only, a commercial service provider had been commissioned through open tendering to install Wi-Fi facilities and deliver Internet connection service to the public. The programme had thus helped stimulate the provision of public Wi-Fi services by the private sector, and had in turn facilitated Wi-Fi development in Hong Kong. There were at present several thousands commercial hotspots in commercial premises. The Housing Authority (HA) had also made available facilities in about 150 public rental housing estates for service providers to provide free Wi-Fi services to HA tenants. The Administration was looking into opening up some locations to facilitate deployment of public Wi-Fi hotspots by commercial service providers.

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3.16 Miss Tanya CHAN enquired about the Government's plan on digital inclusion to improve access to information, communication and technology (ICT) facilities and connectivity for disadvantaged groups such as people with disabilities. The Government Chief Information Officer advised that a Digital Inclusion Task Force had been set up to advise the Government on the formulation of relevant strategies and initiatives on digital inclusion for disadvantaged needy groups, among which people with disabilities were identified as one of the high priority groups. The Task Force had reviewed existing service provisions and suggested additional initiatives to improve the access of the disadvantaged needy groups to ICT facilities, ICT skills and training, as well as useful content and applications that could enrich their lives. As regards Government websites, guidelines were in place to facilitate the visually impaired to access the content of the websites.

Job creation

3.17 Mr WONG Kwok-hing expressed concern about the rising unemployment rate amid the economic downturn. He enquired about the Government's initiatives to drive the creation of jobs and the estimated number of new jobs anticipated to be created directly or indirectly in various policy areas under the purview of the CEDB.

3.18 SCED replied that the Government adopted an approach towards employment preservation and job creation through the support of private enterprises and stimulation of the economy. In the ICT sector, apart from gearing up the approval and implementation of Government ICT projects that would create jobs, efforts were also being made to help retrenched ICT professionals to remain in the industry. The Administration had been working with the industry bodies to co-organize activities to facilitate local ICT small and medium enterprises to showcase their products and services to potential customers, and to assist ICT professionals to access opportunities for training, employment, self-employment, and ICT-related voluntary work. On job creation, SCED said that about 20-30 jobs would be created under the Communications and Technology Branch of the CEDB. In addition, about 50 temporary IT training and consultancy jobs would be created under the \$6 million training programme to help enhance ICT adoption by small and medium enterprises. On facilitating digital inclusion, the \$63 million earmarked for a one-year territory-wide education campaign on the safe and healthy use of the Internet was expected to

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create some 500 one-year temporary jobs. Provision had also been set aside under the Innovation and Technology Fund to expand the Internship Programme covering some 600 intern positions.

Chapter IV : Commerce, Industry and Tourism

4.1 At the invitation of the Chairman, Mrs Rita LAU NG Wai-lan, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau (CEDB) for the 2009-2010 financial year (Appendix IV-3).

Small and Medium Enterprises Loan Guarantee Schemes

4.2 Mr WONG Kwok-hing and Mr Vincent FANG noted that as at 19 March 2009, only about 5 700 loan applications had been approved under the Small and Medium Enterprises (SME) Loan Guarantee Scheme and the Special Loan Guarantee Scheme (SpGS), involving a total loan amount around \$10.4 billion and representing only about 10% of the total Government guarantee commitment of \$100 billion. They were concerned whether the low take up of the schemes was due to difficulty in securing loans from the participating lending institutions (PLIs). With the unemployment rate standing at 5% and trending up, they asked what additional support measures would be introduced to strengthen support for SMEs and preserve employment. Referring to the recent measures introduced by the Central Government in Shenzhen and Guangdong, Mr WONG Kwok-hing asked whether similar initiatives would be launched in Hong Kong to strengthen support for local enterprises, SMEs in particular, amid the global financial crisis. Mr Vincent FANG requested the Administration to consider raising the level of Government guarantee to 80% - 90%, and buying out the SME loans instead of just acting as a guarantor providing 70% loan guarantee. Mr Andrew LEUNG, Mr Jeffrey LAM and Dr LAM Tai-fai shared the view that new initiatives and additional relief measures for local businesses should be introduced.

4.3 SCED said that the Government attached great importance to SMEs as they were the backbone of Hong Kong's economy. In response to the industry's call for greater support, the SpGS and a series of additional measures were rolled out within a short period of time to facilitate SMEs in obtaining immediate cash flow relief from the commercial lending market. To help re-capitalise business enterprises, the Government had taken the lead in providing 70% loan guarantee under the SpGS to boost PLIs' confidence in lending to businesses. PLIs were also encouraged to be accommodative and flexible, within bounds of prudent risk management, to the liquidity needs of local enterprises. To enable more companies to benefit from the SpGS, all companies

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(except listed companies) registered and with substantive business in Hong Kong and had been operating for one year as at 15 December 2008 were eligible to apply. SCED highlighted that the Administration would, in collaboration with chambers of commerce and trade bodies, continue to publicize and promote the schemes. The Administration would also keep close track of developments and actively explore the feasibility of all options available to provide timely assistance to SMEs.

4.4 Dr LAM Tai-fai said that contrary to the Administration's claim of success of the loan guarantee schemes, the industry generally considered the schemes ineffective in addressing SMEs' pressing liquidity problems, as many enterprises still found it difficult to obtain loans from the PLIs. He asked whether the Administration had drawn up any criteria and indicators to assess the effectiveness of the schemes in the review. Mr WONG Kwok-hing asked when the Administration planned to review the funding schemes.

4.5 SCED said that the schemes aimed to help as many enterprises as possible, and had to a certain extent helped ease the liquidity problem of some enterprises. The number of applications and the loan amount approved had picked up strongly in the recent month, which showed that a growing number of enterprises were beginning to benefit from the schemes. As at 19 March 2009, about 5 700 loan applications had been approved, and most of the beneficiaries were small enterprises with less than 20 employees, involving some 80 000 jobs. The Administration would work towards maximizing the cost-effectiveness of the schemes, taking into account feedback from both the industry and Legislative Council Members. A review of the schemes was expected to be completed by end May 2009, and the schemes would likely continue. She noted Mr Andrew LEUNG's suggestion that the review outcome should be announced as early as possible to dispel uncertainty among PLIs and SMEs. In response to the Chairman's enquiry about the number of rejected loan applications, the Director-General of Trade and Industry informed members that as at 1 March 2009, about 8 700 applications for SpGS had been received, of which around 3 100 were referred to Trade and Industry Department for further processing, around 1 200 were rejected by PLIs, and about 4 000 were being vetted by PLIs.

4.6 Mr Ronny TONG said despite the 70% Government loan guarantee, some PLIs still charged exorbitant interest rates (such as Prime plus 10%) and

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imposed harsh conditions on prospective borrowers. He asked how the Administration would assist the SME borrowers in this regard and whether the Administration would consider providing guidance/information on interest rates under these schemes. SCED replied that it was the commercial decision of individual PLIs to determine the terms and conditions of a loan, including the interest rates for lending. Generally speaking, the reduced credit risk as a result of the guarantee provided by the Government would be suitably reflected in the interest rates. While the Administration and the Hong Kong Monetary Authority had urged the PLIs to be flexible and accommodative to the liquidity needs of their customers, it was equally important for banks to maintain a proper balance between exercising flexibility and ensuring prudent credit risk assessment. The Administration was not in a position, nor would it be appropriate to provide to SME applicants information on interest rates charged by PLIs, as this might be construed as recommending certain PLIs to borrowers. SME borrowers could consider approaching different PLIs to find the one that best suited their needs.

4.7 Mr Tommy CHEUNG said that the catering and restaurant sectors were considered by PLIs as high risk businesses and therefore could not benefit from the SME funding schemes. To help boost businesses and stimulate spending by local people, the retail, catering and restaurant businesses had voluntarily offered special discounts to customers. In order that tourist-related sectors could take full advantage of business opportunities brought about by the further liberalization of the Individual Visit Scheme, Mr CHEUNG urged the Administration to consider deploying resources and enlisting the assistance of the Mainland offices of Hong Kong Tourism Board (HKTB) and the Constitutional and Mainland Affairs Bureau to help publicize the discounts offered by the catering industry in Hong Kong to attract more Mainland visitors to Hong Kong. SCED advised that resources had been provided to beef up HKTB's marketing efforts in the Mainland. Additional resources, if deemed necessary, would be considered. She undertook to relay the suggestion to the HKTB.

4.8 Dr Priscilla LEUNG noted that many experienced staff were rendered jobless following the closing down of SMEs. She called on the Administration to consider setting up a special fund to assist the unemployed to upgrade themselves and change to other jobs. SCED advised that apart from various schemes and measures introduced by CEDB to support enterprises and preserve employment, the Labour and Welfare Bureau had been working on a different front in providing support for the unemployed through initiatives under its policy

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purview. In the information, communication and technology (ICT) sector, apart from gearing up the approval and implementation of Government ICT projects that would create jobs, efforts were also being made to help retrenched ICT professionals to remain in the industry. The Administration had been working with industry bodies to co-organize activities to facilitate local ICT SMEs to showcase their products and services to potential customers, and to assist ICT professionals to access opportunities for training, employment, self-employment, and ICT-related voluntary work.

Assistance to Hong Kong enterprises operating in the Mainland

4.9 Referring to the various support and facilitation measures recently announced by the Central Government and the Guangdong Provincial Government to assist Hong Kong enterprises operating in the Mainland, Mr Andrew LEUNG called on the Government to actively follow up with their Mainland counterparts to expedite the implementation of these relief measures and to make early announcements of the implementation details to help SMEs seize the business opportunities.

4.10 SCED said that the Government had been liaising closely with the Mainland authorities to reflect the concerns of Hong Kong enterprises. A meeting co-chaired by the Chief Executive and the Minister of Commerce had been held in early March 2009 for Hong Kong business leaders to reflect directly to Mainland officials the difficulties and concerns encountered in developing the Mainland market. The Central Government had implemented facilitation measures, such as allowing the settlement of trade obligations in Hong Kong in Renminbi, raising export tax rebate rates, and suspending the need for actual payment of standing book deposit for processing trade enterprises, etc. At the provincial level, the Guangdong authorities had set up a special fund for the restructuring and upgrading of processing trade enterprises, and temporarily reduced or waived a number of administrative fees and social insurance. The Government had maintained close liaison with the Mainland authorities to seek an early implementation of the support measures. Briefing sessions and seminars had been organized to help Hong Kong enterprises understand and make corresponding adjustments to the changes in Mainland policies and legislation.

4.11 In reply to Mr Jeffrey LAM's enquiry about new initiatives to help Mainland-based Hong Kong enterprises to weather the financial crisis, SCED said

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that the focus in the coming year would be on assisting Hong Kong enterprises to develop the Mainland domestic market through participating in trade fairs held in various regions of the Mainland, and organizing large-scale Hong Kong consumer product fairs in Mainland cities. Following the success of a fair recently organized by the Hong Kong Trade Development Council in Guangzhou, similar fairs would be held in Wuhan and Chongqing for Hong Kong enterprises to market their products to Mainland consumers directly. The Administration would keep in view market developments and formulate suitable facilitation measures in support of Hong Kong-owned enterprises.

4.12 Referring to the Administration's effort to help the processing trade to restructure, upgrade, and relocate, Mr Paul CHAN noted that under the existing taxation regulations, depreciation of equipment and machinery purchased with loans granted under the SME funding schemes for use in Mainland operations was not tax deductible. He considered the restriction not conducive to the development of the processing trade, and urged for a review of the tax regime in respect of different forms of processing trade. SCED noted the suggestion and undertook to relay the concern to the Financial Services and the Treasury Bureau for consideration.

Competition Bill

4.13 Mr LEE Wing-tat enquired about the reasons for deferring the introduction of the Competition Bill and queried whether the deferral was due to objection from major land developers and chambers of commerce. SCED said that the Competition Bill was a very significant and complex legislation. To ensure effective implementation of the competition policy, more time was needed to prepare details of the institutional framework and to draw up the exemption provisions for "non-exempted" statutory bodies in the light of some recent legal developments and feedback received during the public consultation conducted in 2008. The legislative timetable for the Competition Bill therefore had to be adjusted accordingly. CEDB was working closely with relevant parties within the Administration to resolve the policy, legal, and technical issues, and would strive to introduce the Bill as soon as practicable within the 2009-2010 legislative session. The Panel on Economic Development would be briefed on the latest development at its meeting on 30 March 2009.

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Consumer protection

4.14 Miss Tanya CHAN enquired about the timetable for introducing legislation to regulate misleading and undesirable sales practices in the light of the Consumer Council (CC)'s recommendations. She urged the Administration to expedite the review to enhance consumer protection. SCED replied that the recommendations made by CC, which were complex and covered a wide spectrum, had to be examined in detail. Issues that required careful examination included the definition of inappropriate sales practices, the scope of misleading representations and material omissions, implementation problems, and interface with existing laws and other regulatory regimes. She said that the Administration was mindful of the need to protect consumer rights and had agreed in principle to strengthen regulation against inappropriate sales practices. The Administration would endeavour to expedite the review as far as practicable and consult the public on the way forward.

Promoting tourism

4.15 Mr Paul TSE noted that in addition to the \$502.2 million subvention to the HKTB, the \$30 million provision earmarked for Meetings, Incentive Travels, Conventions, and Exhibitions promotions, and the \$1 million funding for Shanghai Expo, the HKTB could also apply for the \$100 million "Mega Events Fund" (MEF) which was set up to support not-for-profit organizations to stage arts, cultural and sports events. He questioned whether there would be a duplication of resources, and whether these arrangements were intended to indirectly increase resources for the HKTB. SCED replied that there would not be any overlap of resources. The HKTB would use the subvention and other provisions according to its work plan. The MEF had a well-defined purpose and scope, and a fair, open and transparent operation mechanism would be set up to ensure fair allocation of resources and proper use of the fund in a cost-effective manner. All applications to host mega events, including those lodged by the HKTB, would be vetted by the Assessment Committee against a clear set of eligibility criteria and assessment requirements.

4.16 While noting that a \$18.7 million provision had been made in the 2009-2010 estimates to support HKTB's marketing efforts in emerging markets of Russia, the Middle East and India, Mr Paul TSE questioned why the Chairman of the HKTB, Mr James TIEN, had been quoted by the HK Economic Journal as

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expressing reservation over the market potential of these countries. Mr TSE sought clarification over the apparent inconsistency. SCED remarked that she was not in a position to comment on the press report. However, she noted that the HKTB had already started marketing campaign in these markets and Chairman of the HKTB had personally taken part in the activities in India.

4.17 Ms Starry LEE noted that about 80% of the budget provision for the HKTB and its major work focus was on promoting Hong Kong overseas. While appreciating the importance of marketing and promotion efforts to attract overseas visitors, Ms Starry LEE held the view that more should be done to encourage local people to stay and spend in Hong Kong especially during holidays to stimulate domestic consumption. She added that more resources should be deployed to promote district cultural and heritage programmes/events to local people, and also to promote green tourism and develop new tourism products with a local flavour such as repackaging the Temple Street and Women's Street so as to attract not only overseas visitors but also local people.

4.18 In reply, SCED highlighted the importance of HKTB's work in promoting quality tourism services and organizing mega events to enhance Hong Kong's appeal, leveraging on Hong Kong's strengths in shopping, dining, culture, and heritage. She pointed out that both locals and overseas visitors could participate in the events organized by the HKTB and benefit from the development in tourism infrastructure facilities. Referring to the \$5.5 billion redevelopment project of the Ocean Park (OP) which was expected to double the number of attractions at OP to around 70 by 2013, the Commissioner for Tourism (C for Tourism) added that local people could also enjoy the new tourism facilities such as the "Funicular System" and the "Amazing Asian Animals", which would soon commence operation. On green tourism, SCED said that the HKTB would roll out green tour itineraries this year targeting the silver-hair generation of Japan. Apart from staging a new "Hong Kong Hiking Festival", the HKTB would continue with other activities including outlying island tours and Hong Kong Wetland Tours to promote Hong Kong's scenic countryside.

Aberdeen Tourism Project and redevelopment of Ocean Park

4.19 Mrs Regina IP expressed concern over the slow progress of the Aberdeen Tourism Project (ATP) and the proposed Fisherman's Wharf. Noting that many residents in the Southern District objected to the proposed development

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of three hotels in the OP, she enquired how it would tie in with the rejuvenation and hotel development plan for Wong Chuk Hang. She cautioned the Administration to take note of the cyclical nature of tourism and the hotel market in the overall planning for new hotels for Hong Kong, and to assess the demand of Mainland visitors, the main visitor segment of OP, for hotel accommodation at OP.

4.20 SCED said that with the alignment of the South Island Line (East) now being fixed, the ATP would be taken forward. The findings of the consultancy report on financial viability of the ATP would be reported to the Southern District Council and the Panel on Economic Development in April 2009. As regards hotel developments in the Wong Chuk Hang area, the Wong Chuk Hang Outline Zoning Plan had been considered and approved by the Town Planning Board (TPB) allowing change of land use from "industrial" to "business", including hotel. However, any such development would be market driven. On hotel development at OP, she said that the residents' main concern was the height of the proposed hotels, which had been dealt with by the TPB in accordance with the Town Planning Board Ordinance.

4.21 Mrs Regina IP referred to the public's interest in killer whale and enquired whether it was possible to have a killer whale as an attraction in the OP. The C for Tourism replied that, where circumstances permit and subject to availability, the OP Corporation would consider enhancing the park's animal collection to enrich guests' experience.

Hong Kong Disneyland

4.22 Mr CHAN Kam-lam expressed with concern that the Hong Kong Disneyland (HKD) management had recently raised its admission fee despite the economic downturn, and refused to disclose the annual visitor figures of the theme park. In his view, the annual visitor figures should be announced for corporate transparency and for comparison with the original projection (around five million visitors per annum) so that the success or otherwise of the theme park could be assessed. He asked about the measures the Government (being HKD's major shareholder) had taken to monitor and enhance HKD's operational performance.

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4.23 SCED advised that the HKD operated under the supervision of the Board of Directors of Hongkong International Theme Parks Limited (HKITP). Cumulatively, HKD's attendance had surpassed the 15 million mark since its opening in September 2005. While the admission fee was determined on the basis of commercial considerations, the Administration had urged the management company to enhance services so as to strengthen the park's appeal to visitors. SCED undertook to convey to the Board of Directors Members' concern about the admission fee increase and non-disclosure of annual visitor figures.

4.24 Mr CHAN Kam-lam, Mr Fred LI and Dr Priscilla LEUNG expressed concern about media reports that some 30 HKD engineers had been laid off with the cessation of creative and design work for the theme park's expansion, following failure in reaching agreement with the Government on the expansion plan. These Members called for an early conclusion of the negotiations between Government and The Walt Disney Company (TWDC) and urged for higher transparency on the progress of the negotiations. Mr Fred LI expressed concern that without an expansion and given its small size, the HKD would likely lose its appeal in the face of competition from new theme parks in the Mainland such as that in Shanghai. Mr Fred LI and Dr Priscilla LEUNG sought clarification on TWDC's claim that no resource outlay was expected from the Government for the proposed expansion plan.

4.25 SCED responded that the Administration was actively discussing with TWDC the proposed expansion plan of the HKD and the financial arrangements. As discussions were still going on, it was not appropriate to release the contents of the discussions at the present stage. She added that the negotiations on the expansion plan and the possible capital realignment for the HKITP involved more than just capital injection from TWDC. It would also be incorrect to say that no resources from the Government would be required under TWDC's proposals. SCED stressed that every effort would be made to secure the best possible deal from TWDC with a view to enhancing HKD's appeal and operational performance that would serve the overall interests of Hong Kong. In this connection, a supernumerary Administrative Officer Staff Grade C post had been created in the Tourism Commission for nine months from February 2009 to support the Government's discussions with TWDC. While no timetable had been set for the negotiations, it was hoped that there would be clear progress in the

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discussions in the coming months, and Members would be updated of the progress and outcome of the discussions in due course.

4.26 Referring to media reports that the 30 laid-off engineers were each paid \$500,000 for the retrenchment, Dr Priscilla LEUNG enquired whether the Government, which held a 57% stake in the HKD, had to share the cost. SCED advised that the cost was borne by TWDC and not by the HKITP. Hence, the Government needed not share the cost.

Cruise terminal facilities

4.27 Mr CHIM Pui-chung expressed concern that the planning target for the first berth of the new cruise terminal at Kai Tak to commence operation in mid-2013 could not possibly meet the urgent needs of the cruise market. He suggested that the first berth should commence operation once the basic facilities were in place before completion of other complementary facilities. SCED explained that it would take time to complete the site formation works which included setting-back the seawall and dredging of the sea-bed to accommodate mega cruise vessels with deep draft. Preparatory work was now in full swing and the Administration would press for early completion of the first berth of the new cruise terminal. Funding approval would be sought in the next few months to enable the construction works to start towards the end of 2009. To expedite the construction process, site formation works and cruise terminal building works would be carried out in parallel to ensure that the first berth would commence operation in mid-2013. Once the basic facilities were in place, the first berth would commence operation ahead of the completion of the full-fledged cruise terminal building.

4.28 Noting that some cruise vessels were unable to berth at the existing cruise terminals and had to use the berthing facilities of the China Merchants Wharf instead, Mr CHIM Pui-chung asked whether these vessels could berth at the new cruise terminal at Kai Tak in future. SCED replied that the new cruise terminal at Kai Tak would be open to all cruise vessels, subject to availability and berthing schedule. It would be up to individual cruise companies to agree on berthing arrangements with the future cruise terminal operator.

4.29 Mr CHIM Pui-chung and Mr Jeffrey LAM enquired about the alternative berthing arrangements for mega cruise vessels before the first berth of

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the new cruise terminal was ready. They urged for improved facilities and services to facilitate embarkation and disembarkation of cruise passengers to help build up a positive image of Hong Kong as a premier port and a must-see cruise destination.

4.30 SCED said that mega cruise vessels had increasingly become an international trend, and it was not uncommon for mega cruise vessels to require alternative berthing arrangements worldwide. The Tourism Commission, in co-ordination with relevant Government departments, would provide assistance and advice to cruise companies on alternative berthing arrangements pending the commissioning of the Kai Tak cruise terminal. At present, hospitality services, cultural performances, temporary visitor enquiry and service counters had been set up by the HKTB for passengers of cruise vessels berthing at the Kwai Chung Container Terminals. The Tourism Commission had also worked closely with container terminal operators, cruise companies and related parties to facilitate embarkation and disembarkation of cruise passengers to provide passengers with pleasant experience in Hong Kong.

Development of wine industry

4.31 Mr Albert CHAN expressed disappointment that while the Administration had commissioned a number of studies on the harmful effects of smoking and sought to increase tobacco tax, similar studies had not been conducted on alcoholic beverages and import duties had been phased out on wine, beer and all other alcoholic drinks except spirits. He said that exemption of wine duty would indirectly encourage drinking which, according to a United Nations study and studies conducted by various advanced overseas jurisdictions, was hazardous to health and could cause family violence, crimes, and also undermine productivity. He opined that the Administration should conduct a comprehensive and in-depth study on the harmful effects of alcohol consumption, including the economic loss incurred.

4.32 SCED said that the main objective of the measures taken to promote further development of wine trading and distribution businesses was to enable Hong Kong to capitalize on the growing demand for wine across Asia. Those measures should not be mistaken as an act to encourage drinking. Statistics showed that following the exemption of wine duty in February 2008, wine trading, distribution and other related businesses had shown notable growth, bringing

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economic benefits to the community and the economy. Studies also showed that moderate drinking would not cause health hazards.

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Efficiency Unit

Outsourcing projects

5.1 Mr WONG Kwok-hing asked about the Government outsourcing projects to be launched by bureaux/departments in 2009-2010 and their impact on employment.

5.2 Head, Efficiency Unit (H, EU) advised that the role of the Efficiency Unit (EU) was to help bureaux/departments outsource their services by conducting feasibility/business case studies, reviewing outsourcing arrangements, advising on the best practices, and providing training etc. None of the studies currently conducted by EU concerned outsourcing projects. It was entirely up to the Heads of bureaux/departments to decide on their respective outsourcing programmes having regard to their own needs, and EU did not have information on which bureaux/departments were planning to launch outsourcing projects in 2009-2010.

5.3 Mr WONG Kwok-hing requested to put on record his view that EU should consult the Legislative Council before implementing outsourcing projects in future, even though such outsourcing projects would not result in deletion of civil service posts.

5.4 H, EU clarified that the role of EU was only to conduct feasibility/business case studies and provide assistance to those bureaux/departments which might wish to consider outsourcing their services, and EU was not in the position to advise whether any bureau/department was planning to launch outsourcing projects. However, she would relay Mr WONG's view and concern to the Chief Secretary for Administration (CS) and relevant bureaux/departments for consideration.

1823 Call Centre

5.5 Noting that 1823 Call Centre (the Call Centre) had handled 2 404 983 cases of enquiries by phone in 2008, Ms Audrey EU asked whether H, EU would consider employing additional staff to cope with the heavy workload. She also asked about details of the performance evaluation conducted for the Call Centre.

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5.6 H, EU explained that EU used a Balanced Score Card approach for the assessment of the Call Centre's performance against various key performance benchmarks. The benchmarks included being able to answer each call within 12 seconds and being able to address an enquiry satisfactorily upon the caller's first time of calling. It was found that the Call Centre had been able to achieve these benchmarks satisfactorily (e.g. 90% of callers had their enquiries addressed at their first time of calling). An on-going customer satisfaction survey was also conducted to collect feedback from the public on the service provided by the Call Centre. Against a scale of 1 to 5, customer satisfaction level had consistently remained at around 4.2 throughout the years since the Call Centre came into operation. H, EU further said that in response to The Ombudsman's views on the complaint handling service provided by the Call Centre, EU had engaged an external consultant to review the performance of the Call Centre and identify areas for improvements. From the on-going quarterly complaint handling surveys conducted in the past three quarters, it was found that customers' satisfaction level consistently remained at 7.5 to 7.7 against a scale of 1 to 10.

5.7 On the staffing level for the Call Centre, H, EU advised that EU had increased the numbers of full-time staff from 204 in March 2006 to 234 in March 2009, and part-time staff from 104 to 160 in the same period. The operating cost of the Call Centre amounted to about \$67 million in 2008, which was almost half of the funding resources for EU. H, EU added that EU would continue to monitor the Call Centre's performance and keep the staffing situation under review. EU was also exploring the use of modern technology, such as the Automatic Speech Recognition technology, in a bid to improve the efficiency of the service of the Call Centre.

5.8 Mr Albert CHAN said that given the current manpower level of the Call Centre, the average number of cases of enquiries handled by each staff was as many as 8 000 to 10 000 a year. He said that given such a heavy workload, the Call Centre Call Centre would not have the capacity to effectively deal with complaints referred by other government departments. He considered that EU should also set standards on service quality for the Call Centre and provide additional manpower to meet such standards.

5.9 H, EU advised that the Call Centre had handled 2.4 million cases of enquiries in 2008. For enquires concerning services provided by the 20 client departments of EU, 92% of the callers had their enquiries answered at their first

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time of calling. H, EU added that the Call Centre had also received about 290 000 complaint cases in 2008. Regarding the referral of complaints from the Transport Department to the Call Centre for issuance of acknowledgement letters to the complainants, H, EU explained that such arrangement was made at the request of the Transport Department to enable EU to keep a centralized complaint record for the Transport Department.

Administration Wing

5.10 Mr LEE Wing-tat sought justifications for the three-fold increase in salary provisions for the Political Assistant to Financial Secretary and the Political Assistant to CS in 2009-2010 under Head 142, as compared to that in 2008-2009.

5.11 The Director of Administration (D of Adm) explained that the salary provisions in the revised estimates for 2008-2009 were calculated on a six-month basis and included the salary provisions for the Political Assistant to Financial Secretary only. The provision for 2009-2010 covered the full-year salary provisions for the Political Assistant to Financial Secretary and also the Political Assistant to CS, in order to cater for the possibility of filling the position of the Political Assistant to CS in 2009-2010. If there were any unused provisions, these could be returned to the centre.

5.12 Mr LEE Wing-tat said out that the community had strong views against the Administration's appointment of more Political Assistants. He considered that if the remaining Political Assistant positions in the Government were not to be filled, the provisions for their salaries should be released earlier for other useful purposes. D of Adm responded that the Administration Wing and the bureaux concerned would keep in view of any unused provisions under this item and re-deploy the provisions for other uses as and when necessary.

Central Policy Unit

5.13 In reply to Mrs Regina IP's enquiry, Deputy Head, Central Policy Unit (DH, CPU) said that the Public Policy Research Funding (PPRF) Scheme was launched to promote public policy research in higher education institutions. In addition to the PPRF Scheme, the Central Policy Unit (CPU) separately commissioned consultancy research studies as well.

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5.14 Mrs Regina IP asked whether the consultancy research projects also involved collaboration with higher education institutions or the Bauhinia Foundation Research Centre. She also asked about the funding and how the findings of these research projects would be used. DH, CPU responded that the consultants would engage academics and experts in conducting the research studies. The annual total expenditure of CPU was around \$80 million, including \$20 million for the PPRF Scheme, about \$1 million for organizing seminars with the Bauhinia Foundation Research Centre and other institutes, about \$1.6 million for departmental expenditure, and about \$6 million for consultancy research studies. DH, CPU added that deducting the provision of \$20 million for the PPRF Scheme, the bulk of the remaining \$60 million were used to fund CPU's research projects and staff (including research staff) costs. The findings of some of the completed research projects under the PPRF Scheme would be provided to bureaux/departments for reference, while the consultancy research study reports would be published on CPU's website where appropriate.

5.15 Mrs Regina IP expressed concern about the transparency and fairness in the selection of consultants to conduct research studies for CPU. DH, CPU explained that CPU followed the established procurement procedures in selecting consultants through the tendering system. He said that CPU had collaborated with various research centres in Hong Kong selected under the tendering system.

5.16 Ms Audrey EU asked whether it was the principle of CPU that all public-funded research reports would be made public and, if not, what the criteria were for the selection of the research reports to be made public.

5.17 For the research studies under the PPRF Scheme, DH, CPU said that the academics concerned would be encouraged in the following ways to publish their research findings as far as possible --

- (a) the Research Grants Council responsible for administering the PPRF Scheme would encourage the academics concerned to upload their research reports onto the Internet;
- (b) the Research Grants Council was planning to compile the findings of the research studies for publication after obtaining the consent of the academics concerned; and

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- (c) CPU was planning to organize a seminar in the current year for the academics concerned to share their research outcome with the public.

5.18 Ms Audrey EU urged that all public-funded research reports including those conducted under the PPRF Scheme and those by the consultants engaged by CPU should be made public. She suggested that CPU should make it a contractual condition that the academics/consultants who were awarded the research fund would have to publish their research reports upon completion of relevant studies. Mr James TO shared Ms EU's views, and added that for research projects on time-sensitive issues, the Administration should review at a later time whether such issues remained sensitive and consider publishing certain relevant findings. The Chairman requested DH, CPU to consider members' suggestion.

Independent Commission Against Corruption

5.19 Mr James TO queried why the Independent Commission Against Corruption (ICAC) had not provided information on the relativity of the estimate for expenditure in relation to the Technical Services Division (TSD) in 2009-2010 to that in 2008-2009, as disclosure of such information would not compromise the investigation work of ICAC. He expressed concern about the nature of work of TSD and the use of the provisions for TSD.

5.20 The Commissioner, ICAC (C, ICAC) explained that the main role of TSD was to provide technical support in the investigation of corruption, and disclosing details of its work would inevitably compromise the efficiency and effectiveness of ICAC investigative work. The Director of Investigation (Private Sector), ICAC supplemented that in carrying out investigative duties, it was necessary for ICAC investigators to gather intelligence. He said that Subhead 103 "Rewards and Special Services" provided an essential source of funding for covert operational activities and intelligence gathering, and disclosure of details of the expenditure was not appropriate.

5.21 In reply to Mr James TO's further enquiries, C, ICAC said that the estimate of \$17 million for Subhead 103 in 2009-2010, which represented about 2% of the total expenditure of ICAC, did not include the provision of \$3.522 million for general operational equipment, consumables and maintenance

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services for TSD in 2009-2010. C, ICAC further said that as at early March 2009, the expenditure of Subhead 103 was around \$13 million which represented about 80% of the approved provision for 2008-2009. C, ICAC explained that Subhead 103 was mainly used for intelligence gathering and covert operational activities in support of investigation work of the entire Operations Department.

5.22 Mr James TO further asked whether C, ICAC could advise on the trend, e.g. whether there was any upward or downward adjustment in the TSD expenditure over the past five years, so as to facilitate Members' monitoring and detection of any irregularities in this respect.

5.23 C, ICAC assured members that ICAC had endeavoured to provide as much information as possible on the estimated expenditure. Given the large amount of investigative work of ICAC, more resources would be required under Subhead 103. He pointed out that in the first two months of 2009, ICAC had recorded a 15% increase in the total number of corruption reports received, and the number of reports related to the finance and the insurance sectors had increased by over 50%. In response to Mr James TO's enquiry about the staff establishment of TSD, the Assistant Director (Administration), ICAC said that the staff establishment of TSD had increased by two from 57 in 2007-2008 to 59 in 2008-2009 through internal redeployment.

Chief Executive's Office

5.24 Noting that only five official functions had been held at Fanling Lodge in the past three years, Ms Audrey EU expressed concern about the cost-effectiveness of maintaining the premises. She enquired about the number of the Chief Executive's (CE) private activities at Fanling Lodge and its annual management cost.

5.25 The Permanent Secretary, Chief Executive's Office (PS, CEO) advised that the Fanling Lodge was the country residence for CE. Whilst the majority of CE's official engagements would be held at the Government House, CE would also consider holding officials functions at Fanling Lodge where appropriate, but the Chief Executive's Office did not keep an official count on CE's private activities. She added that the annual management expenses for Fanling Lodge were around \$0.5 million.

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5.26 Ms Audrey EU considered that an official record on CE's private activities at Fanling Lodge should be kept as its management was funded by public money. Such records would facilitate members to consider whether Fanling Lodge should be maintained in the light of the costs and utilization rate. PS, CEO responded that the provision of official residence for CE was part and partial of CE's remuneration package, which had been recommended by an Independent Commission (on Remuneration Package and Post-office Arrangements for the Chief Executive of the Hong Kong Special Administrative Region), and endorsed by the Finance Committee in November 2005.

Chapter VI : Administration of Justice and Legal Services

6.1 At the Chairman's invitation, Miss Emma LAU, Judiciary Administrator (JA) and Mr WONG Yan-lung, Secretary for Justice (SJ) highlighted the key programmes areas under their respective purviews for 2009-2010 (Appendices IV-4-a and IV-4-b).

Waiting times for court hearings

6.2 Mr WONG Kwok-hing said that he welcomed the Judiciary's initiative of recruiting additional judicial manpower as this would enhance the quality of service. Noting that the caseload regarding bankruptcy and wind-up cases in the High Court and claims at the Labour Tribunal was expected to increase with the economic downturn, Mr WONG asked about the plans of the Judiciary to reduce the waiting times for relevant hearings.

6.3 JA said that the caseload concerning bankruptcy and wind-up cases had shown signs of increases in the fourth quarter of 2008 and claims at the Labour Tribunal had also been on the rise. The Judiciary had been closely monitoring the situation and would deploy adequate resources to cope with the increase in caseload if necessary. She assured members that the Judiciary would strive to meet the target waiting times for various levels of courts and tribunals.

6.4 Noting that the Judiciary had made contingency plans to engage additional deputy District Court Judges to hear District Court and Family Court cases using courtrooms at the Magistrates' Courts, Mr Albert HO expressed concern whether this would adversely affect the waiting times for the Magistrates' Courts.

6.5 JA responded that the Judiciary would resort to this arrangement only if the waiting times for District Court and Family Court cases were deteriorating, and the major premise was not to affect the waiting times for the Magistrates' Courts. She pointed out that there were smaller courtrooms at certain Magistrates' Courts which could not be used for hearing criminal cases due to the absence of docks. The Judiciary's plan was to make use of these courtrooms for hearing civil cases to alleviate pressure on the courtrooms in the District Court/Family Court premises.

6.6 Mr LAU Kong-wah pointed out that even with additional resources deployed to address the problem of long waiting times in pressure areas over the

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years, improvements made in the waiting times still fell short of the targets. For instance, the waiting times for summons cases still had not met the 50-day target, while the actual waiting times from 2005 to 2007 were as long as 94 or 95 days. In fact, the actual waiting time in 2008 still stood at 78 days in 2008. He also expressed concern whether the engagement of additional deputy Judicial Officers to cope with the caseload would affect the quality of service. He asked whether the provisions in the draft Estimates of 2009-2010 for the Judiciary would be sufficient to address the problem of long waiting times in pressure areas.

6.7 JA pointed out that in the past four years, although the resources deployed for summons cases had increased by about 20%, the number of summons cases had also increased by about 20% from 2005 to 2008. Despite the increased caseload, the additional resources still managed to reduce the waiting times for summons cases from over 90 days to 78 days in 2008. JA further said that apart from engaging additional deputy Judicial Officers, the Judiciary had, starting from late 2008, launched a series of open recruitment exercises to recruit Judges of the Court of First Instance of the High Court, District Judges and Permanent Magistrates. The recruitment exercises were in good progress.

6.8 Mr LAU Kong-wah suggested that the Judiciary should further explore ways to shorten the waiting times for court hearings, including increased application of information technology and review of work procedures to improve efficiency. JA responded that the Judiciary had been reviewing its work procedures to identify room for enhancement in efficiency. The improvement in the waiting times for summons cases despite an increase of 20% in caseload had demonstrated the Judiciary's achievement of better efficiency. Nevertheless, she agreed to further examine improvement measures to reduce the waiting time for summons cases.

6.9 Ms Miriam LAU expressed concern about the increase in the number of summons cases from 2005 to 2008. She suggested that the Judiciary might consider proposing certain types of offences being dealt with by summonses to be dealt with by fixed penalty, in order to reduce the pressure on judicial resources at the Magistrates' Courts. JA said that she would provide a breakdown of summon cases, by categories of offence and enforcement departments, from 2005 to 2008. As regards the proposal of introducing fixed penalty in place of issuing summons

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for certain offences, JA said that she could only relay Ms LAU's suggestion to the relevant bureaux for consideration.

6.10 Mr IP Wai-ming considered that in anticipation of the increase in claims to be dealt with at the Labour Tribunal due to the economic downturn, the Judiciary should plan for the provision of additional manpower resources to reduce the long waiting time from appointment to filing of claims by employees and relieve the heavy pressure of Tribunal Officers.

6.11 JA said that there were some fluctuations in the caseload of the Labour Tribunal, and the Judiciary had considered the caseload of the Labour Tribunal over the past 10 years in working out the relevant accommodation plan for relocating the Labour Tribunal to the South Kowloon Law Courts Building. Of the 13 courtrooms provided in the Labour Tribunal premises, only eight courtrooms were currently in use. With the spare courtrooms in the Labour Tribunal premises and deployment of additional judicial and support staff resources, additional listing arrangements could be made where necessary. JA also informed members that additional Tribunal Officers had been included in the 75 civil service staff recruited to the Judiciary in 2008-2009.

6.12 Mr Paul TSE asked why the Judiciary did not consider accommodating the Family Court at the North Kowloon Magistracy to address the shortage of spare courtrooms in existing Family Court premises and shorten the waiting time. JA pointed out that the waiting time for Family Court cases had generally met the target waiting time except for some which involved more lengthy hearings. The Judiciary had been making refinements to the listing arrangements of the Family Court to enable more efficient use of the court diaries in hearing more lengthy cases. JA further pointed out that all along the Family Court, the District Court and the Small Claims Tribunal were altogether accommodated at the Wanchai Law Courts. The Judiciary had also made contingency plans to engage additional deputy District Court Judges to hear District Court cases using courtrooms at the Magistrates' Courts if needed, thereby some courtroom resources in the District Court might be deployed for hearing Family Court cases.

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Promotion of rule of law and Hong Kong's legal system

6.13 Dr Margaret NG expressed concern that for 2008-2009, only \$75,000 was allocated for the promotion of the rule of law and Hong Kong's legal system, while as much as \$500,000 was provided for the development of Mainland-related legal services in Hong Kong. She considered that more resources should be allocated for strengthening publicity work in addition to replication of promotional video and funding overseas speaking engagements to enhance understanding of the rule of law and Hong Kong's legal system.

6.14 SJ responded that the Department of Justice (D of J) devoted a lot of resources in promoting the rule of law, e.g. by attending conferences and promotional activities held overseas or in Hong Kong, organizing activities for promoting understanding of the existing legal system under the "One Country, Two Systems" framework and collaborating with the legal professional bodies to promote legal services and enhance the public's understanding of Hong Kong's legal system. As part of D of J's efforts to promote general understanding and awareness of the Basic Law, officers of the department participated in educational activities organized for schools. Information on the Basic Law was also disseminated through newsletters published on the department's website.

6.15 As regards the development of Mainland-related legal services in Hong Kong, SJ further pointed out that the funding allocation covered a wide range of work, including conducting duty visits to the Mainland for the purpose of enhancing co-operation on legal services of both sides, and implementing the attachment programme for Mainland officials and counsel in D of J.

Law drafting

6.16 Dr Margaret NG asked whether the Drafting Techniques and Legislative Style Committee (DTLSC) in the Law Drafting Division (LDD) would review techniques of law drafting in Chinese. She further asked whether there were plans to enhance the readability of Hong Kong legislation in Chinese, and to provide necessary training programmes for staff concerned. Ms Miriam LAU expressed similar concerns and asked how DTLSC would specifically address the problem of readability of the Chinese version of Hong Kong legislation.

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6.17 SJ said that D of J would strive to recruit high calibre candidates with high proficiency in English and Chinese language and good legal knowledge to the entry rank of Drafting Counsel. D of J would also continue to enhance the law drafting skill of law draftsmen through in-house mentorship programme and enrich their drafting experience through training programmes. He advised that to improve the comprehensibility of Hong Kong legislation, it was the policy of LDD to draft, in plain language, legislation that accurately reflected the policy intent. The Law Draftsman (LD, D of J) added that DTLSC, with its team of bilingual counsel, was reviewing a range of drafting techniques and legislative style in general, such as the amending technique applied in bills, with a view to improving the comprehensibility of Hong Kong legislation in both the English and Chinese texts.

6.18 In reply to Dr Margaret NG's enquiry, LD, D of J said that the Legislative Editor position was found in many overseas law drafting offices, and the position proposed for D of J was to recruit an expert in the English language to review the use of grammar and syntax in law drafting, and make suggestions for improving the language flow in legislation. This Legislative Editor position was proposed on a trial basis for five years and its continuity would be subject to review. As for the temporary counsel position, it was a one-year contract Deputy Principal Government Counsel position responsible for a range of tasks, including review and updating of the law drafting manual, improving the readability of the statutes of Hong Kong, and enhancing knowledge management within LDD.

Prosecutions

6.19 Dr Margaret NG noted that the number of court days undertaken by Court Prosecutors at the Magistrates' Courts in 2008 was 11 799, and the average number of court days undertaken by each of the 72 Court Prosecutors (excluding the 19 officers for administrative duties) at the Magistrates' Courts in 2008 was only 164. She expressed concern whether such staffing level was justified.

6.20 SJ explained that as Court Prosecutors would need to make preparations for the court hearings they attended, the annual average number of 164 court days undertaken by each Court Prosecutor was reasonable. Dr NG opined that if preparation work for court hearings was taken into account, D of J should calculate the fees for cases briefed out to private counsel on a more reasonable basis.

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6.21 Noting that there was only one Court Prosecutor who was fully qualified as barrister, Dr Margaret NG asked how D of J could achieve the plan of having the bulk of prosecutions to be conducted by the legally qualified in the medium to long term.

6.22 SJ pointed out that many current Court Prosecutors had accumulated years of experience in prosecution work and were well recognized for their very high standard of service. In considering the issue of Court Prosecutors, D of J was guided by the principles that the bulk of prosecutions ought to be conducted by the legally qualified in the medium to long term and the standards of prosecution must be maintained, and that the position of the current Court Prosecutors must be respected.

6.23 Referring to SJ's brief explanation of the prosecution policy in his speaking note, Ms Audrey EU requested SJ to explain the legal basis on which the Administration had decided not to prosecute Mrs Grace Mugabe, wife of the Zimbabwe President, who had allegedly attacked a journalist while on a shopping trip to Hong Kong in January 2009. She asked that if Mrs Mugabe was conferred diplomatic privileges and immunities by the Central People's Government, whether the Government of the Hong Kong Special Administrative Region (HKSARG) could, under the principle of "One Country, Two Systems", refuse entry of Mrs Mugabe to Hong Kong in future, on the grounds that she was persona non grata and there were precedents that some overseas jurisdictions had also banned her from entry. Ms EU considered that the Administration should also take into consideration a precedent in which a Vietnamese diplomat had committed a criminal act in Hong Kong in 2001 and was banned from re-entry to Hong Kong afterwards, pursuant to the outcome of negotiations between HKSARG with relevant authorities.

6.24 SJ said that the Central People's Government had advised HKSARG that Mrs Mugabe had been granted immunity and inviolability pursuant to Article 22.1(3) of the Regulations of the People's Republic of China Concerning Diplomatic Privileges and Immunities (the PRC Regulations), which applied to Hong Kong by virtue of their inclusion in Annex III of the Basic Law and their promulgation by the Promulgation of National Laws Notice 1997. As also advised by the Central People's Government, the privileges and immunities granted to Mrs Mugabe included immunity from criminal jurisdiction under Article 14.1 of the PRC Regulations. SJ further pointed out that the issue of

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privileges and immunities was a matter of foreign affairs for which the Central People's Government was responsible under the Basic Law.

6.25 Ms Audrey EU asked whether the journalist concerned could seek redress by pursuing civil litigation or private prosecution. SJ said that should the journalist concerned decide to take any further actions, D of J would consider the matter after receiving more information about it. At the request of Ms EU, SJ agreed to explain in writing the legal considerations in this case. As to the suggestion of refusing entry to Mrs Mugabe if she visited Hong Kong again in the future, SJ said that the issue was under the policy purview of the Security Bureau (SB) and he would convey Ms EU's concerns to SB for consideration.

6.26 Mr James TO said he believed that the original intent of stipulating the grant of diplomatic privileges and immunities to diplomats in international agreements was to cater for practical needs of diplomats when engaged in activities of diplomatic nature. He opined that the Central People's Government and the United Nations should review the propriety of conferring diplomatic privileges and immunities to foreign head of states and their spouses during their stay in an overseas jurisdiction for non-diplomatic purpose.

6.27 Referring to certain cases where the Administration had taken legal action to recover compensation from people who had caused law enforcement officers to suffer from minor injuries during disputes in the course of enforcement operations, Mr Albert CHAN asked SJ whether the Administration would assess the chance of success in recovering compensation having regard to the financial condition of the defendant prior to taking legal action, so as to avoid wastage of manpower and resources of the Administration. He noted that some defendants were recipients of Comprehensive Social Security Assistance and might not be able to pay such compensation.

6.28 SJ responded that in recovering monetary loss incurred to the Government, the Administration would assess whether there was a high chance of success in recovering the loss. In some cases, the party concerned might propose payment by installment to avoid a court case and such proposals would be considered by the Administration.

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Provision of advice to the Police

6.29 Mr James TO expressed concerns about the allegations made by some sex workers about undercover police officers receiving free sexual services during covert operations against vice activities. He asked whether the Prosecutions Division, in considering relevant cases for prosecution, had identified issues of concern regarding the conduct of undercover police officers during such covert operations and had referred these cases to the Police for follow-up actions. Mr LEUNG Kwok-hung shared Mr TO's concern and considered that the relevant internal guidelines of the Police should stipulate that in such covert operations, undercover police officers were prohibited from receiving free sexual services provided by sex workers.

6.30 SJ responded that D of J exchanged views regularly with law enforcement departments including the Police on matters relating to investigation and prosecution, and concerns about the matters raised by Mr TO could also be raised at these meetings. The Deputy Director of Public Prosecutions said that the Police had drawn up clear written guidelines on the conduct of the undercover agents in covert operations against vice activities, and matters concerning internal guidelines of the Police were under the purview of SB.

6.31 At the request of Mr James TO, SJ agreed to provide information on the number of cases over which D of J, in the course of considering prosecution, had identified issues of concerns about the conduct of undercover police officers during covert operations against vice activities and had referred such cases to the Police for follow-up actions.

Civil Justice Reform

6.32 Mr Albert HO expressed concern about the impact of implementation of the Civil Justice Reform (CJR) on the workload of the court. He enquired about the additional staff resources to be deployed at the Masters' offices at the High Court and District Court, and the training provided to staff concerned. In view of the complexity of CJR, Mr HO considered that enhancing manpower support at the Resource Centre for Unrepresented Litigants would not be very effective in reducing the workload of the court brought about by the implementation of CJR.

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6.33 JA responded that to tie in with the implementation of CJR, the number of masters in the High Court and District Court had been increased. Seven additional judicial clerk positions had been created to enhance the support at the High Court, the District Court and the Lands Tribunal. In addition, manpower support at the Resource Centre for Unrepresented Litigants would be enhanced. JA added that tailor-made training courses on CJR had been conducted for all Judges and Judicial Officers and about 430 support staff, while relevant issues arising from CJR would also be addressed at the various training sessions for judicial staff.

6.34 Mr Paul TSE said that one of the objectives of CJR was to promote mediation as an alternative form of dispute resolution so to reduce civil litigations, and this should reduce the demand for judicial manpower resources. He asked JA whether the Judiciary had taken this into consideration in submitting the current manpower request.

6.35 JA explained that of the proposed 16 additional posts for the Judiciary, only seven were related to the implementation of CJR. The remaining posts were to enhance support at other court registries, e.g. the Probate Registry and the Small Claims Tribunal. The Judiciary would closely monitor the developments in the implementation of CJR and make any necessary adjustments in the deployment of staff resources.

6.36 In reply to Mr WONG Kwok-hing's enquiry about CJR and progress of promoting mediation service, SJ said that CJR would be implemented on 2 April 2009, and the Working Group on Mediation chaired by him was reviewing the current development of mediation with a view to making recommendations on how mediation could be more effectively and extensively used to resolve disputes. The Working Group had formed three Sub-groups to make recommendations on public education and publicity, accreditation and training, and regulatory framework. The Working Group would report its work to the Panel on Administration of Justice and Legal Services in June 2009.

Resource Centre for Unrepresented Litigants

6.37 Ms Audrey EU expressed concern about the effectiveness of support service provided by the Resource Centre for Unrepresented Litigants. Referring to the user satisfaction survey conducted by the Judiciary in 2005 which had

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found that over 90% of the respondents were satisfied with the services of the centre, Ms EU pointed out that she had received feedback from users that the counter staff did not provide useful advice. She asked about the training provided to the counter staff to equip them with necessary knowledge of court proceedings for providing useful information to the unrepresented litigants.

6.38 JA pointed out that the enquiry service at the Resource Centre for Unrepresented Litigants covered court procedural matters but not legal advice. In the 2009-2010 Estimates, one additional post would be provided on top of the existing five staff members of the Resource Centre. To tie in with the implementation of CJR, the facilities and services in the Resource Centre had been enhanced, e.g. dedicated training had been conducted for the counter staff to strengthen the support at the reception and general enquiries counters, and new leaflets and updated sample court forms had been printed. JA further said that the user satisfaction survey was conducted in 2005 by distributing questionnaires to users at the Resource Centre. The survey outcome had been reported to the AJLS Panel before. At the request of Ms EU, JA agreed to provide the survey report for members' reference.

Proposal of replacing the system of the Obscene Articles Tribunal adjudicators by the jury system

6.39 Mr WONG Kwok-hing enquired about the progress of implementing the Judiciary's proposal that the system of the Obscene Articles Tribunal adjudicators should be replaced by the jury system. JA explained that the Judiciary had made the proposal to the Administration for consideration in response to the consultation exercise launched by the Administration on the review of the Control of Obscene and Indecent Articles Ordinance (Cap. 390). She noted that the proposal was under consideration by the Administration.

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7.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury (SFST) briefed members on the proposed budget and the major policy initiatives in respect of financial services in 2009-2010 (Appendix IV-5).

Government Bond Programme

7.2 Noting that the Government intended to implement a programme to issue bonds and the sums raised would be credited to a fund established under the Public Finance Ordinance, Mr WONG Kwok-hing enquired about the arrangements for the programme and the intended use of the fund. Mr WONG suggested that the funds raised through the Government Bond Programme (GBP) and the investment returns, should be used for initiatives to create more jobs and alleviate the problem of unemployment.

7.3 SFST responded that the purpose of GBP was to put in place a mechanism for systematic and ongoing issuance of government bonds in order to promote further and sustainable development of the local bond market, rather than to raise funds for public expenditure. The sums raised under GBP would be credited to a fund, which would primarily be used to repay principal of bonds issued, to meet the financial obligations and liabilities associated with GBP and to make investments. The fund would not be treated as part of the fiscal reserves and would be managed separately from the general revenue. The objectives of the investment strategy of the fund were to preserve capital and generate reasonable investment returns for covering the financial obligations and liabilities under GBP. Funding requirements for policy initiatives such as implementation of public projects to create jobs would be met, as far as possible, by operating revenue, or if operating revenue fell short of operating expenditure, the fiscal reserves.

7.4 While supporting the proposed issuance of government bonds, Mr Albert CHAN expressed concern about the uses of the funds raised. He suggested that the funds should be used to finance the construction of major infrastructure projects such as the Hong Kong-Zhuhai-Macao Bridge, so that the investing public could benefit from the stable interest returns/revenues of the projects. This could also relieve the burden on public expenditure for the construction costs of infrastructure projects. Such financing arrangement would be better than the existing one for infrastructure projects under which high

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interests/returns would be paid to the participating private enterprises. Mr CHAN further suggested that an independent statutory body should be set up to manage the funds raised, in the form of a bridge and tunnel authority suggested earlier by some Members.

7.5 SFST emphasized that the aims of GBP was to promote market development and to provide more choices to investors. Issuance of government bonds would not impact on the Government's established practices in managing public finance. Sums raised under GBP were not intended for financing infrastructure projects and the current financing arrangements for such projects would continue to apply. Mr Albert CHAN opined that there was no conflict between developing the bond market and implementing an improved financing arrangement for the construction of infrastructure projects. He urged the Administration to give due consideration to his suggestion so that the issuance of government bonds could achieve both purposes. In reply to Mr Albert CHAN's enquiry, SFST advised that the Government welcomed inclusion of government bonds under the investment portfolio of the Mandatory Provident Fund Schemes.

7.6 Mr Jeffrey LAM enquired whether the Administration would consider issuing Renminbi (RMB)-denominated bonds under GBP to attract international investors, such as Islamic funds. SFST advised that the size of RMB deposits in Hong Kong had its development constraint. On the other hand, the Government's current objective to develop the local bond market would need to be supported by a sufficiently large volume of bond issuance, which would help broaden the investor base and facilitate bond issuance by local corporations. The Government considered that issuance of Hong Kong dollar-denominated government bonds would best serve the purpose. The Government would continue to develop the local RMB market by such means as following up the implementation of initiatives including RMB trade settlement and issuance of RMB bonds by Mainland institutions in Hong Kong.

Islamic bond market

7.7 Miss Tanya CHAN asked about the progress in facilitating the development of an Islamic bond market in Hong Kong. She enquired whether the Administration had undertaken any study in this connection such as investors' interest in Islamic financial products and the anticipated volume of such products to be offered in the market.

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7.8 SFST pointed out that development of Islamic bond market in Hong Kong was a relatively new and long-term initiative. Islamic countries aside, the platform for development of Islamic bond market had only been provided in a few non-Islamic countries. The Government had made relevant efforts in the past two years, including conducting promotional work, and had seen launch of Islamic funds, and setting up of Islamic banking windows as well as Islamic financial institutions' branch offices in Hong Kong. The Government had been reviewing the relevant taxation arrangements in consultation with stakeholders, and planned to introduce in 2009-2010 a legislative proposal to adjust the arrangements for stamp duty, profits tax and property tax under the Stamp Duty Ordinance and Inland Revenue Ordinance, in order to provide a level playing field for Islamic financial products vis-à-vis conventional ones. While enactment of legislative amendments would take some time, the Government considered that the initiative of Islamic finance development could be best served in the longer run if the aforesaid adjustments were to be implemented by legislation instead of administrative measures.

7.9 Pointing out that many investors had lost confidence in the bond market after the Lehman Brothers Minibonds Incident, Dr Priscilla LEUNG asked what measures the Administration would take to restore the confidence of investors for the further development of the bond market.

7.10 SFST advised that to restore market confidence in the midst of the global financial turmoil, efforts would be made to optimize the regulatory regime for the financial markets. The Hong Kong Monetary Authority (HKMA) had been working with banks to implement appropriate measures to enhance regulation of the sale of structured financial products. The Securities and Futures Commission (SFC) had also set aside about \$20 million for investor education.

7.11 Mrs Regina IP opined that instead of facilitating the development of Islamic bond market which required legislative amendments and considerable resources, the Administration should consider developing the aviation and aircraft financing business in Hong Kong, in view of the expansion of aviation industry in the Mainland and the Asian region.

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7.12 SFST stressed that the proposed development of an Islamic bond market in Hong Kong was a move in the right direction, given the huge potential and scale of investment in Islamic financial products, as well as the emerging markets' interests in the Mainland and Hong Kong. As regards other proposals for development of the financial market, SFST said that the Government maintained close communication with the financial sector, and would examine proposals to facilitate market development in detail with the relevant regulators and stakeholders.

Monetary and economic co-operation with the Mainland

7.13 Mr Jeffrey LAM expressed concern about the expansion of RMB business in Hong Kong. He asked whether the new arrangements, such as the settlement of trade transactions in RMB and the currency swap agreement between HKMA and the People's Bank of China, would increase the amount of RMB deposits in Hong Kong.

7.14 SFST advised that the settlement of trade transactions in RMB would help boost the amount of RMB deposits and facilitate the further development of RMB business in Hong Kong. The currency swap arrangement aimed to enable branches and subsidiaries of Hong Kong enterprises in the Mainland to obtain RMB liquidity to meet their financing needs.

7.15 Noting that no additional resources would be allocated for advancing financial co-operation with the Mainland in 2009-2010, Mr CHAN Kam-lam expressed concern about the work progress in this respect. Mr CHAN pointed out that co-operation between the financial systems of Hong Kong and the Mainland should be enhanced as soon as possible for the expansion of RMB services and the reduction of discrepancies between the regulatory systems of the two places. In this regard, Mr CHAN enquired about the frequency of meetings for the Hong Kong/Guangdong Coordinating Committee (the Coordinating Committee) set up for the implementation of the "Framework for Development and Reform Planning for Pearl River Delta Region" (the Framework). As the Coordinating Committee would focus on the co-operation of four priority areas (i.e. financial industry, service industry, infrastructural facilities and town planning, as well as innovation and technology), Mr CHAN asked whether dedicated working groups would be formed under the Coordinating Committee to deal with each of the four areas so as to expedite work progress.

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7.16 SFST said that in addition to the meetings of the Coordinating Committee, the Hong Kong Special Administrative Region (HKSAR) Government maintained close and regular communications with relevant Guangdong authorities for the implementation of the Framework. The various regulators and bureaux/departments also exchanged views on issues of common concern with their relevant Mainland counterparts on the four priority areas. On financial industry, the discussions covered initiatives such as developing RMB business in Hong Kong and encouraging enterprises in the Pearl River Delta Region to seek listing in Hong Kong. The relevant Panel of the Legislative Council would be briefed on the progress of advancing financial co-operation with the Mainland.

7.17 The Permanent Secretary for Financial Services and the Treasury (Financial Services) (PS(FS)) supplemented that discussions on financial co-operation were held between the relevant authorities/organizations of HKSAR and the Mainland for various initiatives concurrently. For example, SFC and the Hong Kong Clearing and Exchanges Limited met with the Mainland authorities on ways to encourage enterprises in the Pearl River Delta Region to seek listing in Hong Kong; the Financial Services and the Treasury Bureau (FSTB) and the Hong Kong Institute of Certified Public Accountants engaged the Ministry of Finance with respect to developing accounting services opportunities in the Mainland; and FSTB, HKMA and the People's Bank of China worked in collaboration on the settlement of trade transactions in RMB.

Initiatives to enhance regulation of the financial sector

7.18 Mr Albert HO expressed grave concern that there was no concrete timeframe and action plans for the implementation of a number of initiatives under the purview of the Financial Services Branch (FSB) of FSTB, such as the proposed establishment of a financial services ombudsman, proposal for the setting up of an independent Insurance Authority, and introduction of a corporate rescue procedure. Mr HO was of the view that the legislative amendments for implementation of these proposals should be worked out expeditiously to ensure early enhancement of the regulatory regime for the financial sector.

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7.19 SFST said that it would take some time to study the proposed establishment of a financial services ombudsman with reference to overseas experience. As regards the proposal for the setting up of an independent Insurance Authority, SFST advised that the Administration would review the information collated from previous studies and examine the appropriate way forward for the regulation of the insurance industry, having regard to overseas practices and changing circumstances. On corporate rescue, there were divergent views among different stakeholders on the proposed procedure introduced in early 2000s. The Administration was now conducting further consultation with stakeholders on the introduction of the procedure to help companies in financial difficulty turn around.

Linked Exchange Rate system

7.20 Mr CHIM Pui-chung pointed out that the US dollar had weakened as a result of the economic downturn amid the global financial crisis. He opined that the Administration should review the existing arrangement of using the US dollar as the anchoring currency under the Linked Exchange Rate (LER) system. Mr CHIM said that the continued pegging of Hong Kong dollar exchange rate to that of the US dollar would have significant impact on prices of imports and the cost of living of Hong Kong people. Referring to the floating exchange rate system adopted by Singapore, Mr CHIM was of the view that given the strong economic development on the Mainland, it was time for Hong Kong to review the anchoring currency and the arrangement under the LER system.

7.21 SFST said that the LER system had been functioning effectively in supporting financial development and in maintaining monetary stability of Hong Kong in the past years. While there had been calls for review of the LER system from time to time, the Government had no plan to change the current arrangement, which was of significant value in maintaining the monetary stability of Hong Kong.

Complaints arising from Lehman Brothers Minibonds Incident

7.22 Mr KAM Nai-wai expressed concern that the Administration was only deploying existing staff and resources for implementing the Action Plan to follow up on reports prepared by HKMA and SFC on the Lehman Brothers Minibonds Incident (the Action Plan). He was also gravely concerned that out of

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a total of about 20 000 complaints arising from the Lehman Brothers Minibonds Incident (Lehman-related complaints), HKMA had only referred about 300 cases to SFC for investigation. He enquired about the manpower plans and measures to expedite the complaint handling process and the implementation of the Action Plan.

7.23 SFST said that HKMA and SFC had allocated additional resources for the handling of the Lehman-related complaints. For the follow-up work on the reports prepared by HKMA and SFC, the Administration considered that this could be absorbed through deployment of existing staff and resources in FSTB and the two regulatory bodies. The Executive Director (Banking Development), HKMA (ED(BD), HKMA) advised that out of the 20 364 Lehman-related complaints, HKMA had completed preliminary assessment on 20 322 cases. About 5 000 cases were identified for investigation and preliminary investigation on about 4 000 of these cases had been conducted. There was *prima facie* evidence to substantiate mis-selling in about 400 cases and these had been referred to SFC for further investigation at the bank level. SFC had been dealing with the complaints as quickly as possible through a top-down approach, under which SFC would examine the conduct and practices of individual banks in the sale of structured financial products with the assistance of cases referred by HKMA. HKMA had spared no efforts in handling the complaints and deployed large number of dedicated staff for the task. To increase the manpower support for its complaint handling work, HKMA had put up advertisements for recruitment of 125 temporary staff. In the interim, HKMA had arranged for 60 additional staff on loan from accountancy firms for the task. ED(BD), HKMA further advised that as at 20 March 2009, voluntary settlement had been reached for 3 800 cases out of about 5 200 cases where banks concerned had been liaising with the affected customers for settlement.

7.24 Mr LEUNG Kwok-hung expressed concern about long time taken by HKMA to investigate the complaints received, as these complaints had to go through the preliminary assessment and only those with *prima facie* evidence of mis-selling were referred to SFC for investigation. He said that the prolonged investigation process was unfair to the complainants and some of them had no choice and could not wait longer but to accept the settlement proposed by the banks.

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7.25 SFST said that SFC was empowered under the law to conduct investigations on alleged misconduct of banks in the operation of their securities business. SFC had actually started investigation of Lehman-related complaints from late 2008.

7.26 Mr James TO enquired whether SFST would ensure that HKMA would have adequate manpower resources to deal with the Lehman-related complaints promptly. He was concerned whether SFST would set a timeframe for completion of the investigation work and asked HKMA to step up its work against the timeframe.

7.27 SFST said that upon the outbreak of the Lehman Brothers Minibonds Incident, the Administration had requested the regulators to deal with the complaints promptly and deploy additional resources to handle the cases where necessary. SFST added that HKMA had arranged additional manpower to expedite the work and had been announcing the progress of investigation regularly. ED(BD), HKMA supplemented that it was difficult for HKMA to give a definite timeframe for completing the investigation of all complaints, given the varying nature and complexity of the cases. He advised that HKMA aimed to complete the investigation of about 70% of the complaints within one year (i.e. by March 2010), subject to certain factors which might affect the investigation process, e.g. the successful recruitment of additional staff for the investigation work. Responding to Mr James TO's further enquiry, ED(BD), HKMA said that as the remaining 30% of the complaints were relatively complicated cases, and some of the complainants might request for review of their complaints, it was impracticable for HKMA to provide a definite timeframe for completion of investigation of all cases.

7.28 Dr Priscilla LEUNG said that some complainants told her that the banks imposed harsh conditions in the settlement agreements and prohibited them from disclosing settlement information to a third party. Dr LEUNG asked whether assistance would be rendered to the complainants in this regard. She also suggested setting up a contingency fund, with funds from banks, to provide immediate assistance to the Lehman-related complainants and to restore investors' confidence in financial products sold in Hong Kong.

7.29 SFST responded that the Administration would continue to enhance the regulating framework. However, he was not in a position to respond on

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behalf of the banks on the suggestion of establishing a contingency fund. He pointed out that banks had been making every effort to respond to customers' concerns and restore their confidence in the services provided by banks. ED(BD), HKMA said that while HKMA would not interfere with the discussions between banks and their customers on the settlement, HKMA had made clear to the banks concerned that the terms and conditions for their settlement with the Lehman-related complainants should not unduly prevent the complainants from providing the necessary information to the regulators in the investigation of these complaints.

Full deposit protection

7.30 Mr KAM Nai-wai said that there was public concern that certain deposits were not covered by the temporary full deposit protection. He enquired about further measures to instill public confidence in the Deposit Protection Scheme and the financial commitments for providing full protection to all types of bank deposits.

7.31 ED(BD), HKMA advised that HKMA and the Hong Kong Deposit Protection Board (DPB) had implemented a series of measures to increase public understanding of the coverage of the full deposit protection currently in place. HKMA had issued guidelines to authorized institutions requiring them to send written notifications to all account holders with non-protected deposits, notifying them which part of their deposits was not protected. DPB was planning to publish a public consultation document in the second quarter of 2009 on the review of the Deposit Protection Scheme, which sought to cover issues including the level of protection, scope of protected deposits and level of premium.

Anti-money laundering and counter financing of terrorism

7.32 Noting that an amount of \$3.3 million would be allocated for creation of a policy team consisted of six posts in FSB to enhance the anti-money laundering (AML) and counter financing of terrorism (CFT) regime in Hong Kong, Mr Ronny TONG enquired about the need for these posts and the major tasks to be undertaken by the team. Referring to recent press reports about alleged money laundering through acquisition of properties in Hong Kong by an overseas leader, Mr Ronny TONG doubted whether the current arrangements

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under the AML/CFT regime which relied on reports by professionals and financial institutions were effective in detecting the illicit activities.

7.33 SFST advised that FSB had taken over the overall co-ordinating role for AML and CFT policies from the Narcotics Division of the Security Bureau since October 2008. The creation of the six posts for the establishment of the new team under FSB would provide the required manpower for the work in this regard. PS(FS) supplemented that the new policy team would be responsible for formulating legislative proposals to enhance the AML/CFT regulatory regime, in line with the prevailing international practice. The policy team would focus initially on putting in place an AML/CFT regulatory framework for the remittance agents and money changers, and providing statutory backing for customers due diligence and record keeping requirements for financial institutions. The Administration would consult the business sector on the legislative proposals, and prepare for submission of the first progress report to the Financial Action Task Force by June 2010 on follow-up actions taken to address the deficiencies identified in the Mutual Evaluation report.

Insurance Policyholders' Protection Fund

7.34 Pointing out that the insurance industry had high expectations on the proposed Insurance Policyholders' Protection Fund (PPF) in boosting their business, Mr CHAN Kin-por requested the Administration to provide detailed and concrete proposal in its progress report to the Panel on Financial Affairs (FA Panel). He also asked the Administration to consult the industry and relevant stakeholders before reporting the details to the FA Panel. As no provision had been made in 2009-2010 for establishment of PPF, he asked about the timeframe for establishment of the fund.

7.35 SFST advised that funds had not been earmarked for the proposal as the mode of operation and specific details in relation to PPF were still being examined, and consultation with the industry and stakeholders would have to be conducted. The Administration planned to provide a progress report to the FA Panel within this legislative year. The Commissioner of Insurance supplemented that while the FA Panel supported in principle the establishment of PPF when briefed on the feasibility study in July 2008, members expressed concern about the moral hazard problem, the scope of coverage and additional cost likely to be

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passed on to customers. The progress report would seek to address these specific aspects.

Statistical survey for introduction of a statutory minimum wage

7.36 Noting that the Census and Statistics Department (C&SD) would launch a new statistical survey in mid-2009 to collect information on wages, hours worked, employment and demographic characteristics of employees to provide data for analysis related to the introduction of a statutory minimum wage in Hong Kong, Dr LAM Tai-fai enquired about measures to ensure the reliability of data collected in view of the wide spectrum of work disciplines. Dr LAM further asked about the method for selecting the companies and their employees for the survey.

7.37 The Commissioner for Census & Statistics (C for C&S) advised that the statistical survey would be a large scale and comprehensive exercise, covering 10 000 companies in different sectors and 60 000 employees of these companies. With reference to international standards and practices and suitable local adaptations for classification of industries and occupations, a representative sample of employees would be selected covering all major industries and occupations in Hong Kong. C for C&S stressed that the sampling method used for the survey would be designed in accordance with professional statistical principles and best international practices. C for C&S elaborated that the 10 000 companies would be randomly sampled from companies of different scales and sizes from the central register of establishments continuously updated by C&SD. Under the Employment Ordinance (Cap. 57), employers were required to keep the employment records of each employee for 12 months for reference. In the survey, sampled companies would be required to provide an employees list based on which C&SD would randomly sample staff of different ranks and levels for which employers would be asked to provide the relevant wage and related information with reference to their employment records. C for C&S advised that given the high percentage of small and medium-sized companies in Hong Kong, suitable weighting factors would be applied to the data collected from such companies where appropriate in accordance with proper statistical methodology to ensure the representativeness and reliability of the survey results.

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Official Receiver's Office

7.38 Noting that there was a backlog of insolvency cases in 2008 where the Official Receiver's Office (ORO) had yet to apply to the court for release of its statutory duty as trustee/liquidator, Mr Paul CHAN enquired whether ORO would be able to clear the backlog in 2009-2010. Mr CHAN opined that delayed processing of the release applications might impose unnecessary pressure on the bankrupts and urged ORO to seek additional resources for early completion of these cases.

7.39 In response, the Official Receiver clarified that the delay in processing the release application did not affect the bankrupts' discharge from bankruptcy, which was automatically granted. He said that ORO would try its best to apply for release of the trustee/liquidator duty for insolvency cases of which case administration had been completed as soon as practicable. However, priority had to be given to deploying manpower resources to meet the increased workload arising from the surge of bankruptcy cases. SFST added that ORO would utilize its existing resources and make use of outsourcing schemes to continue to provide cost-effective services.

Stamp duty

7.40 Mr LEUNG Kwok-hung said that he had suggested that the Administration should increase revenue through increasing stamp duty last year. He queried why this was not taken on board to tap the opportunity of high market turnover in 2008.

7.41 SFST responded that proposals for changes to taxes had to be examined carefully, given the significant impact on the government revenue and the economic development of Hong Kong. He said that the prevailing level of stamp duty in Hong Kong was not low compared with other jurisdictions.

Chapter VIII : Public Finance

8.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury highlighted major initiatives in public finance under his purview in 2009-2010 (Appendix IV-6).

Electronic filing of tax returns

8.2 Noting that the number of tax returns lodged electronically constituted only a small percentage of the total returns received for the year of assessment of 2007-2008 (9.3% for individual tax returns and 2.4% for property tax returns), Mr CHAN Kam-lam enquired about the measures, such as stepping up publicity, to encourage the filing of tax returns through electronic means to save paper. Mr CHAN opined that users might be discouraged to use the electronic filing system if the procedures involved and the authentication means were complicated and not user-friendly. He urged the Administration to consider ways to streamline the procedures for electronic filing of tax returns, and provide clear guidelines to the users.

8.3 In response, the Commissioner of Inland Revenue (CIR) said that the usage of electronic services would increase gradually over time such as electronic payment which started at a very low percentage and was now in excess of 50%. The number of tax returns lodged electronically had increased gradually over the years. CIR acknowledged the need to step up publicity for electronic filing of tax returns to boost the usage rate, and such publicity would also be launched through electronic means to save cost and paper. The Inland Revenue Department had also conducted user surveys on electronic filing of tax returns to identify areas for further improvement. More than 10 000 responses were received. To enhance user-friendliness of the electronic filing system, CIR pointed out that the Inland Revenue Department was the pioneer department which allowed the use of Personal Identity Numbers, in addition to digital certificates for authentication of electronic transaction. Furthermore, income details from employers were pre-filled in the electronic returns which were well received by taxpayers.

Government vehicles

8.4 Mr CHAN Kam-lam noted with concern that only 612 of the 6 303 government vehicles were environment-friendly vehicles. He asked whether the

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Government had any plan to increase the number of environment-friendly vehicles in its fleet.

8.5 The Director of Government Logistics advised that the Government had placed orders for 230 environment-friendly vehicles in 2008 and planned to purchase another 257 in 2009. In replacing government vehicles, priority would be given to purchasing environment-friendly vehicles, having regard to operational and resource considerations as well as market availability.

Quarterly accounts

8.6 Noting that the Government planned to review the content and format of the quarterly accounts for possible alignment with the annual accounts in 2009-2010, Mr Paul CHAN enquired about the timetable for the review, and whether the stakeholders concerned would be consulted during the review.

8.7 In reply, the Director of Accounting Services advised that the new Government Financial Management Information System was being developed and would be implemented in 2009-2010. The Government would review the content and format of the annual and quarterly accounts during the post-implementation review of the operation of the new system, with a view to aligning the presentation of the two statements of accounts. Stakeholders would be consulted during the review, where appropriate.

Asset Sale and Securitisation Programme

8.8 Mr Paul CHAN queried why the Government would continue with the sale of civil servants' housing loans under the Asset Sale and Securitisation Programme in 2009-2010, given that the returns from repayment of these loans would be relatively high and stable.

8.9 In response, the Permanent Secretary for Financial Services and the Treasury (Treasury) said that while there was a plan for continuing with the sale of civil servants' housing loans in 2009-2010, the Government would take into consideration a number of relevant factors, such as the rate of returns, before embarking on the sale of any assets.

Chapter IX : Constitutional and Mainland Affairs

9.1 At the Chairman's invitation, Mr Stephen LAM, Secretary for Constitutional and Mainland Affairs (SCMA), briefed members on the estimated expenditure of the Constitutional and Mainland Affairs Bureau (CMAB), the Registration and Electoral Office, the Equal Opportunities Commission (EOC) and the Office of the Privacy Commissioner for Personal Data (PCPD), and their work priorities in 2009-2010 (Appendix IV-7).

Mainland affairs

Mainland residents on individual visits

9.2 Mr TAM Yiu-chung suggested that to enable the retail industry (such as the dried seafood retailers) to benefit more from the relaxation for Mainland residents to come to Hong Kong on individual visits, the Government should liaise with Mainland authorities for increasing the maximum permissible limits of tariff-free goods that Mainland visitors could bring home. SCMA said that he would relay Mr TAM's view to the Trade and Industry Department for consideration in discussing with the Mainland authorities for expanding the coverage of liberalization measures under Supplement VI to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). SCMA advised that only imported goods of Hong Kong origin could enjoy the preferential treatment of zero-tariff under CEPA. He agreed to provide information on the list of tariff-free goods and the maximum permissible limits of these goods Mainland visitors could bring on return to the Mainland.

Assistance to Hong Kong residents detained in the Mainland

9.3 Mr LEE Cheuk-yan noted that the Immigration Divisions of the Beijing Office (BJO) and Guangdong Economic and Trade Office (GDETO) had handled one case each in 2007 and 2008 of Hong Kong residents detained in the Mainland for espionage. Mr LEE sought information on details of these cases. As the Hong Kong resident detained for espionage in 2008 had not yet been released, Mr LEE asked about the assistance offered by the Mainland Offices and whether any legal proceedings were in progress.

9.4 SCMA responded that he would not comment on individual cases on grounds of protection of personal data privacy. He advised that for the detention case handled in 2008, the Immigration Divisions had, upon request of the family

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members of the detainee, conveyed their views and requests to the relevant Mainland authorities, and provided them with relevant information for reference, including advice on seeking appropriate legal representation. The family members of the detainee had not requested further assistance since then. In handling requests for assistance on detention cases, the Mainland Offices would gather details of the cases from the assistance seekers (usually family members of the concerned Hong Kong residents), and convey their views and requests to the relevant Mainland authorities. The Mainland Offices also provided relevant information and advice to the assistance seekers. In reply to Mr LEE Cheuk-yan, Director, Beijing Office (D, BJO) confirmed that the Hong Kong resident detained for espionage was the same person who had returned to Hong Kong in 2007.

9.5 Mr Albert HO enquired whether representatives of the Hong Kong Special Administrative Region (HKSAR) Government could visit Hong Kong residents detained in the Mainland who were awaiting legal proceedings. He opined that the Mainland Offices should proactively liaise with the relevant authorities in the Mainland for arrangement to be made to visit the detainees with a view to offering them direct advice and assistance.

9.6 SCMA advised that the Mainland Offices had provided assistance to Hong Kong residents in distress as far as practicable under the established mechanism. At present, no arrangements for officials of the HKSAR Government to visit the detainees could be made, and the Mainland Offices had to respect the Mainland laws and regulations. The HKSAR Government had explored with the Mainland authorities the feasibility of making visits to detainees but a consensus had yet to be reached. The HKSAR Government would continue dialogue with the relevant Mainland authorities on the provision of assistance to Hong Kong residents detained in the Mainland.

9.7 Mr Albert CHAN was dissatisfied with SCMA's response. Mr CHAN criticized the Government for not showing concern to Hong Kong residents in distress. He urged the Government to take up the issue seriously with the Mainland authorities for arrangements to be made by officials of the Mainland Offices to visit Hong Kong residents detained in the Mainland.

9.8 Dr Priscilla LEUNG noted that of the 46 detention cases handled by the Mainland Offices in 2008, 12 assistance seekers had returned to Hong Kong. She enquired about the assistance rendered by the Mainland Offices to facilitate

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the detainees to return to Hong Kong. As some detainees did not have family members in Hong Kong, Dr LEUNG asked whether the HKSAR Government could offer legal and financial assistance to these detainees who were Hong Kong residents.

9.9 In response, D, BJO advised that for the 12 cases where the detainees had returned to Hong Kong, the Immigration Divisions had, upon request of their family members, relayed their representations to the relevant Mainland authorities. These detainees were subsequently released. SCMA advised that there was no arrangement under the existing law for the provision of legal assistance to Hong Kong residents detained in the Mainland. For those who claimed to be out of money or who had lost their travel documents in the Mainland, the Immigration Divisions would offer financial and administrative assistance to help them return to Hong Kong. Dr Priscilla LEUNG said that in most cases, the family members of the detainees did not know how to seek legal assistance or appoint legal representative to proceed with the cases under the Mainland laws. Dr LEUNG urged the Mainland Offices to offer more practical advice and assistance in this respect.

9.10 Ms Miriam LAU expressed concern that a considerable number of detention cases involved civil matters such as business disputes, and in some cases the detainees were not sure about the reasons for their detention. Ms LAU considered that BJO and GDETO should assume a more proactive role in assisting Hong Kong residents detained in the Mainland, such as liaising with the relevant Mainland authorities on details of the cases (including the reasons for detention), providing the assistance seekers with the case details and advising them on the relevant Mainland laws and procedures.

9.11 SCMA responded that the Mainland Offices would try their best to assist Hong Kong residents in distress in the Mainland, irrespective of whether the cases were of a criminal or civil nature. The Mainland Offices had provided useful assistance to a number of these detention cases and would keep up their efforts in this respect. Responding to Ms Miriam LAU's enquiry, Director, GDETO (D, GDETO) advised that the Mainland Offices did not keep information on the nature of the civil cases handled by the Offices and would consider keeping such information in future. In handling requests for assistance from Hong Kong residents under detention in the Mainland, D, GDETO said that the Immigration Division of GDETO would gather details of the case from the assistance seekers

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and/or their family members. The Immigration Division would also explain to them generally the relevant Mainland laws, regulations and procedures for criminal cases under different stages. Where necessary, GDETO would provide assistance seekers and/or their family members with information on the lawyers associations in the relevant provinces or municipalities. The assistance seekers and/or their family members might consider employing a suitable lawyer to represent them for the case.

Mainland-HKSAR families

9.12 Mr WONG Kwok-hing expressed concern that some Mainland-HKSAR families encountered difficulties in seeking to settle in Hong Kong for family reunion. Holders of Exit-Entry Permits were required to return to the Mainland every three months for renewal of the permits, and this had caused difficulties especially for those who needed to take care of their children in Hong Kong. Mr WONG urged the Mainland Offices to provide more proactive assistance, such as liaising with relevant Mainland authorities to expedite the applications for One-Way Permits, and extending the duration of Exit-Entry Permits from three months to six months.

9.13 SCMA said that matters relating to applications of One-Way Permit and duration of Exit-Entry Permits were outside his policy purview. He would convey Mr WONG's concerns to the Security Bureau and the relevant Mainland authorities. As far as he knew, the Exit-Entry Permit was a measure introduced a few years ago to meet the needs of Mainland-HKSAR families for family reunion, pending approval by the Mainland of their applications for One-Way Permits. D. GDETO agreed to provide, as requested by Mr WONG, information on the number of cases handled by the Mainland Offices in 2008 in relation to assistance provided to Mainland-HKSAR families seeking to settle in Hong Kong for family reunion.

Reconstruction of the earthquake stricken areas in Sichuan

9.14 Ir Dr Raymond HO noted that a total funding of \$6 billion had been approved by the Finance Committee for supporting the reconstruction of earthquake stricken areas in Sichuan. He was concerned how the HKSAR Government would support in the monitoring of the reconstruction projects.

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9.15 SCMA advised that the Development Bureau would work in collaboration with the relevant Sichuan authorities to follow up the implementation of the reconstruction projects, including the commissioning of independent professional consultants with extensive experience in monitoring and checking Mainland work projects to assist in carrying out site inspections. Hong Kong professionals would be engaged to provide advice and exchange views with Mainland professionals on the monitoring of the projects.

9.16 Whilst welcoming the engagement of Hong Kong professionals in providing advice to the reconstruction projects, Ir Dr Raymond HO stressed that to ensure proper use of public money and the completion of works up to the latest quality requirements of the Mainland, there should be clear division of responsibilities between the HKSAR Government and the Sichuan Provincial Government in the monitoring work, and that the latter should be ultimately responsible for ensuring the engineering quality and safety of the construction works.

9.17 SCMA responded that both the HKSAR Government and the Sichuan Provincial Government recognized the importance of maintaining good quality in the reconstruction projects supported by HKSAR. The "HKSAR Cooperation Arrangement on Support of Restoration and Reconstruction in the Sichuan Earthquake Stricken Areas" signed in 2008 clearly defined the basic responsibilities of the two governments and a number of agreed principles concerning management, monitoring and auditing of the projects. The Sichuan Provincial Government would be responsible for arrangement of actual implementation, as well as daily management and supervision of the projects. Hong Kong professionals would assume an advisory role in overseeing the project implementation.

9.18 Mr LEE Wing-tat was concerned that the approved provision of the support fund might not be sufficient for the effective monitoring of the 120 reconstruction projects. He also considered it undesirable that the responsibility of monitoring the work progress would be taken up by a few independent professional consultants. He urged the Administration to review the effectiveness of the current project monitoring arrangement and the adequacy of the resources allocated for the purpose.

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9.19 In reply, SCMA stressed that apart from the independent professional consultants who would conduct on-site checking of the progress of works and prepare reports, Hong Kong professionals would also participate in the monitoring work. The Administration had undertaken to provide regular reports to the Finance Committee every six months on the progress of the reconstruction projects. He assured members that the Administration would ensure prudent use of the \$6 billion provision and would commission additional consultants where necessary. As regards the concern about engaging more Hong Kong professionals as consultants, SCMA advised that the Development Bureau would decide on the qualification and experience required of the consultant. To facilitate the on-site checking work in Sichuan, it might be desirable to appoint suitable Hong Kong professionals who could engage supporting staff from their Mainland counterparts as consultants.

World Exposition 2010 Shanghai China

9.20 Prof Patrick LAU noted that whilst the approved project estimates for the World Exposition 2010 Shanghai China (2010 Expo) — Hong Kong Pavilion was \$145 million, the revised estimate in 2008-2009 and the estimate in 2009-2010 was only \$8 million and \$70 million respectively. He was concerned whether the provision was sufficient to cover the necessary expenses for the preparation of the 2010 Expo to be held in May 2010. Noting that the design of the Hong Kong Pavilion would be based on the winning design of the Concept Design Competition, Prof LAU enquired whether the detailed design and construction work would be entrusted to Hong Kong or Mainland contractors.

9.21 SCMA explained that part of the project estimates had been provided for the expenditure to be incurred in 2010-2011 for holding events relating to the 2010 Expo from May to October 2010, and also any outstanding expenditure after completion of the construction work of the Hong Kong Pavilion. The Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) added that the tendering process had been completed and the Architectural Services Department had awarded the design-and-build contract of the Hong Kong Pavilion to a Hong Kong contractor. Construction works would commence in May 2009 and the main structure would be completed by the end of 2009, to be followed by interior fitting out works and preparation for the Exhibits, which would be completed before the opening of the 2010 Expo in May 2010. At the request of Prof LAU, PSCMA undertook to provide further information on the appointed contractor,

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including the arrangement enabling its delivery of the project in the Mainland, and whether certain professional qualification would be required for undertaking design and construction work in the Mainland.

9.22 Ir Dr Raymond HO expressed concern about the slow progress of the mutual recognition of professional qualifications under CEPA. Despite discussions between HKSAR and the Mainland in the past years, mutual recognition agreements for only 18 professions related to the construction and engineering services had been reached. He called on the Administration to step up efforts in this respect.

9.23 SCMA responded that the Administration would continue its effort in pursuing further liberalization measures under CEPA to enable various service sectors, including the construction and engineering professions, to have further development opportunities in the Mainland. BJO would follow up with relevant Mainland counterparts on the way forward, in the light of the outcome of the pilot implementation of the package of services liberalization and facilitation measures under Supplement V to CEPA for deepening economic and trade co-operation between Hong Kong and Guangdong Province.

Hong Kong/Guangdong co-operation

9.24 Mr IP Kwok-him noted that in 2009-2010, additional staffing resources would be provided for the 2010 Expo, the reconstruction in the Sichuan earthquake stricken areas and public consultation on the electoral arrangements for 2012, but not for the Mainland Offices. He was concerned whether the existing manpower resources of GDETO could cope with the follow-up work related to the implementation of major initiatives including the "Outline of the Plan for the Reform and Development of the Pearl River Delta" (the Outline), formulation of the regional co-operation plans on specialized topics and the "Framework Agreement for Hong Kong-Guangdong Cooperation".

9.25 SCMA agreed that the implementation of the Outline could bring new opportunities for Hong Kong. Under the Outline, efforts would be made to draw up the "Framework Agreement for Hong Kong-Guangdong Cooperation" and the frameworks in respect of regional co-operation plans on infrastructure and high-quality living. The HKSAR Government was working actively in exchanging policy thinking with the relevant Mainland authorities in order to

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finalize the implementation details of various co-operation plans. SCMA advised that D, GDETO was supported by about 30 staff, an establishment that was the second largest among the four Mainland Offices. Where necessary, the staffing support for D, GDETO could be strengthened through employment of local staff in the Mainland.

Beijing Office

9.26 Mrs Regina IP was concerned that the new BJO was not centrally located and might cause inconvenience to visitors. Mrs IP commented that the new premises were of a dull outlook which could not reflect the image of Hong Kong as a world-class metropolis. She suggested that the outlook of the office should be improved when carrying out refurbishment of BJO in future. She also suggested that BJO should be provided with a kitchen so that specialty dishes of Hong Kong could be served for guests from other places.

9.27 SCMA advised that while a kitchen had not been provided in BJO because of cost considerations, catering service could be arranged for the reception of visiting guests. D, BJO supplemented that the new BJO was located at the west side of the city along a major road, which was easily accessible by public transport. Moreover, given its proximity to many major Central People's Government ministries/authorities, the location of the new BJO was convenient from the operational point of view. The number of visitors had been on the increase since the opening of the office. As regards the exterior design of the office, D, BJO advised that the colour theme was chosen to blend in with the surrounding buildings in the area and positive comments had been received on the building design.

Constitutional development

9.28 Ms Audrey EU noted that in 2009-2010, \$5 million would be set aside for the public consultation exercise on the electoral arrangements for 2012 and four posts would be created to assist in the related work. Ms EU enquired about the breakdown of the provision by staff costs and costs for organizing public consultation programmes/activities. She also sought information on the concrete plans for the public consultation, such as details of the programmes and activities to be organized.

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9.29 SCMA advised that approximately \$2 million would be reserved for the additional staff costs and \$3 million for the costs relating to the public consultation work, including the printing of consultation documents and organization of regional and public forums. Where necessary, additional resources would be sought to meet the expenses of the public consultation exercise. Responding to Ms Audrey EU's further enquiry, SCMA advised that the scope and scale as well as the provision for conducting the upcoming public consultation exercise at the end of 2009 was comparable to that of previous consultation exercises. While details of the exercise had yet to be worked out, a number of regional and public forums as well as meetings with organizations of different industries and sectors would be arranged to gauge public views on the subject. At the request of Ms Audrey EU, SCMA undertook to provide detailed plan on the relevant programmes and activities with estimated cost breakdown.

9.30 Mr LEE Cheuk-yan queried why preparations for the public consultation exercise would need to be made at this stage as it had been postponed to the fourth quarter of 2009. SCMA responded that CMAB had to start the preparatory work early in order to complete all necessary tasks, such as consolidating public views gathered previously for preparation of the consultation document, collecting and collating views within the community as well as conducting internal study by reference to the findings/recommendations from relevant surveys/studies undertaken by academic institutions.

9.31 As the public consultation exercise on the electoral arrangements for 2012 was postponed because of the recent economic downturn, Dr LAM Tai-fai asked whether the consultation exercise would be further postponed if there was no significant improvement in the economy by the end of 2009. SCMA advised that as announced by the Chief Executive in January 2009, the consultation exercise would not be further postponed. It was necessary to allow sufficient time for the community to discuss and forge a consensus on the electoral arrangements for 2012 so that preparatory work for the two elections could be made timely.

9.32 Mr LEUNG Kwok-hung said that in view of the applications for judicial review against the current electoral method for functional constituencies, funds should be reserved for the functional constituencies elections in the event that the Court ruled in favour of the applicants. In reply, SCMA said that the current electoral method of functional constituencies had been developed with

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legal basis in full compliance with the Basic Law. While he could not respond to hypothetical questions, the Registration and Electoral Office could seek additional resources for the Legislative Council election in 2012, where necessary, should there be changes in the current electoral method for functional constituencies.

9.33 Ms Audrey EU said out that Members belonging to the Civic Party did not support the further development of the Political Appointment System. Given there were divergent views in the community on the issue, she urged the Administration to seriously consider whether the seven outstanding positions of Under Secretaries and Political Assistants should be filled. Ms EU considered that provisions for these outstanding positions should not be made in the 2009-2010 Estimate, especially under the current political and economic climate. The filling of these vacancies should be subject to further consideration pending the completion of the review of the Political Appointment System in 2010.

9.34 SCMA responded that 24 new political appointment positions had been created with the approval of the Finance Committee in December 2007. In line with the budgetary practice, provisions would be made under the relevant expenditure heads in the Annual Estimates when funding for creation of the posts had been approved. Nevertheless, SCMA advised that there was no urgency for filling the vacancies, and the appointments would be made in phases as and when suitable candidates would be identified.

9.35 Referring to the itinerary of SCMA's visit to Sai Kung District on 23 February 2009, Mr WONG Yuk-man queried the relevance of the visit to SCMA's duties and policy purview. In reply, SCMA advised that this was part of the district visit programme of the Principal Officials, which aimed to provide more opportunities for the Principal Officials to meet with local residents, district personalities and District Council members, and to listen to their views on district issues. During the visit to Sai Kung District, SCMA had met with Sai Kung District Council members to gauge their views on constitutional development and other related issues. SCMA also listened to the views of the youth and gained a closer understanding of the work on national and civic education through the visit to a secondary school. All the activities in the visit were relevant to the duties and policy purview of SCMA.

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Taiwan-related matters

9.36 Mr WONG Ting-kwong enquired about the details for the setting up of the Hong Kong-Taiwan Business Cooperation Committee (the Committee), including the timetable, membership and whether it would be established under the Hong Kong Trade and Development Council (HKTDC).

9.37 SCMA responded that the setting up of the Committee was one of the measures to strengthen the exchanges and co-operation between Hong Kong and Taiwan. This would also complement HKTDC's plan to set up an office in Taipei, which could provide opportunities for direct exchanges between Hong Kong and Taiwan enterprises. Preparatory work for the setting up of the Committee was underway and the work would be completed in a few months' time. The Committee would be established under HKTDC. As regards membership of the Committee, SCMA advised that the Committee would comprise members who had knowledge of economic and trade matters between Hong Kong and Taiwan.

9.38 Given the importance and scale of the exchange and co-operation with Taiwan, Mr WONG Yuk-man expressed his disappointment on the minimal resources allocated as such a small provision would render the work ineffective and meaningless. SCMA advised that CMAB had contributed to the new strategy for Hong Kong-Taiwan exchange and interaction such as the initiation of the setting up of Taipei Office by the HKTDC, and the holding of the first Hong Kong-Taiwan Inter-City Forum with Taichung city to discuss issues of common concern, and resources had been provided for in 2008-2009 in this respect. Additional resources would be provided in 2009-2010 to further enhance the exchanges and co-operation between Hong Kong and Taiwan. Subject to the work progress, more resources might be provided in the future to cope with the demand.

Rights of individuals

9.39 Mr LEUNG Kwok-hung asked whether the Administration would consider extending the scope of the Legal Aid Scheme to cover civil proceedings under the United Nations International Covenant on Economic, Social and Cultural Rights. SCMA advised that the extension of the scope of the Legal Aid

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Scheme had to be examined in detail. He would relay Mr LEUNG's view to Home Affairs Bureau for consideration.

Support services for the ethnic minorities

9.40 Ms Cyd HO was concerned that some government departments were still unaware of the actual requirements for implementation of the "International Convention on the Elimination of All Forms of Racial Discrimination" and had not drawn up concrete measures or made provisions for providing translation services to the ethnic minorities as required under the Race Discrimination Ordinance. Ms HO considered that other than setting aside \$16 million for operating the four regional support service centres for the ethnic minorities, CMAB should actively co-ordinate the resources and efforts of all government bureaux/departments in taking forward appropriate measures to assist the ethnic minorities and providing necessary training for frontline staff.

9.41 SCMA advised that the major objectives of establishing four regional support service centres for the ethnic minorities were to provide telephone interpretation service to facilitate their access to public services and organize activities to facilitate their integration into the community. CMAB was actively working with relevant bureaux/departments in drawing up administrative guidelines for frontline staff in service provision to the ethnic minorities. As regards evaluation of the service provided to the ethnic minorities, SCMA said that bureaux/departments had yet to accumulate experience in taking forward the measures for implementing the new legislative requirements under the Race Discrimination Ordinance. EOC was also preparing promotion materials in consultation with the relevant bureaux/departments to facilitate their better understanding of issues in relation to provision of services to the ethnic minorities.

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

9.42 Mr Albert HO was concerned that with the additional resources earmarked for EOC and PCPD in 2009-2010, the provisions would still be insufficient if litigations had to be instigated. Mr HO enquired whether the Department of Justice would provide legal advice and support to EOC and PCPD for the litigations, and whether any funds would be available for the purpose.

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9.43 SCMA advised that EOC could use its reserve for litigation cases and its accumulated reserve was about \$18 million. As for PCPD, there were also funds in its reserve. The Government was supportive of the work of EOC and PCPD and appropriate financial support could be rendered should they have financial difficulties in meeting the litigation costs for cases worth pursuing.

Chapter X : Security

10.1 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-8).

Law and order

Gun shooting incident

10.2 Referring to the recent gun shooting incident resulting in the death of a Nepalese resident, Mr James TO enquired whether frontline Police officers had been provided with adequate guidelines on when to use firearms especially when dealing with members of the public. The Commissioner of Police (CP) advised that the Police had clear guidelines in place on the use of firearms. Other than foundation training on Hong Kong laws, relevant policies and procedures, all Police officers were required to receive, on a regular basis, practical training on the use of firearms, and also decision making, training on the levels of force that could be used in different circumstances. In response to Mr TO's further enquiry, CP advised that officers would use both Cantonese and English when carrying out their duties.

10.3 Mr James TO noted that there were reports about the Nepalese's criminal record by the media. He opined that such disclosure would pervert the course of public justice as the coroner had not heard the case. He urged the Police to investigate into the disclosure incident. CP responded that he had no idea of the source of the media report and the Police would handle the case in a fair and impartial manner in accordance with the statutory requirements and procedures. The Police would consider following up Mr TO's concern prior to the coroner's hearing.

Crime rate of visitors

10.4 Mr CHAN Kin-po was concerned about the recent increase in the number of crimes committed by visitors. He enquired about the Administration's measures to tackle the problem. S for S advised that about 29 million visitors had visited Hong Kong in 2008, of which 16 million were visitors from the Mainland. Though the growth rate of Mainland residents visiting Hong Kong was rising constantly at a double-digit figure, the crime rate of Mainland visitors involved in criminal offences in Hong Kong was declining. Director of

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Immigration (D of Imm) supplemented that about six out of every 100 000 Mainland visitors participating in the Individual Visit Scheme (IVS) and eight out of every 100 000 Mainland visitors not participating in the IVS committed crimes in Hong Kong. To maintain local law and order, the Immigration Department (ImmD) had stepped up immigration control at control points to prevent entry of doubtful visitors into Hong Kong. At the request of Mr CHAN, the Administration undertook to provide the number of visitors arrested for crimes in Hong Kong in 2008.

Counter-terrorism operation

10.5 Noting that the Police would create 103 additional posts for pursuing various counter-terrorism enhancement initiatives, Mr James TO sought information on the duties of such posts and the assessment of terrorist threat level in Hong Kong. CP advised that being an international and cosmopolitan city, a financial centre and civil aviation hub, Hong Kong had an international obligation to implement measures against terrorism and terrorist financing after the introduction of the United Nations (Anti-Terrorism Measures) Ordinance in 2002. Although the terrorist threat level in Hong Kong was rated as "moderate", it was necessary for the Police to enhance its capability in counter-terrorism, which included formulation of counter-terrorism strategic directions, co-ordination of the liaison with international law enforcement agencies regarding counter-terrorism, analysis and assessment of counter-terrorism intelligence, provision of support to specialized operation units, enhancement of capabilities in response to incidents or threats of explosive devices, and carrying out of research and training duties.

10.6 Mr James TO was unconvinced of the explanation and pointed out that the work was not new and should already be performed by existing officers responsible for counter-terrorism in the Security Wing. CP clarified that serving police officers in various formations were involved, to varying degrees, in counter-terrorism duties, such as follow-up actions on suspicious transaction reports in relation to terrorist financing and protection of Consulate Generals in Hong Kong. Apart from the Security Wing, a majority of front-line officers from various regions and districts were involved in such tasks. At the request of Mr TO, the Police undertook to provide information on the number of existing posts assigned for performing counter-terrorism duties and details of such duties, and to clarify in detail whether the creation of such posts was a replacement of the existing posts responsible for counter-terrorism duties.

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Internal security and crowd management training

10.7 Mr James TO asked about the reasons for the increase in the number of teams to be trained for internal security and crowd management in the Police Tactical Unit Headquarters since March 2009. CP advised that all newly recruited Police officers and all serving officers, who had not been trained in the areas of internal security and crowd management, had to attend such training. The increase in the number of teams in 2009 was due to an increase in the number of newly recruited officers who had not received such training.

Procurement of equipment to reduce manual searches on body orifice

10.8 In response to Ms Cyd HO's enquiry whether strategies would be formulated to reduce manual searches on body orifice, S for S advised that the Administration was identifying suitable and effective equipment to assist the disciplined forces in conducting searches of detainees and prisoners, with a view to minimizing the need for the complete removal of underwear during body searches.

10.9 The Chairman asked why there was no procurement plan of equipment to assist the Correctional Services Department (CSD) in conducting searches of prisoners for the year 2009-2010. The Commissioner of Correctional Services explained that CSD was looking for reliable technology for replacement of manual searches on body orifice and had yet to identify suitable and effective equipment in overseas countries. CSD had been liaising with Singapore authorities the assessment of the effectiveness of the new equipment used there. At the Chairman's request, the Administration would update the relevant Legislative Council Subcommittee on the assessment result.

10.10 In response to the Chairman's further enquiry, CP advised that there were three levels of searches, and the level of searches would be determined by the circumstances of individual cases. Handheld metal detectors were being used to assist Police officers in searching detainees and this would also help to assess whether level III searches (i.e. searches involving the removal of underwear) should be carried out. He stressed that the Police had to fulfill its duty of care to persons detained in custody and to ensure the safety of others who might be in contact with such persons. The searches were definitely not for the purpose of embarrassing the detainees. In response to Ms Cyd HO, CP advised

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that searches of drug by way of manual searches on body orifice would not be conducted by the Police.

10.11 D of Imm and Commissioner of Customs and Excise (C of C&E) further clarified that manual searches on body orifice were rarely carried out by ImmD and the Customs and Excise Department (C&E). D of Imm and C of C&E advised that the adoption of suitable and effective technology in conducting searches of detainees would be considered when such technology was identified. Ms Cyd HO urged the Security Bureau to co-ordinate the procurement of the necessary equipment and set a timeframe for adoption by disciplined forces. S for S said that the Administration would co-ordinate if some commonly used equipment could be identified.

Interception of communications and surveillance

10.12 Ms Cyd HO asked about the reasons for not disclosing the information on the types, quantity and frequency of use of all interception of communications and surveillance devices possessed and the expenditure involved. S for S explained that disclosing such information would reveal detailed operational arrangements of the law enforcement agencies and their law enforcement capabilities to criminals, who might be able to elude justice, thus jeopardizing public interest.

10.13 Ms Cyd HO was unconvinced of the explanation. She queried why information related to other enforcement operations, such as the Red Light Camera System and Speed Enforcement Camera System for prosecution of red light and speeding offences, and the additional resources for enhancing enforcement actions against drink driving, could be disclosed upon Members' request. S for S advised that traffic matters were under the policy purview of the Transport and Housing Bureau although the enforcement actions were carried out by the Police. CP added that enforcement locations for detecting red light offence and speeding offence as well as the positions of camera housings were all available on the police website. The disclosure of such information was based on the consideration of traffic safety. In response to Ms HO's further enquiry, CP advised that general information related to counter-terrorism duties, other than those on devices and technology for counter-terrorism, could be disclosed in the context of the annual Estimates.

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Drink driving offence

10.14 In view of the lenient sentences imposed by courts in respect of drink driving offence, Dr Priscilla LEUNG enquired whether the Administration would consider requiring drivers who had been convicted of such offence to display "D" plate on the bodies of their vehicles so to help remind other drivers to be more cautious when driving. S for S advised that the matter was under the policy purview of the Transport and Housing Bureau.

Immigration control

10.15 On the implementation of preventing entry of undesirable persons, Mr LEE Cheuk-yan sought information on detailed breakdown of the grounds for refusal of entry of visitors under the category of "doubtful purpose of visit". D of Imm advised that there was no further breakdown under such category. During immigration examination on arrival, ImmD would consider whether the visitor met normal immigration requirements, such as the purpose of visit and funds for the proposed stay. Each application would be determined on its individual merits. Visitors would be refused entry into Hong Kong if their purpose of visit was in doubt.

10.16 Mr LEE Cheuk-yan remained unconvinced and recalled that an European artist intending to take part in the expression of art on Olympic Games and human rights in 2008 was refused entry into Hong Kong. He was concerned that such refusal would undermine the normal cultural exchange and the freedom of speech and assembly. Noting that persons entering Hong Kong for business or meeting purpose was considered as visitors, Mr LEE asked whether Mr WONG Tan intending to attend the candlelight vigil in memory of the 4 June incident would be refused entry. D of Imm advised that it was the Administration's position not to comment on individual cases.

10.17 Mr LEE Cheuk-yan asked whether there was a category of refused entry under "political purpose". The Chairman enquired whether the Administration had received from the Central Government a list of undesirable persons whose entry might be of concern. S for S replied in the negative and stressed that a person would not be refused entry merely because of "political purpose". Recalling that he had spoken about the relevant security policy when Hong Kong was hosting the Olympic Equestrian Events in 2008, S for S

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recapitulated that any persons intending to conduct any secession activities would be refused entry into Hong Kong. ImmD would uphold effective immigration control so as to safeguard the public interest.

Countering the menace of drugs

10.18 Noting the criteria for selecting ambassadors in anti-drug activities, Ms Audrey EU considered that the Administration should be careful in selecting artistes to help promote anti-drug messages. S for S responded that it was noted that two artistes in connection with a drug-related incident were recently detained in Japan, and the Administration would be more careful in appointing ambassadors for anti-drug activities. However, it would not categorically exclude certain groups of people as candidates for anti-drug publicity activities.

10.19 Mr CHEUNG Man-kwong referred to the surveys conducted by two drug treatment and rehabilitation centres (DTRCs) and the outreaching social work teams that more than 200 inmates within the age group of 13 to 15 were related to drug abuse and narcotics offences in school campus, and that three primary schools and 134 secondary schools were involved. He suggested that the Administration should conduct similar surveys for the other DTRCs and relevant centres/clinics, to enhance community awareness of the situation of youth drug abuse in school campus. He also urged the Police to trace the distribution networks at all levels exploiting youth for committing drug offences, and that severe penalty should be imposed on drug traffickers to curb the supply of drugs.

10.20 S for S responded that the Administration was very concerned about the psychotropic substance abuse among the youth. The Task Force on Youth Drug Abuse led by the Secretary for Justice had released its report in November 2008 setting out some 70 recommendations to combat the youth drug abuse problem. Bureaux and departments were working closely under the auspices of an inter-departmental group led by the Commissioner for Narcotics (C for N) to implement the recommendations. S for S said that the Administration was assessing the overall drug abuse problem with reference to surveys and statistics, and he would relay Mr CHEUNG's suggestion to the inter-departmental group for consideration.

10.21 CP supplemented that the number of School Liaison Officers had been increased from 58 to 85 in 2008-2009 to further strengthen the connection

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with and support for schools, teachers and parents to tackle the youth drug abuse problem. The Police would spare no effort to combat drug trafficking activities at source and drug abuse once identified. The Police would apply to the Court for enhanced sentences in cases involving the exploitation of youth for serious drug trafficking offences in accordance with the Dangerous Drugs Ordinance (Cap. 134).

10.22 Mr James TO opined that the Government had been adopting a passive approach towards the application of Section 56A of the Dangerous Drugs Ordinance. He considered that the Administration should endeavour to strengthen efforts in detecting and intercepting drug trafficking activities with a view to cracking down such activities at source. Moreover, it should also review the overall strategy in tackling the drug abuse problem and impose heavier penalties on adults who involved a minor in the commission of a drug-related offence. Legislative amendments should be introduced to enhance deterrence if necessary.

10.23 In response, CP pointed out that in addition to undercover operations, interception of communication and covert surveillance operations had also been conducted by law enforcement agencies to combat drug trafficking activities. Nevertheless, the number of successful prosecuted cases by virtue of Section 56A of the Dangerous Drugs Ordinance was rare due to difficulty in collecting evidence by the Police and C&E. S for S assured Mr TO that the Administration would make its best efforts to strengthen in-depth investigations into syndicates and controllers of drug trafficking activities.

10.24 Mr CHAN Hak-kan noted that the quantities of Methamphetamine seized at the land boundary control points (LBCPs) had been increased from 195 grams in 2006 to 4 648 grams in 2008. He sought explanation on the tremendous increase. C of C&E explained that C&ED had made good use of drug detector dogs to strengthen its actions to combat drug abuse and trafficking activities at LBCPs. C&ED had also increased the number of searches on suspicious passengers taking shuttle buses and 7-seat station wagons, particularly during midnights in the weekend. As a result of the enhanced enforcement actions taken at LBCPs, C&ED had recorded an increase in the quantities of Methamphetamine seized in 2008.

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10.25 Mr CHAN Hak-kan pointed out that counselling service was also important to combat the youth drug abuse problem. He asked whether social workers were not allowed to perform anti-drug abuse work at LBCPs. S for S undertook to look into the matter and provide a written response after the meeting.

10.26 Mr CHAN Hak-kan sought information on assistance offered to non-governmental organizations (NGOs) for the provision of drug treatment and rehabilitation services. C for N advised that at present there were seven counselling centres for psychotropic substance abusers subvented by the Social Welfare Department (SWD) and 39 DTRCs run by NGOs. Half of these DTRCs were subvented by the Government, and funds had been allocated to subvent an additional 101 places in DTRCs starting from the year 2008-2009. In response to Mr CHAN's further enquiry, C for N advised that some NGOs offering drug treatment and rehabilitation services on a faith-based approach did not wish to receive Government subvention. But if an NGO wished to seek Government subvention and could comply with the conditions, it could discuss the matter with Narcotics Division (ND).

10.27 Dr Priscilla LEUNG asked about the reasons for some NGOs not seeking subvention from the Government. C for N advised that subvented NGOs were regulated by the Department of Health/SWD for the provision of drug treatment and rehabilitation services. The subvented NGO had to comply with the service requirements laid down and was subject to monitoring. Some NGOs had strong beliefs and might not wish to be tied down by these requirements. They preferred to seek funding support from other sources instead. Dr Priscilla LEUNG opined that the existing subvention policy and requirements might need to be reviewed to make it simpler for NGOs to seek subvention.

10.28 Dr Priscilla LEUNG further enquired about additional resources allocated for law enforcement on introduction of drug testing. C for N advised that ND would conduct public consultation, with existing resources, on the proposal for empowering law enforcement officers to require persons who were reasonably suspected of abusing drugs to receive a drug test. ND would also make use of the Beat Drugs Fund to support the research study carried out by tertiary institutions on voluntary school-based drug testing.

10.29 Dr Priscilla LEUNG asked whether the Administration would consider using drug detection dogs to strengthen deterrence against youth drug

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abuse in school campus. CP responded that drug detection dogs could not work for long hours, and very small amount of drugs carried by suspicious students would be easily concealed to elude detection by drug detection dogs. Their effectiveness would also be affected by the weather condition. Unlike the situation at LBCPs where people were well aware of the actions taken by drug detection dogs against drug abuse and trafficking activities, innocent students in schools might find it embarrassing to be sniffed by dogs. Nevertheless, the Police would follow up reports of suspected cases of drug abuse and take appropriate enforcement actions against youth involving drug-related crime if the circumstances so warranted.

10.30 Dr Priscilla LEUNG asked whether the Police had allocated resources to enhance its capabilities in tackling drug trafficking activities via the use of information technology and the Internet. CP advised that the Narcotics Bureau was strengthened by one Sergeant and three Police Constable posts in 2008 to gather the latest information of the drug trend from the Internet, so as to devise better preventive measures and formulate enforcement actions. The Police had also strengthened the exchange of intelligence with the Mainland and overseas law enforcement agencies to intercept drugs at their origins. In 2008, the Police had, in collaboration with their overseas counterparts, successfully cracked down drug trafficking activities involving criminal syndicates in Hong Kong and those from Japan, Australia and the Mainland. In 2009-2010, the Technology Crime Division of the Commercial Crime Bureau would create 26 additional posts to enhance its capability in the investigation of Internet crime, including drug-related crime via the Internet.

Illegal employment

10.31 Noting that ImmD had conducted 6141 arrests for illegal employment in 2008, Mr WONG Kwok-hing asked whether there was any change in the figure compared with previous years. He also asked about the concrete measures to combat the employment of immigration offenders, particularly in the interior renovation works and recycling industry.

10.32 S for S emphasized that the Administration attached great importance to tackle illegal employment. According to the existing legislation, illegal workers and their employers would be prosecuted and sentenced to an imprisonment term upon conviction. D of Imm advised that the number of

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arrests for illegal employment in 2008 was slightly decreased as compared to those of 2007 and 2006. He explained that ImmD had adopted a series of measures to curb illegal employment, including implementing rigorous immigration control at all control points to prevent entry of doubtful visitors into Hong Kong, taking joint operations with the Police and the Labour Department, conducting inspections at black spots of illegal employment (such as recycling factories in the New Territories), following up reports of suspected illegal employment in a prompt and timely manner, and advising employers (such as the property management companies and owners' corporations) not to employ illegal workers and on the security features of identity cards.

10.33 Noting there was an increase in number of prosecutions against the engagement of foreign domestic helpers (FDHs) in non-domestic jobs from 2006 to 2008, Dr PAN Pey-chyou enquired if there were any enhancement measures to combat such offence. He urged the Administration to step up enforcement actions to combat the engagement of FDHs in non-domestic jobs, particularly in public markets and retail shops.

10.34 D of Imm advised that both the helper and employer were required to sign an undertaking which stipulated that the parties had to strictly observe the terms and conditions specified in the employment contract. ImmD had asked FDH employment agencies to remind FDHs to comply with the employment contract and there were publicity campaigns to raise public awareness of the serious consequences of employing illegal workers. ImmD would conduct regular inspections and take actions to curb illegal employment upon receipt of reports from members of the public. ImmD also prosecuted those FDH employers who violated the contract conditions in deploying their FDHs. They were sentenced to an imprisonment up to six months upon conviction.

Ambulance service

10.35 Ms Audrey EU sought information on the creation of new permanent posts and the procurement of new ambulances for ambulance service in 2009-2010. Mr IP Wai-ming also sought information on the creation of posts to deliver emergency ambulance service in 2009-2010. The Director of Fire Services (D of FS) responded that the Fire Services Department would create 123 posts to meet service demand. This included 40 Senior Ambulancemen and 80 Ambulancemen to man 20 additional ambulance shifts and one Senior Ambulance

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Officer, one Ambulance Officer and one Assistant Clerical Officer to station at the Lai Chi Kok Ambulance Depot. The Fire Services Department would also procure 185 ambulances, including 161 replacement town ambulances, three replacement village ambulances and 21 additional town ambulances for the year 2009-2010.

10.36 Ms Audrey EU said that some ambulance men had complained to her that the Administration had not used the provision of \$34.7 million earmarked in 2003-2004 for the creation of 158 posts to man 26 additional ambulance shifts. D of FS clarified that the provision in 2003-2004 had been properly deployed to meet its intended purposes.

10.37 Mr IP Wai-ming opined that the Administration should avoid massive replacement of ageing ambulances so as not to affect the quality of ambulance service. D of FS took note of Mr IP's view and advised that the Fire Services Department was discussing with the Electrical and Mechanical Services Department and other relevant departments to address the issue.

Chapter XI : Food Safety and Environmental Hygiene

11.1 At the Chairman's invitation, Dr York CHOW, Secretary for Food and Health (SFH) briefed members on the priority tasks and the estimated expenditure in the policy portfolio of "Food and Environmental Hygiene" for 2009-2010 (Appendix IV-9).

Food safety

Food testing

11.2 In view of the Administration's plan to outsource some 77 000 food testing work to the local private laboratories, Mr CHEUNG Yu-yan expressed concern about their capacity in conducting the food tests to cope with the stringent requirements upon enactment of the relevant food legislation.

11.3 SFH said that given the increasing need for conducting food tests to ensure food safety and the substantial number of food samples involved, it was necessary to outsource the food testing work. He advised that with more private laboratories obtaining the required accreditation, there would be increased capacity in the private sector for taking up the food testing work. The Director of Food and Environmental Hygiene (DFEH) advised that there was sufficient laboratory capacity in Hong Kong and in the Mainland to cope with the increased food testing demand following the implementation of the nutrition labelling legislation. He pointed out that the nutrition information of many imported food could be provided by the manufacturer or place of origin, while nutrient content could also be worked out using the Chinese University of Hong Kong database containing the nutrition value of a number of food ingredients. On the capacity of private laboratories, the Government Chemist advised that about 13 private laboratories had been accredited for providing various kinds of food tests outsourced by the Government Laboratory and food sample tests required by food importers and suppliers. In 2009-2010, eight of these private laboratories would continue to provide routine food testing service and the other five laboratories would be engaged if there were additional outsourcing requirements. He expected that about 20 private laboratories would obtain accreditation in 2009-2010 with the support and assistance of the Innovation and Technology Commission (ITC).

11.4 Mr Fred LI expressed support for outsourcing of food testing and enquired if the Government Laboratory could then enhance the support for the

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regular food surveillance system, in anticipation of the increased requirement following enactment of the food recall legislation. SFH responded that with the increased outsourcing of routine food tests to local private laboratories, the Government Laboratory could focus on developing new testing method and meeting the challenge for tackling more complicated and emergency food incidents. While more food samples might be tested such as for checking the chemical residues, the actual number of food samples taken for testing would depend on the risk assessments conducted by the Centre for Food Safety (CFS). The Controller, Centre for Food Safety advised that for 2009-2010, it was estimated that about 65 000 food samples would be tested under the food surveillance programme, and the number of sample tests could be increased if necessary. The Government Chemist added that Government Laboratory had resource constraints in the past to cope with an increase in food incidents. With the 50% increase in the outsourcing of routine food tests to the private laboratories (from 22 000 in 2008-2009 to 77 000 in 2009-2010), the Government Laboratory would be able to deploy 16 professional and technical staff for the development of new testing methods to facilitate the enforcement of food legislation and conduct of quick food tests for recall of problematic food.

11.5 Dr Joseph LEE expressed concern about the mechanism to ensure the quality of food tests conducted by the private laboratories. The Government Chemist advised that the private laboratories would need to obtain accreditation from ITC before they could take up the food testing work outsourced by the Government Laboratory. There were also quality assurance measures such as conducting in-situ audits, blind sample testing and split-sample testing by the Government Laboratory. To assist the private laboratories to upgrade their standard, the Government Laboratory had, since December 2007, shared its testing methods with the contract laboratories and conducted seminars, proficiency tests and inter-laboratory studies.

11.6 Mr WONG Yung-kan considered that if it was Government's plan to develop Hong Kong into a food testing hub in Asia, more effective measures should be drawn up to cope with the increasing demand in Hong Kong and the Mainland for food tests. He suggested providing quick testing at the marine fish wholesale markets to ensure the safety of marine fish. SFH advised that Hong Kong would work towards attaining the standard and capacity to test food products of Hong Kong origin as well as those manufactured in other places, which would also open up more business opportunities for local private

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laboratories. With the implementation of new legislation related to food safety in the Mainland, there would be increased demand on food tests. The standard and expertise of food testing in the Government Laboratory and private laboratories in Hong Kong would need to be upgraded continuously. As regards enhancing the safety of fish imported to Hong Kong, the Administration would identify suitable points along the supply chains, such as fish ponds, wholesale or retail markets, for conducting the food tests.

Food inspections

11.7 In view of the recent incidents relating to food safety such as false certificate for vegetables imported from the Mainland, Mr KAM Nai-wai expressed concern about the effectiveness of the current monitoring mechanism. He said that there were cases that some vegetables distributed through the Nanshan Wholesale Centre did not have the required certificates. Mr KAM noted that CFS and the Customs and Excise Department would step up inspections on inbound vegetables vehicles at the border checkpoints, including vegetables trucks at Man Kam To Control Point, he asked about the concrete measures (such as the number of random checks) to be taken in this respect. He also suggested the Administration explore the feasibility of a double certification system to ensure that only vegetables originated from registered farms/collection stations and certified by both Hong Kong and the Mainland were allowed to be imported into Hong Kong.

11.8 SFH said that it would be most effective to ensure food safety from source, while food sampling and surveillance would be carried out at different points of the supply chain. There had been close liaison between Hong Kong and the Mainland to ensure prompt information exchange in case there was a food incident. As regards the questionable sources of some vegetables imported from the Mainland, the Administration had stepped up inspections at the border control points, and the Mainland authorities had been notified for necessary action. SFH advised that under the current arrangements, vegetables with the required certification labels issued by the relevant Mainland authorities would be allowed to be imported into Hong Kong for distribution. It was inappropriate for the Government to interfere with the arrangements for importing vegetables directly from registered farms under the free trade policy. DFEH added that a lot of resources were deployed to ensure the safety standard of vegetables on sale in Hong Kong. In 2008, about 17 000 fresh vegetable samples were tested at the

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import, wholesale and retail levels and the satisfactory rate was 99.9%. The amount tested was equivalent to 29% of the total food samples tested in 2007, which was quite high as compared with Singapore's testing level of some 12% for vegetables. As regards the suspected malpractice at the Nanshan Wholesale Centre, proactive measures had been taken by conducting inspection of the inbound vegetable vehicles of the company concerned for more than 20 times and collecting 60 samples for testing; all test results were satisfactory. Samples had also been collected from the retailers involved for testing. Apart from two pending cases, all samples passed the tests. The Administration had also notified the relevant local and national food authorities in the Mainland for follow up action.

Centre for Food Safety

11.9 Mr Fred LI opined that in view of the increasing public concern on food safety and that the Government Laboratory had to carry out various tests for other departments, all routine and emergency food tests should be carried out by a dedicated laboratory within the CFS. This would enable the Government Laboratory to focus on testing for non-food items more effectively, while more food tests could be conducted with dedicated resources under CFS.

11.10 SFH advised that there were already dedicated teams in the Food Safety Section of the Government Laboratory which worked closely with CFS. The present arrangement had enabled Government Laboratory to deploy manpower flexibly for dealing with upsurge in food test demands associated with emergency food incidents. SFH said that Hong Kong had conducted more food tests when compared to other countries. The Government Chemist supplemented that when there was a food incident, staff in other Sections, such as the Chinese Medicine Section, Environmental Chemistry Section and Controlled Drugs Section, would be temporarily deployed to join the 73 professional and technical staff in the Food Safety Sections to conduct the required tests quickly.

Central slaughtering

11.11 Mr Alan LEONG said that in view of the reduced number of live poultry slaughtered daily with the cessation of operation of many poultry traders under the Buyout Scheme, the proposed poultry slaughtering centre scheduled to come into operation in 2011-2012 might need to be scaled down. Mr LEONG

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enquired whether the Administration would re-consider the implementation of the policy on central slaughtering, to take account of the public expectation on preference for warm meat chickens. SFH acknowledged that there had been a reduction in the number of poultry farmers and live poultry in Hong Kong, and also a 50% reduction in the number of live poultry imported from the Mainland and slaughtered in Hong Kong each day, since the idea of central slaughtering was first brought up a few years ago. However, there was still a daily supply of up to 20 000 live poultry and the demand for freshly slaughtered chickens could provide new business opportunity. The Administration had carefully reviewed the policy to implement central slaughtering. The key parameters of the poultry slaughtering centre, including its mode of operation and quantity of freshly slaughtered chickens to be provided, would be finalized for further preparatory work such as the environmental impact assessment and other statutory processes. The detailed proposals would be submitted to the Panel on Food Safety and Environmental Hygiene for scrutiny in due course.

11.12 Mr TAM Yiu-chung expressed concern about the financial viability of the proposed poultry slaughtering centre in view of the reduction in the number of live poultry requiring slaughtering. He asked whether Government subsidy would be necessary. SFH and DFEH advised that the total number of live poultry from local farms and the Mainland requiring central slaughtering would be in the range of 15 000 to 20 000 each day. At present, the cost of slaughtering (\$10 per chicken) was absorbed in the retail prices. With the retail prices maintained at a similar level, the proposed poultry slaughtering centre should be financially viable, as it could bring a revenue of \$200,000 each day for undertaking the slaughtering work. SFH said that the Administration was examining the mode of operation of the proposed poultry slaughtering centre, and private participation was considered as a desirable option.

Environmental hygiene

Hawker licences

11.13 Mr WONG Kwok-hing opined that to create more job opportunities especially for the grass-roots and unemployed small business operators, the Administration should issue more hawker licences for the sale of frozen confectionery, and for open-air hawker bazaars and "Tai Pai Dong". He considered the current proposal of opening up for application only 30 itinerant

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(frozen confectionery) hawker and 1 300 hawker fixed pitches licences was far from being adequate. As there were at one time more than 300 itinerant (frozen confectionery) hawkers in Hong Kong, and only 114 such applications had been received so far, the Administration should consider issuing at least 100 additional licences to meet the industry demand. He also requested the Administration to relax the succession and transfer requirement for "Tai Pai Dong", in order to preserve its operation which was part of the collective memories of Hong Kong people. He also urged the Administration to make better use of vacant stalls in public markets.

11.14 SFH responded that creating job opportunities was of prime concern to the Government under the current economic situation. For the Food and Health Bureau, 1 537 job opportunities would be created in 2009-2010 with the implementation of various policy initiatives, particularly on health and environmental hygiene. The Administration would continue to adopt a flexible and open-minded approach in reviewing the policy and arrangement on public markets and issuance of hawker licences, taking into consideration the principle of fair competition, environmental hygiene and the characteristics and needs of the districts concerned. As for itinerant (frozen confectionery) hawker licences, the initial proposal was to open up 30 such licences and consider at a later stage the need for issuing further licences after reviewing the latest situation. Appropriate assistance would also be provided, through active collaboration with the relevant departments upon local support, for the establishment of open-air bazaars.

11.15 DFEH said that the Administration had further promoted the use of wet markets by lowering the upset price of market stalls which had been vacant for six months or more to attract potential bidders, at 80% and 60% of the current market rent for stalls left vacant for six months and eight months or above respectively. So far, 2% (i.e. 71 out of 3 426 stalls) of the total vacant stalls had been allocated. As regards the 1 300 vacant hawker fixed pitches, DFEH said that priority would be given to fixed-pitch hawkers locating beside the vacant pitches. The remaining 600 vacant pitches or so would be opened for selection by interested parties through balloting.

11.16 DFEH further said that the opening up of licences in respect of itinerant and fixed-pitch hawkers might contradict with the prevailing policy on voluntary surrender scheme for itinerant hawker licences. The Government could be criticized for wasting public money by granting ex gratia payment to

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those hawkers who surrendered their licences, while issuing the same type of licences to boost employment at the same time. The Administration would need to discuss with the hawker associations about terminating the voluntary surrender scheme earlier than the originally scheduled time of end 2009, before considering the way forward.

11.17 Mr Alan LEONG said that the Administration had reviewed the licensing policy for itinerant hawkers, and the proposals had been discussed by the Panel on Food Safety and Environmental Hygiene in February and March 2009. He asked when the proposals would be implemented. SFH responded that to help create more job opportunities, it was hoped that the concrete details of the proposals could be finalized as soon as possible for implementation in 2009.

Public market rental

11.18 Mr WONG Yung-kan asked whether the arrangement to reduce or freeze the rent of the wholesale markets managed by the Agriculture, Fisheries and Conservation Department (AFCD) would continue in 2009-2010. SFH responded that the Administration had planned to continue to freeze the rent of the Cheung Sha Wan Temporary Poultry Market in 2009.

11.19 Mr CHEUNG Yu-yan enquired whether the 20% rental reduction provided for government properties and short term tenancies of land for three months as promulgated in the 2009-2010 Budget was applicable to all publicly managed wet markets, wholesale and retail stalls, etc., including those being managed by the Housing Department. SFH said that the rental reduction would apply to all wet markets and wholesale markets managed by the Government.

11.20 Ms Starry LEE enquired whether all wholesale markets, including those under the Fish Marketing Organization (FMO) and the Vegetable Marketing Organization (VMO) could also enjoy the 20% rent reduction. The Permanent Secretary for Food and Health (Food) clarified that the rent reduction applied only to those wholesale markets managed by the AFCD, namely the Cheung Sha Wan Wholesale Food Market, the Western Wholesale Food Market and the Cheung Sha Wan Temporary Wholesale Poultry Market. Traders at the wholesale markets managed by the FMO and the VMO paid a commission instead of rent.

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11.21 Ms Starry LEE opined that the arrangement was not fair to markets of FMO and VMO as they were also operated on government land. She suggested similar rate of reduction in the commission should also apply to these markets. SFH and the Director for Agriculture, Fisheries and Conservation explained that the commission received by FMO/VMO markets was not injected into the government revenue but used to cover the operation costs of FMO and VMO and for the activities related to the trade. The scope for commission reduction without affecting these services and activities was limited. Nonetheless, the Administration would discuss with FMO, VMO and the relevant trade operators regarding their concern.

Assistance to fishermen

11.22 Mr WONG Yung-kan enquired what measure the Administration would take to assist the fishermen who would be affected by the lengthened fishing moratorium of 2.5 months in the South China Sea. SFH responded that in view of the impact of the lengthened fishing moratorium on the livelihood of the fishermen, the Administration would consult the FMO on offering them assistance through loans and providing them training with a view to upgrading fisheries operations. The Administration would also consider the recommendations to be drawn up by the Committee on Sustainable Fisheries on the sustainable mode of development of fisheries industry upon completion of a review in a few months' time.

Provision of crematorium facilities

11.23 Ms Starry LEE expressed concern about the shortage of public crematorium facilities, and the problem caused by the substantial increase in the number of privately developed crematorium services which had caused nuisance to nearby residents. Ms LEE enquired about the Government's plan in developing new crematorium facilities in 2009-2010 to address the problem. DFEH responded that allocation of 18 500 new niches in the Diamond Hill Columbarium would commence in the second quarter of 2009. New columbarium facilities providing about 37 000 niches would be built in Wo Hop Shek Cemetery for completion by around 2012. The Chairman asked whether any new niches would be provided between 2009 and 2012. DFEH advised that suitable sites in the New Territories had been identified earlier for constructing columbarium facilities which would provide approximately 100 000 niches.

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Support of the District Councils and the local community was being solicited at the present stage.

Rodent control

11.24 Dr Priscilla LEUNG asked about the proportion of in-house and contractor staff engaged in the provision of pest control services in 2009-2010. She expressed concern that despite the increased resources on rodent control in the past year, there had been no significant improvement. She considered that the Administration should critically review whether the rodent control methodologies being used were effective in tackling the rodent problem, and the Rodent Infestation Rate should be published to enable the public to monitor the progress of rodent control at their respective districts. Dr LEUNG also enquired whether any review or follow-up work had been carried out after the exchange meetings with the Mainland experts on rodent control, for example, adoption of the effective measures suggested by the Mainland experts.

11.25 DFEH responded that territory-wide and district-specific Rodent Infestation Rates for the first half of 2009 would shortly be released. The Administration had stepped up efforts in tackling the rodent problem by improving environmental hygiene, applying poisonous bait and setting of rodent traps, and the measures were consistent with that as recommended by the World Health Organization. The number of rodent traps placed and rats trapped and eliminated had also increased. DFEH further said that there were frequent exchanges with relevant experts in the Mainland, and the methodologies adopted in Hong Kong and the Mainland were quite similar. The Administration would from time to time review the rodent control materials and methodologies being used having regard to international developments and research. SFH stressed that the concerted effort of Government and the community was necessary in rodent prevention. Whilst various departments and public organizations would closely monitor the environmental hygiene at venues under their control, the public should co-operate and improve the environmental hygiene of their premises and its surroundings. DFEH supplemented that staffing resources had been strengthened at district level and there was an additional health inspector in each District to co-ordinate efforts of District Councils, Area Committee, Owners' Corporations as well as other local organizations for improvement in environmental hygiene and adoption of effective anti-rodent measures. At the

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request of Dr Priscilla LEUNG, DFEH agreed to provide information on the resources reserved in 2009-2010 for the anti-rodent programme.

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12.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the major initiatives and expenditure on medical services, public health and healthcare reform for the coming year (Appendix IV-10).

Tobacco control policy

12.2 Sharing his experience as an ex-smoker, Mr WONG Kwok-hing said that he supported the Administration's anti-smoking efforts. In this respect, he enquired about the amount of resources earmarked to combat smoking, the number of jobs that would be created with the resources and the response of the public towards the Administration's efforts.

12.3 SFH said that the Administration regarded smoking cessation as a means for members of the public to attain good health. To this end, the Administration had set aside funds to support the work of the Tobacco Control Office (TCO) of the Department of Health (DH) and the Hong Kong Council on Smoking and Health. The Director of Health (D of Health) advised that for 2009-2010, the Administration would provide some \$60 million for funding the various initiatives on tobacco control. In collaboration with the Tung Wah Group of Hospitals, a three-year pilot community-based smoking cessation programme had been launched in January 2009. The programme provided smoking cessation service, education for the public, training for healthcare professionals and research projects. Four smoking cessation centres had been established throughout the territory to provide free smoking cessation service. The Administration would step up publicity on smoking cessation and related work in schools would be substantially enhanced. Staff would receive formal training in smoking cessation service. Dentists, pharmacists and family physicians would also assist in advising and counselling their patients on smoking cessation. Since the announcement of the tobacco duty increase by the Financial Secretary on 25 February 2009, DH's Smoking Cessation Hotline had received more than 3 000 calls, and additional resources would be provided, if necessary, to support initiatives in this regard.

12.4 Mr IP Kwok-him expressed concern about the increase of young smokers and enquired whether TCO could step up prosecutions against shops selling cigarettes to teenagers under the age of 18. D of Health advised that the number of young smokers in fact had been on the decline. The 2008 Thematic

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Household Survey showed that the smoking prevalence of daily smokers at the age of 15-19 had dropped from 3.5% in 2005 to 2.4% in 2008. Regarding enforcement actions, staff of TCO would act on complaints and put the concerned shops under surveillance. TCO would, however, refrain from engaging teenagers in undercover operations, as this might pose risks to the teenagers. He assured members that DH would, in collaboration with the Hong Kong Council on Smoking and Health and the Tung Wah Group of Hospitals, strengthen the education for teenagers to say "No" to smoking and provide assistance to young smokers in smoking cessation.

12.5 Dr LEUNG Ka-lau said that since the Administration was able to raise considerable revenue from the increase of tobacco duty, it should provide more funds to acquire more effective smoking cessation drugs and provide more manpower for anti-smoking efforts. SFH advised that the Administration was already funding various initiatives rendering assistance to the smokers, and also provide resources to the Hospital Authority (HA) for smoking cessation services.

12.6 Mr Albert CHAN commented that the Administration's policy was biased and unbalanced. He opined that instead of focusing on tobacco control, the Administration should do more to combat problems related to alcoholism, in particular drink driving. More resources should also be allocated to tackle the drug incidents and the long waiting time of specialist clinics.

12.7 SFH advised that the Administration placed importance on the protection of public health and had put in substantial resources to provide health care services from prevention, cure to rehabilitation. He said that smoking cessation was a key to good health, and there were already measures in place to address the problem of alcoholism. While health care resources were always considered to be scarce and inadequate in every country, it was the Administration's responsibility to ensure effective use of public resources for health services in Hong Kong. He pointed out that even at this time of economic downturn, the Administration was committed to increasing government expenditure on health care services over the next three years.

Drug safety

12.8 Ms Audrey EU expressed disappointment that SFH did not mention in his speaking note the recent incidents concerning pharmaceutical products

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dispensed to patients of public hospitals or clinics. She asked why the Review Committee on Regulation of Pharmaceutical Products in Hong Kong (Review Committee) would require six to nine months to come up with its report. She also enquired whether the Administration had earmarked additional resources to enhance the regulation of pharmaceutical products. Mr Alan LEONG and Mr LEE Cheuk-yan also asked whether there would be resources for ensuring the safety of drugs and restoring public confidence.

12.9 In response, SFH advised that for 2009-2010, \$1.5 million had been set aside for DH to strengthen the regulation of pharmaceutical products, including the upgrading of the Good Manufacturing Practice (GMP) scheme to more effectively manage the production of pharmaceutical products in Hong Kong, and an overseas expert had been invited to assist in the work. Additional funding would be provided, if necessary.

12.10 As regards the Review Committee, SFH explained that it was tasked to conduct a comprehensive review on the existing regulatory regime, instead of looking into particular drug incidents. As an immediate measure in response to the recent drug incidents, DH had completed a round of inspections to all the 25 local manufacturers of pharmaceutical products in Hong Kong. Meanwhile, the HA was carrying out a thorough inspection of all its drug items.

12.11 D of Health explained that under the present system, a pharmaceutical manufacturer was required to submit a detailed examination report on the drug at the time of its registration. Registered drugs were subject to random and risk-based testing. To support the work of the Review Committee, DH had set up a Task Force to comprehensively review the existing control of the drug supply chain. With the help of the Department of Microbiology of the University of Hong Kong, an expert team would be stationed at Europharm, the producer of the contaminated drug "Allopurinol", to closely examine the production flow with a view to drawing up a set of production guidelines for all local pharmaceutical manufacturers to follow. At present, DH's Inspection and Licensing Unit was manned by 28 pharmacists, and 10 additional pharmacists would be employed on non-civil service terms to cope with the additional workload arising from drug inspections.

12.12 Mr Andrew CHENG expressed grave concern about the recent drug incidents. While he did not object to a nine-month comprehensive review, he

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considered that there was an urgent need to strengthen DH's manpower resources for drug inspections. To increase the frequency of inspections to pharmaceutical manufacturers and importers to once every two months and once a year respectively, additional provision of some \$25 million would thus be required to increase the number of drug inspectors of DH from the existing 28 to 84. He believed that the Legislative Council would support the additional provision required.

12.13 SFH explained that apart from the \$1.5 million earmarked for strengthening the regulation of pharmaceutical products in 2009-2010, it was possible to deploy funds from his Operating Expenditure Envelope to cater for any contingency expenditure on drug safety during the year.

12.14 Dr Joseph LEE asked why the department still required an additional provision of \$1.5 million in 2009-2010 for regulation of pharmaceutical products, as it had ceased to examine new pharmaceutical products seeking registration. He also asked whether the Administration would consider requiring all registered pharmaceutical products to be re-examined by an accredited laboratory at fixed intervals, to ensure the safety of such products.

12.15 D of Health explained that under the current arrangement, prior to registration, all pharmaceutical products had to go through examination at accredited laboratories. In addition, the Government Laboratory conducted some 50 000 tests on pharmaceutical product samples from dispensaries each year and in response to drug incidents which had increased considerably in recent years. He advised that the objective of GMP was to control product safety and quality at source. It was a common practice in other places for pharmaceutical products to be carried out by accredited laboratories prior to registration.

12.16 Mr LEE Wing-tat said that in recent years, HA had been acquiring more and more pharmaceutical products from Hong Kong and Mainland pharmaceutical manufacturers which offered lower prices, instead of from those of advanced Western countries. He was concerned that this would compromise the quality of the pharmaceutical products and had contributed to the recent outbreak of drug incidents. The Chief Executive of the Hospital Authority (CE, HA) said that HA acquired pharmaceutical products from manufacturers of various countries. Stringent regulatory quality control measures were in place in those countries to ensure the safety of the pharmaceutical products. He could see

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no reasons why pharmaceutical products should not be acquired from local source if the quality of these drugs was comparable to that of advanced Western countries. He advised that expensive drugs did not necessarily mean better drugs, and there were drug recalls in many other countries. In the recent drug incidents, the only drug which would adversely affect patients' health condition was "Allopurinol", which was produced by a local pharmaceutical manufacturer. HA had an effective monitoring system to ensure drug safety and depending on the results of the Review Committee's review, HA would look into ways to tighten the system to attain a higher level of drug safety. At Mr LEE's request, he agreed to provide a breakdown by the places of manufacturing of the pharmaceutical products involved in drug incidents and complaints in recent years. SFH supplemented that HA would only acquire pharmaceutical products registered with DH.

Combined use of Chinese and Western medicine

12.17 Dr Pricilla LEUNG said that the Administration's efforts in promoting the combined use of Chinese and Western medicine in Hong Kong were worth supporting, and enquired about the Administration's work plan and schedule in this respect. She hoped that a hospital operating on combined application of Chinese medicine and Western medicine could be set up in Hong Kong.

12.18 SFH advised that there was no plan to develop a hospital operating solely on Chinese medicine, but would support public hospitals in providing Chinese medical services for in-patients with special needs. The application of Chinese medicine in Hong Kong's public hospitals required close collaboration of Western and Chinese practitioners in the existing setting. At present, in a number of wards in public hospitals, including Kwong Wah Hospital and Queen Elizabeth Hospital, Chinese medicine was used to help patients recovering from cancer and pains diseases. It was encouraging that the combined use of Chinese medicine and Western medicine in public hospitals had been augmented in the past two to three years.

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Medical care for the elderly

Elderly Health Care Voucher Pilot Scheme

12.19 Noting that some medical practitioners had withdrawn from the Elderly Health Care Voucher Pilot Scheme (EHCVPS) in the period from 1 January 2009 to 5 March 2009, Dr Priscilla LEUNG enquired about the reasons for the withdrawals. D of Health advised that the withdrawals were mainly due to the departures of the registered practitioners from the employing institutions. There were a few complaints that the procedures were cumbersome and the IT systems too complicated. As for the latter complaints, the Administration had been making considerable and continuous improvement to the IT systems.

Elderly health centres

12.20 Dr PAN Pey-chyou noted that in mid-2008, the total population of elders aged 65 or above in Hong Kong was about 879 600, and a 1.7% increase was projected for mid-2009. However, the Administration only planned to increase 500 places in the elderly health centres (EHCs), an increase of 1.3% over the existing 38 000 places. Dr PAN enquired whether it was possible to increase EHC places as the service was popular among the elderly.

12.21 SFH responded that EHCs were not the only means to address the primary healthcare needs of the elderly. Other units of DH, HA, community service organizations and private health care providers also provided healthcare services to the elderly. In addition, the Government had launched a three-year EHCVPS on 1 January 2009 to partially subsidize the elderly's use of private care services. The Administration would review in due course the existing arrangements to see how the various healthcare services for the elderly could be better co-ordinated to serve the needs of the elderly.

12.22 Dr PAN urged the Administration to consider increasing the provision for the EHC services as there was a strong demand for such services, while the Elderly Health Care Voucher Scheme was not well received by the elderly due to the small amount of subsidy and the limited number of participating healthcare providers. SFH responded that the situation of the EHCVPS was actually improving with steady increase of service users and healthcare providers enrolling in the scheme.

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Free influenza vaccinations for the elderly

12.23 Mr KAM Nai-wai criticized that the Administration was tight-fisted in improving healthcare services for the elderly. He said that the Democratic Party requested extending free influenza vaccinations to the entire elderly population, given that the cost per dose of vaccine was only \$29.80. He asked whether the Administration would consider the suggestion.

12.24 SFH advised that the provision of free influenza vaccinations were based on the recommendations of DH's Scientific Committee on Vaccine Preventable Diseases. Free or partially subsidized influenza vaccinations were currently available to certain groups of people including children under the age of six and elderly people who were elderly home residents and/or patients of chronic illnesses. D of Health supplemented that nurses of DH were sent to perform vaccine injections in elderly homes. Other elderly people could make use of the health vouchers under the EHCVPS to obtain influenza vaccinations from private health clinics, which normally charged the elderly for less than \$100 for a vaccination.

Public healthcare services

New Territories West cluster

12.25 Mr Albert HO pointed out that in terms of the numbers of doctors, nurses and general hospital beds, the New Territories West (NTW) cluster was in the worst position. Of the directorate posts created in 2008-2009, four were in Tuen Mun Hospital and nine were in Queen Mary Hospital (QMH). He asked whether HA had taken actions to improve the resource provision for the NTW cluster.

12.26 SFH advised that the increase of directorate posts in QMH was mainly caused by the relocation of the Cardiac Thoracic service from Grantham Hospital to QMH, which were offset by the deletion of the same posts in Grantham Hospital. As far as tertiary care was concerned, it was necessary to concentrate the development of highly specialized services at limited number of hospitals to optimize health care resources. CE, HA acknowledged that certain clusters of HA were relatively underprovided in terms of resources. HA was aware of the problem and was taking progressive steps to tackle the shortfall.

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For instance, an additional allocation of \$56 million had been earmarked in 2009-2010 to provide 85 and 37 additional beds in Pok Oi Hospital and Tuen Mun Hospital respectively.

12.27 Mr LEE Cheuk-yan said that he was concerned with the exceptionally long waiting time for specialist clinic appointments in the NTW cluster. He said that in one surgery case, the waiting time was as long as 311 weeks, i.e. close to six years. CE, HA said that it was important to note that 75% of the patients of routine cases were able to attend the relevant specialist clinic within 30 weeks. He would ascertain the case as quoted by Mr LEE. For 2009-2010, with additional funding from the Administration, HA would be able to increase 112 000 additional specialist outpatient attendances, which would help shorten the waiting time. Some specialist clinic patients might also be channelled to the private healthcare sector through the public-private partnership schemes launched by HA. With the improvement of the drug formulary of the general outpatient clinics, more chronic disease patients could change to attend the general outpatient clinics instead of the specialist clinics, and these would also ease the pressure on specialist clinics.

Kowloon East cluster

12.28 Mr Alan LEONG noted that for 2009-2010, an additional allocation of \$35 million had been earmarked to open 36 surgical beds in the Tseung Kwan O Hospital and to enhance its services, but only \$1.3 million had been earmarked to open one additional coronary care bed in the United Christian Hospital (UCH). He sought explanation for the disparity and questioned that the resource provision ran contrary to the Administration's earlier commitment to improving the existing services in UCH. In response, SFH advised that the Administration was conducting a technical feasibility study on the UCH extension project, and depending on the results of the study, the Administration would consult the Legislative Council Panel on Health Services on the relevant funding proposal.

Remuneration for senior staff of HA

12.29 Mr Fred LI noted that in 2008-2009, there had been a salary increase of 3.6% to 7.6% for the five highest paid staff members of HA. He enquired whether the bonus system for senior staff of HA was still in force, and whether the Administration would consider freezing HA's expenditure in this respect.

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12.30 In response, SFH and CE, HA advised that the bonus system for HA's senior staff was scrapped a few years ago, and that some previous bonus had been incorporated into the basic salary of some senior executives of HA. On average, this had made up an increase of 5% in the basic salary of the concerned staff, compared with the previous bonus of 10%. At Mr LI's request, CE, HA agreed to provide detailed information in this regard.

Creation of new posts in HA

12.31 In reply to Mr Fred LI, CE, HA advised that 25 out of the 28 new directorate posts in HA in 2008-2009 were frontline consultant posts. As there had been high wastage of senior doctors from the public hospitals in the past few years, HA had to introduce measures including the creation of promotion posts to retain good-quality and experienced doctors in public hospitals.

12.32 Dr Joseph LEE noted that in 2009-2010, HA would increase 240 frontline non-doctor positions, i.e. 107 nurses and 133 allied health staff. He asked whether promotion positions would be increased for nurses and allied health staff, as in the case of doctors. In response, CE, HA advised that following a review of the causes of nurse wastage in 2008, HA had created 450 Advanced Practice Nurse positions in 2008-2009 as a means to reduce the outflow of nurses from HA. In 2009-2010, HA would continue to look for more promotion opportunities for nurses and allied health practitioners in HA.

Computerized Tomography scanner

12.33 Noting from SFH's speaking note that the Administration would earmark \$693 million in 2009-2010 for HA to acquire medical equipment and install IT systems, Mr CHEUNG Man-kwong enquired whether part of the funding would be used to install a Computerized Tomography (CT) scanner in Our Lady of Maryknoll Hospital (OLMH). He said that patients of OLMH were now required to attend CT scanning in KWH, while the number of scanning attendances provided for OLMH patients was limited to 400 a year. The arrangement was not satisfactory, as it might affect the lives of the patients with emergency conditions. Given that CT scanner was one of the commonly-used equipment for clinical investigations, he hoped that HA could attend to the equipment needs of small district hospitals and provide OLMH with a CT scanner as soon as possible.

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12.34 SFH concurred with Mr CHEUNG that CT scanner had become commonly-used equipment in hospitals. Nevertheless, because of resource constraints, it was still necessary for hospitals within the same cluster to share the use of some medical equipment. CE, HA supplemented that HA recognized that there was a shortage of medical equipment in some hospitals and had drawn up a plan to address the problem including the procurement of additional CT scanners progressively. He advised that HA was examining a proposal from the parent organization of OLMH to install a CT scanner in the hospital.

Self-financed drugs prescribed by HA

12.35 Ms Cyd HO noted that the expenditure on purchasing self-financed drugs through HA in 2008-2009 was \$592.6 million, representing 1.5% of the prescribed drug items in HA and 1.7% of its costs. She also noted that in 2008-2009 (up to 31 December 2008), the Samaritan Fund had approved 601 applications with total subsidies amounting to \$56.3 million, i.e. an average of \$93,733 per case. Ms HO enquired about the respective numbers of chronic patients and elderly patients for whom self-financed drugs items were prescribed by HA doctors in 2008-2009 and the actual drug expenditure incurred by these patients in the year. She was concerned about the financial burden of the elderly and chronic disease patients to purchase self-financed drugs and that the scheme was inconsistent with the principle of equal risk-sharing. Mr LEE Wing-tat expressed similar concerns.

12.36 SFH advised that all necessary and essential drugs were available on the HA Drug Formulary. Self-financed items prescribed by HA doctors were to provide patients with more choices. The lists of self-financed drugs and the HA Drug Formulary were reviewed from time to time to cater for appropriate addition and deletion of drug items. Among the self-financed drugs, those items with proven efficacy but were highly expensive were covered by the subsidy list of the Samaritan Fund. Patients who required the consumption of these items but could not afford the costs might apply for subsidy under the Samaritan Fund. Nevertheless, SFH agreed that the issues raised by Ms HO and other related issues deserved further discussion in the context of public healthcare financing. CE, HA agreed to provide the information requested by Ms HO after the meeting.

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12.37 Ms HO urged the Administration to conduct a review on the policy governing self-financed drugs based on the principle of equal risk-sharing.

Financial management of HA

12.38 Noting that the Government would increase the recurrent subvention for HA by \$872 million each year over the next three years, Dr LEUNG Ka-lau sought details on the service development plan of HA for the next three years. He was concerned whether a mechanism was in place to ensure that HA would not misuse these new resources.

12.39 In response, SFH advised that HA had an effective mechanism to manage the use of the allocated funds. The HA Board which include government representatives exercised a tight control over the allocation of resources. CE, HA advised that HA would soon release a three-year service development plan. Broadly speaking, the additional funding of \$2.6 billion for 2009-2010, 2010-2011 and 2011-2012 was meant to cater for a 3% service growth in the next three years. While most of the additional funding, i.e. about 2%, would be used to keep up with the demand from a growing and ageing population, priority would be given to improving the resources in relatively underprovided clusters such as Kowloon East and NTW, and treatment of life threatening conditions and chronic diseases. The remaining additional funding would be used to cater for service enhancements, including technological advances and improvements of the HA Drug Formulary. CE, HA assured members that HA would be very prudent in its financial management and would make efforts to fine tune the allocation of funds, where appropriate.

Care for chronic disease patients

12.40 Mr CHAN Kin-por welcomed HA's move to set aside \$265 million in 2009-2010 for launching three pilot programmes to enhance the care of chronic disease patients under the shared-care of doctors in both the public and private sectors. He enquired about the eligibility criteria for these programmes, and whether additional funding was required.

12.41 In response, CE, HA advised that for the three pilot programmes, HA was targeting at those hypertension and diabetes patients who had been with HA

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for some time and were medically stable. HA would evaluate these programmes in due course to decide on the next move.

Electronic Health Record (eHR) sharing system

12.42 Mr IP Kwok-him enquired about the estimated costs required of private practitioners to join the Electronic Health Record (eHR) sharing system, and the response from the private healthcare sector.

12.43 SFH advised that while the Administration would be responsible for the development of the eHR sharing infrastructure, system users from the private healthcare sector would need to acquire the computer hardware at their own expenses and the recurrent costs for their operation and maintenance. With the Government shouldering the bulk of research, development and infrastructure costs, the computer expenses to be borne by the private practitioners should not be substantial, and their response to joining the pilot schemes so far was encouraging. Quite a significant proportion of private medical practitioners had participated in different pilot schemes such as the eHR Sharing Pilot (for sharing of HA's patient records with private hospitals and doctors) and the EHCVPS, and these would be prepared to join the eHR sharing system. The Administration was now examining the scope of the medical records to be kept in the system, for instance, whether radiological images were to be included. The Permanent Secretary for Food and Health (Health) added that the Administration would be responsible for the development of the operating platform, the technical standards and the software components, and would make available the software components and technical standards to the private sector at a low fee. Private healthcare providers such as the 13 private hospitals could develop their own patient record systems as long as their systems were compatible with the eHR sharing system, and the Government would provide them with technical assistance for standards compliance as well as interfacing with the sharing platform. At present, over 1 000 private medical practitioners and about 50 000 patients had participated in the eHR Sharing Pilot, and the Administration was liaising with these practitioners and other private healthcare providers as well as the private IT sector on the launch of the eHR Engagement Initiative scheduled for the second half of 2009.

Chapter XIII : Environment

13.1 At the Chairman's invitation, Mr Edward YAU, Secretary for the Environment (SEN), briefed members on the main initiatives of the programmes under the Policy Area: Environment (Appendix IV-11).

Air quality

13.2 Ms Audrey EU noted with concern that while efforts had been made on both sides to reduce polluting emissions and to transform the Pearl River Delta (PRD) Region into a green and quality living area, there had been plans to develop an oil refinery at Nan Sha which might have significant environmental impacts. She enquired if the environment impact assessment (EIA) conducted on the development could be made available for members' reference. SEN said that the proposed development was under consideration and an EIA study was being performed by the Guangdong authorities. The Environment Bureau would be keeping a close watch over the development and would try to find out if the EIA could be made available for members' reference

13.3 The Chairman said that it might be useful for members of the Panel on Environmental Affairs to pay a visit to the PRD Region in order to better understand the subject. SEN said that he noted that the Guangdong authorities had replied to the Legislative Council Secretariat that they would consider to arrange members to visit PRD Region but the timing of the visit would need to be worked out.

13.4 Ms Miriam LAU noted that despite the investments made to reduce roadside emissions, there had not been significant improvements in air quality, possibly because the air pollution was due to external factors. She enquired about the means to assess the effectiveness of the emission reduction measures and the plans to strengthen cross-boundary co-operation to improve air quality. SEN explained that while roadside air quality was mainly affected by vehicular emissions, regional air quality would be affected by power generation and other external factors. The Permanent Secretary for the Environment (PS(Env)) said that since 1999, the Administration had introduced a series of measures to reduce emissions from vehicles and power plants. The data of air quality monitoring stations had revealed that there had been significant reduction in levels of respirable suspended particulates (RSP) and nitrous oxides (NOx) from 1999 to 2008. The Deputy Director of Environmental Protection (3) (DDEP(3)) said that buses were able to reduce their RSP and NOx emissions from 63% to 13%

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during the period from 1997 to 2006 following the retrofitting of particulate removal devices and replacement of old buses. In response to Ms LAU, the Administration agreed to set out the means to assess the effectiveness of the one-off grant scheme to assist owners of pre-Euro diesel heavy vehicles to retrofit their vehicles with particulate removal device, and the measures taken to strengthen cross-boundary co-operation with a view to improving regional air quality.

13.5 Mr LEE Wing-tat also expressed concern about the poor roadside air quality and urged for implementation of emission reduction measures without having to await the formulation of the new Air Quality Objectives (AQO) which was still under consultation. He would support the setting up of low emission zones prohibiting entry of heavily polluting vehicles. SEN said that the consultants on the review of AQOs had set out a series of emission reduction measures to be implemented in three phases. While some of these were being implemented, others were in the pipeline and consultation on some measures would still be necessary. The setting up of low emission zones was part of the transport measures being recommended, which would be considered in line with bus rationalization schemes.

13.6 Ms Audrey EU enquired if Government would be prepared to make more use of electric vehicles and motorcycles to promote their use in Hong Kong. SEN said that Government had purchased six electric motor cycles for trial use in Hong Kong. It would give priority to environment-friendly vehicles when buying new vehicles and would also consider buying more electric vehicles when suitable models become available in the market. Apart from cost considerations, the emission performance and fuel efficiency of vehicles were the main factors to be considered in the replacement of Government vehicles.

13.7 Mr KAM Nai-wai expressed concern that the first electric car designed in Hong Kong using funding from the Innovative Technology Fund (ITF) could not be used in Hong Kong. Instead, Government was negotiating on the import of electric cars from Japan for use in Hong Kong. He questioned why consideration had not been given to the use of locally designed/manufactured electric cars in order to promote the development of industries and create job opportunities. SEN advised that the study on electric vehicles conducted by a local university was funded by ITF, which had led to the development of vehicles under the brand name of "My Car".

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13.8 Mr KAM Nai-wai questioned why Government funding should be provided for the manufacture of a product which could not be used in Hong Kong. SEN said that electric cars had to meet safety requirements before they were allowed to be used on the roads in Hong Kong. While Environment Bureau was not responsible for funding of projects under ITF, it was worth noting that funding for manufacture of products was to meet different market needs which were not confined to Hong Kong. There were incentive measures such as the exemption of First Registration Tax to encourage the use of electric vehicles in Hong Kong. It was hoped that with the advancement in technology, more electric vehicles would become available for use in Hong Kong. The Chairman said that the Administration would also consider the applicability to the local market when approving funding for research projects.

13.9 Ms Audrey EU enquired if the existing legislation would need to be amended to allow for the use of electric vehicles in Hong Kong. SEN said that while some countries applied different safety requirements to different vehicles, this was not the case in Hong Kong. The Deputy Secretary for the Environment (DS(Env)) added that the Administration had been in close liaison with the project proponent of "My Car". According to information available, the seat belt on board of "My Car" had yet to fully meet the safety requirements of the Transport Department. The project proponent had sent the car for further testing in Shanghai before being tested in Hong Kong around June 2009 under a temporary permit. In the long run, the transport regulations would require amendments to facilitate the use of electric vehicles in Hong Kong, as the performance requirements of electric cars was not measured in the same way as vehicles running on vehicle fuels.

13.10 Mr Albert CHAN expressed disappointment about the long time taken to promote the use of electric vehicles, as the proposal was considered by the Administration more than 10 years ago. He opined that instead of using tax incentives, a more practical way to encourage the switch to electric vehicles was to provide for the needed infrastructure such as battery charging facilities. He hoped that the Administration would take the lead in the use of electric vehicles and elaborate on its plans in this respect at the Budget debate. SEN said that the Administration was keen to promote the use of electric vehicles in anticipation of the availability of electric vehicles suitable for use in Hong Kong in the market. The Financial Secretary had already explained in his Budget Speech the

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Administration's plans on the promotion of electric vehicles. As a head start, the Environment Bureau had entered into agreement on the testing of a new type of electric vehicle for trial use in Hong Kong, and would also study the feasibility of jointly promoting electric vehicles with the manufacturers. Consideration would be given to introducing electric vehicles into the Government fleet when the related technology had matured and suitable models were available in the market.

13.11 Ms Audrey EU noted that the Hong Kong Automotive Parts and Accessory Systems R&D Centre had undertaken seven projects which were related to electric vehicles. She enquired about the nature of these projects, their scope of research, the cost incurred and how these could assist in the early introduction of electric vehicles for use in Hong Kong. SEN said that the Innovation and Technology Commission and the Hong Kong Productivity Council had been assisting the trades in the research and development of automotive parts and accessory systems, some of which had been sold on a commercial scale and had contributed to the development of a green economy. Research and development of electric vehicles would be conducted in the PRD Region in the hope that the use of the more environment-friendly electric vehicles would bring about improvements in air quality.

13.12 Noting that the Environmental Protection Department would be introducing a set of statutory specifications for biodiesel as motor vehicle fuel in 2009, Ms Audrey EU enquired whether the Government vehicle fleet would be taking the lead in the use of biodiesel. PS(Env) explained the extent of using biodiesel as motor vehicle fuel would depend on design of the vehicle concerned. Based on available information, in general most vehicles were able to use diesel mixed with 5% biodiesel but the toleration of a higher concentration of biodiesel would depend on the design of the specific vehicle models. Therefore, the use of biodiesel by the Government fleet would depend on whether the vehicles in use were suitable for such a switch. With the introduction of statutory specifications for biodiesel as motor vehicle fuel, the Administration would examine the supply of biodiesel and its application to Government vehicles.

Waste management

13.13 Mr WONG Kwok-hing enquired about the number of jobs which could be created by the environmental industries. SEN said that while about 17 000 jobs were created for the provision of environmental infrastructure, of

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which a few thousand jobs were related to environmental industries. With the provision of more land by way of short term tenancies for the development of recycling industries, more jobs could be created in this regard. He further said that the EcoPark had been progressing well with the letting of lots and about 100 to 200 jobs were expected to be created. The funding for energy-cum-carbon audits and energy efficiency projects would also help create jobs in the field of engineering and electrical maintenance. PS(Env) added that given the mobility of workers in the recycling trade, it would be difficult to assess the actual number of jobs created by the recycling industries. Notwithstanding, she would seek the input of the trades in estimating the number of existing jobs in the recycling industries.

13.14 Mr WONG Kwok-hing expressed concern about the lack of monitoring on the use of disposable lunch boxes which, according to a recent media report, had amounted to over 200 000 per day with about 100 000 being disposed of at landfills each day. SEN advised that more than half of the schools in Hong Kong were now using reusable lunch boxes. Of the disposable lunch boxes being used by schools, about 30% of these were made from recyclable materials. Efforts would be made to encourage the schools to adopt the more environmental practice of central portioning, which would reduce the use of disposable lunch boxes and cutlery. As schools adopting such practice might need to invest more on renovation works, canteen facilities, kitchen equipment, scullery and kitchenware, the Administration was currently exploring the scope of the Environment and Conservation Fund in subsidizing such works.

13.15 Mr CHAN Hak-kan said that while he welcomed the steady reduction in the amount of domestic waste disposed at landfills following the launch of the Policy Framework for the Management of Municipal Solid Waste (2005-2014), he was concerned that such decrease was offset by a corresponding increase in commercial and industrial wastes disposed. He enquired about the impact on landfills arising from the increase in commercial and industrial wastes, and requested that more measures should be introduced to reduce such wastes. SEN said that the total amount of waste disposed at landfills had decreased following the introduction of the construction waste charging scheme. While the 2008 statistics for municipal solid waste (MSW) were still being compiled, the MSW recovery rate in 2007 had reached 45% which was three years ahead of the interim target set in the Policy Framework. The increases in commercial and industrial wastes were related to changes in business activities and increases in the number

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of tourists. As commercial and industrial wastes consisting of recyclable products and office equipment had a high resale value, the recovery rate was as high as 63%, which was much higher than the recovery rate for domestic waste, estimated at 24%. Further efforts would be made to encourage the management of commercial and industrial buildings to reduce their commercial and industrial wastes. To reduce the impact on landfills arising from the increase in wastes, there was a need for more waste recycling initiatives as well as the establishment of the Integrated Waste Management Facilities (IWMF) for the treatment of waste.

13.16 Ms Cyd HO noted that that there had not been many research projects or investments on waste recycling except for the EcoPark. She was concerned that with the proposed development of IWMF which would be using incineration as its core technology and substantially reducing the volume of MSW by 90%, there would unlikely be further incentives to recycle and reduce waste. She also noted that there were plans for the extension of landfills. SEN said that the proposed IWMF would have a design capacity to treat about 3 000 tonnes of MSW per day, representing only about 30% of waste disposed at landfills per day, there would still be a need to recycle and reduce wastes. The ongoing efforts to reduce and recycle wastes would include the levy scheme on plastic shopping bags, which would be the first of the product eco-responsibility schemes to be implemented. As for the EcoPark, he said that the lots in phase I had been let out and some operation had commenced. Meanwhile, further expansion of landfills was necessary to meet the increased demand for landfill space. In response to Ms HO, the Administration would provide the costing (in terms of capital cost, land and manpower resources) on the development of landfills, incineration facilities and waste recycling industries.

13.17 Dr Priscilla LEUNG declared that she was Chairman of the Green Council. She welcomed the Administration's initiative to promote a green economy and enquired if a committee on green economy would be set up to promote business and industrial opportunities in this respect. She also supported green labeling which would help in the marketing of local products to the international market. SEN shared the view that a green economy would help enterprises and industries expand their opportunities and create jobs in Hong Kong. He agreed to convey to the Administration Dr LEUNG's suggestion of setting up a committee on green economy. He said that co-ordinated efforts of various bureaux and departments would be necessary in the development of green economy.

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Energy efficiency

13.18 Prof Patrick LAU said that as buildings accounted for 89% of total power consumption in Hong Kong, there was a need to enhance the energy efficiency of buildings with a view to reducing power consumption. He added that building professionals were concerned about the delay in the introduction of the Buildings Energy Efficiency Bill which was meant to promote the improvement of energy efficiency and conservation in buildings. He enquired about the reasons for the delay and the timeframe for the introduction of the Bill into the Legislative Council. SEN said that the Buildings Energy Efficiency Bill would provide for improvements in energy efficiency and conservation in new and existing buildings. The Administration had been consulting relevant trades on the details of the legislative proposals (e.g. energy audit). After completion of consultation, the Bill would be introduced into the Legislative Council within the year.

13.19 Prof Patrick LAU further enquired if refurbished buildings would need to comply with new standards of energy efficiency. DS(Env) advised that there were existing codes of practice for energy efficiency for lighting, lifts/escalator and electrical installations in buildings. Buildings which underwent major refurbishment works would be expected to comply with the new energy efficiency standards.

13.20 Referring to the proposed additional allocation of \$130 million to enhance energy efficiency of Government buildings and public facilities, Prof Patrick LAU enquired about the timeframe for recovering the investment costs. The Director of Electrical and Mechanical Services said that while the improvements works would expect to be completed within 2009-2010, the pay-back period would vary with different installations. For example, the energy efficient light installations would be able to recover the cost within four to five years while other installations such as air-conditioning systems might require a longer pay back period but such would unlikely be more than 12 years.

Nature conservation

13.21 Mr LEE Wing-tat expressed concern that tree felling activities had become rampant in many rural areas in Hong Kong. He said that many such activities were carried out by landowners in order to pave the way for them to

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seek approval for a change of land use for future development. He opined that these activities should be controlled as they would bring damage to the environment. He asked if there was a lead department which could co-ordinate the enforcement efforts against tree felling. SEN said that enforcement actions would be taken against tree felling activities which were contrary to planning policies and occurred on Government land. However, if the tree felling activities occurred on private land, the ownership rights of the land would have to be respected. The Administration would act on the complaints received and enforcement actions would be taken as appropriate. The Director of Agriculture, Fisheries and Conservation said that enforcement actions would be taken if there was sufficient evidence of illegal tree felling activities. There would be co-ordination among the Agriculture, Fisheries and Conservation Department and other relevant departments such as Lands Department before taking enforcement actions. Reports on illegal tree felling incidents would be referred to Planning Department for possible referral to the Town Planning Board for reference in the consideration of planning applications.

13.22 Mr Albert CHAN suggested that more local trees should be planted as a part of the greening measure, and more inspections should be carried out on the older trees. The Director of Agriculture, Fisheries and Conservation noted the suggestions.

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14.1 At the Chairman's invitation, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on Government's major initiatives on housing in the new financial year (Appendix IV-12).

Order in the Committee

14.2 Before inviting questions from members, the Chairman reminded members not to use offensive or insulting languages at meetings, and not to interrupt or speak at the same time when a member was speaking.

Supply of public and private housing

Public rental housing production

14.3 Mr LEE Cheuk-yan enquired about the progress of the public rental housing (PRH) production programme. He stressed the need for a balanced development of community facilities in PRH estates and the provision of more PRH units in the urban districts. STH said that there had been close co-ordination with the Planning Department in the planning and development of PRH estates, and community facilities/services were provided for in the neighborhood of PRH estates. To assist tenants to adapt to the new living environment, housing advisory and service teams were set up in estates, such as the pilot scheme in Tin Shui Wai Estate, with a view to strengthening community cohesion. Meanwhile, efforts would be made to ensure adequate supply of public housing to maintain the average waiting time for PRH at about three years. The number of PRH units provided in the next five years starting 2008-2009 was estimated at 76 991 units with an average 15 400 units per year.

14.4 Mr Abraham SHEK said that many applicants on the Waiting List (WL) for PRH were living in very poor living conditions. He enquired if the Administration would be prepared to take heed of their plight and expedite the PRH production programme with a view to reducing the average waiting time for PRH units to less than three years. He added that stepping up the PRH production programme would also increase job opportunities. STH said that the target of maintaining the average waiting time for general PRH applicants at about three years was considered an acceptable arrangement. The average waiting time for PRH had been kept at 1.9 years for general applicants, with the adequate supply of public housing in recent years. It was worth noting that when planning

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for PRH developments, consideration would have to be given to balanced development of community facilities, taking into account the residents' needs.

14.5 Dr Priscilla LEUNG enquired if there were plans to expedite the waiting time for PRH flats from three years to 18 months in respect of those living in bed space apartments. STH clarified that the same waiting time applied to all WL applicants, irrespective of the type of their current accommodation. She pointed out that the average waiting time for PRH units was 1.9 years, though the target waiting time was three years. Moreover, compassionate housing as recommended by the Director of Social Welfare could be provided for special cases involving hardship. Applicants could also opt for express allocation of flats if they did not mind moving into unpopular flats which had been rejected by other applicants for various reasons. Mr CHAN Hak-kan said that special allocation arrangements should be allowed for applicants who opted for express allocation of unpopular flats. The Permanent Secretary for Transport and Housing (Housing) (PS(H)) said that the details of the unpopular flats were made available to applicants who opted for express allocation.

14.6 Dr Priscilla LEUNG further enquired if consideration would be given to relaxing the eligibility criteria for PRH in respect of residents from the Mainland who had not completed seven-year residence in Hong Kong. STH explained that under the current policy, families were eligible for PRH if half of the family members included in the application had lived in Hong Kong for seven years. Moreover, all children under the age of 18 were deemed to have fulfilled the seven-year requirement as long as one of their parents had lived in Hong Kong for seven years or the children themselves were born in Hong Kong with permanent resident status.

14.7 Mr LEE Cheuk-yan sought the Administration's response to the objections raised on the provision of additional PRH estates at Tung Chung Area 56, given the remoteness of the area and the inadequacy of community facilities. STH said that there was a need to provide sufficient PRH units for the 110 000 applicants on the WL. In planning for new estates at Tung Chung Area 56, consideration would be given to balancing the needs for housing and various community facilities.

14.8 Mr LEUNG Yiu-chung expressed concern that while there was a shortage of land supply for the development of PRH, prime sites such as that at

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North Point Estate and Homantin Estate were returned to Government for other developments, when these estates were demolished. STH explained that it was Government's policy to redevelop old PRH estates, and one example would be to develop So Uk Estate at its present site. However, there were other plans for some other sites such as the North Point Estate which was close to the harbourfront area and which could be better developed in the interest of the people of Hong Kong. With the objective to maintain the average waiting time of PRH applicants at around three years, cleared PRH sites would be retained for PRH development as far as possible taking into account the views of the local community. As for Homantin Estate, PS(H) said that the site was still reserved for development of public housing.

Supply of private residential properties

14.9 Mr Abraham SHEK said that there had been a reduction in supply of private residential units. He asked about the number of applications for change of land use to allow for development of private residential properties. He hoped that these applications could be dealt with expeditiously in order to improve the supply of private properties and also provide job opportunities. The Director of Lands said that the Lands Department had just issued the 2009-2010 Application List. A stock-taking as at January 2009 showed that some 63 000 units in the primary market would be available in the coming three to four years. These included 10 000 unsold units of completed projects; 44 000 units under construction but had not yet been sold or offered for sale; and 9 000 units to be built on disposed land of which construction had yet to start. The Application List was not the sole source of housing supply. Lease modification was another source. To expedite the processing of applications for lease modification, a dedicated team on a pilot scheme basis had been set up at one of the District Lands Offices.

Sales of surplus Home Ownership Scheme and Sandwich Class Housing Scheme flats

14.10 Referring to the unsold stock of 838 Sandwich Class Housing Scheme (SCHS) flats managed by the Hong Kong Housing Society (HS), Mr CHAN Hak-kan enquired if these would be sold together with the surplus Home Ownership Scheme (HOS) flats which would be put up for sale in the next six months. He also enquired if there would be incentives for existing PRH

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tenants to purchase these flats so as to release more PRH units for re-allocation. STH responded that the sale of surplus HOS had all along been carried out in a transparent and systematic manner taking into account market conditions. The timetable for the sale of HOS units would need to be reviewed in the light of the sales result of Phase 4 of HOS sale and the economic outlook and conditions. The Deputy Secretary for Transport and Housing (Housing) (DS(H)) added that the Administration would maintain close liaison with HS in the sale of SCHS flats, and HS would take into account factors such as local economic conditions, the demand and supply situation of the private residential property market as well as market sentiments. Mr CHAN said that arrangements should be made for the sale of surplus SCHS/HOS flats, especially those which had been completed for a long time, such as Kam Fung Court, Ma On Shan, which still remained unsold. PS(H) said that Kam Fung Court would be put up for sale at future sales exercises.

Rent reductions and concessions

14.11 Mr WONG Kwok-hing said that the financial tsunami had intensified the disparity between the rich and poor, as demonstrated by the growth of the number of households with monthly income below \$4,000 to 190 200 which was comparable to the situation in 2003. He strongly urged the Administration to take into account the plight of low-income households and offer rent reductions for PRH tenants. STH advised that rent assistance schemes were available to domestic tenants of PRH and licensees in interim housing who were facing financial hardship. PS(H) added that PRH tenants whose median-rent-to-income ratio was higher than 18.5% were eligible to apply for rent reductions between 25% to 50% under the rent assistance scheme.

14.12 Mr WONG Kwok-hing said that there were many restrictions under the rent assistance schemes. The Administration should take account of the predicament faced by families who were stricken by the recent financial crisis and offer immediate relief in the form of rent reductions. PS(H) agreed to relay Mr WONG's request for rent reductions to Hong Kong Housing Authority (HA) for consideration.

14.13 Mr LEE Wing-tat enquired about the eligibility criteria for the rent assistance schemes. He was concerned that persons who became unemployed as a result of the recent financial tsunami had to wait some months before rent was payable. He considered it necessary to shorten the processing time for

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applications for rent assistance to provide timely assistance to families which had difficulty making their ends meet. He also suggested allowing more flexibility, such as deferred payment of rent, for families in financial difficulty. PS(H) said that rent assistance was meant to provide quick relief to families with sudden loss in income, and applications could normally be approved within three months. For families facing long term losses in income, they would be advised to apply for the Comprehensive Social Security Assistance. He agreed to convey members' suggestions to HA for consideration.

14.14 Mr Tommy CHEUNG enquired whether the rental concessions for Government properties and land as announced in the 2009-2010 Budget, i.e. a 20% rental reduction for most government properties and short term tenancies of government land for three months, would also apply to the commercial tenants of HA. PS(H) explained that the rental concessions would not apply to the commercial tenants of HA, as a 50% rent reduction for the months of January and February 2009 had already been provided.

14.15 Mr WONG Kwok-hing enquired whether the rate concessions under the 2009-2010 Budget would apply to both domestic and non-domestic premises of HA and HS. PS(H) confirmed that the rates concessions would apply to all premises of HA and HS, except for carparks managed by HS since the amount involved was too small. He nevertheless agreed to relay to HS Mr WONG's request for rates waiver for carparks managed by HS.

Housing for the elderly and non-elderly one-person applicants

14.16 Prof Patrick LAU enquired about the progress of HS housing projects for the elderly. STH said that HS would be implementing two elderly housing projects, one at Tanner Road, North Point and the other at Tin Shui Wai. While both would be developed using a comprehensive home care approach, the tenure of tenancies and the facilities would cater for different target groups. PS(H) added that the Tanner Road project would provide about 500 units, while the Tin Shui Wai project was still under planning. The Administration would provide the necessary support to HS in its provision of housing for the elderly.

14.17 Prof Patrick LAU noted that the Converted One-Person (C1P) flats comprising exclusive living areas but shared toilet and balcony facilities were not well-received by the elderly and non-elderly one-person applicants. He enquired

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if there were plans to improve the situation. PS(H) said that as the C1P flats were not well-received, efforts were made to reconvert them back to ordinary PRH units by removing the partitioning after the tenants had moved out.

14.18 Mr Alan LEONG said that as the last review on the Quota and Points System for non-elderly one person applicants (QPS) was conducted in July 2007, he enquired if a further review would be made with a view to shortening the waiting time for young people to apply for PRH. STH said that QPS was introduced in 2005 to rationalize and re-prioritize the allocation of PRH to non-elderly one-person applicants. Every year, about 8% of the total number of allocated PRH units allocated to WL applicants, subject to a ceiling of 2 000 units, were allocated to non-elderly one-person applicants. At present, there were about 16 000 non-elderly one-person applicants aged below 30 years, representing about 39% of the total number of non-elderly one-person applicants on the WL. As 34% of these applicants had received tertiary education, their salary might have exceeded the income limits by the time they were due for allocation of PRH units. While Government would continue to monitor the operation of QPS, there were no plans to conduct a further review at the present stage.

14.19 Mr Albert CHAN opined that the housing policy was discriminating against non-elderly one-person applicants, as their waiting time for PRH was not three years as pledged but was as long as eight years in some cases. He was of the view that the Administration had manipulated the supply and demand for PRH through adjustments made to the income/asset limits and maintaining the average waiting time at three years. While he welcomed the special scheme for families with elderly persons which allowed young families to apply together with their elderly parents, he urged for a balanced supply of PRH units in different districts to meet the increased demand. STH said that Government would endeavor to identify suitable sites to implement a sustainable PRH programme. She advised that the average waiting time for PRH in respect of non-elderly one-person applicants rehoused had been 2.3 years in 2006-2007, 1.9 years in 2007-2008, and 1.8 years in 2008-2009.

14.20 Mr Albert CHAN pointed out that some younger applicants were allocated C1P units and were required to share facilities with elderlies, and this had led to a lot of disputes between the young and the elderly tenants. Mr LEUNG Kwok-hung expressed similar concern and requested the provision of more self-contained one-person units to non-elderly one-person applicants.

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PS(H) said that the said arrangement of allocating C1P units with shared facilities had been discontinued.

Provision of lifts and escalators in public rental housing estates

14.21 Mr KAM Nai-wai noted that the 2009-2010 Budget did not mention plans for provision of lifts and escalators in PRH estates to facilitate access by residents, despite Government previous undertaking in this respect. He urged that the provision of lifts and escalators in PRH estates should be expedited. STH explained that as the provision of lifts and escalators in PRH estates would be undertaken with HA resources, and therefore not reflected in the Budget. PS(H) advised that the \$1 billion installation programme for lifts and escalators in PRH estates had already been compressed from five years to four years. While efforts would be made to expedite the lift/escalator installation works, some technical problems had to be overcome in some cases, for example, extensive piling works were required in Choi Hung Estate in the installation process. In response to Mr KAM, the Administration undertook to provide to the Panel on Housing a list of lift/escalator installation projects in PRH estates which had encountered technical difficulties.

Maintenance of Tenants Purchase Scheme units

14.22 Noting that the seven-year warranty period for the maintenance of Tenants Purchase Scheme (TPS) units would soon expire, Mr Alan LEONG enquired whether the Budget had provided resources to meet the maintenance costs of TPS units. PS(H) said that the seven-year warranty period for TPS units was meant for structural maintenance. For each TPS estate, HA had deposited an amount equivalent to \$14,000 per residential unit in the maintenance fund for major maintenance work.

Unauthorized building works

14.23 Mr Joseph LEE noted that while the number of advisory letters issued in 2008 by the Housing Department (HD) against unauthorized building works (UBWs) was 244, the estimated figure for 2009 increased significantly to 600. He asked about the basis for arriving at the estimated number in 2009 and whether this was related to the districts to be inspected. The Assistant Director of Housing (Independent Checking Unit) (AD of H (ICU)) advised that number of

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advisory letters issued in 2007 and 2008 were 1507 and 244 respectively, depending on the number of buildings inspected and the number of unauthorized building works identified. The number of advisory letters to be issued in 2009 was an estimate based on experience and not related to the districts to be inspected. The inspection works would be carried out by existing staff of HD and HD had not proposed to increase manpower resources in this respect.

14.24 Mr Frederick FUNG enquired about the number of UBWs in HOS and TPS flats and the time required to clear these UBWs. AD of H (ICU) said that under the delegated authority from the Director of Buildings, the Independent Checking Unit (ICU) of HD had carried out enforcement actions in accordance with the Buildings Ordinance and the existing policy of the Buildings Department. During the survey conducted in 2004, ICU had identified 160 blocks out of about 900 blocks of flats with a proliferation of UBWs. At present, enforcement actions had been taken in 136 blocks and the remaining 24 blocks would be completed by end of 2009, and about 25 to 30 blocks of flats could be dealt with in each subsequent year. Continued efforts would be taken to tackle the problem associated with UBWs.

Appeal Panel (Housing)

14.25 Noting the drastic increase in the estimated number of appeal cases received by the Appeal Panel (Housing) in 2009, Mr Frederick FUNG questioned why there were no provisions for additional manpower resources to cope with the increased workload. PS(H) said that since Government had paid rent for public housing tenants from August to October 2008, the number of rent arrears cases had dropped drastically in 2008. As a result, HD had made use of the available resources to expedite processing of outstanding cases. With the reduced member of outstanding cases, HD would be able to cope with the increased number of appeal cases next year with existing resources. The estimated provision for 2009-2010 was therefore maintained at the same level as the revised estimates for 2008-2009.

Estate agents

14.26 Mr CHAN Kam-lam said that given the downturn in the economy and the reduction in property transactions, estate agents were facing much difficulty in sustaining their operations. He enquired if assistance could be

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rendered to estate agents by reducing their licence fees, streamlining operative requirements through information sharing, and engaging them in the sales of surplus HOS flats. DS(H) said that the Estate Agent (Licensing) (Amendment) Regulation 2009 had been introduced into the Legislative Council in March 2009, to give effect to a 6-month fee waiver on a one-off basis during the period from 1 May 2009 to 30 April 2010 in respect of each type of licence as prescribed under the Estate Agent Ordinance (Cap. 511). STH said that consideration could be given to sharing information and streamlining the operative requirements of estate agents, provided that the standard and quality of the service would not be compromised. There would be practical difficulties in engaging estate agents in the sales of surplus HOS flats, as a ratio had to be maintained between white and green form applicants under the current policy.

Chapter XV : Transport

15.1 At the Chairman's invitation, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the part of the Estimates and the priority areas under the transport portfolio in the 2009-2010 financial year (Appendix IV-13).

Public transport fares

Concessions for residents of remote new towns and people who had to work across districts

15.2 Mr WONG Kwok-hing opined that railway fares were in general high, and residents of remote new towns, especially those low-income part-time casual workers who had to travel around to serve different employers, had found it difficult to afford the transport expenses. As the Financial Secretary had pledged to preserve employment, the Government being the majority shareholder of MTR Corporation Limited (MTRCL) should urge MTRCL to introduce fare concessions for people who had to work across districts. Concessions such as the One-Month Pass and free interchange service presently available for West Rail only should cover all railway lines. Mr WONG Kwok-hing and Mr IP Wai-ming also called for a territory-wide inter-company concessionary bus-bus interchange (BBI) scheme to assist residents of remote new towns.

15.3 STH responded that the Government had all along been making efforts to ensure that public transport services were of a high quality and affordable. The Deputy Secretary for Transport and Housing (Transport)2 (DS(T)2) advised that the current concessionary interchange schemes were to provide passengers with a wider choice of services by allowing them to interchange at major public transport interchanges to railway service or other bus routes; to minimize the need for long distance point-to-point bus routes in new towns to enhance bus network coverage and efficiency; and to tie in with bus rationalization proposals to reduce traffic congestion and roadside emission. These interchange concessions were available for some 400 bus routes, benefiting about 120 000 passengers every day.

15.4 The Commissioner for Transport (C for T) added that apart from the BBI schemes, there were also some 50 interchange schemes with green minibuses and ten bus-rail interchange schemes. In Northwest New Territories, fare concessions were also available for interchanges between Light Rail, West Rail

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and bus routes within the Light Rail service area. From time to time, the 18 District Councils (DCs) also referred proposals for new BBI schemes on various bus routes to the Transport Department (TD) for consideration. TD would examine these proposals with relevant bus operators on a case-by-case basis.

15.5 Mr IP Wai-ming asked whether the BBI schemes planned for implementation in 2009 were all new schemes. DS(T)2 replied in the affirmative, and explained that the planning and implementation of BBI schemes was in fact an ongoing exercise. She further elaborated that the 27 bus routes concerned covered the whole territory including Northwest New Territories, Kowloon, the Hong Kong Island and Lantau Island. Consultation with the relevant DCs was being conducted.

15.6 Mr Tommy CHEUNG enquired about specific plans to encourage bus operators to offer fare concessions for long-haul routes to help reduce the travelling expenses of those living in the remote areas. STH and DS(T)2 responded that the accumulative operating costs of bus companies had increased tremendously as a result of the escalation of fuel prices from January to October 2008. As fuel prices had recently stabilized, the Government was exploring with bus companies the possibility of introducing more fare concessions, though it was ultimately the decision of the companies as to whether to introduce the concessions having regard to their own operating conditions. DS(T)2 further explained that a comprehensive mechanism had been put in place to regulate the levels of franchised bus basic fares, under which the Chief Executive-in-Council could fully consider and balance all relevant factors, including changes in operating costs and revenue since the last fare adjustment; forecasts of future costs, revenue and return; the need to provide the operator with a reasonable rate of return; public acceptability and affordability; and the quality and quantity of service before determining the reasonable fare levels. Under such a mechanism, if the Government arbitrarily required bus companies to provide fare concessions for specific groups of passengers, the financial impact on the companies so arising would eventually be reflected in the basic fares. She however assured members that the existing mechanism should be able to ensure that the fare levels were reasonable because public acceptability and affordability were taken into consideration. Moreover, there was already an arrangement whereby 50% of any return achieved by a bus operator over the reasonable rate of return (9.7% rate of return on average net fixed asset) would go to the Passenger Reward Balance

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for the purpose of providing fare concessions and relieving pressure for future fare increase.

15.7 Mr IP Wai-ming asked what measures the Administration would take to urge public transport operators (PTOs) to provide fare concessions to people who had to work across districts. In this regard, the Chairman enquired whether the option of providing Government subsidy would be considered. STH responded that the Government would need to consider carefully if public money was to be used to provide the subsidy. The Government considered it a better approach to convey to PTOs the public aspiration and encourage them to offer more fare concessions to passengers where their conditions permitted. She added that a Cross-district Transport Allowance had already been made available under the Labour and Welfare Bureau.

15.8 Mr IP Wai-ming considered that fare concessions should be provided for people who worked at the airport in view of its remote location and the relatively high travelling expenses involved. C for T said that similar proposals had been made by the relevant DC. It was hoped that the specific needs of different districts could be addressed when the new interchange concessions were worked out.

Concessions for the elderly

15.9 Mr LEE Wing-tat said that public transport fare concessions were in general available for the elderly in Shenzhen and Guangzhou, but concessions were not generally available in Hong Kong. He considered that transport fare concessions would help the elderly to actively participate in the community, and urged the Administration to press for fare concessions for the elderly travelling on MTR during non-peak hours.

15.10 STH responded that currently senior citizens using an Elder Octopus card could ride on MTR on all Wednesdays and all public holidays (not including Sundays) at a uniform fare of \$2 per journey. Various franchised bus companies were also offering flat fare of HK\$2, or half of the standard adult fare, whichever was lower, for persons aged 65 and above on Sundays and public holidays. She assured members that the Administration was making every effort to encourage PTOs to provide fare concessions. However, it might not be appropriate to

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compare with Shenzhen and Guangzhou where there was direct Government subsidy for the daily operation of public transport services.

15.11 Mr LEE Wing-tat said that Hong Kong lagged behind other countries which provided transport fare concessions for the elderly either through direct Government subsidy or through policy measures. The elderly had requested Members belonging to the Democratic Party to move a motion of no-confidence against STH if no concrete measure for fare concessions were introduced within six months. STH recapitulated the fare concessions presently available for the elderly, and said that she would continue to negotiate for more concessions from PTOs. Mr LEUNG Kwok-hung expressed doubt about the chance of negotiating more concessions from PTOs.

Financial viability and fares for outlying island ferry services

15.12 Noting that the review of the outlying island ferry services was expected to be completed before the next operating period in 2011, Ms Miriam LAU urged the Administration to expedite the review or conduct an interim review, so that there would be sufficient time to formulate measures to improve the commercial viability of these ferry services to address operators' concerns about operation difficulties. To ensure the provision of proper and efficient ferry services for islanders at acceptable fares, she also urged the Administration to map out a comprehensive ferry policy.

15.13 DS(T)2 noted Ms Miriam LAU's view on the need to enhance the attractiveness of outlying island ferry services to tenderers by policy measures. She said that it was in recognition of the difficulties facing ferry operation that the review was commissioned. The Administration had also made other efforts in parallel to enhance the financial feasibility of the ferry services. For example, since the award of the new licences of the ferry services in 2008, the Administration had been pursuing the addition of a floor at Central Piers Nos. 4 to 6 for the services, so that the operator could sublet more pier premises for commercial activities to generate non-fare box revenue for cross-subsidization of ferry operation.

15.14 Mr LEUNG Yiu-chung said that the fuel price was high when the licences for the outlying island ferry services were renewed. Given the significant drop in fuel price recently, he enquired whether the ferry fares could be

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reduced. He also called for the removal of the higher holiday fares for the services, as this would discourage visits to the islands. He also asked whether the Government could provide direct subsidy for the operation of the services as a short-term measure, in order to maintain the fares at an affordable level

15.15 STH responded that the Government had been implementing various measures to keep the fares of the outlying island ferry services as low as practicable. DS(T)2 added that fuel price had remained high for as long as nine months in 2008. She explained that it was the Government's established policy that public transport services should be run by the private sector or public corporations in accordance with commercial principles. The Government would therefore not provide direct subsidy for their daily operating expenditure. Notwithstanding, to improve the financial viability of the outlying island ferry services, the Government had already announced in 2008 new helping measures for the four major outlying island routes connecting Mui Wo, Peng Chau, Sok Kwu Wan and Yung Shue Wan of Lamma Island with Central. For example, the Government would waive the vessel-related fees of these routes, reduce or waive the pier cleansing, water and electricity expenses, and provide more assistance to the operators on a reimbursement basis on top of the waiving of pier rentals and vessel licence fees under the current Elderly Concessionary Fares Scheme. The Administration was also enhancing the fire prevention facilities of Central Piers Nos. 4 and 6 to help operators sublet the pier premises.

15.16 Mr LEUNG Yiu-chung pointed out that the above enhancement works would take time to complete. He urged the Administration to introduce a six-month pilot scheme to remove the higher holiday fares for the outlying island ferry services, which could bring in more visitors to the islands and increase the income of the operators. DS(T)2 agreed to consider the proposal in the context of the current review of the services.

Transport infrastructures

Cross-boundary projects

15.17 Mr Andrew CHENG noted that the Administration would soon finalize the financing arrangements for the Main Bridge of the Hong Kong-Zhuhai-Macao Bridge (HZMB) project, and would seek funding from the Finance Committee in mid-2009 for Hong Kong's split of the project cost.

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While stating support for the Administration's decision not to adopt the Build-Operate-Transfer (BOT) mode for HZMB, he enquired about the details of the financing arrangements, in particular the likely loan amount.

15.18 STH responded that the decision of the three governments to take up the responsibility for the construction of the HZMB Main Bridge with the remaining funding required financed by loans, instead of adopting a BOT mode, had the benefit of obviating the need to invite private investment and conduct negotiations on the relevant BOT franchise. As a result, there would be greater certainty in the programme to help accelerate the completion of HZMB to suit Hong Kong's transport and economic needs. She said that the lead bank for provision of loan facilities for the HZMB Main Bridge was being selected through open tenders on the Mainland, and the relevant tender notice detailing the terms and loan period had already been published in January 2009. This open tender exercise would help secure the best financing arrangements available in the market, and the financing details would be set out in the funding proposal to be submitted to the Finance Committee in due course.

15.19 The Deputy Secretary for Transport and Housing (Transport)¹ (DS(T)1) supplemented that following the selection of the lead bank, details of the financing arrangements for the HZMB Main Bridge would be sorted out in the coming months. The total contributions from the three governments to the project cost of the HZMB Main Bridge would make up about 42% of the cost, while the remaining 58% would be financed by loans. The above funding arrangement would have the advantage of enabling the governments to have greater participation and hence better control over the management and operation of the Main Bridge, particularly the toll levels, so as to meet public expectations and safeguard public interest as far as practicable.

15.20 Mr CHEUNG Hok-ming noted that the allocation of \$20.36 billion for the transport portfolio in 2009-2010 included the provision for the implementation of the HZMB Main Bridge and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). He urged the Administration to explain why it was necessary to take forward these projects expeditiously.

15.21 Highlighting the strategic value of XRL, STH explained that through connection with the national high speed rail network, XRL would put major

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Mainland cities within convenient reach from Hong Kong. For example, travellers would be able to reach Wuhan in just five hours and Shanghai in eight hours. This will greatly facilitate Hong Kong's economic co-operation with the Mainland. The economic benefits for Hong Kong so arising would be significant. The Administration was making every effort to take forward the XRL project as quickly as possible.

15.22 Regarding the public concerns about the XRL project, STH explained that as a 26-kilometre dedicated underground railway tunnel linking West Kowloon and the boundary at Huanggang would need to be constructed, an emergency rescue station and stabling sidings had to be provided midway for the safe and effective operation of the railway. After careful examination of various possible sites for these facilities, it was found that the area around Choi Yuen Tsuen, Shek Kong was the most suitable. The Administration was pursuing the project in accordance with the necessary statutory procedures, and was currently handling objections from individual members of the public, including those from Choi Yuen Tsuen, to the gazetted railway scheme. She assured members that compensation to and rehousing of the affected villagers would be considered carefully in accordance with the existing policy having regard to the land title status and their eligibility for public housing. She stressed that there was a need to ensure timely commencement of the project in end-2009 in the overall interests of Hong Kong.

15.23 Mr CHEUNG Hok-ming referred to Choi Yuen Tsuen villagers' view that the alignment of XRL could be revised to avoid affecting Choi Yuen Tsuen, and enquired about the scope for realignment. STH responded that the Administration and MTRCL had conducted a site selection study which had already confirmed that there was little room for realignment. The Director of Highways (D of Hy) supplemented that the only site which the Administration could identify which was sufficiently large to accommodate the emergency rescue station was the land adjoining Shek Kong Barracks. Moving the alignment away from the Barracks would affect more private properties. To avoid affecting the Barracks, the site proposed was the only site which had the fewest land resumption impacts.

15.24 Ir Dr Raymond HO pointed out that together with the adjoining Airport Express Kowloon Station and the Austin Station of the Kowloon Southern Link, the terminus of XRL would turn West Kowloon into a major railway hub.

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The terminus would also partly extend into the underground area of the West Kowloon Cultural District to provide convenient access. As such, there was a need to properly design the terminus to ensure that it could cope with the substantial volume of rail transport and passengers. He said that both he and Prof Patrick LAU called for the conduct of a design competition to provide a wider choice of design options for the XRL terminus to ensure that it would have a unique style in keeping with its importance.

15.25 STH assured members that both the Administration and MTRCL had been making efforts to ensure the XRL terminus could facilitate safe and efficient passenger movements whether above or under ground, and to ensure its connectivity to adjacent developed areas around Jordan. C for T added that in recognition of the significant increase in traffic in West Kowloon as a result of the commissioning of the Austin Station of the Kowloon Southern Link in mid 2009 and implementation of the West Kowloon Cultural District project, a consultant had already been engaged to map out a comprehensive traffic plan for West Kowloon, in particular the areas around the junctions of Canton Road and Austin Road as well as Jordan Road. The consultant would also examine whether transport infrastructure such as pedestrian footbridges or subways should be provided to mitigate the traffic impact of the new transport hub in Austin Road West on the narrow streets in the neighbourhood, and study how it could be linked to the shopping centres in Tsim Sha Tsui South such as Ocean Centre and Ocean Terminal. The consultancy study had begun a year before and the public would be consulted on its findings later.

Local rail networks

15.26 Mr Tommy CHEUNG enquired about the progress of the Shatin to Central Link (SCL), in particular the cross harbour section. STH responded that while the cross harbour section of SCL had been planned in conjunction with the Tai Wai to Hung Hom section in recognition of the former's importance, the two sections would be implemented by phases. DS(T)1 added that there was a need to plan SCL as a whole to enable it to form a north-south strategic railway corridor linking Lo Wu with Hong Kong Island without the need to change trains. However, the cross harbour section would take longer time to complete due to the complex programme interfaces with the Wan Chai Development Phase II reclamation and the Central-Wan Chai Bypass and the complexity of the project, in particular the difficulties regarding the construction method of the

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cross-harbour tunnel and the reprovisioning of important public facilities in the area.

15.27 Mr KAM Nai-wai referred to the recent announcement of the construction of the West Island Line (WIL) and expressed concern that there was no mention of the project cost which might be excessive. He was also wary of possible delays of the project due to concerns about the relevant blasting operations and locations of WIL's ventilation shafts. STH responded that the construction cost of every railway project would be carefully assessed. The funding proposal for WIL together with the cost details would be submitted to the Finance Committee within this legislative session. Mr KAM did not accept that the cost details of WIL were not yet available as the project was scheduled for discussion a few days later by the Subcommittee on Matters Relating to Railways. He opined that members would need to examine the cost details before they decided whether to support the WIL project. STH said she understood that the meeting of the Subcommittee on 31 March 2009 was mainly for receiving deputations on the project.

15.28 Ir Dr Raymond HO recalled that the funding gap of WIL was quoted to be \$6 billion in the Finance Committee paper seeking funding for the preliminary planning and design of WIL. STH responded that this estimate was based on 2007 net present value. The project cost for WIL had to be reviewed after completion of the detailed design. The Administration would carefully examine the updated cost estimate, with the assistance of independent engineering consultants and financial consultants, to ensure that the funding support was reasonable.

15.29 Mr KAM Nai-wai referred to STH's opening remarks concerning the South Island Line (SIL) (East), and asked when its construction would commence. Noting that SIL (West) was still under review, he enquired about the review scope and when SIL (West) could be constructed.

15.30 STH and DS(T)1 responded that construction of SIL (East) would commence in 2011 for commissioning in 2015 to provide early relief to the congestion problem plaguing the Aberdeen Tunnel and to support the planned developments of Wong Chuk Hang and the Ocean Park. Since SIL (East) would improve the traffic situation in the Southern District, this, together with WIL, would also lead to better traffic situation along Pokfulam Road and defer its

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saturation. The Administration would continue to monitor Southern District's traffic demand, and keep the need for SIL (West) under review.

15.31 Prof Patrick LAU highlighted concerns about the temporary measures of providing a night parking area for buses on Pokfulam Road and an explosives store in Chung Hom Kok to facilitate construction of SIL (East). He said that the Southern DC opposed to such measures on grounds that it might have safety impacts on the neighbouring primary school and the residents. He urged the Administration to address these concerns particularly the potential hazards and risks arising from the storage, handling and use of explosives.

15.32 DS(T)1 responded that setting up magazines for storing explosives for tunnel blasting work had to go through relevant procedures of the Environmental Impact Assessment Ordinance (Cap. 499) and meet the relevant risk assessment criteria. The design of the facilities per se and the delivery of explosives would also need to comply with safety requirements imposed by the Mines Division of the Geotechnical Engineering Office of the Civil Engineering and Development Department. The Administration had been actively liaising with the communities concerned on the locations of the magazine to ensure the feasibility and acceptability of the finalized options.

15.33 Miss Tanya CHAN enquired when the retrofitting of platform screen doors at railway stations would complete. DS(T)2 responded that the retrofitting works on all underground stations in the pre-merger MTR system were completed. For the eight at-grade or aboveground stations in the pre-merger MTR system where only natural ventilation was provided, the design/trial work was actively under way, and the works would be completed by the end of 2012.

New road projects

15.34 Dr Priscilla LEUNG said that residents of Prosperous Garden were concerned about the noise impacts of Central Kowloon Route (CKR). She enquired whether CKR could be moved away from Prosperous Garden to Haiphong Road, and whether noise barriers could be retrofitted for the sections of Ferry Street Flyover (FSF) fronting Prosperous Garden.

15.35 D of Hy responded that since CKR would be constructed in the form of a tunnel, it should not create excessive noise impacts except at the tunnel

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portals. To address Prosperous Garden residents' concerns, the Administration had decided to move the vehicular entrance concerned farther west from Ferry Street to nearer the seafront. To mitigate the visual effect, a landscaped deck would also be built on top of the tunnel portal. The ventilation building would likewise be relocated to the Yau Ma Tei Interchange of the West Kowloon Highway. Enclosed noise barriers would also be installed on the existing sections of Gascoigne Road Flyover near Prosperous Garden, which would be reprovisioned due to the construction of CKR. However, no noise barriers would be retrofitted at the sections of FSF fronting Prosperous Garden as FSF would not be affected. There was also technical difficulty in constructing additional columns and pillars alongside the flyover for retrofitting noise barriers. The Administration would study if other practical and effective mitigation measures, such as the use of low noise road surfacing materials, could be implemented.

15.36 In response to Dr Priscilla LEUNG's further enquiry, D of Hy explained that road sections required to be reprovisioned under a project would be installed with noise barriers if the noise limits were exceeded. For roads not so affected and reprovisioned, retrofitting of noise barriers would be implemented only where practicable, based on the priorities recommended by the Environmental Protection Department. Noise barriers would also not be retrofitted for road structures which did not have sufficient structural capability. STH further advised that CKR was still at the investigation and preliminary design stage, and there was still room for working out engineering or design solutions in consultation with residents to address their concerns about CKR's environmental impacts.

Transport planning and management

15.37 Mr Andrew CHENG urged the Government to buy back CITIC Pacific (CITIC)'s stakes in the Western Harbour Crossing (WHC) and the Eastern Harbour Crossing (EHC), so as to adjust the tolls of the three road harbour crossings (RHCs) and resolve the long-existing problem of uneven distribution of traffic among them. STH responded that as the franchises of WHC and EHC had yet to expire, it was difficult to work out their remaining values. A consultancy study had been commissioned for a comprehensive analysis of all relevant factors to ensure that the financial and traffic benefits to the public could be maximized. It aimed to identify the optimum level of traffic for the three

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RHCs and recommend feasible options that would cover the necessary financial, organizational and legal mechanism to achieve the optimum traffic result.

15.38 Mr LEUNG Kwok-hung considered that with a large fiscal reserve, Hong Kong could afford to buy back CITIC's stakes in WHC and EHC to resolve the long-existing traffic congestion problem of the Cross-Harbour Tunnel (CHT). He expressed disappointment that the Government was unwilling to take on the responsibilities of managing utilities which affected the general public's livelihood.

15.39 STH responded that the buy-back option could not solve CHT's congestion problem. It was necessary to consider the capacity of the connecting roads of WHC and EHC and the legal implications of the buy-back option. According to transport experts, the best way to solve a congestion problem was to increase the relevant tolls to discourage use of the road concerned. To examine these issues, a consultancy study was therefore commissioned. Mr LEUNG Kwok-hung opined that the Government should first buy back the two RHCs to maximize the options available for relieving CHT's congestion problem. The Chairman requested the Administration to take note of members' views in this regard.

15.40 Noting that the East Asian Games would start in December 2009, Miss Tanya CHAN expressed concern about the traffic management in the area concerned. She enquired when TD would complete examining the traffic impact assessments submitted by the 2009 East Asian Games (HK) Limited.

15.41 C for T responded that TD and other relevant departments under the co-ordination of the Leisure and Cultural Services Department and the Home Affairs Bureau, had been participating in the preparatory work for the East Asian Games through a high-level committee by providing support in the planning and implementation of special traffic and transport arrangements to facilitate the delivery of the Games. With the experience gained from holding in Hong Kong the 2008 Olympic and Paralympic Equestrian Events, TD was confident that it would be able to accomplish its tasks successfully. D of Hy supplemented that the Highways Department would be responsible for traffic management-related roadworks, such as erection of road signs, amendments to road markings, modifications of street furniture, and streetscape enhancement. Examination of

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the detailed scope and the cost estimate of the relevant roadworks, as well as the implementation programme was actively under way.

15.42 Regarding the involvement of the relevant DCs on the traffic and transport arrangements for the 2009 East Asian Games, C for T advised that the Home Affairs Bureau and the Leisure and Cultural Services Department would consult the relevant DCs in a few months' time.

Air and sea communications and logistics development

15.43 While welcoming the Administration's initiative to reinforce Hong Kong's status as an international maritime centre and a regional logistics hub, Ms Miriam LAU found it regretful that the Government would decide on the way forward of the Lantau Logistics Park (LLP) only when the economic trend and outlook for Hong Kong and the world became clearer. She said that China Southern Airlines Co. Ltd invested substantially in the logistics facilities at Guangzhou's Baiyun International Airport, and Hong Kong should catch up by strengthening its logistics infrastructures.

15.44 STH responded that the financial tsunami had dealt a severe blow to trade activities and freight flow worldwide. For example, the container throughput of the Shenzhen Container Port had registered a record drop of 10% in the fourth quarter, while that of Hong Kong had dropped 7.6%. On an annual basis, the container throughput of the Shenzhen Container Port had only increased 1.5% as compared to double-digit growth in the past. The annual container throughput of Hong Kong had also only increased 2.1%. It was therefore necessary to ascertain the developments in trade as well as other sectors that affected the logistics industry before injecting substantial public resources into the construction of LLP. While LLP was temporarily shelved, the Administration had made available port back-up land totalling 65 hectares to meet port operational needs. The Hong Kong Airport Authority was also pursuing the development of the mid-field area between the two existing runways of the Hong Kong International Airport to provide some 100 hectares of land for more terminal facilities and parking stands. The consultancy study to look into the feasibility of constructing Container Terminal 10 at Southwest Tsing Yi had also been commissioned.

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15.45 Ir Dr Raymond HO declared that he was a member of the Airport Authority. Referring to Article 128 of the Basic Law which stipulated that "The Government of the Hong Kong Special Administrative Region shall provide conditions and take measures for the maintenance of the status of Hong Kong as a centre of international and regional aviation", Ir Dr HO expressed concern that no significant progress had been made in this regard in relation to helicopter developments.

15.46 The Deputy Secretary for Transport and Housing (Transport)⁴ responded that the Administration had been discussing with commercial helicopter operators the possibility of allowing them to use the temporary helipad at the former Wan Chai Public Cargo Working Area. The discussion was near completion, and it was envisaged that the facility could be available for use by commercial helicopter operators in the near future. In the longer term, a permanent helipad would be provided at the north-eastern corner of the Hong Kong Convention and Exhibition Centre, and funding approval for the construction of this helipad would be sought from the Public Works Subcommittee and the Finance Committee. Meanwhile, expansion works of the Macau Ferry Terminal Heliport were under way, and the first phase was completed in March 2009. The second phase was expected to be completed in end 2009 or early 2010 to increase the capacity to 55 000 movements a year.

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16.1 Mr TSANG Tak-sing, Secretary for Home Affairs (SHA) referred to his speaking note which highlighted the priority areas of the Home Affairs Bureau (HAB) with additional resources provided in 2009-2010 (Appendix IV-14).

Hong Kong 2009 East Asian Games

16.2 Noting that the Administration had reserved an additional funding of about \$20 million for the 23 National Sports Associations (NSAs) to prepare for the 2009 East Asian Games (EAG), Prof Patrick LAU requested the Administration to provide a breakdown on the distribution of the additional funds. He hoped that the additional provision could help Hong Kong secure more medals at EAG.

16.3 The Director of Leisure and Cultural Services (DLCS) advised that the provision would cover expenses such as additional local training, overseas training and competition, purchase of additional equipment, provision of on-field support and hire of additional coaches. As regards the distribution of funds among the 23 NSAs, he would provide the information after the meeting.

16.4 Mr Paul TSE asked which department(s) would be responsible for the overseas promotion work on the 2009 EAG. The Permanent Secretary for Home Affairs advised that overseas promotion on the 2009 EAG would be carried out mainly by the Hong Kong Tourism Board (HKTB) which would be responsible for meeting the relevant expenditure. Where HAB jointly organized some activities with HKTB, they would share the expenses. The Administration undertook to provide details of the expenditure to be incurred separately by HKTB and HAB for overseas promotion on the 2009 EAG.

Arts and cultural development

16.5 Mr LEE Wing-tat considered that the Administration had not provided adequate opportunities for the display of museum exhibits in public places in Hong Kong. He shared the concern of some donors that they should have more opportunities for the public to appreciate their donated items. Citing the example of the open space outside the Sha Tin Town Hall where some 10 to 20 sculptures were displayed, he suggested that parks and open spaces managed by the Leisure and Cultural Services Department (LCSD) should be utilized for display of art pieces as a means to nurture budding artists. He asked whether there were any constraints for the Administration not doing this.

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16.6 SHA advised that there were policy and resource considerations for exhibition of museum collections kept by LCSD. Referring to the favourable response to the exhibition outside the Sha Tin Town Hall, which was a joint effort of LCSD and community organizations, SHA said that the Administration would examine whether this collaboration model could be introduced to other venues. DLCS supplemented that apart from installations and security concerns, the Administration had to consider the suitability of weather conditions, such as humidity and temperature, for display of art items in open places. Nevertheless, he would be pleased to discuss with the District Councils displaying museum collections in specific areas.

16.7 Prof Patrick LAU enquired about the progress of the Interim M+ project. SHA advised that the Museum Committee of the West Kowloon Cultural District Authority would decide on its work plan after recruiting the relevant curatorial professionals.

16.8 Mr WONG Kwok-hing was pleased to note that with effect from 1 April 2009, the 33 major and district libraries would be open seven days a week with weekly opening hours increased to 71 hours. However, he was disappointed to find that the improvement service did not cover libraries at remote areas with higher percentage of low-income households such as Tung Chung where library services, especially the free newspaper, were very popular. He urged the Administration to consider also increasing the opening hours of other public libraries.

16.9 SHA responded that due to resources constraints, it would be difficult to extend the service improvement measures to all public libraries in Hong Kong. Nonetheless, he would review the case of Tung Chung Public Library. DLCS stressed that it would put public resources to best use by improving the services of the 33 major and district libraries because they were better equipped in terms of computer facilities, electronic information resources and book collections.

16.10 Mr Paul TSE expressed concern about the estimated cost of \$500,000 for printing annual reports and asked which departments still published print annual reports. The Director of Information Services advised that in line with the e-Government policy, bureaux/departments/agencies were reminded regularly to produce their annual reports in electronic form and publish them at their

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respective websites. However, due to statutory requirements, some departments, including The Hong Kong Post, Housing Department and the Independent Commission Against Corruption, had to publish print annual reports. The printing cost of the annual reports for the Hong Kong Post and the Housing Department in 2009-2010 would be around \$500,000 because of the large distribution and number of pages. Nevertheless, departments would be urged to reduce the printing costs as far as possible.

Inspection of trees

16.11 Noting that there were 112 tree team members looking after over 760 000 trees managed by LCSD, Miss Tanya CHAN considered that the manpower provision was insufficient for meeting the actual needs. As an additional \$11 million would be allocated to LCSD in 2009-2010 for increasing the frequency of inspection of old and valuable trees, Miss CHAN enquired about the details of expenditure and whether new equipment such as tomography devices would be purchased to enhance tree inspection.

16.12 DLCS clarified that for trees planted within LCSD venues (e.g. parks and playgrounds), they were inspected by the venue staff every day, who would report irregularities for follow up by the tree teams as necessary. For trees along roadsides, they were inspected by LCSD's staff at least once a year. The tree teams also looked after about 500 trees listed on the Register of Old and Valuable Trees. The scope of tree inspection in Hong Kong followed established international practices which included visual assessment to check the overall health of trees, and using special equipment like tomography and resistograph devices to check their structural stability where needed. DLCS advised that the additional provision of \$11 million would be used to engage horticultural contractors to increase the frequency of inspections of old and valuable trees from twice to four times a year, including additional inspections after typhoons. Tree inspection devices were purchased under a separate allocation and these devices were used by staff who had received specialized training. As suggested by Miss Tanya CHAN, the Administration would upload more information relating to the conditions of old and valuable trees to LCSD's website for public information.

16.13 Mr CHEUNG Man-kwong expressed grave concern that shortly after the collapse of the "killer tree" in Stanley, another tree nearby also collapsed and almost "killed" another pedestrian. The incidents revealed that the existing

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monitoring mechanism for tree inspection was far from satisfactory. Mr CHEUNG urged the Administration to improve the methods for inspecting trees and step up efforts to follow up the conditions of trees which posed an immediate danger to the public, in particular those located in busy urban areas. The Administration should also set up a hotline for the public to report on trees threatening public safety.

16.14 DLCS responded that since the incident in Stanley, the Administration had implemented a series of improvement measures which included increasing the frequency of tree inspections, recording more details of the tree conditions to facilitate follow-up, enhancing manpower study and staff training, and allocating more resources for tree inspections in busy areas. He assured members that the Administration would act immediately on trees which were identified to have potential danger.

Social enterprises

16.15 While appreciating the Administration's commitment to nurturing more social entrepreneurs, Ms Cyd HO expressed disappointment that the Administration had only commissioned business plan writing competitions for tertiary students for 2007-2008 and 2008-2009, which was taken part by just 845 students. She enquired whether the Administration had set aside funds for the winning participants to implement their business plans.

16.16 SHA considered that social entrepreneurs should be nurtured through practical experience gained in operating social enterprises (SEs). To promote the development of SEs, the Home Affairs Department (HAD) would continue to implement the Social Enterprises Partnership Programme which enhanced partnership among different sectors of the community through a matching forum where interested business organizations could team up with non-government organizations to establish SEs or partner with SEs.

16.17 Mr Frederick FUNG declared that he was chairman of a charitable organization which operated three SEs in Hong Kong. On the promotion of SEs, he cited the successful examples of Spain and the United Kingdom to illustrate that Government should encourage the community to use the products and services provided by SEs. For example, companies in Spain using the services provided by a social enterprise would be offered tax deductions, and SEs in the

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United Kingdom would be placed in a more favourable position when bidding for public services contracts. Successful bidders for public service contracts were encouraged to employ a certain percentage of handicapped persons and to set the salary of employees at a specified level. He pointed out that in Hong Kong, Government had only invited SEs to bid for 10 cleansing services contracts in 2008 and the response was lukewarm. He considered that the Administration should adopt the effective measures implemented overseas for nurturing more social entrepreneurs in Hong Kong.

16.18 SHA responded that in promoting the development of SEs in Hong Kong, the Administration had to maintain a fair competition environment for both the small and medium enterprises and the SEs. At present, the Administration had no plans to introduce tax deductions for companies using services provided by SEs. As for the 10 cleansing services contracts offered to SEs in 2008-2009, the Administration was reviewing the exercise to see what improvements could be made to the contract terms having regard to the need to comply with the trading rules under the World Trade Organization Agreements. As requested by Mr FUNG, the Administration would provide information on specific measures that it would take to nurture more social entrepreneurs.

Legal services

16.19 Mr Paul TSE appreciated the service provided by HAD under the Free Legal Advice Scheme, and enquired whether the Administration would review the scheme and inject additional resources into the Scheme to meet the rising demand. Mr TSE suggested that instead of requiring the clients to first meet with officers in the Legal Advice Centres, arrangements should be made for clients to meet the duty lawyer and receive legal advice directly.

16.20 Dr Margaret NG expressed similar concern and pointed out that the provision had been used mainly for over-time payment to officers manning the Centres. She was of the view that information obtained from the clients through interviews by the Centre staff did not provide much useful reference to duty lawyers. She considered that the clients should be clearly advised from the beginning whether it would be more effective to pursue mediation instead of court proceedings. In this connection, legal advice should be offered from the outset and the Administration should consider ways to improve the service.

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16.21 SHA advised that the free legal advice service was provided by external lawyers on a voluntary basis and HAD's role was to provide meeting venue and gather background information from clients. Without the initial information collection by Centre staff, the duty lawyers would need to spend more time to obtain background information from clients. SHA further said that the Administration and the Judiciary were examining the proposals of the legal sector and the findings of the consultancy study on the supply and demand of legal services in Hong Kong, when devising measures to improve the present legal advice service.

16.22 Dr Margaret NG noted that in 2008-2009 (up to 28 February 2009), the costs for legal aid in criminal and civil legal aid cases were \$75.58 million and \$314.26 million respectively. She considered the disparity a result of the statutory limit set for criminal legal aid costs. Dr NG was concerned that no provision was set aside for increasing the legal aid fees for criminal cases.

16.23 SHA advised that for 2009-2010, the Administration had proposed to increase the legal aid fees for criminal cases, and the provisions would be increased for this purpose. Subject to the legal sector accepting the proposal, the increase would take effect from 2009-2010. On Dr NG's request, the Administration would provide information on the provision earmarked for the anticipated increase in criminal legal aid fees for 2009-2010.

16.24 Dr Priscilla LEUNG commented that the financial eligibility limit for legal aid application was too stringent and the Director of Legal Aid (DLA) should be more forthcoming in exercising discretion to enable applicants exceeding the eligibility limit to receive legal aid. She considered that the present arrangements had prevented the lower and middle class from taking their cases to court due to lack of sufficient resources. She was disappointed to note that DLA had exercised discretion in only two civil cases in 2008. She considered that the Administration should consider extending the exercise of discretion to cases other than criminal cases.

16.25 DLA advised that in addition to two civil cases, he had also exercised discretion in granting legal aid to 29 criminal cases in the interests of justice. The Administration was conducting a five-yearly review of the criteria for assessing the financial eligibility of legal aid applicants, which would be

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completed by 2012. He would consider Dr Priscilla LEUNG's suggestion in the context of the review.

Building management

16.26 Referring to her previous question raised at the Council meeting on 11 February 2009, Ms Starry LEE suggested the Administration consider establishing a dedicated department to provide one-stop building management advisory service to owners' corporations (OCs), and setting up a building affairs tribunal or arbitration centre to resolve building management disputes professionally and expeditiously. Ms LEE expressed disappointment that the Administration had not taken on board her suggestions. Given the increase in disputes relating to building management in recent years, she called on the Administration to consider setting up an arbitration centre to deal with such disputes. She also enquired about the Administration's work in building management in 2009-2010.

16.27 The Director of Home Affairs (DHA) advised that the Judiciary had launched a one-year Pilot Scheme for Building Management Cases in the Lands Tribunal in early 2008 and was now reviewing the Scheme with a view to identifying feasible means to deal with building management disputes more cost-effectively. The proposal to establish a building affairs tribunal involved complex policy and legal issues, and there might be duplication of efforts between the new and existing adjudicating mechanisms. The Development Bureau would carefully consider the views of major stakeholders before deciding the way forward. As regards the work of HAD in 2009-2010 in building management, it would focus on the promotion work for procurement of third party risks insurance by OCs, in addition to the existing work of supporting the operation of OCs and assisting owners of private buildings in forming OCs.

16.28 Noting that as at the end of 2008, there were around 15 800 private buildings with OCs in Hong Kong, Mr CHAN Kin-por enquired about the number of private buildings without OCs and the Administration's efforts to encourage the formation of OCs in these buildings. He asked whether an OC could be set up for a group of private buildings where the residents were old and could not effectively handle building management matters including complying with the new mandatory requirement for OCs to procure third party risks insurance.

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16.29 DHA responded that there were about 39 000 private buildings in Hong Kong, and about 15 800 (around 40%) had OCs. To help owners of private buildings form OCs, HAD staff would continue to pay visits to buildings without OCs to promote the benefits of forming OCs and advise the residents on the formation procedures. Referral to free legal advice and other assistance would be provided where necessary. However, past experiences revealed that it was not easy to obtain consensus among owners of the same building to form an OC. It would be even more difficult to get consensus of owners of different buildings to form one single OC.

Promotion of national education

16.30 In response to Mrs Regina IP's enquiry, SHA advised that the Administration welcomed community organizations which had experience and networking with relevant organizations in the Mainland, to apply for funds to organize study tours and youth exchange programmes to the Mainland to promote national education. Relevant information was available on the websites of the Committee on the Promotion of Civic Education and the Commission on Youth, and the successful applicants had to report the substantive benefits gained from such programmes.

16.31 Regarding Mr KAM Nai-wai's enquiry on whether the Administration would also support organizing study tours and youth exchange programmes to Taiwan, SHA advised that it was the Administration's intention to promote communication with Taiwan, and interested organizations were welcome to submit applications for the consideration of the Committee on the Promotion of Civic Education and the Commission on Youth.

World Buddhist Forum

16.32 Noting from news reports that SHA would soon be attending the 2nd World Buddhist Forum to be held in Wuxi and Taipei in his capacity as the Honorary Head of the Delegation of Hong Kong and Macau Buddhism, Mr KAM Nai-wai enquired whether SHA was attending the Forum with public funds. Mr LEUNG Kwok-hung asked why SHA was not attending the Forum in his official capacity.

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16.33 In response, SHA advised that it was the Administration's intention to enhance exchanges with Taiwan. He was invited to be the Honorary Head of the Delegation of Hong Kong and Macau Buddhism because he was the Secretary for Home Affairs who was responsible for religious affairs in Hong Kong. Some other government officials were also invited to attend in their official capacity. At the request of the Chairman, he would provide the number of Government officials attending the Forum and the expenditure involved.

Central Personality Index

16.34 Ms Cyd HO said that there were reports that the Government of Hong Kong Special Administrative Region (HKSAR) and the Central Government had agreed to invite members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) to serve on public bodies of HKSAR. She asked whether HAB had adjusted its policy or issued internal guidelines for selecting candidates from the Central Personality Index to serve on Government advisory or statutory bodies.

16.35 SHA advised that the appointment to Government advisory or statutory bodies was based on individual merits and the expertise requirement of the bodies concerned. There was no question of priority given to candidates who were also a CPPCC member. In reply to Ms Cyd HO's further enquiry, SHA confirmed that HAB was not involved in nominating candidates for the CPPCC for consideration of the Central Government. In response to Mr LEUNG Kwok-hung, SHA said that it was voluntary for data subjects in the Central Personality Index to provide information in their curriculum vitae they considered relevant.

Chapter XVII : Welfare and Women

17.1 At the Chairman's invitation, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the major initiatives and expenditure concerning welfare and women for the coming year (Appendix IV-15).

Child care services

17.2 Mr LEE Wing-tat opined that the Administration should further enhance the pilot Neighbourhood Support Child Care Project (NSCCP), which in his view had not only provided parents in need with more flexible child care services but could also create job opportunities for stay home housewives. He estimated that with an annual provision of \$600 million, the Administration could create 10 000 job opportunities per year for stay home housewives. He urged the Administration to seriously consider converting places under NSCCP into formal jobs to create employment opportunities for stay home housewives. SLW clarified that NSCCP was not an employment-oriented scheme. It aimed at providing more flexible child care services in addition to the regular ones, and at the same time promoting community participation and mutual assistance in the neighbourhood. In view of the positive response to the first phase of NSCCP, the Administration would extend the project to other districts to meet the needs of more families by the end of March 2009.

Supporting the elderly

17.3 Noting that in 2008, 1 847 elders passed away while waiting for subsidized nursing home (NH) places, Mr WONG Yuk-man opined that such a long waiting time for NH places should not have happened in an affluent city like Hong Kong. However, the bureaucratic procedures in the allocation of resources had impeded the delivery of necessary services to the elderly. He enquired how the additional recurrent funding in 2009-2010 could help improve the situation. SLW explained that not all frail elders required NH service. For those waiting for admission to NHs, the Government would provide them with alternative care and support services, including subsidized day care or home-based community care services, while some might choose to stay in private residential care homes in the interim. It was very difficult to estimate accurately the extent to which the waiting time could be reduced through the additional provision in view of the increasing demand. Nevertheless, the Administration would continue to provide more subsidized residential care places to meet the growing demand.

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17.4 Mr CHEUNG Kwok-che noted that an additional \$38 million would be earmarked in 2009-2010 for the provision of 500 subsidized residential care places through the Enhanced Bought Place Scheme. Consideration should be given to doubling the provision to purchase 500 more residential care places from the private sector to meet the growing demand. SLW advised that a study on residential care services for the elderly undertaken by the Elderly Commission was underway and this would look into the development of quality residential care services for the elderly in the private sector. It was expected that the study could be completed in mid-2009, the findings of which would shed light on the public-private partnership in the provision of residential care services for the elderly. Meanwhile, an additional \$17 million would be earmarked for the provision of 150 subsidized residential care places in two newly built contract residential care homes for the elderly (RCHEs). As regards the natural wastage of places in RCHEs, the Director of Social Welfare (DSW) agreed to provide the information after the meeting. The Chairman advised that the subject of identifying suitable sites for constructing RCHEs should be followed up by the relevant Panel.

17.5 Given the long waiting time for subsidized residential care places for the elderly, Mr Ronny TONG questioned the purpose of the study on the preference of old age home residents in receiving end-of-life care since many elders could not live long enough to be admitted to these care homes. He enquired about the expenditure for the study over the past few years. The Permanent Secretary for Labour and Welfare advised that the study was commissioned by the former Health, Welfare and Food Bureau to gauge the preference of elderly home residents in receiving end-of-life care as part of a one-stop-shop service. The Deputy Secretary for Labour and Welfare (Welfare)2 (DS(W)2) supplemented that the estimated cost of the study was in the region of \$1 million, and she would provide the exact amount after the meeting.

17.6 DSW also agreed to provide information relating to the increase of 56% in the provision for the Enhanced Home and Community Care Services in 2009-2010, as requested by Mr TAM Yiu-chung.

Women's interests

17.7 Ms Cyd HO held the view that for gender mainstreaming to become an integral part of the policy formulation and service delivery process, it was

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crucial for civil servants, particularly those in the upper echelon such as the Chief Executive, Chief Secretary, Financial Secretary and Secretary for Justice, to first develop a better understanding and awareness of the concept. She was disappointed that only 4 000 civil servants had attended various classroom gender-related issues. She enquired about the details of measures to promote gender mainstreaming among the civil service, particularly in the upper echelon. SLW responded that to facilitate promotion of gender mainstreaming in the Government, the Administration had since 2003 set up a network of Gender Focal Points (GFPs), who were mostly directorate officers, in all bureaux and departments to serve as the resource person and liaison point in implementing gender mainstreaming for their respective bureaux/departments. The Administration had developed a web-portal and produced an information leaflet on gender mainstreaming for reference by all civil servants. Following the advice of GFPs, the Labour and Welfare Bureau (LWB) had continued with the on-going efforts to provide training to different levels of civil servants, from senior officials to frontline civil servants to raise their awareness of gender-related issues and the concept of gender mainstreaming. He passed a copy of the leaflet to the Chairman and undertook to provide sufficient copies to Members after the meeting.

17.8 Ms Cyd HO held the view that women were not really given equitable access to and benefit from society's resources and opportunities. For example, stay home housewives were not eligible for retirement protection under the Mandatory Provident Fund Scheme. There were also no specific measures to encourage them to pursue recognized qualifications, or help them to seek permanent employment opportunities. She considered that the Women's Commission should not be placed under the welfare portfolio so that it could effectively take forward gender mainstreaming in areas other than welfare such as employment, retirement protection, education and domestic violence, etc. SLW advised that the Administration had applied the Gender Mainstreaming Checklist developed by the Women's Commission to 30 specific policy or programme areas which were relevant to women, including retraining programme and Qualification Framework, etc. In fact, past experience showed that 54% of the university places and 76% of training places offered by the Employees Retraining Board were taken up by women. He added that the Capacity Building Mileage Programme had enhanced the confidence and knowledge of women in resolving problems in daily lives and had sharpened their communication and interpersonal skills.

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Rehabilitation services for persons with disabilities

17.9 Noting that the average times for admission to hostels for severely mentally handicapped persons and hostels for severely physically handicapped persons were 78 months and 89.6 months respectively in 2007-2008, Mr Albert HO considered such a long waiting time unreasonable, as the family members were under immense stress in taking care of these persons with disabilities (PWDs). He enquired how the additional recurrent funding for 2009-2010 could help shorten the waiting time for hostel places.

17.10 SLW said that the Administration was mindful of the service demand for residential care services for PWDs and would continue to increase the service capacity. He pointed out that it was necessary to solicit local support and consult the affected residents on the provision of more residential care homes in their neighbourhood. The Administration would continue to steadily increase the number of subsidized residential care homes, and at the same time support non-governmental organizations (NGOs) to develop self-financing homes for PWDs. He added that it was very difficult to project the waiting time for different service units as this was largely determined by demand and supply. The waiting time might be lengthened if PWDs specifically requested for residential care homes in the proximity of their own homes. This notwithstanding, the Administration would endeavour to provide alternative support services to PWDs, including day care centres and home care services, while they awaited admission to suitable residential care homes. Mr LEUNG Yiu-chung pointed out that day care services could not replace residential care services. He requested the Administration to provide the number of residential care homes to be built and the number of such homes which did not have the support of District Councils. SLW re-iterated that securing local support was an important milestone in the critical path. Time needed to complete local consultation would vary from district to district. He said that the Administration would continue to make the best endeavour to identify suitable premises and sites and solicit local support for provision of residential care homes.

17.11 Mr CHEUNG Kwok-che noted that some severely mentally handicapped persons had to wait 12 years before admission to residential care homes. He asked if priority to residential care homes could be given to PWDs under special circumstances and if so, the number of and the average waiting time for such special cases. In response, DSW confirmed that priority admission to

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residential care homes would be accorded where there was such a need. He agreed to provide details of the arrangement and the natural wastage rate of residential cares homes for PWDs after the meeting.

Combating domestic violence

17.12 Noting that an annual recurrent funding of \$25 million would be earmarked in 2009-2010 to strengthen direct support to victims of domestic violence and families in need, Ms LEE Fung-ying enquired if the funding included the remuneration of the 14 additional relevant posts to be created under SWD and if so, the provision might not be sufficient. SLW advised that the provision of \$25 million would be used to strengthen frontline support in handling domestic violent cases, further develop the batterer intervention programme, and enhance support for various refuge and crisis centres. The Deputy Secretary for Labour and Welfare (Welfare)1 (DS(W)1) supplemented that of the \$25 million, \$8 million would be used for creation of 12 social worker posts and two clinical psychologist posts, \$10 million for sustaining the operation of the CEASE Crisis Centre, and \$7 million for strengthening support for crisis/refuge centres for women and Po Leung Kuk New Comers Ward.

17.13 Ms LEE Fung-ying emphasized the need to enhance public awareness of the domestic violence problem, and that sufficient resources should be allocated for the purpose. She enquired about the provision in 2009-2010 earmarked for publicity and public education to enhance public awareness of the domestic violence problem. DS(W)2 advised that the provision for publicity and public education was indeed part of the recurrent expenditure of SWD, details of which would be provided after the meeting. The theme of this year would be on prevention of suicide amid financial turmoil.

17.14 Dr Priscilla LEUNG enquired about the progress of legislative amendment to the Domestic Violence Ordinance (Cap. 189). SLW advised that the Administration was examining the views from all parties and working closely with the Department of Justice with a view to formulating a feasible legislative proposal that would be acceptable to all. It was the Administration's plan to introduce the amendment bill into the Legislative Council within the current legislative session.

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Social security

17.15 In view of the soaring unemployment rate of 5% amid the financial turmoil, Mr WONG Kwok-hing urged SLW to seek additional funding to provide emergency assistance for the unemployed, similar to the one currently operated by the Hong Kong Federation of Trade Unions, to tide over their financial difficulties. Consideration should also be given to extending the pilot Transport Support Scheme pending conclusion of the review. Mr IP Wai-ming shared the view that unemployment assistance should be considered as many unemployed persons did not want to rely on social security. SLW said that the Comprehensive Social Security Assistance (CSSA) Scheme, which was funded entirely by the general revenue, already provided a safety net for the needy, and a relief fund for unemployment might not be necessary. In fact, the number of CSSA cases in February 2009 had increased by over 4 000 or 1.6% over that of January 2009, which might have reflected the impact of the financial tsunami to some extent. Notwithstanding this, the Administration would keep in view of the situation, and would seek additional provision if necessary. As regards the proposed extension of the pilot Transport Support Scheme, SLW explained that the objective of the scheme was to encourage people living in the four specified remote areas to work. In response to members' concern, the Scheme had been extended from six months to one year, and the income limit had been relaxed from \$5,600 to \$6,500 a month. The Administration had also undertaken to conduct the review of the Transport Support Scheme in July 2009 and release the outcome as soon as possible before deciding on the way forward.

17.16 Mr TAM Yiu-chung noted that the number of CSSA cases under the unemployment category had decreased from 28 227 cases (actual) in 2007-2008 to 27 900 cases (revised estimate) in 2008-2009 to 26 200 cases (estimate) in 2009-2010. He asked about the reasons for the reduction in unemployment cases as this did not seem to reflect the soaring unemployment rate amid the financial turmoil. DSW explained that the figures for 2008-2009 and 2009-2010 were projections worked out at the time of preparing the Estimates. He added that since there was no financial ceiling for the CSSA Scheme, the Administration could seek additional provision to cover increased payments which might arise from surge in applications.

17.17 Mr LEE Cheuk-yan expressed strong dissatisfaction at the lack of measures to mitigate the impacts of the financial turmoil. Given that

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enhancement of social welfare services, such as provision of more residential care places for the disabled and elderly and extension of the pilot Neighbourhood Support Child Care Project (NSCCP), could not only create job opportunities but also improve the needed services to the public, he enquired about the number of job opportunities to be created under LWB as a result of improvement in social welfare services. Mr IP Wai-ming also enquired about the anticipated number of job opportunities arising from the increase in residential care places for the elderly and the disabled in 2009-2010. DS(W)1 advised that in 2009-2010, there would be a net increase of 88 additional civil service posts under various services areas, including 10 medical social workers, 12 social workers for family and child welfare, and 2 clinical psychologists. Details of the 88 posts and the anticipated number of job opportunities to be created in service centres/units operated by NGOs and private operators through additional government subventions/funding for the enhanced provision of subsidized welfare services would be provided after the meeting.

17.18 Mr Ronny TONG expressed disappointment at the low success rates of the Support for Self-reliance Scheme, Enhanced New Dawn Project and Special Training and Enhancement Programme, under which only 701, 85 and 34 able-bodied CSSA recipients respectively had left the CSSA net as a result of taking up paid employment between 1 April 2008 and end-January 2009. Given the ineffectiveness of these employment assistance projects, he opined that the resources should be better deployed to support other worthy initiatives, such as provision of more residential care places for the elderly and the disabled. SLW explained that the main objective of these projects was to assist able-bodied CSSA recipients to secure and continue in paid employment. The Administration held the view that the resources were well spent to help these recipients to move towards self-reliance. At members' request, SLW agreed to provide the performance indicators for these employment assistance projects after the meeting.

17.19 Mr Frederick FUNG expressed concern about the concentration of CSSA recipients in certain districts, such as Kwai Tsing, Kwun Tong, Sham Shui Po and Yuen Long. He said that in some public housing estates, CSSA households comprised 40% of the total number of households. He considered that the Administration should formulate strategies other than simply providing more social service centres/units in order to address the problems in these worse-off districts. Mr LEUNG Yiu-chung opined that the negative image imposed on CSSA recipients had discouraged some people who were in genuine need to apply

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for CSSA. He considered that resources should be allocated to solve the problems faced by the CSSA families in these districts. SLW said that apart from enhancing the front-line services in districts with a relatively high percentage of CSSA recipients, the Administration had also established the \$300-million Community Investment and Inclusion Fund to foster a network of mutual assistance, which was not only able to promote and sustain the development of the entire community, but could also support the needy families. He added that CSSA was meant to provide a safety net to those in need, and that there should be no discrimination against CSSA recipients.

17.20 Mr TAM Yiu-chung and Dr Priscilla LEUNG enquired about the progress of the review of the permissible limit of absence from Hong Kong under the Old Age Allowance, and the timetable for release of the review findings. SLW advised that outcome of the review was expected to be ready in the second quarter of 2009, and the Panel on Welfare Services would be briefed on the findings in due course.

17.21 Mr Frederick FUNG enquired about the resources, road map, timeframes and implementation criteria for taking forward the recommendations of the former Commission on Poverty (CoP). SLW advised that with the conclusion of the work of the former CoP, an inter-bureaux/department Task Force on Poverty had been set up to monitor the progress of implementation of the some 50 recommendations of the former CoP. Some of these recommendations, including the Child Development Fund, study on one-stop shop in the provision of training/retraining and employment service pilot, Transport Support Scheme, and Home Environment Improvement Scheme for the Elderly had been implemented. Concrete implementation plans had also been formulated for other recommendations, such as further increase in the number of training places provided by the Employees Retraining Board. A progress report on the implementation of the former CoP's recommendations was uploaded on the website of LWB in September 2008. The Administration would report to the relevant Panel on further progress.

17.22 Mr Alan LEONG remarked that there would be increased reliance on the safety net amid the financial turmoil. He strongly urged the Administration to take into account members' views and make suitable adjustments to the various aspects in the Budget, particularly the provisions for residential care services for the elderly and PWDs, before the Budget debate. He asked whether the

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Administration could make good use of the \$6.7 billion Lotteries Fund to increase the residential care places with a view to shortening the waiting time. He also suggested setting up a matching grant under the Lotteries Fund to encourage corporate donations which would likely decrease under the current financial climate. SLW advised that the Administration had been steadily increasing the number of residential care places for the elderly and PWDs every year. On services for the elderly, the Elderly Commission had commissioned a study on the development of quality and affordable residential care homes for elderly in the private sector, the findings of which were expected to be released by mid-2009. SLW added that funding from the Lotteries Fund would be used to subsidize the redevelopment of the Tung Wah Group of Hospitals David Trench Home for the Elderly and modernization of certain youth centres, and these projects would also help create job opportunities.

17.23 Mr LEUNG Kwok-hung said that the existing policies were inclined to protect large corporations to suppress wages. As a result, many people could not earn enough to support their families and had to rely on welfare. Since Mr LEUNG used the expression "stumbling to death on the street" in criticizing the Government's inability to cater for the needs of citizens, the Chairman ordered Mr LEUNG to refrain from using the expression which was unparliamentary. Mr LEUNG insisted that the expression was not foul language and language experts could be invited to confirm this. DS(Tsy)1 said that following the Chief Secretary for Administration's letter to the President of the Legislative Council expressing concern about the use of improper language by some Members at meetings of the Council and committees, the Chairman of the Finance Committee had advised her to bring to the Chairman's attention any improper language or expressions used at Finance Committee meetings. In this regard, DS(Tsy)1 said that she would like to state her view that the expression just used by Mr LEUNG was improper. She believed that Mr LEUNG's suggestion of consulting language experts was not necessary, as different people might hold different standards. To her, the best test would be whether a parent would be prepared to teach his/her children to use the expression in daily conversations or writings. Mr LEUNG however maintained that the expression he used was not improper and could be found in ancient Chinese literature. The Chairman said that she would not allow further discussion of the matter at this meeting and remarked that there were relevant rules and practices of the Legislative Council regarding unparliamentary expressions.

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Youth drug problem

17.24 Noting that \$1.8 million and four time-limited social worker posts would be provided for the two-year pilot project in 2009 to assist convicted young drug offenders to start afresh, Mr WONG Sing-chi questioned the adequacy of such provision given that some 10 000 young drug abusers were expected to be identified through the school-based drug testing schemes recommended by the Task Force on Youth Drug Abuse. He asked about the role of LWB in the prevention of drug abuse by young people. Expressing similar concern, Mr CHEUNG Man-kwong pointed out that a recent survey revealed that 134 schools were facing drug problems and the youngest student involved was only eight years old. He held the view that the situation was just the tip of an iceberg, and that a drastic surge in demand for follow-up service, such as referral for social welfare service, would be expected following the completion of the student drug use survey with extended coverage to include those from primary four to post secondary. He considered that the provision of \$1.8 million for the pilot project in 2009 would be far from sufficient and more resources should be allocated to tackle the youth drug problem.

17.25 SLW said that the Government attached great importance to the youth drug problem. However, the problem could not be resolved by the Government alone and concerted efforts from schools, parents and the Administration were required. The pilot scheme aimed at providing enhanced services and programmes, such as probation supervision with enhanced judicial involvement, more focused, structured and intensive treatment and counselling programmes, and employment assistance to help young drug offenders quit the drug abusing habits and turn over a new leaf. Subject to a review of the effectiveness of the pilot scheme, more resources might be provided as and when necessary. DSW advised that the provision of \$1.8 million was considered adequate at the present stage as the adoption of school-based drug testing schemes was on a voluntary basis, subject to the result of consultation by Narcotics Division. If a compulsory drug testing scheme was to be introduced after extensive public consultation and there was a surge in demand for services, more resources would be allocated. At members' request, the Administration undertook to provide information on the expected increase in caseload to be handled by SWD after the additional annual provision of \$1.8 million.

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Lump Sum Grant subvention system

17.26 Mr Albert CHAN said that the Office of The Ombudsman had commented that a number of problems encountered by the Government were attributed to its recent arrangements such as employing contract staff and contracting out services originally carried out by the Government. He considered that the implementation of Lump Sum Grant subvention system (LSGSS), which allowed NGOs to employ contract staff and contract out their services, had caused similar problems in the subvented welfare sector, resulting in a dilution of expertise and sense of belonging since many experienced workers in NGOs were laid off to cut cost. He asked if the Administration would re-consider abolishing LSGSS and put the resources to better use. SLW responded that LSGSS was worth keeping as confirmed by the Review Report on the Lump Sum Grant Subvention System published by the Lump Sum Grant Independent Review Committee, albeit there was room for further improvement. The Administration would implement the 36 recommendations in the Review Report, including setting up a fund to support NGOs on Lump Sum Grant in training their staff, as well as other measures to assist small NGOs. Mr CHAN was not convinced of the Administration's explanation. He opined that human resources were vital in the provision of social service which should not be compromised for the sake of money saving.

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18.1 At the Chairman's invitation, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW) briefed members on the main initiatives and expenditure on the policy area of labour and manpower development for the coming year (Appendix IV-16).

Promoting employment

Jobs and internships to be created by the Government

18.2 Referring to the 62 000 jobs and internships to be created by the Government in the next three years as announced by the Financial Secretary on 25 February 2009, Mr Frederick FUNG commented that over 40 000 of these positions were actually training in nature and most of the job opportunities to be created were related to the construction sector only. He considered that it would be more effective for the Government to adopt a district-based approach in the creation of jobs by taking into account the characteristics of the unemployed and the types of jobs that could be created in different districts, and work in collaboration with the District Councils, schools, and non-governmental organizations. According to his calculations, only \$2.4 billion would be required each year for creating 2 000 jobs in each of the 18 districts at a monthly salary of \$6,501. He urged the Administration to act swiftly in this direction to tackle the deteriorating unemployment problem.

18.3 Mr WONG Kwok-hing expressed concern that the new jobs and internships that would be created by the Government in 2009-2010 would not be sufficient to cope with the aggravating unemployment problem. As only half of the 62 000 jobs and internships announced by the Financial Secretary could be created in the year, together with the additional 60 000 jobs as announced by the Chief Executive in January 2009, the total number of jobs and internships available in the year would still be less than 100 000.

18.4 Mr WONG Yuk-man criticized the Administration for inflating the number of jobs that would be created by the Government, and expressed doubt that such jobs could really alleviate unemployment.

18.5 SLW responded that the Administration had been sparing no efforts to create jobs and internship opportunities. The 122 000 jobs and internships to be created would come into being at different times in the next three years and

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would benefit job seekers of different industries, age groups and educational levels. On the comment that a large portion of the jobs to be created were works related, he explained that this was because through implementation of works projects, a large number of jobs could be created within a short period of time. He remarked that the Administration would monitor the unemployment situation closely and act responsively, and could create further job opportunities through the various employment programmes of the Labour Department (LD) where necessary.

Internship Programme for University Graduates

18.6 Mr WONG Yuk-man criticized the Administration for setting the minimum monthly wage under the Internship Programme for University Graduates (Internship Programme) at \$4,000, as the wage was far from adequate for meeting the basic needs, transport expenses and repayment of study loans. To express their grievance against the proposed salary level of \$4,000, over 400 university students had taken part in the protest on 12 March 2009. Mr LEUNG Kwok-hung expressed a similar view criticizing that the Administration was collaborating with employers to generate more cheap labour.

18.7 Dr Priscilla LEUNG said that she felt sorry for university students' participation in the protest against the Internship Programme, as the protest had led to negative feedbacks from some employers who had been collaborating with local universities on offering job placements to graduates. She urged that university students should demonstrate commitment towards the community, and should treasure training and internship opportunities provided for them.

18.8 Mr IP Kwok-him said that the Democratic Alliance for the Betterment and Progress of Hong Kong had suggested a monthly allowance of \$5,000 for each internship offered to a university/associate degree graduate for a period of six months, which would require a provision of about \$87 million.

18.9 Dr LAM Tai-fai commented that the negative responses from society on the Internship Programme were mainly attributed to the Administration's failure in putting across the Programme objectives effectively to the community. While he supported providing assistance to graduates in employment, he was against the idea of "internship" which was not a form of employment. He urged the Administration to revise the programme by making reference to the Graduate

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Employment Training Scheme implemented in 2003-2004, where a monthly subsidy of \$2,000 was provided under the Scheme for each graduate employed by a company. Under that Scheme, the wage offered was based on market rate agreed by both the employer and employee.

18.10 SLW and the Commissioner for Labour (C for L) explained that the Internship Programme was a special measure formulated in anticipation of a marked reduction in job opportunities for recent university graduates. The programme would provide about 4 000 places (3 000 in local enterprises and 1 000 in Mainland enterprises) for university graduates to work as interns and receive training for a period of six to 12 months. The objectives of the programme were to broaden the horizon of the graduates and help them gain experience, as well as to nurture talent for the industrial and business sectors. The Administration had consulted and received the support of the local degree-awarding tertiary institutions, which would provide job-matching and follow-up services to their graduates joining the programme. For local internships, since the Government would provide a monthly training subsidy of \$2,000 per intern to a participating employer, it was reasonable to set a minimum threshold of the salary to be offered by the employer. SLW explained that unlike the arrangement in 2003, the Internship Programme also included internships on the Mainland in which no employment relationship between the interns and the participating enterprises would be established taking into account the relevant labour laws of the Mainland. For local internships, it was a misconception of construing the minimum salary threshold as a "minimum wage" for university graduates. SLW further said that depending on the market situation, nature of work and training elements of the internships, the participating enterprises would be required to offer market wages to university graduates. The Assistant Commissioner for Labour (Employment Services) supplemented that to enable university students to obtain a better understanding of the Internship Programme, a number of briefings on the programme had been held for the graduates and students of local universities. The overall feedback received was positive and supportive.

18.11 Dr LAM Tai-fai said that to avoid misunderstanding of the Internship Programme, the Administration could consider offering two different programmes for internship opportunities in Mainland enterprises and those in local enterprises, and allowing graduates to choose one of these programmes. The Chairman

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requested the Administration to consider members' views and concerns in working out the parameters of the Internship Programme.

Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme

18.12 Mr WONG Sing-chi commented that the Administration relied heavily on the Youth Pre-employment Training Programme (YPTP) and Youth Work Experience and Training Scheme (YWETS) to provide 35 000 employment and internship opportunities within the next two years. He enquired about the effectiveness of the YPTP in assisting the young people in finding jobs.

18.13 SLW advised that the YPTP was established in 1999 to provide pre-employment training for young school leavers at the age of 15 to 19. The programme was made up of four training modules, in addition to workplace attachment and career counseling and support services. With the outbreak of the global financial crisis, the Administration had reorganized and strengthened the YPTP to improve its services for young school leavers. C for L advised that based on the relevant surveys conducted by LD, about 70% of the trainees other than those pursuing further studies on completion of the pre-employment training under YPTP, were able to secure employment.

18.14 Mr IP Kwok-him enquired about the Administration's efforts in promoting employment for sub-degree holders. SLW advised that sub-degree holders could join the YWETS, which offered young people aged between 15 and 24 with educational attainments below the degree level on-the-job training for a period of six to 12 months. The objective of the scheme was to strengthen the participants' work skills, experience and credentials so as to brighten up their employment prospects.

18.15 Mr LEUNG Yiu-chung queried whether the YWETS could cater for the employment needs of sub-degree holders. SLW and C for L explained that YWETS offered a variety of job placements to cater for trainees' needs and interests. During the training period, the Government provided a monthly allowance of \$2,000 for each trainee to the employer and the employer was required to top up the monthly salary to at least \$4,000. Many employers had offered a higher monthly salary. Case managers would track the employment situation of the YWETS graduates and provide assistance to them as appropriate.

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Employees Retraining Board

18.16 Acknowledging that there had been a substantial growth of retraining places provided by the Employees Retraining Board (ERB) in 2008-2009, Mr IP Kwok-him enquired whether ERB had made efforts to update its courses in the light of latest developments of the job market. He considered that ERB should assist those who used to work in the finance sectors but had become jobless due to the recent financial tsunami.

18.17 In response, SLW advised that ERB had undertaken a strategic review to re-align its services, making them more market-oriented to enhance the employability of those seeking new or enhanced skills to prepare for a change to another industry.

Unemployment

Unemployment rate

18.18 Mr CHEUNG Man-kwong considered that it was necessary for the Administration to release accurate and updated unemployment data to enable the public to better understand the situation. While the Government announced recently that the seasonally adjusted unemployment rate for the period December 2008 to February 2009 was 5%, there were reports that the unemployment rate of February 2009 alone was far higher than 5%. He asked whether the Administration would in future release the monthly unemployment rate, which was also the practice in other places such as South Korea, Taiwan, Japan and the United States.

18.19 SLW advised that the seasonally adjusted unemployment rate covering a period of three consecutive months was compiled by the Census and Statistics Department since 1981. The merit of using the seasonally adjusted unemployment rate was that it could avoid short-term fluctuations which could be misleading, and such a practice was scientific, accurate and reliable. He was aware that in countries such as Singapore, New Zealand, France and the Netherlands, the unemployment rate was calculated in the same way.

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18.20 Mr CHEUNG Man-kwong was not convinced of SLW's explanation and urged the Administration to release the monthly unemployment rate in addition to the seasonally adjusted unemployment rate.

Unemployment relief fund

18.21 Mr Frederick FUNG expressed the view that the Administration should revamp the present system for providing financial assistance to the unemployed through the Comprehensive Social Security Assistance (CSSA). He suggested that an unemployment relief fund should be set up to provide short-term financial assistance for those turned unemployed due to the economic downturn. SLW responded that while he understood that there were concerns in society about the possible labeling effect of the CSSA on the unemployed, the effectiveness of the existing CSSA mechanism in providing a safety net for those in need, including the unemployed, was time-proven, and any proposed change should be given very careful considerations.

Unemployment of the middle class

18.22 Dr Priscilla LEUNG expressed concern about the aggravating unemployment problem of the middle class, as most of these unemployed used to serve in managerial positions, and it would not be easy for them to get re-employed under the current employment market. She proposed the setting up of a special fund with an initial financial commitment of \$1 billion from the Government to provide loans for these people to tide over the difficult period. SLW agreed to relay Dr LEUNG's views to the Financial Secretary for consideration.

Transport Support Scheme

18.23 Mr Frederick FUNG considered that the Transport Support Scheme (TSS) should not be confined to the four designated districts of Yuen Long, Tuen Mun, North and Islands. He pointed out that it would be unfair for a resident living in Yuen Long to be eligible for the transport subsidy for working in Tuen Mun, but one living in Sham Shui Po could not receive the subsidy for travelling to work in Central. Mr LEE Cheuk-yan criticized the Administration for not responding promptly to ease the difficulties faced by the low-income groups following the global financial crisis. He noted that the transport subsidy for

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some 26 000 admitted applicants would only last for 12 months, and would soon come to an end. Despite Members' repeated calls for further relaxations to the scheme to assist the low-income group, SLW only undertook to conduct a review of the scheme in July 2009.

18.24 Ms LI Fung-ying reminded the Administration that when the TSS was discussed by the Commission on Poverty, the principle adopted was to treat transport subsidy as a means to alleviate the working poverty. Mr WONG Kwok-hing, Mr IP Wai-ming and Mr LEUNG Yiu-chung urged the Administration to respond to public calls for further relaxations to the scheme.

18.25 SLW advised that the TSS was a time-limited scheme launched on a pilot basis and the objective was to provide incentives for residents of the four remote districts with few employment opportunities to seek and stay in employment. The transport subsidy was not intended to be an income supplement. All along, the Administration had been flexible and forward-looking in responding to Members' views and concerns, and had relaxed the eligibility criteria and extended the maximum subsidy period from six to 12 months in July 2008 after a review. As it was necessary to gather data for a thorough analysis, the Administration would not be able to conduct another review until July 2009. In the coming review, the Administration would carefully consider the future direction of the scheme. On the suggestion of extending the scheme to other districts, SLW said that this would be a departure from the original policy intention, turning the transport subsidy into a wage subsidy.

Illegal workers

18.26 Mr WONG Kwok-hing noted with concern the substantial increase in the number of suspected illegal workers arrested from 350 in 2007 to 582 in 2008, and asked whether the Administration had looked into the causes of the trend and formulated a strategy to cope with the problem. He also sought information on the types of jobs the suspected illegal workers arrested had engaged under the two industry categories of "financing, insurance, real estate and business services industries" and "community, social and personal services industries".

18.27 SLW and C for L advised that the Administration was highly concerned with the illegal workers problem, and LD had worked in close

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collaboration with the Police and the Immigration Department in launching joint operations to combat illegal employment. The increase in the number of suspected illegal workers arrested was mainly attributable to the intensified efforts in launching joint operations. The suspected illegal workers arrested were mainly engaged in low-end jobs. Of the 35 suspected illegal workers arrested in the financing, insurance, real estate and business services industries in 2008, 32 were found assisting street retailers in setting up their stalls, two were serving as shopkeepers in money exchange shops and one was engaged as an assistant in an employment agency. The 136 suspected illegal workers arrested in the community, social and personal services industries in 2008 were mainly engaged as general workers in repair and waste-handling companies, shop assistants in sanitary and laundry shops, masseurs, beauticians, hair washers, stylists and care home attendants.

Statutory Minimum Wage

18.28 Mr LEE Cheuk-yan expressed disappointment that the implementation of the statutory minimum wage (SMW) was again postponed and the current work schedule was the end of 2010. He sought explanation for such delay. Mr LEUNG Kwok-hung queried whether the Administration had yielded to pressures from different sides and SMW was used as a means to facilitate the Administration's lobby for support of its future constitutional reform proposal. Mr WONG Kwok-hing also urged for early introduction of the SMW, preferably before July 2009.

18.29 SLW responded that the existing work plan to implement the legislation on SMW towards the end of 2010 was already a realistic, though highly compressed, one. The Administration planned to introduce the Minimum Wage Bill into the Legislative Council before the current legislative session ended in July 2009. Meanwhile, the Census and Statistics Department would conduct a large scale survey in the second quarter of 2009 to collect the wage data. The data collected would be analyzed between late 2009 and early 2010 for consideration by the Provisional Minimum Wage Commission which was expected to come up with its recommendation in mid-2010. Following that, the initial level of the SMW, which would be prescribed in a schedule to the future Minimum Wage Ordinance, would be considered by the Executive Council and, subject to the Executive Council's approval, would be presented to the Legislative Council for endorsement. Taking into account the legislation scrutiny period and

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the need to provide employers with a grace period prior to actual commencement of the new ordinance, it was a fair projection to implement the SMW at the end of 2010.

Manpower of Labour Department

18.30 Referring to the speaking note of SLW, Ms LI Fung-ying noted that, due to the global financial crisis, the number of labour disputes handled by LD had increased by 57% in the period from October 2008 to February 2009, and the number of applications received by the Protection of Wages on Insolvency Fund had increased by 126% in the months of January and February 2009, as compared to the same periods a year ago. She was worried that the manpower of LD had been deployed to cope with the increase in workload and this had affected the Administration's work on the various labour related legislative proposals as previously pledged. She considered that LD should acquire additional manpower, if necessary, to ensure that there would not be any delay to the legislative work.

18.31 SLW admitted that the workload of LD staff, in particular that of the senior staff, had increased substantially due to rising number of labour disputes and applications received by the Protection of Wages on Insolvency Fund in recent months. Having re-prioritized LD's existing commitments, the Employment (Amendment) Bill regarding the reinstatement and re-engagement provisions would be introduced into the Legislative Council by the end of 2009, while other labour-related legislative proposals already included in the legislative programme for the 2008-2009 legislative session would be introduced into the Legislative Council by July 2009 as scheduled. On manpower planning, C for L explained that when LD prepared its estimates last year, the department could not have foreseen the drastic increase in labour disputes and redundancy/winding up cases arising from the global financial tsunami. To cope with the increase in work, staff of LD had to perform much overtime in recent months, and also arrange for internal staff redeployment and engagement of contract staff.

18.32 Given the surge of labour disputes in recent months, Mr IP Wai-ming enquired whether the Administration would consider opening the branch offices of the Labour Relations Division (LRD) on Saturdays to cater for the increased enquiries concerning labour disputes from workers.

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18.33 C for L said that the five-day week arrangement was meant to enable staff to have improved quality of family life. Despite the introduction of a 5-day week since July 2006, officers of LRD continued to be on call on weekends and holidays to provide urgent conciliation service for labour disputes which required immediate attention. As evidenced in the past, officers of LRD would attend to urgent labour disputes in good time upon notification. She also advised that in major retrenchment cases, special arrangements would be made for affected employees to make prior appointments with LRD through its telephone hotline service.

18.34 The Chairman requested the Administration to critically examine the need for additional manpower provision in the light of the extra workload generated by the economic downturn. Ms LI Fung-ying and Mr IP Wai-ming considered that LD should seriously consider recruiting more staff to cope with the increased workload.

Contract staff and contracting out of public services

18.35 Mr LEUNG Yiu-chung said that the Government's administrative efficiency and quality had lowered because of the prevalent practice of employing non-civil service contract staff and contracting out public services of government departments. Most contract staff lacked commitment due to job insecurity, long working hours and disparities between their remuneration packages and those of civil servants. To improve the quality of public service, he believed that the Administration should employ permanent staff to replace contract staff, and to refrain from contracting out its services.

18.36 SLW and C for L responded that the employment of contract staff was based on actual operational needs and the nature of work which was often of a time-limited duration. As a responsible government, the Administration had to exercise prudence in using public funds. Where the service needs were time-limited, seasonal, or likely to be changed in the near future, it would be more appropriate to employ non-civil service contract staff rather than permanent civil servants.

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Order in Finance Committee

19.1 The Chairman referred members to Rule 41(4) of the Rules of Procedure regarding content of speeches at a meeting and reminded members that it would be out of order to use offensive and insulting language about Members of the Council, which by virtue of Rule 10(2), was also applicable to public officers attending the meeting. The Chairman said that she had already advised members in previous sessions that she would not allow the use of offensive and insulting language in the Finance Committee. If a member continued to use such language at Finance Committee meetings, she would act according to Rule 45(2) and order the member to withdraw immediately for the remainder of that meeting.

19.2 At the invitation of the Chairman, Mr Kenneth CHEN, Acting Secretary for Education (Atg SED), briefed members on the major initiatives and expenditure on education for 2009-2010 (Appendix IV-17).

Overall expenditure on education

19.3 Ms Cyd HO expressed concern that the total recurrent expenditure for education for the 2009-2010 financial year only represented some 3.9% of the Gross Domestic Product (GDP) of Hong Kong, and this was much less than the education provisions in other neighbouring countries such as Korea and Japan. She considered that the Administration had not put in sufficient resources to assist school children with emotional/behavioural problems, and had not achieved the target of enabling 60% of senior secondary school leavers to have access to tertiary education by 2010. There was also a lack of confidence in the quality of degree and sub-degree graduates, especially with regard to their language proficiency. She urged the Administration to increase the expenditure on education to a higher percentage, say 5%, of GDP as in some other countries, so as to alleviate the burden of educational expenses on parents, in particular those of low-income families.

19.4 Atg SED stressed that Hong Kong adopted a "small government" policy and maintained a low tax regime. The total expenditure of \$61.7 billion earmarked for education for the 2009-2010 financial year had already accounted for the largest portion (around 25%) of the Government's total expenditure. In considering increasing allocation for education, the Government needed to set priorities in the deployment of resources. Similar to other developed economies,

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investment in education in Hong Kong had been taken forward by the Government as well as the private sector. With the provision of options other than traditional education, such as diploma courses and associate degree programmes, the target of enabling 60% of senior secondary school leavers to have access to tertiary education had largely been achieved.

19.5 Ms Cyd HO considered that the Administration should put in place more measures and resources, such as waiving of tuition fees and Internet access fees for students, to relieve the financial hardship faced by low-income families. The Administration should also collect information of the expenses on extracurricular activities in the next round of household expenditure survey.

Pre-primary education

19.6 Mr CHEUNG Man-kwong noted that the 2008-2009 revised estimate of \$1.52 billion for the Pre-primary Education Voucher Scheme (PEVS) had fallen short of the Administration's commitment of \$2 billion per annum. He also pointed out that after the implementation of PEVS, the ceiling of fee remission under the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) for whole-day kindergarten classes was capped at \$25,400 per student per annum which was less than the school fees charged by most of the kindergartens (about 97%) eligible for PEVS. He enquired whether the Administration would raise the fee remission ceiling to help needy families.

19.7 Atg SED explained that the annual commitment of \$2 billion represented the expenditure for full implementation of PEVS which was taken forward progressively, with the value of the voucher increasing from \$13,000 per student per annum in 2007-2008 to \$16,000 per student per annum in 2011-2012. The Administration had undertaken to address the concerns of kindergartens and parents about the fee remission mechanism for whole-day places under KCFRS and its impact on parents' choices. It would also review the operation of whole-day kindergartens and its alignment with PEVS.

19.8 Mr Albert CHAN noted that among the 57 private independent kindergartens in 2008-2009, the average school fees of whole-day classes could reach as much as \$68,800 per student per annum, whereas that of non-profit-making kindergartens were in the range of \$26,800 to \$32,500, all of them were above the ceiling of fee remission under KCFRS (i.e. \$25,400 for

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whole-day classes). Parents who could not afford to make up the difference were forced to switch to half-day classes. He considered that PEVS had unfairly limited parents' choices because he believed that children would benefit more from whole-day classes than half-day classes. He referred to the practice in Macao and urged the Administration to consider fully subsidizing pre-primary education.

19.9 Atg SED advised that pre-primary education in Hong Kong had all along been operating effectively in a private market mode. Provision of direct subsidy to parents under PEVS was conducive to bringing market forces into play in the operation of pre-primary education sector. Whole-day classes represented about 20% of kindergarten classes in Hong Kong, and were targeted for the needs of children whose parents were unable to provide care for them after a half-day school because of work or other reasons.

19.10 Mr LEE Cheuk-yan criticized that the Administration had not adjusted the ceiling of \$25,400 under KCFRS to reflect kindergarten fee increase in the past two years. He said that the average school fee of some whole-day classes under PEVS in Kwai Tsing in 2008-2009 had increased by more than 15% as compared to 2006-2007. In view of the impact of the financial tsunami, Mr LEE requested the Administration to raise the ceiling to enable the needy families to enjoy full remission of kindergarten fees.

19.11 Atg SED re-iterated that the Administration would review the ceiling as soon as possible, having regard to the financial implication on public resources, the lead time required for conducting the assessment and the possibility for a raised ceiling to induce kindergartens to increase their fees. Mr LEE Cheuk-yan considered that the Administration should give more weighting to alleviating the financial burden of needy families in their review. He urged the Administration to give an undertaking at the resumption of Second Reading debate on the Appropriation Bill 2009 that the ceiling would be increased from the 2009-2010 academic year. Atg SED took note of Mr LEE's views.

19.12 Mr CHEUNG Man-kwong suggested that the maximum level of school fee at \$24,000 per annum for a half-day kindergarten place should be progressively raised in order to cover the salary and qualification increments for teachers. He enquired whether the Administration would consider deploying resources earmarked for PEVS to provide an allowance, on top of their existing

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salary, to pre-primary teachers who had attained higher qualifications so as to alleviate the pressure on kindergarten to increase their fees.

19.13 Atg SED said that there was no plan at this stage to adjust the maximum level of school fee for a half-day kindergarten place for the redemption of the voucher. On the issue of providing allowance under PEVS to kindergarten teachers, Atg SED stressed that it was a core principle of PEVS to provide direct subsidy to parents to meet kindergarten costs of their eligible children. He considered that the remuneration for kindergarten teachers should be market-driven.

19.14 Mr Tommy CHEUNG enquired whether the drop in the number of local private independent kindergartens, from 99 in 2007-2008 school year to 57 in 2008-2009 school year, was due to financial inviability because of the impact of PEVS. In view of the current economic situation, he suggested the Administration consider relaxing the eligibility criteria for PEVS to cover private independent kindergartens, to provide parents with wider choices.

19.15 The Permanent Secretary for Education (PS(Ed)) advised that the reduction in the number of private independent kindergartens was attributed to their conversion to non-profit-making mode of operation. As these kindergartens might deploy resources provided under PEVS for non-educational purposes (such as giving out bonus to shareholders), the Administration therefore maintained the view that PEVS should not be extended to private independent kindergartens.

19.16 Mr Tommy CHEUNG commented that the Administration had been providing subsidies in different forms to private operations such as private homes for the elderly. He opined that different operation modes of kindergartens should be allowed to flourish for a diversified development of pre-primary education, and that PEVS should cover all these kindergartens. PS(Ed) said that given some 85% of kindergartens across various districts had joined PEVS in the 2008-2009 school year, the choices available to parents were deemed adequate. The Administration did not see the need to expand the scope of PEVS at this stage.

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Primary and secondary education

Ratio of graduate teacher posts in public sector primary schools

19.17 Mr TAM Yiu-chung noted that the Government would increase the ratio of graduate teacher posts in public sector primary schools to 50% starting from the 2009-2010 school year, which could provide only a limited number of additional graduate teacher posts for re-grading degree holders in the rank of non-graduate teacher posts. As a large number of degree holders were still serving as non-graduate teachers, this would dampen the initiative of encouraging primary school teachers to attain a recognized degree. He enquired whether the Administration would consider a further increase in the ratio.

19.18 Atg SED said that the target ratio had taken into account the latest development in public sector primary schools as well as the implication on public resources. The Deputy Secretary for Education (4) (DS(Ed)4) advised that the ratio for graduate teacher posts in public sector primary and secondary schools would be enhanced to 50% and 85% respectively with effect from the 2009-2010 school year, which would involve a recurrent annual expenditure of \$500 million. While it was a long-term objective for basic education to be delivered entirely by graduate teachers, the initiative would be taken forward gradually having regard to the financial implication, priority in the use of resources and the professional development of teachers. DS(Ed)4 said that schools were proactively making use of the increased ratio to strengthen their teaching force, although some schools had yet to attain the target ratio due to various reasons.

19.19 PS(Ed) added that the enhancement of graduate teacher post ratio involved a relatively huge amount of resources, and further enhancement had to be taken forward prudently. As the measure towards the target ratio was only in its second year of implementation and the quota of graduate teacher posts had yet to be fully utilized by the schools, the Administration would review the need to further raise the ratio in due course.

19.20 Mr TAM Yiu-chung asked why some schools had not fully used the quota of graduate teacher posts. PS(Ed) said that some schools might wish to take more time to observe the performance of teachers before selecting suitable candidates to fill the posts. Nevertheless, with the increased ratio of graduate

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teacher posts, he believed that schools would make good use of the resources to enhance the quality of teaching.

Small class teaching

19.21 Dr PAN Pey-chyou welcomed the Administration's plan to implement small class teaching in public sector primary schools. Noting that 302 public sector primary schools (about 65%) would implement small class teaching in the 2009-2010 school year, he asked about the reasons for other schools not following suit.

19.22 Atg SED explained that the implementation of small class teaching had to take into account practical circumstances (e.g. school place demand, teacher training), and also the wishes and needs of schools, parents and students. A considerable number of schools opted not to implement small class teaching in the 2009-2010 school year because they needed more time to prepare for the change, while some schools in Sham Shui Po and Yau Tsim Mong districts did not have sufficient classrooms to enable the implementation of small class teaching.

19.23 The Deputy Secretary for Education (2) (DS(Ed)2) added that 134 schools had not applied to adopt small class teaching in the 2009-2010 school year. The Administration had adopted a pragmatic and flexible approach by aiming at implementation of small class teaching for all classes from Primary One to Primary Six by the 2014-2015 school year. The Education Bureau would write to the schools each year to ascertain their wish to practise small class teaching in the coming academic year. DS(Ed)2 advised that the total estimated additional recurrent expenditure of \$261 million for the 2009-2010 school year included provision of 160 additional teachers for schools not practising small class teaching to implement alternative school-based measures to enhance the quality of teaching and learning.

19.24 Ms Starry LEE conveyed the concerns of some schools in Sham Shui Po and Yau Tsim Mong about the validity of the latest school-age population projections made for the school nets of the two districts. While these schools were ready to implement small class teaching in terms of enrolment and number of classrooms, they were not allowed to do so because of a different assessment by the Administration.

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19.25 Atg SED advised that in assessing whether small class teaching was feasible for a school net, the Administration had taken into consideration the latest school-age population projections and supply of classrooms in the net to meet the projected demand over a six-year period. The Administration had tried to identify new/vacant premises to provide sufficient classrooms for the schools in the two districts but in vain. The school-age population projections would be updated each year and the schools' requests for implementing small class teaching could be re-assessed.

19.26 Ms Starry LEE urged the Administration to make use of those sites zoned as "Government, Institution or Community uses" to construct new schools so as to enable schools in Sham Shui Po and Yau Tsim Mong to implement small class teaching. Atg SED and PS(Ed) explained that the projection of school-age population would be reviewed and updated each year. Before the schools could switch to small class teaching, additional teaching resources would be provided for them to take forward school-based measures that would enhance the quality of teaching and learning comparable to those practising small class teaching. The Administration would continue dialogue with the schools concerned and adopt an open attitude in the relevant assessment.

19.27 Mr LEE Wing-tat expressed concern about the insufficient enrolment in aided secondary day schools. He observed that the number of vacant places for six districts had reached over 1 000 in the 2007-2008 and 2008-2009 school years, while that of three other districts had also started to exceed 1 000 in the 2008-2009 school year. He enquired whether the Administration would take this opportunity to implement small class teaching for secondary one classes in these nine districts.

19.28 Atg SED said that the implementation of small class teaching should not be taken as the solution to tackle the problem of declining student population. Given the significant and long-term financial implications of small class teaching, and the different teaching environment and student needs in secondary schools, the Administration had no plan to introduce small class teaching in secondary schools. He drew members' attention that the split-class teaching in specified subjects in secondary schools was very similar to small class teaching. He added that the class structure of secondary schools would be reviewed by 2012-2013.

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19.29 Mr LEE Wing-tat opined that the Administration should base on student-oriented principles rather than resource consideration in deciding whether to implement small class teaching in secondary schools. Atg SED said that the Administration would take into account the operational experience of small class teaching in primary schools before deciding whether to implement small class teaching in secondary schools.

19.30 Mr LEUNG Kwok-hung expressed concern about the relatively large class size in public sector secondary schools and urged the Administration to set a timetable for implementation of small class teaching in secondary schools. He said that the implementation of small class teaching was not to protect the employment of teachers. Mr LEUNG Kwok-hung used the expression "stumbling to death on the street" when criticizing the Chief Secretary for Administration. Atg SED requested the Chairman to rule that the expression was offensive. The Chairman ruled that the expression was offensive, and asked Mr LEUNG to withdraw his remark. Mr LEUNG refused to withdraw his remark, and left the meeting on his own accord.

Higher education

Student Assistance Scheme

19.31 Ms Cyd HO urged the Administration to promptly review the financial assistance schemes for students and remove the risk-adjusted factor of 1.5% for the loan repayment interests to alleviate the financial burden on students.

19.32 Mr WONG Kwok-hing also expressed concern about the burden of interest payment to loan recipients under the various student assistance schemes administered by the Student Financial Assistance Agency (SFAA). He noted that a considerable number of beneficiaries (17 838 as at 28 February 2009) of Tertiary Student Finance Scheme – Publicly-funded Programmes (TSFS) were residing in public rental housing. As there was an increase in the amount of default under Extended Non-means-tested Loan Scheme (ENLS) from \$48.1 million in 2006-2007 to \$82.68 million in 2008-2009 (up to 31 January 2009), and also increased number of bankruptcy applications for 2008-2009 (up to 31 January 2009), he enquired what measures would be taken to help loan recipients with financial difficulties.

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19.33 The Controller, SFAA clarified that the number of bankruptcy applications mentioned by Mr WONG Kwok-hing referred to ENLS recipients residing in various types of housing. The bankruptcy figure in 2006-2007 and 2007-2008 was 79 and 60 respectively, and the figure for 2008-2009 would be more or less the same.

19.34 Atg SED explained that a number of student financial assistance schemes including means-tested grants/loans and non-means-tested loans, were available for post-secondary students to cover tuition fees, academic expenses and living expenses. Non-means-tested loan schemes were essentially operated on a no-gain-no-loss and full-cost-recovery basis to ensure proper use of public money. For loan recipients who had difficulties in repaying the loans due to financial hardship or serious illness or full-time further studies, they could apply for deferment of loan repayment. SFAA would consider such applications on the basis of individual merits. In the 2007-2008 school year, some 70% of applications for deferment of loan repayment were approved.

Co-operation in higher education between Hong Kong and the Mainland

19.35 Mrs Regina IP observed that there was a trend among local tertiary institutions to target at the Mainland market in delivering degree/sub-degree courses and virtual university programmes, as there were opportunities for developing international education model in South China, where topnotch universities were lacking, and Hong Kong tertiary institutions possessed the required expertise and experience to fill this gap by offering programmes that articulated with top universities in the world. She asked whether resources provided for local tertiary institutions might be used for making profits from organizing programmes on the Mainland.

19.36 Atg SED said that local tertiary institutions had autonomy in taking forward education initiatives they considered suitable, and the Administration would keep watch on the development to ensure proper use of resources. The Deputy Secretary for Education (1) (DS(Ed)1) said that some local tertiary institutions were developing research facilities in Shenzhen for the use of Mainland and local postgraduate students. These developments were conducive to achieving synergies between Hong Kong and the Pearl River Delta Region, and enhancing the development of education and scientific research in Hong Kong.

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He understood that the local tertiary institutions had not deployed public funds to run Mainland programmes, or aimed to make profits out of these programmes.

Research Endowment Fund

19.37 Regarding the new commitment of \$18 billion for establishing a Research Endowment Fund (REF) for providing research funding to the University Grants Committee-funded institutions (UGC-funded institutions), Prof Patrick LAU expressed concern whether the investment income would be able to fully cover the cash flow requirements for funding research.

19.38 Atg SED said that according to the original plan, the investment income from REF would sustain the earmarked research grants and support theme-based research on an ongoing basis. However, market volatilities had shed uncertainties on the level of investment income. In case the investment income generated could not fully meet the research needs, the Administration might use a small part of the principal of REF to provide a stable research allocation. UGC would be responsible for the accounting management of REF, and fund managers would be appointed, as appropriate, to manage the investment.

19.39 Prof Patrick LAU enquired about the allocation of resources under REF among the UGC-funded institutions. DS(Ed)1 explained that of the \$18 billion REF, \$14 billion would serve as a new funding source to replace, from the 2010-2011 academic year onwards, the existing \$506 million research grants distributed annually, as part of the recurrent grants determined on a triennial basis. UGC would continue to determine the allocation of these grants on a competitive basis through its existing peer review mechanism in the Research Grants Council (RGC). The remaining \$4 billion would be used to support theme-based research of a more long-term nature and strategically beneficial to the development of Hong Kong. In order to ensure that the themes selected could meet the changing needs of the community, the Administration intended to set up a steering committee to advise on the selection of appropriate themes. The proposals would be evaluated in terms of their relevance to the themes and with reference to the existing RGC evaluation criteria.

19.40 On Prof Patrick LAU's suggestion to encourage research collaboration between universities and private institutions in the area of creative technologies, DS(Ed)1 said that whilst UGC-funded institutions would be the

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applicants, they could collaborate with the business sector and other stakeholders in taking forward the research proposals.

Training subsidy for associate degree graduates

19.41 Dr Priscilla LEUNG stressed that the Government should increase its investment in education for the benefit of the community. Referring to the different views on the Internship Programme for University Graduates, Dr LEUNG said that the City University of Hong Kong (CityU) was working on an internship programme for its associate degree graduates with a monthly allowance of \$4,000 per each intern. Dr LEUNG considered that the Administration should encourage other universities to implement similar initiatives to assist associate degree graduates.

19.42 Atg SED advised that the Internship Programme was under the portfolio of the Labour and Welfare Bureau (LWB). PS(Ed) added that the internship programme for associate degree graduates mentioned by Dr Priscilla LEUNG was likely to be self-financed by CityU and did not involve government funding. The Chairman advised Dr Priscilla LEUNG to convey her suggestions to LWB after the meeting.

Special education and other educational services

19.43 Miss Tanya CHAN expressed concern about the findings of the investigation report on the "Direct Investigation on Support Services for Students with Specific Learning Difficulties" issued by the Office of The Ombudsman in March 2009, in particular whether the Learning Support Grant for Secondary Schools (LSGSS) would be fully translated into services for children with special education needs (SEN).

19.44 Mr LEUNG Yiu-chung noted that LSGSS would be provided according to the number of students with SEN and the tier of support required. He considered the prevailing grant of \$10,000 per annum for each student requiring tier-2 support (i.e. students had persistent learning difficulties) insufficient to meet their needs. In view of the findings of The Ombudsman's investigation report, he urged the Administration to probe into schools suspected of not fully utilizing the LSGSS for supporting students with SEN.

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19.45 Atg SED and DS(Ed)3 advised that in addition to the \$10,000 per capita grant for students requiring tier-2 support, a basic provision of \$120,000 per school per annum would be provided to schools for the first one to six student(s) requiring tier-3 support (i.e. students with severe learning difficulties or profound SEN) and a grant of \$20,000 per student per annum for the seventh and each of the other students requiring such support. DS(Ed)3 added that the current ceiling of \$1 million per school per annum of the grant was deemed adequate to endow schools with the necessary resources to cater for the needs of students with SEN. To monitor the utilization of the grant, schools were required to draw up relevant plans and evaluation reports for the Administration's inspection, and keep the parents and other stakeholders informed of the support services so implemented.

19.46 Mr LEUNG Yiu-chung doubted the effectiveness of the monitoring mechanism since there were loopholes in the funding arrangements as pointed out by The Ombudsman. DS(Ed)3 remarked that the Administration also conducted visits to schools to ensure that proper support were provided to students with SEN. While The Ombudsman's findings might refer to individual cases, the Administration would strengthen the monitoring mechanism in the light of the investigation report. The Chairman urged the Administration to fulfill its obligations in the provision of support services for children with SEN, as it might form part of the upcoming report to the United Nations, following the entry into force of the Convention on the Rights of Persons with Disabilities for the Hong Kong Special Administrative Region in August 2008.

19.47 Miss Tanya CHAN expressed concern about the shortage of resources for provision of educational support for non-Chinese speaking students with SEN. She noted that the waiting time for placement in a special school for non-Chinese speaking students with SEN could be up to 36 months.

19.48 Atg SED stressed that eligible children irrespective of ethnic origin physical or intellectual ability had the right to enjoy basic education in public sector schools in Hong Kong. The Administration provided not only support services that helped non-Chinese speaking students adapt to the local education system but also other support and resources pertaining to these students with SEN.

19.49 DS(Ed)2 said that the Administration had been providing resources for schools to run school-based support programmes for non-Chinese speaking

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students. A "Supplementary Guide to the Chinese Language Curriculum for non-Chinese speaking students" had been issued at the end of 2008, and was generally well-received by schools and parents. To enhance after-class support services, the Administration had commissioned The University of Hong Kong to operate a Chinese Language Learning Support Centre that supported non-Chinese speaking students who had a late start in their learning of the Chinese Language. As for non-Chinese speaking students with SEN, DS(Ed)2 advised that they were encouraged to receive education in ordinary schools so that they could integrate into the local community as early as possible. The Administration had recently reached an agreement with English School Foundation on the provision of an additional grant of \$10 million spanning over 5 to 6 years to provide additional learning support classes to provide 24 places for non-Chinese speaking students with SEN at West Island School.

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20.1 At the Chairman's invitation, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy area of works for the coming year (Appendix IV-18).

Procedural matters

20.2 Mr Albert CHAN said that he would like to express his view on the ruling made by the Chairman against Mr LEUNG Kwok-hung's use of the expression "stumbling to death on the street" at the previous session held on the same day. He said that the expression had been allowed in a number of films and he did not see any reason for disallowing members to use such expression at meetings.

20.3 The Chairman said that she had ruled that the expression was offensive language and would not allow other members to use the expression at Finance Committee meetings. She ordered Mr Albert CHAN to stop using the expression.

20.4 Mr Albert CHAN refused to abide by the Chairman's ruling and insisted that he wanted to express his objection to the Chairman's ruling against Mr LEUNG Kwok-hung using the expression "stumbling to death on the street" at the previous session.

20.5 The Chairman said that according to the Rules of Procedure, her ruling was final. She ordered Mr Albert CHAN to stop making comments on her ruling. Mr Albert CHAN refused and insisted that he should be allowed to express views on the Chairman's ruling. The Chairman said that Mr CHAN was behaving in a grossly disorder manner and ordered him to withdraw immediately from the Committee. Mr Albert CHAN then left the Committee under escort.

Implementation of works projects

20.6 Mr WONG Kwok-hing said the expenditure on infrastructure projects in each of the past few years was less than \$29 billion. He asked what measures the Administration would adopt to ensure that the \$39.3 billion provision earmarked for infrastructure projects in 2009-2010 could be fully utilized, and that local workers and local professionals instead of overseas companies would benefit from those projects.

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20.7 SDEV responded that the Administration had confidence in spending the \$39.3 billion provision because the advance works for many infrastructure projects had completed with funding approval from the Legislative Council and had proceeded to the tendering stage. In the current financial year, the Public Works Subcommittee had already recommended 38 project items at a total cost of \$31.0 billion up to the present. The Administration could therefore assess the cash flow for these projects according to the implementation timetable and work out the estimate of \$39.3 billion provision for 2009-2010. SDEV advised that the cash flow requirements for 2010-2011 and the following few years could be as high as \$50 billion. Referring to a Member's concern about "underspending", SDEV explained that in the past few years, the actual works expenditure for the year was actually very close to the projected expenditure in the Estimates. She believed that the Member was referring to the level of expenditure in recent years not reaching the indicative amount of \$29 billion which the Administration could afford for undertaking capital works. As regards the infrastructure projects and consultancy contracts tendered, most of them were undertaken by local contractors and consultants, or by companies incorporated overseas with local offices and a long history of business in Hong Kong. These overseas companies mainly employed local employees and local workers in undertaking the projects awarded.

20.8 Noting that large scale public works projects required a long time to implement and private sector works projects had decreased drastically, Mr LEE Wing-tat said that the number of additional jobs to be created by the Administration was only about 10 000 and would not be able to absorb the local workforce and the several thousand workers returning from Macao to look for jobs in Hong Kong. He asked whether the Administration would implement more labour-intensive works projects of a smaller scale under a simple control system to create more jobs for local workers.

20.9 SDEV explained that job opportunities in the construction sector could broadly be divided into those involving foundation/superstructure works and those involving building renovation/maintenance works. For large scale foundation/superstructure works projects, it was estimated that about 1 000 workers would be employed during the peak construction period. If the objective was to boost job opportunities, implementing more building renovation/maintenance works projects would be a better strategy. In 2009-2010,

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the provision under Head 703 of the Capital Works Reserve Fund for building works projects and minor works projects would be \$9.2 billion. The Administration would continue such strategy and implement more building works and minor works projects. In addition, building works projects to be implemented by non-Government organizations (NGOs) would also increase job opportunities, and the Administration had already received 12 such proposals since the Chief Executive's announcement that the Government would facilitate such NGO projects.

20.10 Mr LEE Cheuk-yan urged the Administration to create more job opportunities for construction workers. He asked the Administration to specify the number of additional job opportunities to be created in the construction sector in 2009-2010 rather than stating that 55 000 job opportunities would be available. Noting that the provision for minor works projects would increase from \$6.9 billion in 2008-2009 to \$8.6 billion in 2009-2010, he enquired about the number of additional job opportunities that would be created by these projects and whether the provision for minor works projects could be further increased.

20.11 SDEV responded that as the Chief Executive had announced earlier, there would be 55 000 job opportunities available in the construction sector in 2009-2010. Out of these, 45 000 would be from public works projects and 10 000 from projects of the Housing Authority. The Administration would further increase the number of job opportunities from public works projects to 47 000. When compared with the job opportunities in 2008-2009, an additional 11 800 job opportunities would be created, including those from minor works projects. As regards the provision of \$8.6 billion for minor works projects, it was only an estimate and supplementary provision could be sought if more suitable minor works projects could be identified. The Permanent Secretary for Development (Works) (PS(W)) added that the number of job opportunities to be created by minor works projects was 13 400 calculated in man-years and the number was a rolling figure.

20.12 Ir Dr Raymond HO considered that there should be sufficient manpower resources for carrying out public engagement for the public works projects to ensure their smooth implementation. He asked whether the Development Bureau would consider seconding experienced staff to the relevant departments and organizations to provide expert advice to enhance public-private partnership. He remarked that public-private partnership was a common practice

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in the United States and in Europe, and could bring about greater cost-effectiveness and shorten the implementation time of public works projects.

20.13 SDEV responded that while public engagement for taking forward the public works projects would require a lot of efforts, it might not necessarily result in a need for additional staffing. If public engagement was well conducted, the projects could proceed smoothly and it would not be necessary to deploy additional staff at the later stages of the projects. To shorten the time for project delivery, the tendering process and consultancy studies could be conducted in advance before seeking funding approval. As regards support to the relevant departments and organizations, SDEV advised that the Architectural Services Department provided advice and technical support to the relevant departments and organizations in taking forward the projects. The Director of Architectural Services (DArchS) added that his department also provided advice on the tendering procedures, but it was for the departments or organizations concerned to determine the timing for implementing the projects.

20.14 Mr Alan LEONG requested the Administration to briefly describe the types of the 56 temporary posts to be created in the works departments under the Development Bureau. He was concerned that with the implementation of the 10 major infrastructure projects, it would take up much of the existing manpower resources and could affect the progress of vetting and implementing the minor works projects.

20.15 SDEV advised that 56 posts would be created for the implementation of the minor works projects. DArchS added that 25 of these posts would be created in his department, including 10 maintenance surveyors, 2 quantity surveyors, 4 clerks of works, 7 site supervisors II and 2 architects. SDEV said that there was no question of having a bottleneck in the vetting of minor works projects, as demonstrated by the increasing expenditure for such projects in the past few years. The revised estimate of \$6.9 billion in 2008-2009 for minor works projects was also higher than the original estimate.

20.16 SDEV further advised that there was flexibility under the block allocation exercise to take forward other minor works projects once they were ready. In this connection, departments concerned were responsible for monitoring the implementation of those minor works projects under their purview. As for the district and rural minor works projects, the provisions in 2009-2010

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would be around \$300 million and \$120 million respectively. The Home Affairs Department was responsible for vetting, prioritizing and implementing these projects, and the pace for taking forward such projects would depend on the deliberations at the relevant District Councils and other factors. PS(W) said that the provision of \$420 million in 2008-2009 for district and rural minor works projects constituted a small portion of the total provision for minor works projects. DArchS pointed out that the expenditure for maintenance, repair and other minor works projects undertaken by his department was more than \$3 billion in 2008-2009, as compared to an expenditure of \$420 million for district and rural minor works projects during the year.

Heritage conservation

20.17 Ms Starry LEE asked whether the Administration would step up its efforts in adopting the point-line-plane approach in heritage conservation. In reply, SDEV said that apart from adopting the point, line, plane approach in launching heritage conservation projects in the vicinity of Hollywood Road and old districts in Wan Chai, the Administration would strive to implement one to two heritage conservation projects in Kowloon City under Batch II of the Revitalizing Historic Buildings Through Partnership Scheme. In this regard, the Administration and The Chinese University of Hong Kong were studying how to link up heritage sites in Kowloon City. Noting this, Ms Starry LEE said that apart from Kowloon City, the Administration should make good use of the characteristics of Yau Ma Tei, Tsim Sha Tsui and Mong Kok and deploy more resources for implementing conservation projects in those districts.

20.18 Mr KAM Nai-wai considered that the allocation of \$5 million for providing financial assistance to owners for the maintenance of privately-owned graded historic buildings was insufficient because the cost for such maintenance was very substantial. He said that the Administration should also increase the number of frontline staff in the Antiquities and Monuments Office for inspecting historic buildings to ascertain their conditions.

20.19 SDEV responded that the provisions for the Antiquities and Monuments Office would increase by nearly 30% in 2009-2010, including resources for maintenance of historic buildings, and its work would not be constrained by lack of resources. The Administration had approved two applications for financial assistance for the maintenance of privately-owned

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graded historic buildings. In view of the recent grading exercise, she expected that there would be more applications, and the Administration would consider making appropriate provision for each year. She pointed out that in the past, there were no provisions for the maintenance of privately-owned graded historic buildings. As regards staffing, the Director of Leisure and Cultural Services (DLCS) said that there was an increase of 36 Non-Civil Service Contract posts in the Antiquities and Monuments Office, and 25 posts had been filled. Many of these posts were at the rank of Assistant Curator II and therefore there would be sufficient frontline staff for carrying out inspection of historic buildings.

20.20 Prof Patrick LAU asked whether there were provisions for the maintenance of Government-owned graded historic buildings. Apart from maintenance, he considered that Government-owned historic buildings such as idle police stations and waterworks plants could be revitalized by adding ancillary facilities and opening them to the public. He suggested that a heritage trust should be established for such revitalization work so as to enhance those historic buildings for public use.

20.21 In reply, SDEV said that provision for the maintenance of Government-owned graded historic buildings were made under Head 703 of the Capital Works Reserve Fund. The Commissioner for Heritage's Office would explore opportunities for revitalizing buildings such as waterworks plants if feasible. The Administration supported in principle the establishment of a civic heritage trust at an opportune time. Most of the posts at the Commissioner for Heritage's Office were Non-Civil Service Contract posts to facilitate possible transfer of its staff to an independent heritage conservation agency in future. The Development Bureau was striving to take over historic buildings from other departments because these assets could in the long run generate income for the heritage trust. The Hong Kong Jockey Club had also indicated that it would deploy the surplus from the revitalization of the former Central Police Station Compound into a fund for heritage conservation work if one was to be set up.

20.22 Dr Priscilla LEUNG welcomed that the Administration had accepted the local community's views on revitalization of Cattle Depot. She enquired about the implementation timetable for the project and whether the Administration could take forward the project quickly.

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20.23 SDEV responded that there were difficulties in the revitalization of Cattle Depot and the Administration had invited the Hong Kong Arts Development Council to conduct relevant research and assessment. The Administration would also discuss with the artists currently using Cattle Depot the desirable elements of an artist village. The timetable for revitalization would depend on the progress of the research, assessment and discussion.

20.24 Mr Abraham SHEK said that the Administration should set out its heritage conservation policy clearly in a paper. He considered that the heritage conservation policy should include areas such as conservation of traditions in addition to conservation of heritage buildings.

20.25 SDEV responded that the heritage conservation policy was approved by the Chief Executive in Council and the policy statement was first spelled out in the 2007 Policy Address. Heritage conservation measures introduced in the past two years were based on such heritage conservation policy. The Deputy Secretary for Development (Works)1 (DS(W)1) said that the Administration had refined the relationship between the statutory monument declaration system and the administrative historic building grading system. The Antiquities Advisory Board would make assessment and decide the grading based on the historic value of the buildings, while the Commissioner for Heritage would be responsible for assessing whether Grade 1 buildings could further reach the high threshold for declaration as monuments.

Tree maintenance

20.26 Miss Tanya CHAN enquired about the number of trees under the care of the Highways Department. She asked whether visual inspection, rather than sonic tomograph and resistograph, was usually adopted for assessing the conditions of trees. She also asked whether the Administration would update the guidelines on tree maintenance to prevent future accidents and facilitate the preparation of tree inspection reports.

20.27 DLCS responded that visual inspection would first be carried out for assessing the conditions of trees. If the trees required more in-depth inspection, tomograph would be used for thick trees, and resistograph would be used for thin trees and twigs. The Leisure and Cultural Services Department (LCSD) had engaged local and overseas experts to conduct a detailed inspection on trees on

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the Register of Old and Valuable Trees. The report forms for tree inspection had been redesigned to provide more details of the inspection results. A provision of \$11 million was earmarked in 2009-2010 to engage qualified tree inspection companies to inspect the trees on the Register of Old and Valuable Trees and big trees under the care of LCSD. It would review its guidelines on a regular basis and improve them if necessary. The Director of Highways said that the Highways Department was responsible for the maintenance of trees for roadside slopes and expressways and the total area involved was about 1 000 hectares. The Department had recently purchased the above two kinds of equipment, and adopted a procedure similar to that of LCSD for tree inspection. DS(W)1 added that there were general guidelines for tree preservation, with specific guidelines drawn up by individual departments to cater for their specific areas of work. The Works Branch of the Development Bureau and the responsible departments would update those guidelines as and when necessary.

Lift safety

20.28 Mr IP Wai-ming expressed concern whether the Electrical and Mechanical Services Department (EMSD) had sufficient staff to carry out lift inspection. He noted that while the number of lift and escalator inspections in 2009-2010 would be increased from 7 502 to 9 930, EMSD would only have one additional engineer and seven additional inspectors. He enquired about the details of lift inspection, such as means to ensure that two workers would be present throughout the inspection in respect of items which required two workers. He was concerned that some owners' corporations had no knowledge about the scale of fees, and might have difficulties in choosing appropriate lift maintenance contractors. He also asked about the manpower resources in EMSD and the Home Affairs Department for promoting lift safety.

20.29 The Director of Electrical and Mechanical Services responded that there would be sufficient staff for carrying out lift inspection. Some 7 000 lift inspections were carried out each year by about 20 inspectors at present and on average, each inspector would be responsible for about 300 lift inspections each year. Inspectors spent about one hour in inspecting each lift and the exact time required would depend on the actual circumstances. As lift maintenance was carried out by registered contractors, EMSD inspections focused more on the safety features and risk management. Lift engineers and lift inspectors in EMSD were also responsible for lift safety promotion work which was normally carried

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out after office hours and on Saturdays and Sundays. EMSD co-operated closely with the Home Affairs Department in lift safety promotion work, and also provided a sample tender specification document for maintenance contracts for reference by owners' corporations. A working group was currently studying the details on lift inspection items which required two workers and new measures would be implemented from June 2009. EMSD had also introduced other measures to further enhance lift safety and would review the need for additional staff if necessary.

Water supply

20.30 Dr PAN Pey-chyou welcomed that Hong Kong had reliable and quality water supply. As Hong Kong had water supply from Dongjiang water and rain water collected from local catchment areas, he asked about the reasons for conducting studies on using reclaimed water and whether it was cost-effective to use reclaimed water for toilet flushing and other non-potable uses in Northern New Territories where river water was available. He also considered the option of desalination impractical for Hong Kong.

20.31 The Director of Water Supplies said that the Administration had to prepare for the worst because water resources had been becoming more and more precious worldwide, and therefore need to study the feasibility of additional sources of water supply such as desalination and using reclaimed water. He explained that reclaimed water could be used for toilet flushing and other non-potable uses so as to save fresh water, while desalination could become a major source of water supply if there was a shortage of water supply in future. By keeping abreast of the latest technological development, the Administration could prepare for the future and introduce these two options where necessary. Salt water would be used for toilet flushing in waterfront districts with a high population because of high cost-effectiveness. For districts such as Sheung Shui and Fanling in Northern New Territories, the cost of using salt water for toilet flushing might be higher than that for reclaimed water. The Administration would explore other possible sources of water supply and methods before using reclaimed water for toilet flushing in these two districts.

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Green economy

20.32 Dr Priscilla LEUNG asked whether the Administration would reconsider expanding the objectives of the Hong Kong Green Building Council as green economy was broader than just green buildings. She suggested expanding the membership of the Hong Kong Green Building Council to include representatives from relevant sectors other than the construction sector, and to consider views of frontline staff in the relevant sectors and organizations.

20.33 SDEV explained that the objectives of the Hong Kong Green Building Council were mainly related to green buildings and an industry set-up was needed to articulate with the international World Green Building Council, which focused on green buildings. The work of the Hong Kong Green Building Council would also include public education and environmental performance assessment. It would be sector-based and would not be led by the Government or a few professional organizations. The Construction Industry Council, BEAM Society, Business Environment Council and Professional Green Building Council would become its Founding Members and other interested parties could also join.

Greening

20.34 Mr WONG Kwok-hing asked when the Administration would develop Greening Mater Plans for the New Territories and whether it could expedite the progress. Greening would improve the environment and also create additional job opportunities.

20.35 SDEV responded that the Administration would develop Greening Master Plans for the New Territories after completing those for remaining urban areas. The Director of Civil Engineering and Development added that the development of Greening Master Plans for remaining urban areas would be completed in 2009 and the Administration intended to conduct consultation for developing Greening Master Plans for the New Territories by the end of the same year. The actual development of Greening Master Plans for major districts in the New Territories would start in 2010.

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Flood prevention

20.36 Mr LEE Wing-tat asked about the increase in the number of flooding complaints in Yau Ma Tei, Tsim Sha Tsui and Mong Kok increased from three cases in 2007 to 125 cases in 2008. He believed that not all the additional flooding complaints were received in June 2008, even if the rainfall in June 2008 was high. As flooding affected business operation, he urged the Administration to pay special attention to flood prevention in those districts which were more susceptible to flooding. He asked about the preventive measures in this regard.

20.37 The Director of Drainage Services said that the rainfall in 2008 was exceptionally high. The rainfall in June 2008 was the highest in the records of the Hong Kong Observatory, and 7 June 2008 recorded an hourly rainfall of 145.5 millimetres. The exceptional amount of rainfall was a direct cause for flooding. The Administration would inspect and clear stormwater drains on a regular basis before and during rainy seasons. For flooding black spots, the frequency of inspection would be up to twice per week. Stormwater drains in old districts like Yau Ma Tei, Tsim Sha Tsui and Mong Kok were smaller in diameter and would be blocked more easily. The Administration would step up inspection and clearance in those districts. The Administration would also implement drainage improvement works to enhance the capacities of the drainage systems and at present, drainage improvement works with total costs at \$10 billion and \$3 billion were in progress and under planning respectively. It would expedite the enhancement works for districts more susceptible to flooding.

Chapter XXI : Planning and Lands

21.1 At the Chairman's invitation, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy area of planning and lands for the coming year (Appendix IV-19).

Town planning

21.2 Mrs Regina IP said that the development of the Lok Ma Chau Loop (the Loop) and the Northeast New Territories New Development Areas (NDAs) should be expedited. The Administration should demonstrate strategic thinking and assume a leading role in taking forward the projects. She asked why there were so many rounds of public consultation. She considered that the duration for receiving public views by the Town Planning Board on draft Outline Zoning Plans (OZPs) should be shortened.

21.3 SDEV explained that adequate public engagement in town planning was necessary because society had high aspirations in this regard. Besides, without adequate public engagement, development projects would be susceptible to legal challenges and the progress of the projects would be affected. The Administration should not implement the development of the Loop and NDAs hastily because they were long-term projects. While the Administration would increase human resources for handling cross-boundary development projects and the implementation of NDAs, there was not much room in compressing the implementation timeframe of those projects as it was necessary to go through statutory procedures such as conducting environmental impact assessment. The Permanent Secretary for Development (Planning and Lands) (PS(PL)) added that the Administration had to be prudent in taking forward development projects. For large development projects, the Administration would prepare concept plans for public engagement, following which draft OZPs would be prepared. The Town Planning Board had detailed procedures in which the durations for public inspection of draft OZPs and handling relevant objections were specified. Detailed consideration and discussion would be needed if those procedures were to be amended.

21.4 Ms Cyd HO expressed support for more public engagement in town planning. She considered that the Administration should start engaging the public at the early planning stage. Apart from District Councils, the Administration should also consult the affected residents directly.

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21.5 Miss Tanya CHAN asked whether the Administration would reconsider the need for reviewing the Town Planning Ordinance (Cap.131) in view of a recent court ruling in relation to a private development project at the Mid-Levels. She expressed concern that at present some aspects in town planning, such as transport, sunshine, air ventilation and visual impact, which was regarded as relevant by the public could not be used by the Town Planning Board as justifications for rejecting planning applications.

21.6 PS(PL) responded that the Administration had studied the relevant court ruling and considered that it would not have major impact on the planning approval system. The court ruling was specific to the development project in question which involved historical and special planning considerations stipulated in the relevant OZP. It was a requirement under the Town Planning Ordinance for the Town Planning Board to take into account the views of the public in considering planning applications, and the Board would continue to do so.

21.7 Regarding the implementation of planned land uses specified in OZPs, Ms Starry LEE considered that the role of the Planning Department should be strengthened, particularly in respect of the provision of public facilities on sites currently zoned for government/institution/community (GIC) uses. She also considered that the Administration should explore the feasibility of relocating the three Government office towers in Wan Chai to other places. SDEV explained that implementation of the land uses specified in OZPs was a long-term matter depending on a number of factors. Provision of public facilities on GIC sites had to wait for the right timing such as readiness of other related developments. As regards the feasibility of relocating the three Government office towers in Wan Chai, she advised that the Financial Services and the Treasury Bureau was studying the matter.

Building safety and maintenance

21.8 Mr WONG Kwok-hing welcomed the provision of \$18 million for carrying out a special operation to remove 5 000 abandoned signboards within 12 months, starting from early March 2009. He asked whether the target number of signboards to be removed could be increased so as to create more job opportunities. He suggested that the Administration should consider implementing a signboard registration system to facilitate the Administration in

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recovering the costs for removing signboards in future. He also asked about the current number of abandoned signboards in the territory.

21.9 In reply, SDEV said that the Buildings Department set a target for removing abandoned signboards each year. The special operation was a special measure for boosting job opportunities in the construction sector in view of the recent economic downturn, and the number of signboards to be removed could be increased if resources permitted. Registration of newly constructed signboards would be possible after the implementation of the minor works control system which was expected to come into operation before the end of 2009. The Director of Buildings added that based on a sample survey conducted several years ago, it was estimated that there were about 200 000 signboards in the territory, 10% of which were abandoned signboards. The Buildings Department had launched a similar special operation in 2007 and was able to identify about 2 000 abandoned signboards only for removal in that operation. He hoped that with the assistance of district/community organizations in reporting abandoned signboards, the Buildings Department could attain the target of removing 5 000 abandoned signboards this time.

21.10 Mr Frederick FUNG welcomed the introduction of the Operation Building Bright but he was worried that some owners had difficulties in establishing owners' corporations (OCs) to co-ordinate repair works. In this regard, he asked whether the Administration would engage non-government organizations to assist owners in establishing OCs or owners' committees. SDEV responded that under the Operation Building Bright, there would be specific procedures to handle dilapidated buildings without OCs. The Buildings Department would be directly involved in carrying out the necessary repair works in default of the owners in those cases.

Urban renewal

21.11 Mr Frederick FUNG commented that some urban renewal projects such as Langham Place implemented by the Urban Renewal Authority were too commercial in nature. He considered that urban renewal projects should be more humanistic in nature.

21.12 Ms Cyd HO noted that the Administration would entrust a research team to study overseas experience in urban renewal. She considered that studies

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on local experience were necessary and tracking studies on affected residents and shop operators should be conducted to understand the actual social impacts of the redevelopment projects. She also considered that district-based traffic impact assessment should be conducted for redevelopment projects, and resources should be allocated to review the approach and methodology for conducting traffic impact assessment for development projects as some of these assessments had been challenged by academics and residents.

21.13 SDEV acknowledged that overseas experience in urban renewal could not be directly applied to Hong Kong, and the Administration would also study past local experience in urban renewal and the local circumstances when reviewing the Urban Renewal Strategy. The Administration would discuss with the Urban Renewal Authority the feasibility of conducting tracking studies for its redevelopment projects. As regards traffic impact assessment, PS(PL) said that it was one of the major considerations in vetting development proposals. The developers would conduct their own traffic impact assessments which would be critically vetted by the Administration and the Administration's concerns might not be limited to the vicinity of the development project concerned.

21.14 Ms Starry LEE considered that there should be bottom-up public consultation on the selection of areas for implementation of urban renewal projects. She hoped that the views of the community would be taken into account when deciding on the areas for urban renewal. SDEV noted Ms Starry LEE's views.

Harbourfront enhancement

21.15 Noting that provisions were made for the construction of waterfront promenades in some districts, Dr Priscilla LEUNG asked why no provision was made for the promenade in West Kowloon. She also asked about the progress in providing a pedestrian link near the cement plant of the Green Island Cement Company in Hung Hom. She suggested that the Administration should devise innovative ways such as constructing footbridges to attain pedestrian connectivity along the harbourfront areas.

21.16 SDEV said that the Administration had provided a detailed paper on harbourfront planning, enhancement and management for the meeting of the Subcommittee on Harbourfront Planning under the Panel on Development on

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6 April 2009. The temporary waterfront promenade in West Kowloon Cultural District had been completed and the Administration would proceed with other enhancement works, such as constructing a 200-metre waterfront promenade in Kwun Tong. As regards the cement plant of the Green Island Cement Company, she said that as it was a private property, discussion with the owner concerned would be required if the site was affected by harbourfront enhancement works. The Administration would consider innovative ways of enhancing harbourfront areas, for example, the study for enhancing the harbourfront area near the Island Eastern Corridor in North Point was in progress.

21.17 Ms Starry LEE urged the Administration to create a continuous harbourfront promenade along East and West Kowloon. She suggested that the Administration should consider arranging land exchange with owners concerned so as to achieve pedestrian connectivity along the harbourfront. She considered that the owners concerned would not resist land exchange because it would be beneficial for them. She also urged the Administration handle existing discordant facilities along the harbourfront, and if these were government facilities, they should be relocated in phases.

21.18 SDEV responded that the Administration would review land use compatibility and ensure optimal use of land resources. The Administration was currently negotiating with the Hong Kong Red Cross for land exchange so as to enhance pedestrian connectivity in the area near the organization's present headquarters in Wan Chai North.

Development Opportunities Office

21.19 Mr Frederick FUNG expressed concern on whether the proposed Development Opportunities Office (DOO) would have sufficient ability in cross-department co-ordination.

21.20 Referring to an information paper on the DOO provided by the Administration to the Finance Committee a day before this meeting, Mr Alan LEONG expressed doubt about the need for establishing the proposed DOO to facilitate internal liaison and co-ordination. He considered that if the lack of internal liaison and co-ordination among different departments was a prevailing problem, the Administration should tackle the problem at root rather than resorting to set up a special unit to facilitate the implementation of selected

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development projects. He also considered the criteria mentioned in the Administration's paper for choosing eligible development projects too vague. He further enquired about the role of the Land and Building Advisory Committee in relation to the proposed establishment of DOO.

21.21 SDEV responded that the Administration had a co-ordination and communication mechanism in place. Nevertheless, implementing developments in recent years had become more complicated because of the various demands from society. DOO would co-ordinate the work of departments concerned and the Chief Secretary for Administration and the Financial Secretary would provide support to facilitate its work if necessary. DOO would provide one-stop services for facilitating development projects which met specific criteria. It would not select development projects on a competitive basis, but would provide assistance when proponents submitted eligible development proposals. The Land and Building Advisory Committee had been established for a long time and the Administration intended to include advising DOO as one of its functions.

Flood prevention

21.22 Mr CHAN Kin-por urged the Administration to allocate more resources for flood prevention as the recent flooding incidents had caused great losses to shop operators. SDEV said that a number of drainage improvement projects and flood protection schemes were already in progress. As maintenance of natural slopes was also important in preventing flooding arising from landslips, the Administration would allocate resources to strengthen this area of work.

Revitalization of historic buildings

21.23 Mr Frederick FUNG declared interest that he was associated with one of the applicants for Batch I of the Revitalizing Historic Buildings Through Partnership Scheme. He suggested that the Administration could consider setting a minimum mark and allowing unsuccessful applicants with marks higher than the minimum mark to choose another historic building for revitalization. SDEV noted Mr Frederick FUNG's views.

Appendix I

Programme of special meetings of Finance Committee to examine the Estimates 2009-2010 from 23 to 27 March 2009

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Civil Service	23 March	8:45 am - 9:45 am
2.	Secretary for Commerce and Economic Development <ul style="list-style-type: none">• Communications and Technology	23 March	9:50 am - 10:35 am
3.	Secretary for Commerce and Economic Development <ul style="list-style-type: none">• Commerce, Industry and Tourism	23 March	10:40 am - 11:55 am
4.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	23 March	12:00 noon - 1:00 pm
5.	(i) Judiciary Administrator (ii) Secretary for Justice	23 March	2:30 pm - 4:00 pm
6.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none">• Financial Services	23 March	4:05 pm - 5:20 pm
7.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none">• Public Finance	23 March	5:25 pm - 6:10 pm
8.	Secretary for Constitutional and Mainland Affairs	24 March	2:30 pm - 4:00 pm
9.	Secretary for Security	24 March	4:05 pm - 6:05 pm

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
10.	Secretary for Food and Health • Food Safety and Environmental Hygiene	25 March	8:30 am - 10:00 am
11.	Secretary for Food and Health • Health	25 March	10:05 am - 11:50 am
12.	Secretary for the Environment	25 March	11:55 am - 1:10 pm
13.	Secretary for Transport and Housing • Housing	25 March	2:30 pm - 3:45 pm
14.	Secretary for Transport and Housing • Transport	25 March	3:50 pm - 5:05 pm
15.	Secretary for Home Affairs	25 March	5:10 pm - 6:40 pm
16.	Secretary for Labour and Welfare • Welfare and Women	26 March	2:30 pm - 4:15 pm
17.	Secretary for Labour and Welfare • Labour	26 March	4:20 pm - 5:35 pm
18.	Secretary for Education	27 March	2:15 pm - 3:45 pm
19.	Secretary for Development • Works	27 March	3:50 pm - 5:20 pm
20.	Secretary for Development • Planning and Lands	27 March	5:25 pm - 6:40 pm

Appendix II

Summary of written and supplementary questions and requests for additional information

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Civil Service	47	-	4
2.	Secretary for Commerce and Economic Development • Communications and Technology	123	14	-
3.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	182	2	-
4.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	15 4 16 9 3 4	2 1 - - - 2	- - - - - -
5.	(i) Judiciary Administrator (ii) Secretary for Justice	22 34	6 3	2 2

<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>
6.	Secretary for Financial Services and the Treasury • Financial Services	51	1	-
7.	Secretary for Financial Services and the Treasury • Public Finance	67	1	-
8.	Secretary for Constitutional and Mainland Affairs	113	6	4
9.	Secretary for Security	220	4	3
10.	Secretary for Food and Health • Food Safety and Environmental Hygiene	146	-	1
11.	Secretary for Food and Health • Health	241	5	2
12.	Secretary for the Environment	211	3	2
13.	Secretary for Transport and Housing • Housing	34	1	1
14.	Secretary for Transport and Housing • Transport	139	4	-
15.	Secretary for Home Affairs	284	4	5
16.	Secretary for Labour and Welfare • Welfare and Women	292	11	11

<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>
17.	Secretary for Labour and Welfare • Labour	129	7	-
18.	Secretary for Education	300	4	-
19.	Secretary for Development • Works	127	-	-
20.	Secretary for Development • Planning and Lands	172	2	-
	Total :	2985	83	37

Appendix III

Attendance of members and public officers at the special meetings of the Finance Committee from 23 to 27 March 2009

Meeting held in the morning of 23 March 2009 (Sessions 1 - 4)
8:45 am to 1:00 pm
Legislative Council Chamber

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, SBS, 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 WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Dr Hon LAM Tai-fai, BBS, JP
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun
Hon WONG Sing-chi

Hon WONG Kwok-kin, BBS
Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 1 - Civil Service

Miss Denise YUE, GBS, JP	Secretary for the Civil Service
Mr Andrew WONG, JP	Permanent Secretary for the Civil Service
Mrs Ingrid YEUNG, JP	Deputy Secretary for the Civil Service (1)
Mr Brian LO	Deputy Secretary for the Civil Service (2)
Ms Mimi LEE	Deputy Secretary for the Civil Service (3)
Mr Patrick CHAN, JP	Director of General Grades
Mrs Stella AU YEUNG	Secretary, Public Service Commission
Mr LI Kwok-tso, JP	Director of Accounting Services
Ms Michelle LI, JP	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Gloria TAM, JP	Deputy Director of Health
Mr LI Pak-hong	Principal Executive Officer (Management), Civil Service Bureau

Session 2 – Communications and Technology

Mrs Rita LAU, JP	Secretary for Commerce and Economic Development
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Mr Gregory SO, JP	Under Secretary for Commerce and Economic Development
Mr Duncan PESCOD, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Alan SIU, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Mr Eddy CHAN, JP	Commissioner for Innovation and Technology
Mr Jeremy R GODFREY	Government Chief Information Officer
Mrs Marion LAI, JP	Director-General of Telecommunications
Mr Franklin WONG	Director of Broadcasting
Ms Maisie CHENG, JP	Commissioner for Television and Entertainment Licensing

Session 3 – Commerce, Industry and Tourism

Mrs Rita LAU, JP	Secretary for Commerce and Economic Development
Mr Gregory SO, JP	Under Secretary for Commerce and Economic Development
Miss Yvonne CHOI, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Miss Margaret FONG, JP	Commissioner for Tourism
Ms Linda LAI, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)1
Mr Christopher WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2
Ms Annie CHOI, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)3
Mr Joseph LAI, JP	Director-General of Trade and Industry
Mr Stephen SELBY, JP	Director of Intellectual Property
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Mr Simon Kennedy GALPIN	Acting Director-General of Investment Promotion
Mr LAM Chiu-ying, JP	Director of the Hong Kong Observatory
Mr CHAN Yau-fung, JP	Acting Postmaster General
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

Session 4 - Central Administration and Other Services

Miss Jennifer MAK, JP	Director of Administration
Mr Robin IP, JP	Deputy Head, Central Policy Unit
Mrs Helen CHAN, JP	Government Economist
Ms Kitty CHOI, JP	Head, Efficiency Unit
Mr Wilfred WU	Principal Executive Officer (Administration), Administration Wing
Mr Benjamin TANG, JP	Director of Audit
Ms Celia CHEUNG	Departmental Secretary, Audit Commission
Miss Elizabeth TSE, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mr Timothy TONG	Commissioner, Independent Commission Against Corruption
Mr Francis LEE, IDS	Director of Investigation (Private Sector), Independent Commission Against Corruption
Mrs WONG CHEUK Wai-kuen	Assistant Director (Administration), Independent Commission Against Corruption
Ms Pauline NG	Secretary General, Legislative Council Secretariat
Mr Joseph KWONG	Accountant, Legislative Council Secretariat
Ms Alice TAI, JP	The Ombudsman
Mr MOK Yun-chuen	Chief Manager, Office of The Ombudsman

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Ms Joanne MAK	Chief Council Secretary (1)2
Ms YUE Tin-po	Chief Council Secretary (1)3
Ms Anita SIT	Chief Council Secretary (1)4
Ms Annette LAM	Senior Council Secretary (1)3
Mr Simon CHEUNG	Senior Council Secretary (1)5
Ms Sarah YUEN	Senior Council Secretary (1)6
Mr Joey LO	Council Secretary (1)3

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 23 to 27 March 2009**

Meeting held in the afternoon of 23 March 2009 (Sessions 5 - 7)
2:30 pm to 6:10 pm
Legislative Council Chamber

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon Albert HO Chun-yan
Hon Fred LI Wah-ming, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Dr Hon LAM Tai-fai, BBS, JP
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun
Hon WONG Kwok-kin, BBS
Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-yee, GBS, JP

Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun

Public officers attending:

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 5 - Judiciary Administration and Legal Administration

Miss Emma LAU, JP	Judiciary Administrator
Mr Arthur NG	Deputy Judiciary Administrator (Operations)
Mrs Angela LO	Assistant Judiciary Administrator (Corporate Services)
Mr WONG Yan-lung, SC, JP	Secretary for Justice
Miss Susie HO, JP	Director of Administration and Development
Mr Ian WINGFIELD, GBS, JP	Solicitor General
Mr John READING, SC	Deputy Director of Public Prosecutions
Mr Eamonn MORAN, PSM QC	Law Draftsman

Session 6 – Financial Services

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Ms Julia LEUNG, JP	Under Secretary for Financial Services and the Treasury
Miss AU King-chi, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Mr CHENG Yan-chee, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services)1
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services)2
Mr John LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services)3
Mr Clement CHEUNG, JP	Commissioner of Insurance
Mr FUNG Hing-wang, JP	Commissioner for Census and Statistics

Mr E T O'CONNELL	Official Receiver
Ms Ada CHUNG	Registrar of Companies
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury
Mr Raymond LI, JP	Executive Director (Banking Development), Hong Kong Monetary Authority

Session 7 – Public Finance

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Clement LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)2
Mr Joe WONG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)3
Mrs Alice LAU, JP	Commissioner of Inland Revenue
Mr CHU Yam-yuen, JP	Deputy Commissioner of Inland Revenue (Technical)
Mr LI Kwok-tso, JP	Director of Accounting Services
Mrs Mimi BROWN, JP	Commissioner of Rating and Valuation
Ms Maria KWAN, JP	Director of Government Logistics
Mr Keith KWOK, JP	Government Property Administrator
Ms Shirley LAU	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury
Mr YUE Chi-hang, JP	Director of Architectural Services
Mr LEUNG Koon-kee	Assistant Director of Architectural Services (Property Services)
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Mr Alan WONG, JP	Commissioner for Transport
Miss LUI Ying	Assistant Commissioner for Transport (Administration and Licensing)

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Joanne MAK	Chief Council Secretary (1)2
Ms Anita SIT	Chief Council Secretary (1)4
Ms Rosalind MA	Chief Council Secretary (1)5
Ms Angel SHEK	Senior Council Secretary (1)1
Mr Noel SUNG	Senior Council Secretary (1)4
Mr Simon CHEUNG	Senior Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 23 to 27 March 2009**

Meeting held in the afternoon of 24 March 2009 (Sessions 8 - 9)
2:30 pm to 6:05 pm
Legislative Council Chamber

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, 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
Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS

Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Dr Hon PAN Pey-chyou
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 8 - Constitutional and Mainland Affairs

Mr Stephen LAM, JP	Secretary for Constitutional and Mainland Affairs
Mr Raymond TAM, JP	Under Secretary for Constitutional and Mainland Affairs
Mr Joshua LAW, JP	Permanent Secretary for Constitutional and Mainland Affairs
Mr Arthur HO, JP	Deputy Secretary for Constitutional and Mainland Affairs (1)
Mr Howard CHAN	Deputy Secretary for Constitutional and Mainland Affairs (2)
Ms Joyce HO	Administrative Assistant to Secretary for Constitutional and Mainland Affairs
Mrs Vivian TING	Chief Electoral Officer
Mr Thomas TSO, JP	Director, Beijing Office
Mr Rex CHANG	Director, Hong Kong Economic and Trade Affairs, Guangdong
Mr Patrick CHAN	Director, Hong Kong Economic and Trade Affairs, Shanghai
Mr Richard LUK	Director, Hong Kong Economic and Trade Affairs, Chengdu
Mr Bob TONG	Chief Executive Officer (Licensing), Television and Entertainment Licensing Authority
Ms Angela HO	Chief Executive Officer, Constitutional and Mainland Affairs

Session 9 - Security

Mr Ambrose LEE, IDSM, JP	Secretary for Security
Ms CHANG King-yiu, JP	Permanent Secretary for Security
Mr YUE Fung-lin	Principal Management Services Officer (Security), Security Bureau
Mr TANG King-shing	Commissioner of Police
Mr PEH Yun-lu, IDSM	Director of Immigration
Mr Gregory LO, FSDSM	Director of Fire Services
Mr KWOK Leung-ming, CSDSM	Commissioner of Correctional Services
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Captain Michael CHAN, MBS, MBB, GMSM, AE	Controller, Government Flying Service
Mr LIU Chi-keung	Chief Staff Officer, Civil Aid Service
Dr CHAN Yiu-wing	Chief Staff Officer, Auxiliary Medical Service
Mrs Philomena LEUNG, SBS, JP	Secretary, Independent Police Complaints Council
Miss CHENG Wai-fung	Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance
Mr Norman LO, AE, JP	Director-General of Civil Aviation
Ms Sally WONG, JP	Commissioner for Narcotics

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms YUE Tin-po	Chief Council Secretary (1)3
Ms Anita SIT	Chief Council Secretary (1)4
Ms Rosalind MA	Chief Council Secretary (1)5
Ms Jenny YIU	Senior Council Secretary (1)8
Miss Ivy WONG	Council Secretary (1)2

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 23 to 27 March 2009**

**Meeting held in the morning of 25 March 2009 (Sessions 10 - 12)
8:30 am to 1:10 pm
Legislative Council Chamber**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon WONG Yung-kan, SBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon CHEUNG Hok-ming, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, BBS

Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Dr Hon PAN Pey-chyou
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 10 - Food Safety and Environmental Hygiene

Dr York CHOW, SBS, JP	Secretary for Food and Health
Professor Gabriel LEUNG, JP	Under Secretary for Food and Health
Mrs Stella HUNG, JP	Permanent Secretary for Food and Health (Food)
Mr CHEUK Wing-hing, JP	Director of Food and Environmental Hygiene
Miss CHEUNG Siu-hing, JP	Director of Agriculture, Fisheries and Conservation
Dr TING Tai-lun, JP	Government Chemist
Mr LUK Kwok-chung	Head, Resource Management and Administration, Food and Health Bureau
Dr Constance CHAN, JP	Controller, Centre for Food Safety, Food and Environmental Hygiene Department

Session 11 - Health

Dr York CHOW, SBS, JP	Secretary for Food and Health
Professor Gabriel LEUNG, JP	Under Secretary for Food and Health
Ms Sandra LEE, JP	Permanent Secretary for Food and Health (Health)
Dr LAM Ping-yan, JP	Director of Health
Mr Shane SOLOMON	Chief Executive, Hospital Authority
Dr TING Tai-lun, JP	Government Chemist
Mr LUK Kwok-chung	Head, Resource Management and Administration, Food and Health Bureau
Dr Gloria TAM, JP	Deputy Director of Health

Session 12 - Environment

Mr Edward YAU, JP	Secretary for the Environment
Ms Anissa WONG, JP	Permanent Secretary for the Environment/Director of Environmental Protection
Mr Roy TANG, JP	Deputy Secretary for the Environment
Mr Benny WONG, JP	Deputy Director of Environmental Protection (1)
Mr Albert LAM, JP	Deputy Director of Environmental Protection (2)
Mr Carlson CHAN	Deputy Director of Environmental Protection (3)
Miss CHEUNG Siu-hing, JP	Director of Agriculture, Fisheries and Conservation
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr Peter LAU, JP	Director of Drainage Services
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Anita SIT	Chief Council Secretary (1)4
Ms Debbie YAU	Chief Council Secretary (1)6
Mrs Mary TANG	Senior Council Secretary (1)2
Mr Simon CHEUNG	Senior Council Secretary (1)5
Ms Jenny YIU	Senior Council Secretary (1)8

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 23 to 27 March 2009**

**Meeting held in the afternoon of 25 March 2009 (Sessions 13 - 15)
2:30 pm to 6:40 pm
Legislative Council Chamber**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP

Hon CHAN Kin-por, JP
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 13 - Housing

Ms Eva CHENG, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Thomas CHAN, JP	Permanent Secretary for Transport and Housing (Housing)/Director of Housing
Ms Annette LEE, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Howard LEE, JP	Deputy Director of Housing (Corporate Services)
Ms Ada FUNG, JP	Deputy Director of Housing (Development and Construction)
Mr HO Sau-him	Assistant Director of Housing (Independent Checking Unit)
Miss Annie TAM, JP	Director of Lands
Mr AU Choi-kai, JP	Director of Buildings

Session 14 - Transport

Ms Eva CHENG, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Francis HO, JP	Permanent Secretary for Transport and Housing (Transport)
Mr Philip YUNG, JP	Deputy Secretary for Transport and Housing (Transport)1
Miss Shirley YUEN, JP	Deputy Secretary for Transport and Housing (Transport)2
Mr Alan CHU	Deputy Secretary for Transport and Housing (Transport)3
Mr Esmond LEE, JP	Deputy Secretary for Transport and Housing (Transport)4
Miss Janice TSE, JP	Deputy Secretary for Transport and Housing (Transport)5
Mr Alan WONG, JP	Commissioner for Transport
Mr WAI Chi-sing, JP	Director of Highways
Mr Roger TUPPER, JP	Director of Marine
Mr Norman LO, AE, JP	Director-General of Civil Aviation

Session 15 - Home Affairs

Mr TSANG Tak-sing, JP	Secretary for Home Affairs
Ms Florence HUI, JP	Under Secretary for Home Affairs
Mrs Carrie YAU, JP	Permanent Secretary for Home Affairs
Mrs Pamela TAN, JP	Director of Home Affairs
Mr Thomas CHOW, JP	Director of Leisure and Cultural Services
Mrs Betty FUNG, JP	Director of Information Services
Mr Benjamin CHEUNG, JP	Director of Legal Aid
Mr Stephen CHAN, JP	Deputy Director of Electrical and Mechanical Services (Regulatory Services)
Mr CHEUNG Hing-wah	Assistant Director of Social Welfare (Youth and Corrections)
Mr TONG Fu-keung	Chief Executive Officer (Licensing), Television and Entertainment Licensing Authority

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Ms Debbie YAU
Mrs Mary TANG
Mr Simon CHEUNG
Ms Sarah YUEN

Chief Council Secretary (1)6
Senior Council Secretary (1)2
Senior Council Secretary (1)5
Senior Council Secretary (1)6

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 23 to 27 March 2009**

Meeting held in the afternoon of 26 March 2009 (Sessions 16 - 17)
2:30 pm to 5:35 pm
Legislative Council Chamber

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Ronny TONG Ka-wah, SC
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS

Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Dr Hon PAN Pey-chyou
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 16 - Welfare and Women

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Mr Paul TANG, JP	Permanent Secretary for Labour and Welfare
Ms Zandra MOK	Political Assistant to Secretary for Labour and Welfare
Mr Stephen FISHER, JP	Director of Social Welfare
Miss Eliza LEE	Deputy Secretary for Labour and Welfare (Welfare)1
Ms Carol YIP, JP	Deputy Secretary for Labour and Welfare (Welfare)2
Mr FUNG Pak-yan	Deputy Director of Social Welfare (Services)
Miss Nancy LAW, JP	Deputy Director of Social Welfare (Administration)
Mr Alan WONG, JP	Commissioner for Transport
Mr Don HO, JP	Assistant Commissioner for Transport (Management and Paratransit)
Mr Tony LI	Administrative Assistant to Secretary for Labour and Welfare

Session 17 - Labour

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Mr Paul TANG, JP	Permanent Secretary for Labour and Welfare
Ms Zandra MOK	Political Assistant to Secretary for Labour and Welfare

Mrs Cherry TSE, JP	Commissioner for Labour
Mr Alan WONG, JP	Deputy Commissioner for Labour (Labour Administration)
Mrs Erika HUI, JP	Deputy Commissioner for Labour (Occupational Safety and Health)
Mr Stanley NG, JP	Assistant Commissioner for Labour (Employment Services)
Mr Tony LI	Administrative Assistant to Secretary for Labour and Welfare

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Ms Anita SIT	Chief Council Secretary (1)4
Miss Ivy WONG	Council Secretary (1)2
Mr Joey LO	Council Secretary (1)3

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 23 to 27 March 2009**

**Meeting held in the afternoon of 27 March 2009 (Sessions 18 - 20)
2:15 pm to 6:40 pm
Legislative Council Chamber**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, 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
Hon Ronny TONG Ka-wah, SC
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun

Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 18 - Education

Mr Kenneth CHEN	Acting Secretary for Education
Mr Jeremy YOUNG	Political Assistant to Secretary for Education
Mr Raymond WONG, JP	Permanent Secretary for Education
Mr Michael WONG, JP	Deputy Secretary for Education (1)
Ms Mable CHAN	Deputy Secretary for Education (2)
Mrs Betty IP	Deputy Secretary for Education (3)
Mrs Michelle WONG	Deputy Secretary for Education (4)
Dr Catherine CHAN	Deputy Secretary for Education (5)
Ms Esther LEUNG, JP	Deputy Secretary for Education (6)
Mrs Lily TSANG, JP	Principal Assistant Secretary for Education (Finance)
Mr Michael STONE, JP	Secretary-General, University Grants Committee
Dr Carrie WILLIS, MBE	Executive Director, Vocational Training Council
Mr LI Wing	Controller, Student Financial Assistance Agency

Session 19 - Works

Mrs Carrie LAM, JP	Secretary for Development
Mr MAK Chai-kwong, JP	Permanent Secretary for Development (Works)
Miss Janet WONG, JP	Deputy Secretary for Development (Works)1
Mr YUE Chi-hang, JP	Director of Architectural Services
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr Peter LAU, JP	Director of Drainage Services
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services
Mr MA Lee-tak, JP	Director of Water Supplies
Mr WAI Chi-sing, JP	Director of Highways
Mr Thomas CHOW, JP	Director of Leisure and Cultural Services

Session 20 - Planning and Lands

Mrs Carrie LAM, JP	Secretary for Development
Mr Raymond YOUNG, JP	Permanent Secretary for Development (Planning and Lands)
Miss Annie TAM, JP	Director of Lands
Mrs Ava NG, JP	Director of Planning
Mr AU Choi-kai, JP	Director of Buildings
Mr John CHAI, JP	Director of Civil Engineering and Development

Clerk in attendance:

Mrs Constance LI Assistant Secretary General 1

Staff in attendance:

Ms Anita SIT	Chief Council Secretary (1)4
Ms Debbie YAU	Chief Council Secretary (1)6
Ms Angel SHEK	Senior Council Secretary (1)1
Mr WONG Siu-yeo	Senior Council Secretary (1)7

Appendix IV-1
(Session 1)

**Presentation by Secretary for the Civil Service
at the special meeting of the Finance Committee
on Monday, 23 March 2009**

Madam Chairman and Members,

In paragraph 24 of his Budget Speech delivered last month, the Financial Secretary recapitulated the initiatives the Government has introduced earlier to counter the financial crisis, including recruitment of civil servants. Separately, the 2009-10 Draft Estimates of Expenditure project an increase in the civil service establishment. Today, I am going to brief Members on the latest development in this respect and other related matters.

2. First, **the recruitment of civil servants**. As announced by the Chief Executive in December 2008 as part of the Government's efforts to preserve employment, bureaux/departments (B/Ds) are expediting recruitment to fill existing and anticipated civil service vacancies arising from retirement, resignation, etc. and newly created civil service posts and those that will be created in 2009-10. We aim to recruit suitable individuals to fill some 7 700 civil service posts from December 2008 to March 2010. These posts straddle various academic and professional entry requirements (covering below-Form Five requirements, Form Five qualification, post-secondary qualifications and degree/professional qualifications) and cover a wide range of job categories (such as disciplined services jobs, clerical and professional jobs, etc). As at end-February 2009, B/Ds have already filled some 1 400 vacancies, and offered appointments to another some 1 200 suitable candidates.

3. Second, **control of the civil service establishment**. The Government is committed to continuing to keep the civil service establishment under control in order to maintain a lean and efficient civil service. This is in keeping with the principle of prudent management of public resources. New civil service posts will only be created when the operational need is fully justified, when the work involved cannot be undertaken by re-deployment of existing staff, and when alternative modes of service delivery (e.g. outsourcing or hire of services) are considered inappropriate.

4. In view of the new initiatives to be pursued and the increasing demand on public services, we consider it justified to allow a moderate increase of about 0.9% (about 1 530 posts) in the civil service establishment in 2009-10. Subject to approval of the Legislative Council of the 2009-10 Draft Estimates, the civil service establishment is estimated to stand at 165 703 posts by end-March 2010.

5. 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 a 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 the civil servants and the public. In pursuance of the established mechanism, we will conduct the 2009 annual Pay Trend Survey and the 2009 Starting Salaries Survey.

6. Fourth, **civil service training.** The civil service is the backbone of the SAR Government. We are committed to providing civil servants at all levels with training to update their skills and knowledge necessary for providing quality services to the public. We will continue to organise senior leadership development courses and ensure that their contents will keep pace with the times. We will also provide more training opportunities on national studies and enhance the knowledge and understanding of the Basic Law by civil servants of different ranks. At the same time, 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 supervisory accountability, quality customer service and performance management.

7. Madam Chairman, the civil service is the backbone of the Government. It contributes to the effective governance and stability of Hong Kong. In the face of the current global financial crisis, it is important that we maintain an efficient and effective civil service to serve and work together with the community of Hong Kong. While continuing to keep the size of the civil service establishment under control, the Civil Service Bureau will work with B/Ds to ensure that there is adequate and appropriate manpower resources to implement policy initiatives and meet the community's increasing demand for public services.

Appendix IV-2
(Session 2)

**Presentation by Secretary for Commerce and Economic Development
at the special meeting of the Finance Committee
on Monday, 23 March 2009**

Introduction

- Chairperson, the Budget of this year has covered a number of policy areas under the scope of communications and technology. I will brief Members on our key policies and work progress concerned.

The Area of Digital Terrestrial Television (DTT) Broadcasting and Mobile Television Services

- DTT coverage has been successfully extended to reach 75% of the population and the current penetration rate is over 32%. The two free-to-air television broadcasters will further extend their digital coverage. It is expected that with the completion of 22 more fill-in transmitting stations between 2009 and 2011, the ultimate coverage will be on a par with, or better than, that of the existing analogue television.
- We plan to release frequency spectrum for auction within this year to facilitate the launch of broadcast-type mobile TV services. The Legislative Council's sub-committee has completed the examination of the concerned subsidiary legislation and we thank Members for their work.

The Area of Mid-term Review of Domestic Free Television Programme Services Licences

- The current domestic free television programme service licences of TVB and ATV are valid until 2015, subject to a mid-term review to be conducted by this December. As in the past, the Broadcasting Authority ("BA") will assess the licensee's performance against the statutory and licensing requirements.
- The BA will hold a public hearing and conduct an opinion survey on public views about the domestic free TV services in mid-2009 to gauge community expectation on TV services as well as public responses on the licensees' performance. We will brief the Panel accordingly by the middle of the year.

The Area of Broadcasting

- RTHK will keep on with its work to provide quality broadcasting services to the community. In 2009-10 financial year, there is an increase of 5.5% in the overall allocation of RTHK to support its work to be carried out in the year, which includes the production of specials on the 60th Anniversary of the People's Republic of China, the promotion of the East Asian Games 2009, as well as the production of digital HDTV programmes. We will also continue to review the future development of public service broadcasting and conduct a public consultation exercise in due course.

The Area of Creative Economy

- We are preparing for the setting up of the Create Hong Kong (CreateHK) office which will be dedicated to promoting the development of creative industries in Hong Kong. We will make use of the \$300 million earmarked by the Financial Secretary to set up a CreateSmart initiative (CSI) to strengthen driving the development of creative economy in the coming three years.
- We have consulted the Panel on the proposal and Members supported us to seek the approval of the Finance Committee in May and to establish the CreateHK by the middle of the year.

The Area of Promoting the Development of Film Services

- The Film Development Council ("FDC") has approved the grant of \$29 million for financing 11 small-to-medium film productions under the Film Development Fund ("FDF"). We will conduct a review on the FDF to improve its operation and we plan to consult the Panel at the meeting in April. Meanwhile, the FDC will launch a campaign to revitalise the Hong Kong film markets in South East Asia, including Taiwan, Singapore and Malaysia.

The Area of the Review of the provisions of the Control of Obscene and Indecent Articles Ordinance (COIAO)

- The first stage of the public consultation has ended on 31 January this year. We are now studying the 18 800 submissions received. We will map out more specific proposals for a second round of public consultation in due course.

The Area of Digital 21 Strategy

- The Government has defined Statements of Desired Outcomes for the latest Digital 21 Strategy promulgated in 2008. We will further develop Key Performance Indicators to measure the progress made. We have now refined the action plans in the light of progress made and will continue to carry out reviews with reference to the progress. The two new task forces under the Digital 21 Strategy Advisory Committee will advise the Government on e-government service delivery and industry facilitation.

The Area of Facilitating Next Generation of Public Services

- We will enrich the content of the GovHK one-stop access portal and will roll out more new online government services. We will also develop an integrated service delivery platform for GovHK so that customers can have more user-friendly and personalised user experience in interacting with the Government.

The Area of Job Creation and Industry Facilitation

- To assist industry players to survive the economic downturn, we are working with the industry bodies to co-organise activities to facilitate local information and communications technology ("ICT") SMEs to showcase their products and services and to assist ICT professionals to access opportunities for training, employment, self-employment as well as voluntary work.
- We will inject \$6 million to launch a training programme for SMEs to help them optimise the use of information technology ("IT"). Some 50 temporary jobs will be created. Also, we will continue upgrade the Multimedia Information System for public libraries, replace the Computerised Social Security System, implement the Information System Strategy Projects of the Customs and Excise Department, and develop progressively and deploy the Electronic Health Record System.

The Area of Facilitating Digital Inclusion

- We have launched a pilot scheme of district cyber centres to promote access to IT and on-line services. We have also earmarked \$63 million to launch a one-year territory-wide education campaign on the safe and healthy use of the internet. The focus of the campaign will be on young students, and it will cover a wide range of issues such as respect of personal data privacy and intellectual property rights, avoidance of internet addiction, protection against computer virus attack, etc. It is expected that some 500 one-year temporary jobs will be created.

The Area of Promoting Innovation and Technology

- We have set aside a provision of \$390 million under the Innovation and Technology Fund for certain initiatives, including expanding the Internship Programme, raising the maximum funding support under the Small Entrepreneur Research Assistance Programme (SERAP) to \$4 million per project, and conducting two more rounds of project proposal solicitation under the Innovation and Technology Support Programme (ITSP) in 2009. This provision has included the \$90 million needed to cover some 600 intern positions.

The Area of Technology Co-operation between Shenzhen and Hong Kong

- The setting up of global thin film photovoltaic research centre in Hong Kong and manufacturing facilities in Shenzhen by DuPont is the first successful co-operation item under the Shenzhen/Hong Kong Innovation Circle framework. We will continue to work with Shenzhen to attract more overseas enterprises to conduct research in Hong Kong under this approach.

The Area of Providing Infrastructure for Innovation and Technology

- In response to the economic development and restructuring, we will actively study the feasibility of developing Science Park Phase Three and a fourth Industrial Estate.

Conclusion

- These are the key policies and work progress under the scope of communications and technology. My colleagues and I stand ready to answer any questions Members may have.

**Presentation by Secretary for Commerce and Economic Development
at the special meeting of the Finance Committee
on Monday, 23 March 2009**

- Chairman, the Budget has included many matters within the policy areas of commerce, industry and tourism. I would like to set out set out the progress and content of the key policies.

CEPA

- The Administration has already commenced a new round of discussion with the Central Government, and hopes to reach agreement on Supplement VI to CEPA as early as possible. To follow up on the "Framework for Development and Reform Planning for Pearl River Delta Region", we will work towards the inclusion of more pilot measures to be launched in Guangdong Province. We will continue to maintain close liaison with Mainland authorities, to ensure the effective implementation of CEPA.

Processing trade

- The HKSAR Government has been closely liaising with the Central Government and Guangdong Province to reflect the concerns of Hong Kong enterprises. The Central Government has implemented many measures to support Hong Kong since end 2008, including permitting the settlement of trade obligations in Hong Kong in Renminbi, and facilitating Hong Kong enterprises to develop the Mainland market, raising the export tax rebate rates five times, suspending the need for actual payment of standing book deposit for processing trade enterprises and adjusting the Restricted and Prohibited Products catalogues.
- Guangdong has also rolled out a number of measures to assist Hong Kong enterprises, such as introducing a special fund of RMB 1 billion for the restructuring and upgrading of processing trade enterprises, and temporarily reducing or waiving a number of administrative fees and social insurance. The HKSAR Government has appealed to the Guangdong Provincial Government for the early implementation of these measures.
- Our focus in the coming year will be to assist Hong Kong enterprises to develop the Mainland market. The Chief Executive co-chaired a meeting with the Minister of Commerce early this month in Beijing. The meeting facilitated Hong Kong business leaders to reflect directly to Mainland

officials the difficulties encountered by Hong Kong enterprises when they develop their businesses in the Mainland market. The Ministry of Commerce has agreed to actively follow up our proposals. We will also continue liaising with the Mainland on the implementation of the various measures.

Trade co-operation between Hong Kong and Taiwan

- The Taipei Office of the Hong Kong Trade Development Council (TDC) commenced operation late last year so as to tap on the business opportunities arising from the improving trade and economic relations across the strait. We also hope that a Hong Kong-Taiwan Business Co-operation Committee can be established soon.
- To attract more visitors from Taiwan to visit Hong Kong, the Hong Kong Tourism Board (HKTB) has stepped up promotion efforts in Taiwan by exploring new visitor sources in cities like Kaohsiung and Taichung, as well as developing "multi-destination" itineraries and MICE (Meetings, Incentives, Conventions and Exhibitions) tourism. Separately, Invest Hong Kong will also strengthen the liaison with its counterparts and business associations in Taiwan, and it will organise large scale investment promotion activities that target Taiwan enterprises.

SME Loan Guarantee Schemes

- In November last year, we enhanced the SME Loan Guarantee Scheme (SGS) by allowing more flexibility in the use of funds and extending the guarantee period for Working Capital Loans. We further launched the Special Loan Guarantee Scheme (SpGS) in December last year to provide 70% guarantee for commercial loans.
- As at 19 March 2009, the Trade and Industry Department has received 5 666 loan applications under the two schemes, of which 4 927 applications have been approved, involving a total loan amount of over \$10 billion. We understand most of the beneficiaries under the two schemes are small enterprises with less than 20 employees, i.e. involving some 80 000 jobs. We have commenced a review on both schemes, and I look forward to listening to the views of LegCo Members and the trade.

Competition Bill

- The Competition Bill is a very significant and complex legislation. In view of the need to better address public concerns raised during last year's public consultation, more time is required to prepare the Bill than earlier planned. We will attend the Economic Development Panel Meeting on 30 March to brief Members on the latest development.

Consumer Protection

- To combat inappropriate trade practices, the Administration brought into force the amended Trade Descriptions Ordinance and its eight related pieces of subsidiary legislation on 2 March 2009 to enhance consumer protection. The Customs and Excise Department has deployed staff to step up enforcement.

Promotion of Wine and Dine

- Since the exemption of wine duty last year, business activities relating to wine trading have grown significantly including warehousing, exhibitions and auctions. These bring economic benefits to the community. To further stimulate such economic activities and encourage more wine companies to set up businesses in Hong Kong, we have signed co-operation agreements with France, Bordeaux and Spain. We are also discussing similar agreements with others including Australia, Italy, Hungary and the United States.
- In autumn, the TDC will hold its second International Wine and Spirits Fair. Riding on the publication of the Michelin Guide for Hong Kong and Macao, the HKTB will also organise, in collaboration with renowned wine-producing regions (including Bordeaux) the first Hong Kong Wine and Dine Festival. Moreover, in response to market demands, individual training institutions are planning to launch new courses to strengthen training for professionals and frontline staff.

Tourism Performance

- The global financial crisis notwithstanding, visitor arrivals increased by 4.7% to about 29.5 million in 2008. In view of the volatile global economic environment, the HKTB forecasts that visitor arrivals will be slightly reduced by 1.6% to 29 million in 2009.
- In face of the challenges ahead, the HKTB will focus on the Mainland and short-haul markets in 2009. To capitalise on the implementation of the two measures to facilitate Shenzhen residents to visit Hong Kong in the coming few months, the HKTB will launch a series of promotion activities in Shenzhen to drive visits to Hong Kong, with a view to boosting our travel, retail and catering sectors.

Mega Events Fund

- Hong Kong is a dynamic and vibrant city with many mega events held each year, e.g. the Chinese New Year Parade, Rugby Sevens, Hong Kong Arts Festival, etc. These events attract tens of thousands of locals and visitors every year. Hosting more mega events will not only add colour to our city, but also enrich the travel experience for visitors and reinforce Hong Kong's position as the events capital of Asia. We have therefore earmarked \$100 million to set up a "Mega Events Fund" to support not-for-profit organisations to stage more arts, cultural and sports events in the next three years, to help develop new market segments, stimulate the economy and create job opportunities.

Development of a New Cruise Terminal at Kai Tak

- Preparatory work for the cruise terminal is in full swing. We will seek LegCo's funding approval for the project later this year to enable construction works to hopefully start towards end of the year and to ensure that the first berth will commence operation in mid-2013.

Conclusion

- The aforementioned is the latest development of matters within the policy areas of commerce, industry and tourism. I would be pleased to answer questions from Members.

Appendix IV-4-a
(Session 5)

**Presentation by Judiciary Administrator
at the special meeting of the Finance Committee
on Monday, 23 March 2009**

The Judiciary has the constitutional responsibility to administer justice fairly and impartially. Its mission is to maintain an independent and effective judicial system which upholds the rule of law, safeguards the rights and freedoms of the individual, and commands confidence within and outside Hong Kong. In the financial year 2009-10, a total provision of \$1,118.5 million is sought to enable the Judiciary to achieve its objectives.

Budgetary Arrangements for the 2009-10 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 2009-10 to the Administration in July 2008, prior to the Administration drawing up the operating expenditure envelope for the Judiciary. Based on the experience of the past four exercises, the Judiciary considers that the above budgetary arrangements are working satisfactorily, and that the Administration has been helpful in the process.

3. The draft Estimates of 2009-10 for the Judiciary, amounting to \$1,118.5 million, represents an increase of \$145.7 million, or 15 %, over our revised estimates for 2008-09. This would provide adequate resources for the Judiciary to recruit Judges and Judicial Officers ("JJOs") at the levels of the Court of First Instance of the High Court, District Court and Magistrates' Courts and Tribunals, engage additional temporary judicial manpower to help improve waiting times in pressure areas, and recruit additional support staff to provide support to the increased level of judicial and registry services.

Enhancement of Judicial and Staff Manpower

4. During the current financial year, the Judiciary has obtained the approval of the Finance Committee of the Legislative Council to create a net additional seven JJO posts to enhance the establishment of the High Court, District Court and the Family Court. In September 2008, the post of the Justice of Appeal of the High Court was filled. Starting from late 2008, the Judiciary has launched a series of open recruitment exercises to recruit Judges of the Court of First Instance of the High Court, District Judges and Permanent Magistrates. The recruitment exercises are now well in progress. The Judicial Officers Recommendation Commission would be making recommendations on judicial

appointments at all these three levels of courts to the Chief Executive upon the completion of the recruitment exercises.

5. To provide support to the increased level of judicial services and enhance the administrative support to the Judiciary, the Judiciary has recruited 75 civil service staff during the current financial year. It is proposed that 16 additional civil service posts will be created in the next financial year to assist in the implementation of the Civil Justice Reform and the promotion of mediation, and enhance support at various court registries and the Resource Centre for Unrepresented Litigants.

Continued Deployment of Additional Temporary Judicial Resources

6. The Judiciary will continue to engage and deploy temporary judicial and support staff resources to help reduce waiting times in pressure areas. For the next financial year, the Judiciary will continue to pay attention to three major areas.

7. First, it is noted that the waiting time for criminal cases in the District Court and that for more lengthy hearings at the Family Court have been lengthening. The main reason for this phenomenon is due to the increasing complexity of the cases involved. For example, the average length of hearings for criminal cases in the District court has increased by 24% in 2008 when compared to 2007, and that the number of lengthy criminal cases listed for trial, i.e. lasting more than 20 days, has increased from 10 to 22 over the same timeframe. While it has been the wish of the Judiciary to engage additional temporary judicial resources to help reduce waiting times at the District Court and Family Court, we are constrained by the fact that there are no spare courtrooms in the District Court/Family Court premises to allow for the engagement of additional deputy JJOs for the time being.

8. In tackling this problem, the Judiciary has been exploring and taking the following actions. First, the Judiciary has reviewed the listing arrangements to ensure that distribution of existing judicial resources among civil, criminal and family cases could be better managed to help reducing the waiting times for criminal cases. By maintaining an additional criminal list recently, the waiting times for criminal cases have shown some signs of improvements. Secondly, the Judiciary has been making refinements to the listing arrangements of the Family Court to enable more efficient use of the court diaries in hearing more lengthy cases. Recent indications are that the situation has improved slightly. Thirdly, the Judiciary has made contingency plans to engage additional deputy District Court Judges to hear cases using courtrooms at the Magistrates' Courts if there is a real need to do so. Such sitting arrangements were tried out before and found to be not totally satisfactory. The Judiciary will however need to resort to this less than perfect arrangement if waiting times for District Court and Family Court cases are deteriorating. Finally, the Judiciary believes that the ultimate and

long-term solution to the problem lies in an overall review of the accommodation plan and strategy for all levels of courts to ensure that adequate courtroom facilities are available to meet its operational needs. The study of the Judiciary on its long term accommodation strategy plan is nearing completion, and the Judiciary will brief the Panel on Administration of Justice and Legal Service in the latter part of 2009.

9. The second area of concern lies with the waiting times for the Magistrates' Courts. The waiting times for the Magistrates Courts, in particular those for charge cases exceeded the target waiting times in 2007. Additional temporary resources have been deployed to bring down the waiting time for charge cases within targets, and bring down that for summons cases to 78 in 2008. However, although additional resources have been deployed for summons cases in the past few years, the numbers of summons cases have increased by about 20% from 2005 to 2008. The Judiciary will continue to monitor the situation closely and will consider engaging additional deputy judicial resources to help reduce the waiting times for summons cases further if needed.

10. Thirdly, it should be noted that with the economic downturn, the caseload of the courts can be expected to increase. The Judiciary will be keeping a close eye on developments and will strive to cope within the resources which are made available to it if possible. Particular attention will be paid to the caseload regarding bankruptcy and winding-up cases in the High Court and claims at the Labour Tribunal. Additional temporary judicial resources will be deployed to these areas if needed. It is of fundamental importance that the quality of justice must not be compromised.

Civil Justice Reform

11. The Judiciary is firmly on target for the implementation of the Civil Justice Reform on 2 April 2009. For the next financial year, the Judiciary will deploy additional temporary judicial resources at the Masters' offices at the High Court and District Court, and additional staff resources to enhance the support at the registries, the Resource Centre for Unrepresented Litigants and to assist in the promotion of mediation in court proceedings.

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.

Appendix IV-4-b
(Session 5)

**Presentation by Secretary for Justice
at the special meeting of the Finance Committee
on Monday, 23 March 2009**

Chairman and Members,

Thank you, Chairman and Members. I believe everyone is familiar with the functions of the Department of Justice. Our work is delivered through five programmes areas, namely: Prosecutions, Civil, Legal Policy, Law Drafting and International Law. For 2009-10, our estimated expenditure amount to \$1,004.4M. Let me highlight some of our major activities.

Programme 1 - Prosecutions

2. In the year ahead, we shall continue to prosecute cases firmly and fairly, in accordance with established prosecution policy guidelines, and to account for our decisions in a way which is transparent and just.

3. New prosecutors will arrive during the year, and they will receive intensive training in all aspects of prosecutorial responsibility. We are committed to ensuring that they fully appreciate the standards to be expected of the modern prosecutor, and the extent to which they must at all times apply the highest levels of professionalism. At the same time, our programme of continuing legal education for existing prosecutors will proceed apace.

4. Prosecutors in different places must work constructively together to promote high standards of criminal justice, and to contribute to the fight against transnational crime. The Prosecutions Division will continue to use its position in the International Association of Prosecutors to contribute to global strategies to combat crime.

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. Last year we experienced a challenging year in terms of the volume, complexity and urgency of the work we did.

6. In 2009, on the civil litigation front, we expect the weight and importance of the many cases which the Department has to handle will be no less challenging than what they have been in recent years. We expect the judicial

review proceedings, including those raising constitutional law and human rights issues will continue to be the focus of challenges in litigation against the government. The workload on the civil advisory front will also remain heavy covering extension subject matters.

Programme 3 – Legal Policy

7. The Department of Justice will continue to promote Hong Kong as a regional centre for legal services. In November 2008, we welcomed the setting up in Hong Kong of a branch secretariat of the International Court of Arbitration (ICA) of the International Chamber of Commerce (ICC). This is the first such branch for the Paris-based ICA which is intended to service ICC arbitrations conducted in the Asia Pacific region. We will continue our efforts to forge closer ties with reputable international legal institutions to enhance our status as a legal services centre in the Asia Pacific.

8. At the same time, we are strengthening our legislative framework to promote the use of alternative means of dispute resolution. The promotion of mediation, which I shall mention later, is an integral part of civil justice reform. Preparation for the legislative work relating to reform of arbitration law is reaching its final stages. The Department of Justice will introduce the Arbitration Bill to the Legislative Council in June 2009 which will unify the domestic and international arbitration regimes on the basis of the UNCITRAL Model Law.

9. In addition to the Arbitration Bill, the Department of Justice will promote two Bills which, we believe, will enhance the development of the legal profession. The Legal Practitioners (Amendment) Bill will be introduced before the end of this legislative session to provide for a scheme recommended by a Working Party established by the Chief Justice under which solicitors may gain rights of audience before the higher courts. The other is the Legal Practitioner (Limited Liability Partnerships) (LLP) Bill which will provide an option for solicitors to practise in the form of limited liability partnerships. We are working closely with the Law Society on this Bill. We expect to introduce the Bill to the Legislative Council in the 2009-10 session.

10. The two bills will bring welcome changes to legal practice in Hong Kong. They will also add new dimensions and provide new opportunities to legal practitioners in Hong Kong.

11. The Working Group on Mediation has been making progress in its deliberations on the promotion of mediation in Hong Kong. The 3 Sub-groups covering Public Education and Publicity, Accreditation and Training, and Regulatory Framework are working steadily to meet the requirements under their Terms of Reference. Issues being considered include a Hong Kong Code of Conduct for Mediators, venues for community mediation and a 'Mediate First'

pledge for the commercial sector. We expect to brief the Administration of Justice and Legal Services Panel on the progress in this front in June this year.

Programme 4 – Law Drafting

12. The Law Drafting Division will continue to provide professional drafting and advisory service on demand by the policy bureaux.

13. We are carrying out a project to revise and improve the features of the Bilingual Laws Information System, through which all internet users can have instant access to the statute of Hong Kong. This project will make the System more user-friendly.

14. A Drafting Techniques and Legislative Style Committee has been set up in the Law Drafting Division. The Committee meets regularly to discuss and put forward proposals to improve the comprehensibility of the Laws of Hong Kong.

Programme 5 – International Law

15. 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, transfer of sentenced persons and international child abduction cases.

Expenditure

16. As mentioned earlier on, the financial provision for the whole Department for 2009-10 is \$1,004.4M which is 6.7% (or \$63.3M in dollar terms) higher than our revised estimated expenditure for 2008-09 (which is \$941.1million). This increase is mainly due to the filling of vacancies and net creation of five non-directorate posts to cope with increasing demand for legal services.

17. We will continue our practice of briefing out cases to private sector lawyers where appropriate. Our total provision for briefing-out expenditure in 2009-10 is \$193.2M, which is 2.9% higher than the corresponding 2008-09 revised estimates of \$187.7M.

Staffing

18. In 2008-09, 23 new Government Counsel have joined the Department. We have conducted another recruitment exercise this year to fill existing and

anticipated government counsel vacancies and the exercise is in progress. Besides, we have completed a recruitment exercise for Law Clerk with 25 new recruits joining us this year. Another recruitment exercise for Court Prosecutor is also in progress to fill vacancies in the Department.

Conclusion

19. 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.

20. Thank you.

Appendix IV-5 (Session 6)

Presentation by Secretary for Financial Services and the Treasury at the special meeting of the Finance Committee on Monday, 23 March 2009

1

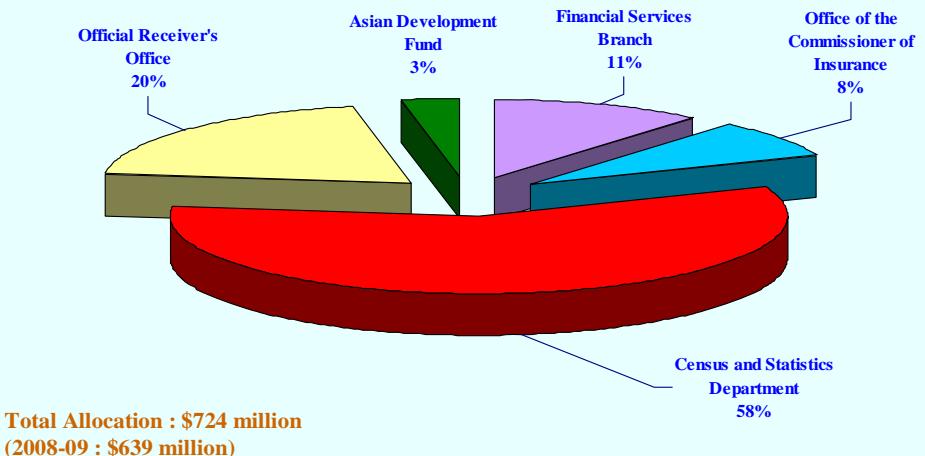
Special Meetings of the Finance Committee to Examine the Estimates of Expenditure 2009-10

Secretary for Financial Services and the Treasury

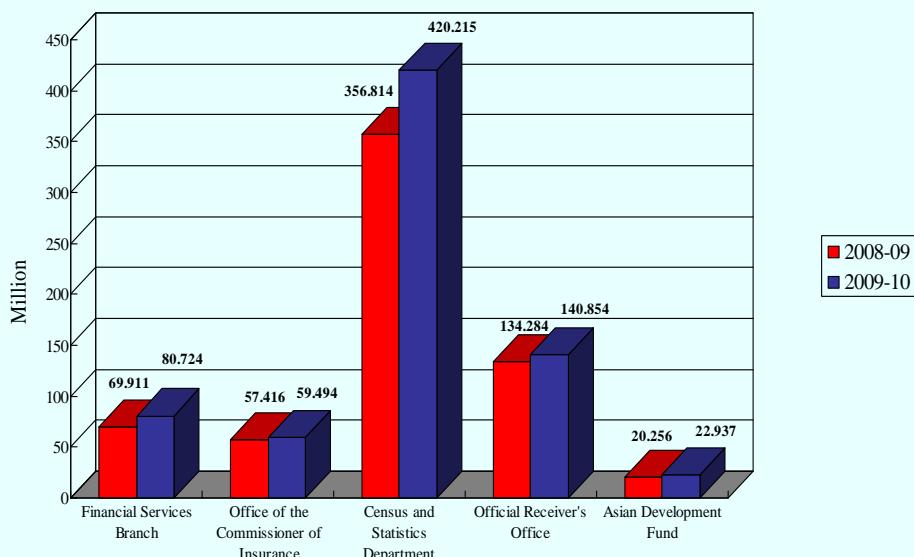
23 March 2009

2

2009-10 Financial Year Distribution of Funds among Financial Services Branch, departments under its purview and Asian Development Fund



**Financial Services Branch, departments under its purview and
Asian Development Fund**
(Comparison of Original Estimate 2008-09 and Estimate 2009-10)



2009-10 Financial Year
Major Policy Initiatives of Financial Services Branch

● **Optimising the Supervisory Framework**

- Improve regulation and enhance investor protection in accordance with the Action Plan, with regard to certain problems of banks in conducting securities business

Initial phase : implement measures to improve the existing regulatory requirements, and provide better protection for investors

Next phase : review the regulatory framework and regulatory arrangements, implementation of which would require the enactment of primary legislation

Starting researches on the areas of review of the next phase in parallel

2009-10 Financial Year

Major Policy Initiatives of Financial Services Branch

- **Promoting Market Development (1)**

- Facilitating the development of Islamic finance

- Plan to introduce to the Legislative Council in the next financial year a proposal to amend or clarify the arrangements for stamp duty, profits tax and property tax under the Stamp Duty Ordinance and Inland Revenue Ordinance, with a view to providing a level playing field for Islamic financial products vis-a-vis conventional ones.

2009-10 Financial Year

Major Policy Initiatives of Financial Services Branch

- **Promoting Market Development (2)**

- Promoting the development of the local bond market

- To launch the "Government Bond Programme" so as to promote the further and sustainable development of the local bond market.
 - Subject to the Legislative Council's approval for the relevant resolutions, sums raised under the Programme will not be treated as part of the fiscal reserves and will be managed separately.
 - Market engagement is underway. A proposal will be submitted to the Legislative Council for consideration after the detailed features of the Programme have been hammered out.

2009-10 Financial Year Major Policy Initiatives of Financial Services Branch

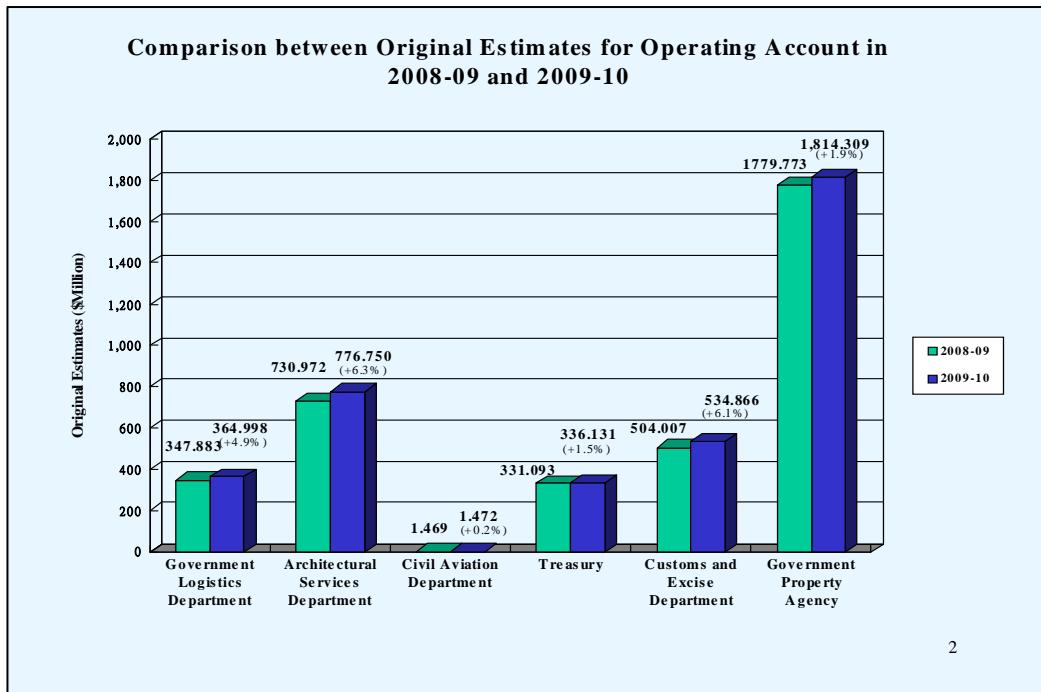
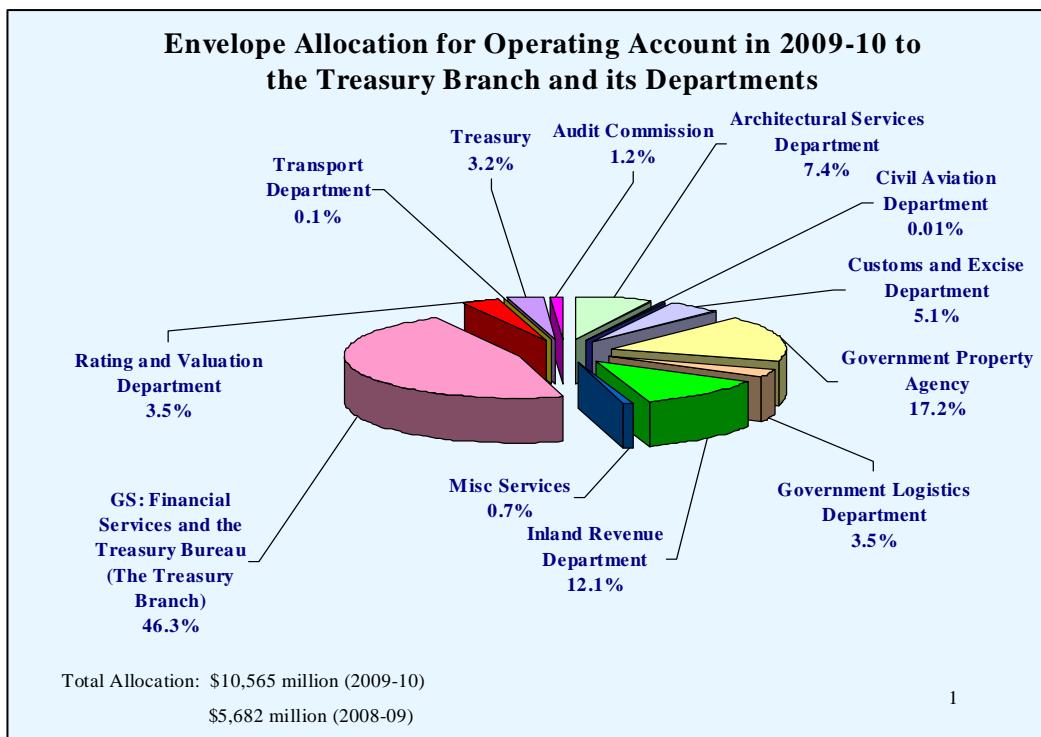
- **Promoting Market Development (3)**
 - Rewrite of Companies Ordinance to
 - Facilitate the conduct of business
 - Enhance corporate governance
 - Encourage the use of information technology

2009-10 Financial Year Major Policy Initiatives of Financial Services Branch

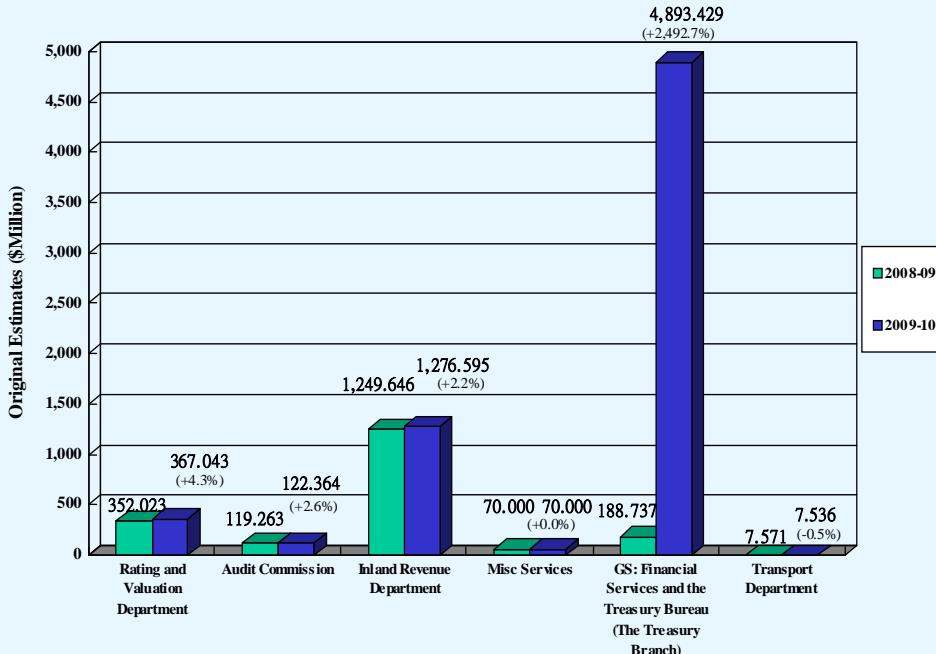
- **Other Initiatives**
 - Review of Trustee Ordinance
 - Revisit corporate rescue procedure
 - Explore the setting up of policyholders' protection fund
 - Co-ordinate and review the anti-money laundering and counter financing of terrorism preventive measures of financial institutions

Appendix IV-6 (Session 7)

Presentation by Secretary for Financial Services and the Treasury at the special meeting of the Finance Committee on Monday, 23 March 2009



Comparison between Original Estimates for Operating Account in 2008-09 and 2009-10 (Cont'd)



3

Major Tasks

- To continue adopting the principles and strategic directions for managing public finance
- To use public resources appropriately to tackle the current situation of Hong Kong
- To provide effective and efficient internal support services

4

Appendix IV-7
(Session 8)

**Presentation by Secretary for Constitutional and Mainland Affairs
at the special meeting of the Finance Committee
on Tuesday, 24 March 2009**

Madam Chairman,

I wish to brief Members on the financial estimates of the Constitutional and Mainland Affairs Bureau (CMAB) in 2009-10 and our work priorities in the coming year.

Estimates of Expenditure of CMAB

2. In 2009-10, CMAB is allocated \$465.2 million, which is about 36% higher than the revised estimates for 2008-09.

3. The estimated increase mainly caters for the provision of funding for the following items:

- (1) to deal with matters relating to the World Expo 2010 Shanghai;
- (2) to provide funding for the setting up and operation of four support service centres for ethnic minorities;
- (3) to strengthen exchanges with Taiwan;
- (4) to enhance law enforcement by the Office of the Privacy Commissioner for Personal Data; and
- (5) to set aside resources for the Equal Opportunities Commission to facilitate its enforcement of the Race Discrimination Ordinance upon its full implementation.

4. The amount of allocation to World Expo 2010 Shanghai and the four support service centres for ethnic minorities exceeds \$100 million. This takes up the majority of additional resources allocated.

Mainland Affairs

5. In 2008-09, we have taken forward proactively the work relating to Mainland affairs and achieved substantive progress.

Hong Kong/Guangdong Co-operation

6. On Hong Kong/Guangdong co-operation, following the promulgation of the "Outline of the Plan for the Reform and Development of the Pearl River Delta" (the Outline) by the National Development and Reform Commission in January this year, we have followed up with Guangdong on the implementation of the Outline and reached consensus on enhancing Guangdong-Hong Kong co-operation.

7. In the coming year, we will continue to work with Guangdong to press ahead with the implementation of the Outline, including the joint formulation of the regional co-operation plans on specialized topics and drawing up of the "Framework Agreement for Hong Kong-Guangdong Co-operation", with a view to opening up new room for development for both Guangdong and Hong Kong.

HKSAR's work in support of reconstruction in the Sichuan earthquake stricken areas

8. On the support for reconstruction in the Sichuan earthquake stricken areas, the Legislative Council has approved \$6 billion to take forward the first two stages of reconstruction work. This covers over 120 projects including schools, medical and rehabilitation facilities and infrastructure facilities, as well as the projects undertaken by Hong Kong non-government organizations (NGOs).

9. We will continue to take forward the reconstruction work, including maintaining close liaison with the relevant Sichuan counterparts and following up on the progress of projects, coordinating cross-bureau efforts and processing NGOs' funding applications.

World Expo 2010 Shanghai

10. HKSAR will participate actively in the World Expo 2010 Shanghai to be held in May next year, including the construction of a stand-alone Hong Kong Pavilion, holding of a dedicated exhibition in the Urban Best Practices Area (UBPA) and presentation of a series of cultural performances and promotion activities. We will continue to undertake the preparation work.

11. The total estimated expenditure for HKSAR's participation in the World Expo is about \$346 million, of which about \$145 million is the project cost for the design and construction of the Hong Kong Pavilion. The remaining \$201 million is the expenditure for the Hong Kong Pavilion, UBPA exhibition and other relevant activities.

Mainland Offices

12. In 2009-2010, we estimate that the expenditure for the four Mainland Offices to be \$121 million, which is about 5% higher than the revised estimates of last year. The Mainland Offices will continue to enhance liaison with the provincial and municipal governments and local organizations in the Mainland, step up efforts on promoting communications, economic and trade ties, and pursue investment promotion.

Taiwan-related Matters

13. With the significant improvement in cross-Strait relations, HKSAR's overall strategy in handling Taiwan affairs complements this development. In the past year, we introduced various measures to foster exchanges and economic and trade co-operation between Hong Kong and Taiwan, including the setting up of an office in Taipei by the Trade Development Council.

14. Regarding the work in 2009-10, I would like to highlight a few points:

- (1) We will provide more resources for promoting exchanges between Hong Kong and Taiwan, including sponsoring NGOs for organizing seminars and other activities to promote mutual understanding. We have already earmarked \$4 million for this purpose.
- (2) We will also press ahead the early formation of the Hong Kong-Taiwan Business Cooperation Committee to foster closer co-operation between the private and commercial sectors of the two places.
- (3) We will take the initiative to invite personalities from different sectors in Taiwan to visit Hong Kong and to brief them on the development of Hong Kong and the implementation of "One Country, Two System" in the SAR.
- (4) We will also enhance official exchanges and interaction with Taiwan. We have agreed with the Mayor of Taichung City to organize the "Hong Kong-Taiwan Inter-City Forum" on 15 April in Hong Kong to discuss issues relating to tourism, as well as economic and trade between Hong Kong and Taichung.

Constitutional Development

15. Although the public consultation on the electoral arrangements for 2012 has been postponed slightly from the first half of this year to the fourth quarter, we still need to continue to make preparations for the public consultation exercise at this stage. The objective of the HKSAR Government to determine the two electoral methods for 2012 within the current tenure has not changed.

Basic Law Promotion

16. In 2009-10, we have earmarked \$16 million for promotion of the Basic Law. Together with the resources of other departments, the estimated expenditure in this regard will amount to about \$20 million.

Rights of Individuals

Race Discrimination Ordinance and providing support services for ethnic minorities

17. On the work relating to human rights, we will continue to promote the understanding and respect of the public towards equal opportunity and human rights. We are pressing ahead the full implementation of the "Race Discrimination Ordinance" around the middle of this year. The Equal Opportunities Commission (EOC) will also introduce "the Code of Practice on Employment" at the same time.

18. On the other hand, we are implementing the arrangements for NGOs to establish four support service centres in different areas to provide telephone interpretation services for ethnic minorities and arrange other activities including language training classes. These centres are expected to commence operation in the middle of this year.

19. With the full implementation of the "Race Discrimination Ordinance", the EOC will be responsible for the relevant enforcement work. The Government proposes to allocate \$76.1 million to EOC and has reserved funding of about \$4 million as additional resources available upon the full implementation of the Ordinance.

Office of the Privacy Commissioner for Personal Data

20. In 2008-09, we have allocated an additional \$6.6 million to the Office of the Privacy Commissioner for Personal Data, which represents an increase of 19% over the revised estimate in 2007-08.

21. In 2009-10, we will continue to allocate more resources to the Office, with the provision of \$44.5 million. This represents an increase of about 4%

over the revised estimates of last year, which caters for strengthening the enforcement team of the Office and enhancing professional support on information technology. Thus, within two years, we have increased the allocation to the Office by 23%

Others

The 60th anniversary of the founding of the People's Republic of China (PRC)

22. This year marks the 60th anniversary of the founding of the PRC. The Financial Secretary has already earmarked funding in the Budget for organizing celebration activities. CMAB and the Mainland Offices will complement the plans of the Central Authorities, and participate in and organize celebration events that will take place in the Mainland.

Registration and Electoral Office (REO)

23. As year 2009-10 is not an election year, the provision for REO will decrease from about \$328 million in the revised estimates of 2008-09 to about \$78 million. The provision caters for the department's basic expenditures, mainly for staff emoluments, undertaking the voter registration exercise and updating the voter register, as well as reserve for holding by-elections.

24. This concludes my opening remarks. If Members have any questions on the above estimates of expenditures, I will be pleased to answer them.

Appendix IV-8
(Session 9)

**Presentation by Secretary for Security
at the special meeting of the Finance Committee
on Tuesday, 24 March 2009**

Chairman,

- In the draft Estimates for the new financial year (2009/2010), the allocation on the security policy area group is \$30.6 billion, representing 10.3% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$26.8 billion.

Law and Order

- In 2008, the overall crime figure and the violent crime figure registered a decrease of 2.9% and 3.4% respectively as compared with 2007. Many serious crimes — including blackmail and robberies — also decreased in number. Overall speaking, the law and order situation of Hong Kong has remained stable. The Police will as always remain alert to maintain the law and order of the society.
- The major operational targets of the Commissioner of Police for 2009 include combating violent crimes, triad activities, "quick-cash" crimes, terrorism, trafficking and abuse of dangerous drugs, offences related to visitors and illegal immigrants, and road safety. The 5th East Asian Games will be held in Hong Kong in December this year; and the Police have formulated an effective operational strategy and will adopt a multi-agency approach to ensure all the events of the Games are held in a safe and secure environment, while at the same time maintaining effective day-to-day police service.
- On the other hand, as the use of internet has become increasingly popular and technology crime is fast changing, the Police will provide additional staff to intensify their efforts in combating technology crime and will enhance the public's cyber crime prevention awareness through promotion and education.

Deferral of the introduction of the Import and Export (Amendment) Bill

- The Police and the Customs and Excise Department of the Security Bureau are responsible for combating smuggling activities. We will review from time to time to ensure the relevant legislation continues to be effective in combating smuggling activities, having regard to the latest trends of these activities and departments' operational experience. To further enhance the effectiveness of departments' enforcement against smuggling activities at sea, we will submit proposals to the Legislative Council (LegCo) to amend certain technical provisions of the Import and Export Ordinance.
- We are finalizing the legislative proposals and will soon consult the affected industry and then the LegCo Panel on Security.
- Our original plan was to introduce the Import and Export (Amendment) Bill into LegCo in the latter half of the 2008-09 legislative session. However, considering the likely effect of the Bill to the industry and to allow sufficient time for consultation, we plan to introduce the Bill into LegCo in the first half of the next legislative session.

Immigration Control/ Customs Services

- Since its implementation in July 2003, the coverage of the Individual Visit Scheme (IVS) has been extended from four Mainland cities initially to 49 cities¹ as at present. Over the years, there have been more than 37 million visitor-arrivals to Hong Kong under the Scheme, bringing considerable benefits to the tourism, retail and related sectors. It is encouraging that the Mainland will further liberalise the Scheme shortly, including allowing Shenzhen residents to apply for one-year IVS endorsement for multiple visits to Hong Kong; and allowing residents living in Shenzhen but with household registration in other places to apply for IVS endorsement. Such liberalisation will open up new sources of tourists for relevant sectors. The Government will continue to ensure that the corresponding measures are in place, such as the smooth operation of control points. In 2009/10, the Immigration Department will recruit some 160 immigration service staff.
- We will continue to enhance our services through the use of information technology. The Immigration Department has extended e-Channel facilities at the airport to frequent visitors since May 2008. So far, over 16 000 visitors from about 80 countries have registered for the service. We will consider promoting the service to more visitors. We have also

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.

commenced a pilot scheme on Express e-Channels recently. The clearance time for a traveller using an Express e-Channel will be a few seconds faster than that for the existing e-Channel. We will review the public response to the pilot scheme in the second half of 2009.

- Hong Kong welcomes visitors from around the world apart from those from the Mainland. We all along maintain a liberal immigration regime. At present, persons from about 170 countries or territories can visit Hong Kong visa-free. We expect to sign a visa abolition agreement with Russia soon. The agreement will facilitate the exchanges between the two places on tourism and trade.
- In the face of the financial tsunami, we endeavour to attract more investors to invest in Hong Kong. Up to end February 2009, 3 605 applicants have been granted formal approval for residence in Hong Kong under the Capital Investment Entrant Scheme introduced in October 2003. Their total investment reaches some HK\$25.7 billion, or on average HK\$7.13 million per entrant.
- In the current economic environment, the Government spares no effort in securing employment. In processing applications for work visas, the Immigration Department will work diligently to ensure that only talent of value to and not readily available in Hong Kong are permitted to come for employment, in order to protect the employment opportunities of local labour. In fact, in the fourth quarter of 2008, the number of work visas issued by the Department recorded a decrease of about 18%, as compared with the average of the first three quarters.

Public Safety

- Subsequent to the major fire at Cornwall Court last year, the Government has already stepped up the fire safety inspections of licensed premises and taken action against operators who contravene the relevant regulations. To this end, FSD has already accorded priority to those buildings with higher risk in the list of target buildings to be inspected under the Fire Safety (Buildings) Ordinance. In the new financial year, FSD will create an additional 39 posts to speed up the inspection works under the Fire Safety (Buildings) Ordinance, with a view to improving the fire safety standards of pre-1987 composite and domestic buildings as soon as possible. FSD will also launch a pilot Building Fire Safety Envoy Scheme to further encourage the participation of the local community in promoting fire safety.
- In respect of the emergency ambulance services, the Government is in the process of replacing some 190 ambulances, which account for 80% of the existing fleet. The new ambulances will be delivered by batches in 2009

and the first half of 2010, by which time the average age of the fleet will be reduced from the current 8.2 years to 1.7 years. FSD will also create 120 additional ambulance posts in the new financial year, so as to ensure that the response time performance of the emergency ambulance service will meet our performance pledge to the public. In addition, we will step up publicity efforts to encourage the appropriate use of ambulance services; we will also continue to study the feasibility of introducing the ambulance priority dispatch system in Hong Kong, and to consult public and LegCo, to ensure the emergency ambulance services can better cater for those in genuine need.

Custody and Rehabilitation of Offenders

- CSD has been implementing a series of measures to address the problems of outdated penal facilities and overcrowding in some of our penal institutions. The new Lo Wu Correctional Institutions will commence operation in 2010. The 1 400 penal places to be provided there could alleviate the overcrowding situation in female institutions. The Department has also made more effective use of penal places in different institutions via a number of consolidation projects. We will continue to consider other possibilities to further improve prison environment.
- To assist rehabilitated offenders' re-integration into society, the Administration will continue to facilitate the provision of rehabilitative services. Apart from the counselling services, education and vocational training provided within CSD's institutions, we will also appeal for community acceptance and support for rehabilitated offenders through public education and publicity activities.

Countering the Menace of Drugs

- We are very concerned about the drug abuse problem, in particular psychotropic substance abuse among the youth. The Task Force on Youth Drug Abuse led by the Secretary of Justice released its Report last November, setting out a host of 70 plus recommendations. Bureaux and departments are now working closely under the auspices of an inter-departmental group led by the Commissioner for Narcotics to pursue rigorous implementation of the measures.
- In the 2009-10 Financial Year, we plan to allocate new resources to implement two of the Task Force recommendations. Firstly, the Government plans to inject \$5 million to provide medical support at seven counseling centres for psychotropic substance abusers (CCPSAs), in a bid to strengthen drug treatment and rehabilitation services for young drug abusers. Second, the Government plans to inject nearly \$1 million to launch a two-year pilot project to provide more focused, structured and

intensive probation services for young drug offenders, with a view to enhancing the rehabilitative process.

- In view of the severity and hidden nature of youth drug abuse, we will, in this year, pursue drug testing proposals at three levels. First, the medical support services to be provided at CCSPAs will include voluntary drug testing arrangements. Second, we will commission a research to develop possible school-based drug testing schemes for voluntary adoption by schools. Third, we will launch a public consultation exercise on a concrete proposal for compulsory drug testing.
- As part of the multi-pronged strategy, we will continue the campaign with "No Drugs, No Regrets. Not Now, Not Ever", strengthen school and parental education, enhance drug treatment and rehabilitation services, step up law enforcement, fight cross-boundary drug abuse, reduce supply of drugs, promote external cooperation and further research efforts. We will also garner support from various sectors of the community through *Path Builders* to promote a caring culture for the youth.

Independent Police Complaints Council

- The Independent Police Complaints Council (IPCC) Ordinance was enacted in July 2008 and will commence operation, and accordingly the statutory IPCC will be established, on 1 June 2009. The Administration has allocated additional resources to the Council, as reflected in the 2009-2010 draft Estimates, in support of its operation as a statutory body. To underline its independent status, the IPCC will retain its separate Head of Expenditure in the annual Estimates with its Secretary-General as the Controlling Officer. A mechanism is in place to consider the resource requests of the IPCC in the context of the annual resource allocation exercises and special requests for additional resources may be submitted during the year should the circumstances arise. The Administration is committed to ensuring that the statutory IPCC will be provided with appropriate support and resources for the continued effective discharge of its functions.

Increasing Employment Opportunities

- As regards increasing employment opportunities, in the coming financial year, Security Bureau and its departments plan to create 483 new posts and a few tens of temporary jobs. Our departments will also implement some special measures to expedite the recruitment process, for example, shortening the selection process and streamlining procedures. In the coming financial year, we plan to recruit about a total of 2 080 staff to fill the new posts and vacancies resulting from wastage.

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

**Presentation by Secretary for Food and Health
at the special meeting of the Finance Committee
on Wednesday, 25 March 2009**

Food Safety and Environmental Hygiene

Madam Chairman and Honorable Members,

The Food and Health Bureau is committed to ensuring food safety and environmental hygiene with a view to promoting public health and improving people's quality of life. In the Estimates, about \$5 billion has been earmarked for recurrent expenditure in the policy portfolio of "Food and Environmental Hygiene" for 2009-10, representing an increase of nearly \$360 million over the previous year. The additional provision is mainly intended for enhancing food safety, improving environmental hygiene and promoting the development of food testing services in Hong Kong.

2. Now I will proceed to highlight our priority tasks in the coming year.

Food Safety

3. We are working on a comprehensive Food Safety Bill to strengthen food safety protection. As you all know, we have already gone ahead with the legislation for the recall of problem food. The scrutiny of the food recall legislation is near completion and I hope it can be enacted as soon as possible.

4. We are dealing with the remaining work, including a mandatory registration scheme for food importers and distributors, requirement for food traders to maintain proper records on the movement of food so as to enhance traceability, as well as tightened import control on specific food items.

5. Earlier on, we have carried out extensive public consultation on these initiatives and they were generally supported by the public and the trade. However, we also note that different food trades indeed have their specific needs and trade practices. To assess in detail the implications involved, we have appointed a consultant to conduct a Business Impact Assessment on the Food Safety Bill. We will brief the LegCo Panel on the results of the assessment after it has been completed. We will be able to introduce the Bill in the first half of the next legislative session.

6. Meanwhile, the Centre for Food Safety will continue to take food samples for testing at the import, wholesale and retail levels to ensure food safety. In 2008, the Centre for Food Safety took a total of 66 400 food samples for testing, with an overall satisfactory rate of 99.6%. These included 17 751 fresh vegetable samples tested for pesticide residues and the satisfactory rate was 99.9%.

7. Besides, the Financial Secretary has indicated in his Budget speech that we are taking measures to support the development of food testing services so as to develop Hong Kong into a food testing hub in the region.

8. These measures are taken because we note that an increasing number of food importers and suppliers have engaged private laboratories to conduct testing of their foods before putting them on market shelves. We strongly encourage and support such action as it helps to strengthen food safety.

9. To support and promote this development, the Innovation and Technology Commission will provide private laboratories with better and more efficient accreditation services. The Government Laboratory will also outsource more of its regular food surveillance testing work. This will strengthen food safety and provide more business and job opportunities for private laboratories. In turn, the Government Laboratory will have a better focus on developing new testing methods and tackling more complicated and emergency food incidents.

Prevention and Control of Avian Influenza

10. On the prevention and control of avian influenza, various Government departments remain highly vigilant. In the wake of the two outbreaks of avian influenza among chickens last year, the Administration has promptly imposed the ban on overnight stocking of live poultry at the retail level and introduced the buyout scheme for live poultry trade, which helped reduce the number of poultry farmers by over 40% and the number of wholesalers and retailers by about 70%, thus significantly minimizing human contact with chickens. Following a recent outbreak of avian influenza in a local chicken farm, we have also required all chicken farms to further enhance their biosecurity measures. At the same time, we will continue to maintain close liaison with relevant Mainland authorities for effective prevention and control of the disease on all fronts.

11. It is the Government's policy to implement central slaughtering as early as practicable in order to achieve complete segregation of humans from live poultry. We are pressing ahead with the preparatory work concerned, including the statutory processes such as the Environmental Impact Assessment, land use rezoning etc. The poultry slaughtering centre is expected to come into operation in 2011-12. To this end, we plan to submit the relevant legislation in the first half of the next legislative session.

12. Madam Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Food and Health
at the special meeting of the Finance Committee
on Wednesday, 25 March 2009**

Health

Madam Chairman and Honorable Members,

Recurrent government expenditure on health in 2009-10 is \$35.7 billion, which amounts to 15.7% of the total recurrent government expenditure and an increase of \$1.8 billion over that of 2008-09. I shall highlight our work in three major areas, namely, medical services, public health as well as healthcare reform.

Medical Services

2. First, on medical services, the Government will increase the recurrent subvention for the Hospital Authority (HA) by \$872 million a year over the next three years, and the annual subvention in 2011-12 will be approximately \$2.6 billion higher than at present.

3. The financial provision for HA in 2009-10 is estimated at \$33 billion, representing an increase of more than \$1.36 billion or 4.3% over the revised estimate of last year after discounting the Government's one-off injection of \$1 billion into the Samaritan Fund last year. Of the additional allocation, \$872 million is the new recurrent funding I have mentioned just now while the rest is mainly one-off or time-limited funding for implementing the initiatives related to the healthcare service reforms and the provision of medical services for the East Asian Games.

4. Besides, the Government will earmark \$693 million in 2009-10 for HA to purchase and upgrade medical equipment and install information technology systems.

Public Health

Prevention of Infectious Diseases

5. Now I turn to public health. For better prevention of infectious diseases, starting from 1 September this year, we will provide free injection of

pneumococcal conjugate vaccines for all newborn babies through the Childhood Immunisation Programme. At the same time, we will provide a free make-up injection of these vaccines for children aged below two.

6. In addition, we introduced the "Influenza Vaccination Subsidy Scheme" (IVSS) in November last year to provide subsidy for children to receive influenza vaccinations and it was well received by the public. We will turn it into a long-term measure in an effort to lower the rate of hospitalisation of children as a result of influenza infection.

Tobacco Control Policy

7. The Government has adopted a multi-pronged approach to contain tobacco use for protection of public health through legislation, taxation, publicity, education, law enforcement and provision of smoking cessation services. This year, we will intensify our efforts on tobacco control through the following five ways—

- (1) In the area of taxation, the significant increase of tobacco duty by the Financial Secretary this time will help reduce smoking and encourage smokers to quit smoking as well as discouraging youngsters from becoming addicted to smoking;
- (2) In addition to raising the tobacco duty, we will further strengthen the publicity on smoking cessation and provision of smoking cessation services;
- (3) The fixed penalty system for smoking offences will be put into implementation in the second quarter of this year according to the legislation enacted;
- (4) The smoking ban at such premises as bars, club-houses and night-clubs etc. will take effect on 1 July according to the legislation enacted;
- (5) By the end of this year, the smoking ban will be further extended to covered public transport interchanges.

Healthcare Reform

8. Lastly, I would like to turn to the healthcare reform. In taking forward our healthcare services reform, we will put in \$509 million to implement a series of pilot schemes in the next three years to strengthen primary care services and the support to chronic patients, promote public-private partnership, and enhance the training on family medicine.

9. We are also taking steps to implement a ten-year programme for the development of a territory-wide patient-oriented Electronic Health Record (eHR) Sharing System and put into practice the concept of "records follow patients". The eHR Sharing System will connect the public and private healthcare sectors and serve as the infrastructure platform for healthcare reform. We will seek the approval of the Finance Committee for fund and creation of posts within the current legislative session.

10. Meanwhile, we are in active preparation for launching the second stage public consultation so as to deepen the discussions on healthcare financing and forge a consensus to ensure the sustainability of our healthcare system.

11. Madam Chairman, my colleagues and I are now happy to answer questions from Members.

**Presentation by Secretary for the Environment
at the special meeting of the Finance Committee
on Wednesday, 25 March 2009**

Chairman:

I am delighted to attend the Special Meeting of the Finance Committee today to brief Members on the part of the 2009-10 Estimates which relates to the expenditure on environmental protection, conservation, energy and sustainable development.

2. In the 2009-10 financial year, the Environment Bureau (ENB) and departments under our portfolio are allocated about \$8.6 billion, representing a net increase of about \$2.0 billion or 30.3% over the revised estimate for last year.

3. Of the total allocation of \$8.6 billion, the operating expenditure accounts for about \$6.4 billion, up \$1.4 billion net or 28.7% as compared with the revised estimate for last year. The additional allocation is mainly to meet the increase in cash flow requirement of the Environmental Protection Department (EPD) to promote early replacement of pre-Euro and Euro I diesel commercial vehicles with new ones that comply with the latest statutory emission standard. As the quantity of public fill arising from major infrastructure projects are expected to increase, additional allocation will also be provided for the Civil Engineering and Development Department to handle additional quantity of public fill. As regards the number of posts, there will be a net increase of 22 posts in the ENB and EPD in 2009-10.

4. The provision for capital expenditure in 2009-10 is about \$2.2 billion, representing an increase of \$0.6 billion or 35.1% as compared with the revised estimate for last year. This is mainly due to the increased cash flow requirements and commencement of some capital works projects. Additional allocation will also be provided for the Electrical and Mechanical Services Department to implement energy efficiency and saving projects.

5. I will now give a brief outline the work priorities of ENB and EPD in the coming year.

Improving Air Quality

6. Improving air quality, which is an area of public concern, sits at the heart of the Government's governing agenda. We will continue to implement measures to control major sources of pollutant emissions.

7. Power plants have been a major source of pollution in Hong Kong. On controlling emissions from power plants, apart from progressively tightening their emission caps through the "specified process licence" for electricity generation, I must also express my appreciation to the Legislative Council for the smooth passage of the Air Pollution Control (Amendment) Bill last year. The "Technical Memorandum for Allocation of Emission Allowances in respect of Specified Licences" has already come into operation in December 2008. By stipulating the emission caps for the power generation sector and the arrangements for allocating emission quota for individual power plants in 2010 and beyond, the Technical Memorandum helps ensure a timely and transparent implementation of the emission reduction targets.

8. To further reduce vehicular emissions, we will continue to exempt the duty on Euro V diesel, provide a one-off grant to encourage owners to replace their pre-Euro and Euro I diesel commercial vehicles, and reduce the first registration tax on environment friendly private cars and commercial vehicles. In addition, we are drafting a bill to mandate drivers to stop the engines of idling vehicles. We aim to submit the bill to this Council in the current legislative year with a view to implementing the proposed ban as soon as possible.

9. We are also actively exploring the feasibility of ferries using ultra low sulphur diesel, as well as introducing measures to control emissions of mobile sources operating within the container terminals and the airport. On reviewing Hong Kong's Air Quality Objectives and developing a long-term air quality management strategy, the consultant has consulted the Legislative Council on its preliminary findings and held a public engagement forum so as to finalize its recommendations. Upon receipt of the consultant report, we will conduct a full scale consultation to seek the public's views on the proposed new AQOs and various emission reduction measures before taking a view on the way forward.

Strengthen Cross-boundary Cooperation

10. Since pollution respects no boundary, the Guangdong and Hong Kong governments have been working closely in environmental protection. Both sides will continue to implement the Pearl River Delta (PRD) Regional Air Quality Management Plan with a view to achieving the jointly agreed emissions reduction targets by 2010. The two governments are also making joint efforts in taking forward the five-year Cleaner Production Partnership Programme. The Programme will facilitate energy efficiency and emission reduction among Hong Kong-owned factories in the PRD Region, which shall in turn help improve regional air quality.

11. On the basis of our existing cooperation, Guangdong and Hong Kong will further deepen collaboration on the environmental front, and will join hands with Macau to jointly draw up strategies to transform the PRD Region into a

green and quality living area. The focus is to develop the Region into a low-carbon, high-technology and low-pollution cluster of cities with quality living. We will seek to extend our cooperation into new areas, including encouraging wider use of and research in cleaner and renewable energy; promoting the development of circular economy; enhancing cleaner production and environment performance in the region, which will in turn promote upgrading of Hong Kong-owned factories in the PRD Region; and mapping out an air emission reduction arrangement to continually improve the regional air quality, and setting up joint mechanisms in pollution control and reduction. This initiative will help enhance the overall competitiveness and quality of life of the whole region.

Solid Waste Management

12. As for waste recovery, the effectiveness of the Programme on Source Separation of Waste is being felt. So far 1.23 million households are participating in the Programme, covering some 53% of the population. The domestic waste recovery rate has increased significantly from 14% in 2004 to 23% in 2007. Domestic waste disposal registered a cumulative reduction of 10% in 2008 as compared to 2005 when the Policy Framework was launched. For commercial and industrial buildings, as at end December 2008, 442 buildings have signed up the Programme, of which 389 have passed our assessment and were granted certificates of appreciation. I must also take this opportunity to thank the Legislative Council for passing the amendments to the Building (Refuse Storage and Material Recovery Chambers and Refuse Chutes) Regulations last year which further facilitate source separation of waste.

13. We are thankful to the Legislative Council for supporting the passage of the Product Eco-responsibility Ordinance last year, which provides the legal basis for introducing producer responsibility schemes (PRS's). This Council is now considering the Product Eco-responsibility (Plastic Shopping Bags) Regulation. Subject to this Council's approval, we aim to implement the environmental levy scheme on plastic shopping bags in the middle of this year. We are also examining the feasibility to introduce PRS for used electrical and electronic products, and aim to consult the public and the trades in the third quarter of this year. Meanwhile, my department will continue to promote and support trade-funded voluntary PRS's and will work in close partnership with various sectors of the community to promote and reinforce waste separation, recovery and recycling.

14. Notwithstanding the various waste reduction measures, inevitably there still remains a large amount of waste that requires proper treatment. Therefore we plan to develop an Integrated Waste Management Facilities (IWMF) with advanced incineration as the core technology to substantially reduce the volume of the municipal solid waste. The first phase of the IWMF has a planned treatment capacity of around 3,000 tonnes each day. We are now conducting detailed engineering and environmental impact studies for the two potential sites

identified for developing this facility (i.e. Tsang Tsui in Tuen Mun and Shek Kwu Chau). We will complete these studies and make a decision on the location of the facility in 2010.

15. In addition, we will develop the first phase of the Organic Waste Treatment Facilities (OWTF) at Siu Ho Wan, Lantau Island. This facility would treat 200 tonnes of source separated organic waste from the commercial and industrial sectors each day. We plan to build a Sludge Treatment Facility (STF) with a design capacity of 2,000 tonnes per day in Tuen Mun to treat the ever-increasing sewage sludge by means of advanced high temperature incineration. We plan to seek the Legislative Council's funding approval soon. Subject to satisfactory progress, we aim at commissioning the STF by end 2012.

16. Our three existing landfills would, one by one, hit their full capacity by early to mid 2010s. There is thus an urgent need to develop extensions to these landfills. I want to reiterate that the operation of these landfills meets very stringent international standards, and that they will not cause any adverse impact on the environment and public health. It is however understandable that some members of the local communities are still concerned about the projects. During the process of the environmental impact assessment (EIA), we will maintain close liaison with members of the relevant District Councils and Rural Committees as well as representatives of the local community. We stand by to implement our "Continuous Public Involvement" process, and will take into account the views and concerns of the public for inclusion in the scope of EIA. We are open to suggestions and views from the local community, and I hope by means of proactive communication, a mutually acceptable solution for these projects could be developed.

Harbour Area Treatment Scheme

17. In order to further improve the water quality of the Victoria Harbour, we are actively implementing Stage 2 of the Harbour Area Treatment Scheme (HATS) under two phases, with a view to completing the works of the Stage 2A in 2014. For the sake of reopening the bathing beaches in Tsuen Wan District as early as possible, we are building the Advance Disinfection Facility under Stage 2A of the Scheme. We expect that the works will complete in October 2009 as planned. Nonetheless, the operation of Stage 2A facilities might have to be deferred if the abovementioned Sludge Treatment Facility could not be completed in time before the commissioning of Stage 2A. In addition, it is expected that we would be seeking funding approval from the Finance Committee later this year for the construction of the Stage 2A sewage conveyance system with a view to commencing the works within this year. The project will create about 2,000 jobs and would help improve the employment situation of the construction industry.

Combating Climate Change, Enhancing Energy Efficiency and Encouraging Environment-friendly Buildings

18. Climate change is an important environmental issue. The Government is very concerned about the impact of climate change and has undertaken a series of measures to reduce greenhouse gas emission. We launched an 18-month consultancy study on climate change in last year, which will provide an objective and scientific basis for developing new strategies and initiatives to cope with climate change. The study is expected to complete at the end of this year.

19. Though limiting in space, Hong Kong has more than 40,000 high-rise buildings, which account for 89% of total power consumption of the territory. Enhancing the energy efficiency of buildings can effectively reduce power consumption, thereby bringing forth improvement in air quality and alleviating the adverse effects of global warming. Last year, we launched a set of carbon audit guidelines for buildings in Hong Kong. By embarking upon a "Green Hong Kong • Carbon Audit" campaign at the same time, we are encouraging different sectors of the community to conduct carbon audit and reduce their carbon emission level. So far, close to 50 organizations from different sectors have taken the lead to become "Carbon Audit • Green Partners".

20. In this year's Budget, we propose to allocate a substantial amount of resources to promote energy efficiency in both government and private buildings. The Government has reserved \$150 million and \$300 million under the Environment and Conservation Fund to subsidise building owners to conduct energy-cum-carbon audits and energy efficiency projects respectively. The Government will also lead by example in promoting environmental protection and energy conservation in government buildings. Apart from proposing an additional allocation of \$130 million in this year's Budget to enhance energy efficiency of government buildings and public facilities, we will also allocate \$450 million to carry out minor works for enhancing a green and sustainable environment.

21. Furthermore, the Government will promulgate an internal circular to set targets in various environmental aspects for new and existing government buildings, which include –

- new major government buildings should aim to obtain the highest or second highest grade under an internationally or locally recognised building environmental assessment system;
- new major government buildings should aim to outperform the energy efficiency performance of the Building Energy Codes (BEC). The energy efficiency performance of certain types of buildings should outperform the BEC by 5% to 10%; and

- new government buildings should aim to achieve "Excellent Class" of the Indoor Air Quality Objectives.

I hope that Government's efforts could set an example in encouraging private organisations to enhance the environmental performance of their buildings. With the joint efforts of the Government and the community, we could build a green society and promote the development of a green economy.

Clean Energy

22. After the conclusion of the Memorandum of Understanding (MOU) on energy co-operation by the HKSAR Government and the National Energy Administration last year, energy enterprises on both sides have swiftly followed up the implementation and made substantial progress. The construction of the Second West-East Natural Gas Pipeline, including the Shenzhen-Hong Kong spur line through which natural gas is provided to Hong Kong, commenced in February 2009. Energy enterprises of both sides also planned to jointly construct an LNG terminal in Shenzhen. Both projects are anticipated to be completed in 2013. New sources of natural gas will be available to Hong Kong by then, which will contribute significantly to reduction in coal-fired electricity generation and improvement in air quality.

Promoting the Use of Electric Vehicles

23. In this year's Budget, promoting the use of electric vehicles is one of the important measures in the promotion of green economy. Electric vehicles will not only help improve the environment, they also create additional business opportunities for an array of automobile related sectors. The Financial Secretary announced in this year's Budget the extension of the waiver of First Registration Tax on electric vehicles for five years till the end of March 2014. As a head start, on the next day following the delivery of the Budget Speech (i.e. 26 February), the Environment Bureau entered into an MOU to test a new type of electric vehicles that makes Hong Kong the first place in Asia, after Japan, to give this latest model of electric vehicle a trial. The Government will also actively promote the setting up of vehicle battery charging facilities in Hong Kong, including studying the feasibility of setting up charging facilities in government multi-storey car parks. A steering committee to be chaired by the Financial Secretary will be set up to make recommendations on strategy and specific measures to promote the use of electric vehicles in Hong Kong, with a view to introducing new types of electric vehicles to Hong Kong as soon as possible.

Nature Conservation

24. For nature conservation, we are actively taking forward the proposal for setting up a geopark in Hong Kong, and target at applying to become a national geopark by the end of this year. We have launched the Pilot Scheme for

Management Agreements in ecologically important sites, namely Fung Yuen and Long Valley. The Pilot Scheme has produced encouraging results in terms of conservation and improvement to the biodiversity of the concerned area. We will continue to pursue the projects under the Scheme. As for the Public-private Partnership Pilot Scheme, we will continue to liaise with relevant project proponents with a view to implementing the proposals as soon as practicable. Separately, we plan to introduce legislative amendments this year to implement the proposal for banning of commercial fishing in marine parks. Further, we will introduce a Bill to Legislative Council this year to extend the Cartagena Protocol on Biosafety under the Convention on Biological Diversity to Hong Kong, so as to control the trans-boundary movement of living modified organisms.

Sustainable Development

25. The Environment Bureau will continue to render support to the Council for Sustainable Development in the implementation of its work and activities. This will facilitate the Council to give advice on the formulation of a sustainable development strategy for Hong Kong. It will also assist the Council in launching education and publicity programmes, including school and community outreach programmes, for promoting the concept and principles of sustainable development.

26. In light of rising public concern on the quality and sustainability of the built environment in recent years, the Council in collaboration with my Bureau and the Development Bureau will launch a new round of engagement process on measures to foster a quality and sustainable built environment. The community will be consulted on their views in respect of enhancement of sustainable building design (including building separation, building set back and greening ratio); provision of essential, green and amenity features in buildings and gross floor area concessions; and energy efficiency in building design. The Council plans to launch the engagement process in mid 2009. We look forward to the active participation of various sectors of the community and their valuable views when the engagement process is launched.

Conclusion

27. Chairman, the future work on environmental protection and conservation of ecological resources is full of challenges. We not only have to implement our policy to further improve our environment, but also introduce new legislations and organize programmes to strengthen public education and encourage community participation. I look forward to the LegCo's continued support for our policies and measures in the coming financial year. Chairman, I welcome Members to put forward their questions on this part of the Estimates and, together with the Permanent Secretary and other colleagues, I would be pleased to answer Members' questions.

**Presentation by Secretary for Transport and Housing
at the special meeting of the Finance Committee
on Wednesday, 25 March 2009**

Chairman,

I would like to brief Members on the major Government initiatives on housing in the new financial year.

Supply of Public Housing

2. On public rental housing (PRH) estates, the Government and the Hong Kong Housing Authority (HA) will continue to identify suitable land and to monitor the progress of the supply of public housing sites to ensure an adequate land supply for public housing development. HA will endeavour to retain sites after clearance of old PRH estates for the development of public rental housing, and will adopt the principle of optimisation of development potential in constructing PRH estates in order to satisfy the demand of the community for public housing in the most effective and sustainable manner. During the planning process, the Housing Department will closely co-ordinate with various government departments and the community to safeguard the smooth implementation of the public housing programme, taking into account the various development needs of the districts. We believe that in the next five years, there will be an adequate supply of public housing to maintain the average waiting time of general PRH applicants at about three years.

3. In order to enhance the participation of residents and the District Councils in major public housing development projects, HA will appoint an Assistant Director to lead the project teams to organise community workshops at the planning and design stage. We have conducted these workshops for two public housing development projects of Anderson Road and So Uk Estate to enable local residents and the community to express their opinions and participate in the design, which is a way to consolidate community efforts for better public housing development.

Private Property Market

4. As for the private residential property market, we will continue our efforts to maintain an orderly, fair and free environment to enable its stable and healthy development. In addition, we will continue to enhance the transparency of the sale of uncompleted residential properties through the Lands Department's Consent Scheme and the self-regulatory regime of the developers. Also, we will

step up publicity and education for estate agents and the public through the Estate Agents Authority and the Consumer Council for further enhancing the professionalism of estate agents and consumer protection.

5. In general, the property market has been developing steadily in recent years and there are residential units of various types and prices available in the private property market. Our latest statistics show that there is a considerable supply of small and medium residential units at the price level of \$2 million or below. The number of transactions of this type of residential units constitutes 53% of the total number of transactions in January 2009, which is comparable to the annual average proportion of 54% over the past four years. The Government will continue to monitor closely the development of the property market as well as the demand and supply of private residential properties.

Conclusion

6. To conclude, the Government will continue to commit resources to assist low-income families to resolve their housing problems through the work of HA while maintaining a stable, free and highly transparent private residential property market. My colleagues and I will be pleased to take questions from Members. Thank you.

**Presentation by Secretary for Transport and Housing
at the special meeting of the Finance Committee
on Wednesday, 25 March 2009**

Honourable Chairperson,

Today, I would like to brief Members on the part of the Estimates and our priority areas under the Transport portfolio in the new financial year.

2. The allocation for the transport portfolio in the new financial year is \$20.36 billion, of which it includes the provision required for the implementation of a number of cross-boundary and domestic transport infrastructure projects this year.

3. Firstly, on **cross-boundary transport infrastructure** front, one of our priority areas this year of course is to commence the construction works of the Hong Kong-Zhuhai-Macao Bridge (HZMB). The Bridge, an infrastructure straddling the Guangdong Province, Hong Kong and Macao, has been put into the National Expressway Network. Apart from its connectivity with the Western Pearl River Delta (PRD), the Bridge will connect with the Jing-Zhu Expressway through which Beijing can be reached; and also connect with the expressways in the vicinity where Guangxi, Yunnan or countries of the Association of Southeast Asian Nations can be reached. The HZMB has very important strategic value of further enhancing the economic development of the Mainland and Hong Kong.

4. We achieved considerable progress on the HZMB in the past year. The preliminary design for the HZMB Main Bridge commenced in mid-March. The selection of the leading loan bank for the provision of loan facilities for the HZMB Main Bridge has largely been completed. In the coming months, we will finalize the financing arrangements for the Main Bridge, and seek funding from the Finance Committee in mid-2009 for Hong Kong's split of the project cost of the Main Bridge.

5. For works in Hong Kong, the planning of the Hong Kong Boundary Crossing Facilities and the Hong Kong Link Road, public engagement and the Environmental Impact Assessments (EIA) for these projects are nearly completed. We aim to submit the EIA report to the Environmental Protection Department in mid-2009. We aim to commence construction of the Main Bridge before end-2009 and synchronized completion of the works in Hong Kong with the Main Bridge.

6. In the same league of strategic importance in connectivity is the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). The XRL will put Hong Kong onto the national rail network. Journey between Hong Kong and major cities in the Mainland, especially those in central and southern regions of the Mainland, will be more comfortable and convenient. Through interchanging with the PRD Rapid Transit System, the XRL will also connect Hong Kong with major PRD cities. The railway scheme was gazetted in November 2008. We are now handling objections lodged by members of the public to the railway scheme. We will continue our efforts in taking forward the further planning and public engagement of the Hong Kong Section of the XRL, with the construction expected to commence by end 2009.

7. On **local rail networks**, the Kowloon Southern Link and the Tseung Kwan O Extension (Phase II) will soon be commissioned. We are now critically assessing the financial proposals of the West Island Line project, and aim to submit the funding application to the Finance Committee in mid 2009 and to commence the construction works as soon as possible. We will also continue to oversee the further planning of the Shatin to Central Link, the South Island Line (East) and the Kwun Tong Line Extension.

8. We are pressing ahead with our **local road infrastructure** progressively. Improvement works of Tuen Mun Road has commenced. We will spare no efforts in the preparatory works of projects like, the Central-Wan Chai Bypass, the Tuen Mun-Chek Lap Kok Link and the Tuen Mun Western Bypass, the Central Kowloon Route and the Tseung Kwan O-Lam Tin Tunnel, etc.

9. On **civil aviation**, we will strengthen Hong Kong's position as an international and regional aviation centre on various fronts. We will actively develop the Hong Kong-Shenzhen Airport Rail Link (ARL) proposal. We aim to strengthen the direct links between the two airports, which will be conducive for them to complementing each other fully. The proposed ARL will shorten the distance between the Hong Kong International Airport (HKIA) and the PRD, which will help expanding the catchment of the HKIA. We are now conducting further studies on the ARL, which are expected to be completed in mid-2009.

10. Separately, we will continue to proactively pursue expansion in the bilateral air services arrangements with our aviation partners in support of the development of the aviation industry. At the same time, we will continue the review of the Air Transport Licensing Authority's regulatory regime with a view to implementing initiatives arising from the review. We will also allocate additional resources for air traffic control. Moreover, we will continue to work with the Hong Kong Airport Authority in implementing the airport mid-field expansion project and completing the Airport Master Plan 2030 Study.

11. On **maritime and logistics development**, we will continue to reinforce Hong Kong's status as an international maritime centre and a regional logistics

hub. Apart from enhancing our Shipping Register service, we will continue to collaborate with the shipping industry to promote the professional maritime services in Hong Kong. In addition, the Consultancy Study commissioned by the Civil Engineering and Development Department to look into the feasibility of constructing Container Terminal 10 at Southwest Tsing Yi will commence at the end of this month. On the logistics development front, we would continue to work with the industry on the training programme for the freight logistics sector, and the On-Board Trucker Information System project. At the same time, we will continue to strengthen cooperation with the Guangdong authorities to facilitate cross-boundary freight activities and to enhance its cost-effectiveness.

12. **On road safety**, we will continue to enhance road safety through implementing new measures on legislation, enforcement and education fronts. This year, we will focus on combating drink driving through reviewing legislation for heavier penalties, strengthening of enforcement, and enhancing education and publicity. With regard to further penalties for drink driving, we will explore the feasibility of introducing a scale of penalties according to different levels of blood alcohol concentration; a new offence of dangerous driving causing serious bodily harm; as well as bringing in "aggravating factors" such as drink driving to all dangerous driving offences. We will also closely monitor the effectiveness of the new measures and penalties that have been introduced since 9 February, which will be used as a reference in formulating any legislative amendments.

13. Chairperson, in conclusion, we have a clear way forward. We will continue to press ahead with our strategic cross-boundary and domestic transport infrastructure projects. We will also reinforce Hong Kong's status as an international and regional aviation, maritime and logistics centre. My colleagues and I will maintain close communication with the LegCo with a view to winning Member's support to our works.

14. My colleagues and I would be pleased to answer questions from Members. Thank you Chairperson.

**Presentation by Secretary for Home Affairs
at the special meeting of the Finance Committee
on Wednesday, 25 March 2009**

The Home Affairs Bureau (HAB) is responsible for quite a diversified policy portfolio covering a total of eight Heads of Expenditure. Total expenditure on policy and programme areas under the purview of HAB amounts to \$9,591 million in 2009-10. Our priority areas with additional resources provided in the new financial year are as follows –

(I) Hong Kong 2009 East Asian Games

2. The 2009 East Asian Games (EAG), the first large-scale international multi-sports games to be held in Hong Kong, will be staged between 5 and 13 December this year. Drawing on the successful experience of co-hosting the 2008 Olympic Equestrian Events, we are preparing for the EAG according to schedule. All the construction and upgrading works for the EAG competition venues are expected to be completed by the middle of this year. These works have been carried out not only to provide competition venues that are up to the international standards for staging the EAG and other international sports events in future, but also to provide members of the public with better sports facilities.

3. Regarding publicity and promotion, we will encourage the participation of District Councils, schools and community organisations etc, in the organisation of community activities for wider and active participation of the public. Moreover, a series of promotion and publicity work will also be widely launched, including city dress-up, roving exhibitions on EAG, the broadcast of the EAG theme song "You are the Legend", TV Announcement of Public Interest, the Hong Kong Flower Show with "Blossoming Welcome for the EAG" as the theme, the release of the "Heartwarming Stamps" and commemorative stamps for the EAG, the staging of a 100-day countdown cum torch relay, etc. Through these events, we seek to further enhance public awareness of the EAG and make it an event well looked forward to by the community. Meanwhile, we will also publicise the EAG via our overseas Economic and Trade Offices and will join hands with the Hong Kong Tourism Board to promote the EAG overseas.

4. We are confident that the hosting of the EAG will not only benefit sports development in Hong Kong, but will also enhance public interest in sports. Through community participation, the EAG will also strengthen the cohesiveness of our citizens. We will host, within the budget, a successful EAG that will not be extravagant but will have its own characteristics.

(II) Promotion of Sports Development in Hong Kong

5. Following the Beijing 2008 Olympic and Paralympic Games, there has been an upsurge in the community's interest in sport. To build on this public enthusiasm, we will further promote sport development in Hong Kong.

6. We have earmarked \$50 million in the Sir David Trench Fund for Recreation for National Sports Associations (NSAs) and District Sports Associations to establish new sports facilities and purchase sports equipment in the next three to four years. This initiative will encourage closer cooperation between NSAs and district level organisations in promoting sport in the community.

7. To help identify and develop more young athletes, in 2009-10 we will allocate not less than \$10 million to help NSAs strengthen their feeder programmes in collaboration with various community sectors.

8. We will also provide additional recurrent funding of \$12 million to the Hong Kong Sports Institute to increase their support of elite athletes and to enhance the capability of Hong Kong athletes to perform at the highest levels of international competition.

9. We will liaise with the business sector to sponsor underprivileged groups to attend major sports events. Also, we will strengthen the promotion of major sports held locally with a view to further stimulating public participation and promoting Hong Kong as an events capital.

(III) Celebration Activities for the 60th Anniversary of the Founding of the PRC

10. This year marks the "60th anniversary of the founding of PRC". We will continue to work closely with the Committee on the Promotion of Civic Education (CPCE), the Commission of Youth (CoY), 18 District Councils and various sectors of the community in organising a series of celebration activities for the 60th National Anniversary. We will conduct a number of exhibitions, seminars and performances as well as the exchange programmes between the youth from Hong Kong and the Mainland, so that the public can share the celebration atmosphere while at the same time further enhance their understanding of the motherland.

(IV) Nurturing Local Artists and Audience Development

11. To prepare for the development of the West Kowloon Cultural District, we will further strengthen our support for the local artists and arts groups. We will also continue our efforts to nurture a wider local audience for the arts. In 2009-10, we are supporting our major performing arts groups with about

\$270 million. The Hong Kong Arts Development Council will launch a new two-year grant scheme in 2009-10 to enhance support for the small and medium-sized groups in order to create a more effective progression ladder for them. We will commence a consultancy study on funding for the performing arts before mid of this year. Our aim is to usher in a funding system to improve funding assessment criteria and funding mechanism and ensure the development of a performing arts ecosystem that is both vibrant and sustainable. The New Senior Secondary School Curriculum to be implemented in the 2009 school year requires each senior secondary student to spend a dedicated amount of class time on aesthetic experience. The Leisure and Cultural Services Department will be organising new programmes suitable for the senior secondary students. We have recently joined hands with the Education Bureau to organise an Arts Mart to provide a platform for the local artists and arts groups to showcase their arts education programmes to the school sector. Regarding arts education and audience development, the Hong Kong Arts Development Council has just launched an Enhanced Community Arts and Cultural Activities Programme to bring the arts closer to the community by supporting closer collaboration between the district arts organisations and professional arts organisations. We are fully supportive of our two executive agencies in these arts education and audience building initiatives. Also, we encourage District Councils to organise cultural activities with local characteristics in their respective districts. Before permanent venues are developed in the West Kowloon Cultural District, diversified arts activities in temporary venues are encouraged to begin preliminary work to create people flow in the district.

(V) Development of Cantonese Opera

12. Cantonese Opera is an important part of our local culture. We will continue to preserve, promote and develop Cantonese Opera. In 2009-10, we will allocate more than \$33 million for the development of Cantonese Opera. In addition, \$20 million will be injected into the Cantonese Opera Development Fund for the further promotion and development of Cantonese Opera. In February 2009, the Legislative Council approved a funding of about \$186 million to convert the Yau Ma Tei Theatre and the Red Brick Building into a Xiqu Activity Centre. The conversion project will commence within this year. Separately, we will provide financial support to Cantonese Opera troupes for staging performances at the Sunbeam Theatre through the Hong Kong Arts Development Council. We are also actively seeking donation through the Cantonese Opera Development Fund to keep the Sunbeam Theatre running. We are thankful for the donation from generous supporters of Cantonese Opera development. In the long run, we will construct a Xiqu Centre at the West Kowloon Cultural District, which includes a large performance venue of 1 400 seats and a small theatre of 400 seats to be completed in 2014-15.

(VI) Social Enterprise

13. We will continue our effort to promote the development of social enterprises (SEs) to create employment opportunities for the underprivileged at district level and to strengthen the concept of self-reliance with a view to fostering the values of civil society and promoting social harmony. I am delighted that our effort in promoting SE development has received the endorsement and support of many legislators and community personalities.

14. Social enterprises are business operations. In the wake of the financial tsunami, like other business entities, SEs face a tough operating environment. Apart from implementing the "Enhancing Self-Reliance Through District Partnership Programme" which provides seed money to support SEs during their initial operation, the Administration will consider providing supplementary grant to SEs under the Programme to enhance their sustainability in the face of the tough operating environment. Since the launching of this measure in December last year, we have received 19 applications for supplementary grant and approved nine of them, involving an amount of \$2.2 million. We will also continue to implement the "Social Enterprises Partnership Programme" to promote different forms of cross-sector collaboration to encourage the diversification of SE development. Moreover, Home Affairs Bureau and Home Affairs Department have earmarked a total of \$9 million in the 2009-10 financial year to enhance SE promotion. We are examining the situation of SEs in order to map out a work plan to assist in creating an operating environment conducive to SE development.

(VII) Employment Opportunities

Enhancing Self-Reliance Through District Partnership Programme

15. Since the implementation of the Enhancing Self-Reliance Through District Partnership Programme in June 2006, a total grant of about \$76 million has been approved to 80 new social enterprise projects in the four phases of applications, creating some 1 400 jobs for the socially disadvantaged.

16. The approved projects cover a wide range of businesses, including catering, beauty/hair salon, massage, household cleaning and related services, recycling, renovation, retail, artistic performance, car servicing and organic farming. These projects will mainly create some low-skilled jobs and offer job opportunities to the disadvantaged groups.

Minor Works Programmes

17. We fully understand the community's expectation for more job opportunities to be created through expediting the minor works programmes. The estimated expenditure under various government minor works programmes in 2009-10 is over \$8 billion, while the share of the District Minor Works (DMW)

programme and the Rural Public Works (RPW) programme co-ordinated by the Home Affairs Department (HAD) is \$420 million. We will try to fully utilise the funding so as to provide better district facilities for the 18 Districts and to create job opportunities. For 2009-10, we estimate that over 950 jobs lasting for 12 months will be created (including 630 jobs under the DMW programme and 320 jobs under the RPW programme). Works staff that will benefit include skilled labour, technical and ancillary staff, and professional staff.

(VIII) Conclusion

18. This concludes my opening remarks. My colleagues and I will be glad to answer questions from Members. Thank you.

**Presentation by Secretary for Labour and Welfare
at the special meeting of the Finance Committee
on Thursday, 26 March 2009**

Welfare and Women

Chairman and Honourable Members,

In 2009-10, government recurrent spending on social welfare and women's interests will reach \$39.3 billion, representing an increase of \$110 million (+0.3%) over the Revised Estimate last year. It accounts for 17.2% of the total recurrent government expenditure in 2009-10, second only to education. In comparison with the 2008-09 Original Estimate, after discounting the special one-off allocation of about \$2.7 billion of the year, including special one-off payments to recipients of Old Age Allowance (OAA), Comprehensive Social Security Allowance and Disability Allowance and taking into account the upward adjustment of OAA rate to \$1,000 per month since January 2009, there is a real term growth of 6.3% in recurrent spending on social welfare. Now, let me highlight how our Bureau will make use of the additional resources.

More Flexible Child Care Services

2. In this financial year and the next, we will continue to make use of the \$45 million that the Government has earmarked in 2008-09 to implement the three-year pilot Neighbourhood Support Child Care Project (NSCCP). The NSCCP aims at providing parents in need with more flexible child care services in addition to the regular ones, and more importantly, it helps to promote community participation and mutual assistance in the neighbourhood. It has two service components: (i) home-based child care service for children aged under six, and (ii) centre-based care group for children aged three to under six. The operating hours of both services are flexible, covering the evenings, some weekends and some public holidays. Fee subsidy or waiver is available for families with financial difficulties and social needs.

3. The first phase of the NSCCP commenced operation last October in six locations with a higher demand for child care services, namely Tung Chung, Sham Shui Po, Kwai Chung, Tuen Mun, Yuen Long and Kwun Tong. By the end of this month, the Government will extend the NSCCP to other districts to meet the needs of more families.

Supporting the Elderly

Promoting "Active Ageing"

4. The Government has been promoting active ageing with the Elderly Commission (EC) to encourage elders to maintain close contact with the community and lead an enriched life.

Neighbourhood Active Ageing Project

5. With elders playing a leading role, the Neighbourhood Active Ageing Project (NAAP) seeks to establish neighbourhood support networks and enable elders to become a new driving force in the community. Through cross-sectoral collaboration, the project mobilises different organisations and individuals who are interested in serving the community to promote the message of active ageing and caring for elders.

6. Taking into account the views and experience from various sectors, the Labour and Welfare Bureau (LWB) will continue such partnership with EC. To further strengthen the NAAP, an additional provision of \$5 million will be allocated in 2009-10 to launch the Pilot Neighbourhood Active Ageing Project – Prevention of Elderly Suicide ("the project"). Through establishing new neighbourhood networks in each district, the project will aim to enhance community efforts to prevent elderly suicide and encourage elders to care for themselves. After the project has been rolled out in April, there would be a total of 75 NAAP district projects launched across the territory.

Elder Academy Scheme

7. The Government has been working with EC since the beginning of 2007 to promote the Elder Academy Scheme and encourage lifelong learning among elders. At present, there are 78 Elder Academies in primary and secondary schools. Elder Academies are run jointly by school-sponsoring bodies and social welfare organizations, and operate under the principles of cross-sectoral collaboration and inter-generational harmony. The Government has also gained the support of seven tertiary institutions which will provide Elder Academy courses.

8. To further promote the Elder Academy Scheme, the Government and various sectors will work together to co-sponsor and establish an Elder Academy Development Foundation to provide seed money to secondary and primary schools as well as tertiary institutions to develop Elder Academies, and ensure the sustainable development of this scheme. We will allocate \$10 million to this end. LWB and EC invited a new round of applications for setting up Elder Academies in secondary and primary schools on 6 March 2009.

Care services for the elderly

9. In 2009-10, the Government's estimated expenditure on elderly services, excluding that on public housing and public health services, amounts to \$3.93 billion, representing an increase of 7% compared with the Revised Estimate of last year.

10. It is worth noting that additional recurrent funding of about \$92 million is provided in the 2009-10 Estimate to enhance services for the elderly. These include:

- an additional \$17 million to provide a total of 150 subsidised residential care places in two newly built contract residential care homes for the elderly (RCHEs); and an additional \$38 million for providing 500 subsidised residential care places through the Enhanced Bought Place Scheme; and
- an additional \$37 million to enhance support for RCHEs taking care of infirm and demented elders.

11. The new initiatives will help meet the growing demand for subsidised residential care services and further enhance the care for infirm and demented elders staying in RCHEs.

Women's Interests

12. The Government has been working closely with the Women's Commission to promote women's well-being and interests through the three-pronged strategy, viz. the provision of an enabling environment, empowerment of women and public education. We will allocate \$20 million in the coming three years to expand the Capacity Building Mileage Programme to encourage more women to pursue continuous learning and self-development.

Rehabilitation Services for Persons with Disabilities

13. For rehabilitation services, additional allocation is provided to enhance various rehabilitation services, medical social service and rehabus service.

Increasing the number of places for rehabilitation services

14. We will provide additional recurrent funding of \$18.5 million in 2009-10 to provide 54 additional places for pre-school services, 156 additional places for residential care services, and 30 additional places for day training and vocational rehabilitation services, so as to enhance the care and training for persons with disabilities (PWDs). Together with the allocation already earmarked in this financial year for 2009-10, we expect to provide a total of 354

additional places for pre-school services, 671 additional residential care places, 140 additional places for day training and 340 additional places for vocational rehabilitation services in 2009-10.

Medical social service

15. To support the enhanced psychiatric out-patient, rehabilitation and oncology services given by the Hospital Authority in recent years, the Government will correspondingly strengthen the related medical social service. In 2009-10, an additional funding of \$4.5 million will be allocated to increase the number of medical social workers to 391 by providing 10 additional medical social workers. This will enable more timely welfare services to be provided to patients and their families, thereby facilitating their rehabilitation and integration into the community.

Rehabus service

16. To enhance the Rehabus service, the Government will provide additional funding of about \$7.7 million in 2009-10 to increase the Rehabus fleet to 115 by acquiring 6 new buses and replacing 4 old ones. Through the replacement of 37 buses and the purchase of 20 new buses in the past two years and the following year, the average vehicle age of the fleet will be reduced from 5.8 years in early 2007 to 3.5 years. We will also allocate \$37.2 million to subsidise the recurrent expenditure of the Rehabus service in 2009-10. This allocation represents around 80% of its operating cost.

Combating Domestic Violence

17. The Government is committed to combating domestic violence. Over the past few years, we have devoted additional resources to strengthen the support and specialised services for victims of domestic violence and families in need. In 2009-10, we will further provide an annual recurrent funding of about \$25 million to strengthen direct support to victims of domestic violence and families in need, including increasing the number of social workers and clinical psychologists dealing with domestic violence cases, further developing the batterer intervention programme, and strengthening support for crisis centres and refuge centres for women. The SWD will also continue its effort on publicity and public education to enhance public awareness of domestic violence problem, and strengthen the training for frontline professionals.

Developing Social Capital

18. We believe that every individual has his talents and potentials. If these can be developed and synergy achieved through strengthening interpersonal relationships, we can have a powerful network of mutual assistance, which is not

only able to promote and sustain the development of the entire community, but may also support its needy families. This is the impact of social capital.

19. We established the \$300-million Community Investment and Inclusion Fund (CIIF) in 2002 to provide seed funding for NGOs to implement community projects which aim at building social capital through cross-sector partnerships. Having regard to the special characteristics of social capital, the projects mainly promote mutual support in the neighbourhood, encourage community participation and enhance the participants' personal capacity.

20. The CIIF Committee has just approved another round of funding application in the middle of this month. To date, CIIF has funded more than 200 community projects involving around \$200 million. In other words, over 60% of the original provision for CIIF has been allocated. We shall closely monitor the spending portion of CIIF and consider making an application for funding injection when necessary.

Social Security

21. We have to ensure the sustainable development of our non-contributory social security system, which is funded entirely by the general revenue. The combined share of the Comprehensive Social Security Assistance (CSSA) Scheme and Social Security Allowance (SSA) Scheme in the total recurrent government expenditure has increased from 8.8% in 1997-98 to 13.0% in 2008-09. The number of recipients has risen from 820 000 (March 1998) to 1 090 000 (January 2009), representing an increase of 33%. The estimated expenditure of these two schemes in 2009-10 amounts to \$27.1 billion. The estimated expenditure is 3.4% lower than the revised estimate for 2008-09. This is mainly due to the additional one-off payments/allowances for CSSA and SSA recipients on two different occasions in 2008-09. If necessary, we can apply to the Finance Committee of LegCo during the financial year for additional funding to meet demand.

22. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

**Presentation by Secretary for Labour and Welfare
at the special meeting of the Finance Committee
on Thursday, 26 March 2009**

Labour

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2009-10 will reach \$1,200 million, representing an increase of \$48 million (+4.2%) over the Revised Estimate last year. It accounts for 0.5% of the Government's recurrent expenditure. In 2009-10, our priority is to strengthen employment services as well as promote the efficiency of the employment market and facilitate the dissemination of vacancy information, thereby helping job seekers enter or re-enter the labour market. We will also strive to promote labour relations, combat illegal employment and wage offences, and protect employees' rights and benefits. In addition, we aim to introduce the Minimum Wage Bill into the Legislative Council (LegCo) in this legislative session. We will continue to improve occupational safety and health, and strengthen training and retraining services. Let me highlight how my Bureau will make use of our resources.

Promoting Employment

2. As a result of the economic slowdown and uncertain economic outlook, the latest unemployment rate has increased to 5%. In the first two months of this year, the Labour Department (LD) posted 81 176 private sector vacancies, representing a decrease of 19% over the corresponding period in 2008 (100 329). In the face of slackened labour market amidst the financial tsunami, the Government will do its best to help the affected employees and job seekers.

3. In his Budget this year, the Financial Secretary has announced a range of measures to strengthen the employment services of LD. In 2009-10, LD will enhance and integrate its various employment programmes, including the Youth Pre-employment Training Programme, the Youth Work Experience and Training Scheme, the Employment Programme for the Middle-aged and the Work Orientation and Placement Scheme to strengthen the training and employment support for the vulnerable groups of youth, the middle-aged and people with disabilities. These include more demand-led and flexible mode of operation, enhanced training subsidies and post-placement support, where appropriate. These enhanced employment programmes are expected to provide 44 000 training and employment opportunities in the next two years.

4. LD will also adopt a proactive approach in providing employment assistance to employees who have lost their jobs in redundancy and closure exercises. We will provide additional manpower to LD's 12 Job Centres to monitor closely redundancy and closure exercises and reach out to the retrenched employees. We will offer them priority job matching and referral services, canvass suitable vacancies from employers, and organise thematic job fairs targetted at hard-hit industries as well as district-based job fairs at shopping centres and community halls for the dissemination of vacancy and employment information.

5. In anticipation of a marked reduction in job opportunities for university graduates, LD will launch an Internship Programme for University Graduates. The Programme will provide about 4 000 places for interested graduates to work as interns and receive training in local or Mainland enterprises for six to 12 months. The objectives of the Programme are to broaden the horizon of the graduates and help them gain experience, as well as to nurture talent for the industrial and business sectors.

6. Upon approval by the Finance Committee for items above, we will implement the measures as soon as possible.

Promoting Labour Relations

7. Good labour relations underpin Hong Kong's social harmony and economic prosperity. In 2008, the number of labour disputes and claims handled by LD dropped by 5% as compared to that in 2007. This is the lowest level since 1998. For labour disputes and claims handled by LD, the settlement rate exceeded 70% (72.7%) - the highest since 1994. However, the onset of the financial tsunami in September 2008 has triggered a series of business closures, insolvencies and redundancies. The number of labour disputes handled by LD from October 2008 to February 2009 increased sharply by 57%.

8. In times of economic downturn, we make extra efforts to maintain stable and harmonious labour relations with a view to minimising the adverse impact of retrenchments and pay cuts. We appeal to enterprises to hold frank and sincere discussions with their employees before making important decisions that would adversely affect their rights and benefits. Upon receipt of intelligence of pay cuts or retrenchments, we will intervene the soonest possible so as to forestall and defuse potential labour disputes. We stand ready to provide conciliation service to assist employers and employees in resolving their disputes and render timely assistance to the affected employees in case of bankruptcy or company winding-up.

9. We will continue with our promotional work in enhancing harmonious labour relations. We will encourage employers to adopt "employee-oriented"

good people management measures, and impress on them the importance of effective communication and staff consultation in times of economic adversities. We will also promote family-friendly employment practices with a view to assisting employees to maintain a balance between work and family responsibilities. In addition, LD will stage roving exhibitions to enhance public understanding of the Employment Ordinance. We will also continue to work closely with the nine industry-based tripartite committees to foster good labour relations.

Protecting Employee's Rights and Benefits

10. To protect the employment opportunities of local workers, the Government takes rigorous enforcement action against illegal employment. In 2008, together with the Police and the Immigration Department, LD mounted 186 joint operations to raid establishments suspected of employing illegal workers. We will keep up with our enforcement and publicity efforts to bring home the message that the Government will not tolerate illegal employment.

11. We have also spared no efforts to combat wage offences. Last year, we secured a total of 958 convictions against wage offences, at a level similar to that of 2007. Nevertheless, as a result of more targeted enforcement action, there were 199 summonses where company directors or responsible persons were convicted of wage offences, representing an increase of 57.9% compared with 126 such summonses in 2007. LD will continue to strengthen intelligence gathering and evidence collection and proactively conduct inspections. If there is sufficient evidence that an employer has no genuine financial problem and yet has defaulted on wage payment, we would prosecute the employer and responsible persons involved.

12. In the face of deteriorating external economic environment, the Protection of Wages on Insolvency Fund (PWIF) received a total of 6 448 applications in 2008, an increase of 33% over the figure of 4 836 in 2007. For January and February 2009, PWIF received a total of 1 703 applications, an increase of 126% over the figure of 755 in January and February 2008. Over the last few months, LD has developed new arrangements whereby LD would facilitate the submission of preliminary applications to PWIF the very moment bankrupt employers or Provisional Liquidators announce the decision to wind-up the companies. LD will strive to assist employees affected by closure of business by expediting the processing of PWIF applications in order to reduce their financial hardship.

13. Besides, we conduct reviews of labour legislation from time to time in the light of socio-economic development in Hong Kong. Although the modes of execution of Labour Tribunal (LT) awards are an integral part of the whole system for seeking civil remedies, we are deeply concerned about the failure of some employers to effect payment to their employees as awarded by LT. After

consultation with the Labour Advisory Board and LegCo Panel on Manpower, the Government decided to introduce a new criminal offence on non-payment of LT awards. Additional measures will also be introduced to empower LT to order defaulting employers to pay additional sums to employees and to disclose financial details. We are working closely with the Department of Justice and the Judiciary to tackle various legal issues and implementation details and aim to introduce a bill into LegCo in the 2008-09 legislative session.

14. Furthermore, in 2008 to strengthen protection for our workforce, amendments were made to the Pneumoconiosis (Compensation) Ordinance to extend its coverage to cancerous mesothelioma.

15. This year, we plan to improve the statutory benefits for persons with occupational deafness under the Occupational Deafness (Compensation) Ordinance. Under the proposal, employees suffering from monaural hearing loss will also be entitled to compensation. The maximum reimbursable amount for the expenses incurred in purchasing, repairing and replacing hearing assistive devices will be increased. Employees who have already received compensation under the Ordinance will be entitled to further compensation in respect of additional hearing loss sustained as a result of continued employment in noisy occupations. An amendment Bill will be introduced into LegCo shortly to give effect to these changes.

16. We will also adjust the proportion of Employees' Compensation Insurance Levy distributed to the Employees Compensation Assistance Fund Board and the Occupational Deafness Compensation Board to cater for their respective financial positions.

Statutory Minimum Wage

17. The Chief Executive announced in his Policy Address 2008-09 that a statutory minimum wage (SMW) will be introduced and we aim to introduce the Bill into LegCo in this legislative session.

18. Some sectors of the business community have suggested that introduction of the SMW Bill should be deferred in light of Hong Kong's current difficult economic conditions. The Government recognises that flexibility of wages and prices is crucial to Hong Kong's competitiveness and resilience to external shocks, given our high degree of external economic orientation. Nevertheless, safeguarding the interests of the vulnerable and enhancing social harmony are equally important social policy objectives.

19. The Provisional Minimum Wage Commission (the Commission) was established on 27 February 2009 to advise the Chief Executive on the initial SMW rate. The Chairperson and Members are appointed on an ad personam basis. The Commission will adopt an evidence-based approach to objectively reach a

recommendation which will ensure a sensible balance between forestalling excessively low wages, minimising the loss of low-paid jobs while sustaining Hong Kong's economic growth and competitiveness. The Commission will undertake extensive consultation with relevant stakeholders on the SMW rate in the course of its deliberations.

20. Overseas experience suggests that the possible economic impact of an SMW can be mitigated by proper design and careful implementation. LD is working closely with the relevant government departments including the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office and the Census and Statistics Department to enhance the wage and other data collection in order to provide the necessary data to facilitate an informed deliberation by the Commission.

Enhancing Occupational Safety and Health

21. Safety and health at work in Hong Kong has improved significantly in the past decade, and there has been a steady decline in both the number and the rate of occupational accidents in 2008² as compared with 2007. We will keep up our efforts in further promoting occupational safety and health and reducing the accident tolls.

22. We will continue to actively promote safety and health at work through enforcement, publicity and education. In view of the impending commencement of major infrastructure projects and acceleration of minor works by the Government to create jobs, we will in this financial year focus our enforcement efforts on construction hazards such as work-at-height, repair and renovation works, use of electricity, tower crane operations, construction vehicles and mobile plants to deter unsafe practices. On occupational health, we will step up publicity and enforcement efforts to ensure adequate protection of workers from heat stroke at work, and will launch publicity programmes to raise employers' and employees' awareness of the prevention of occupational diseases.

Training and Retraining Services

23. The Employees Retraining Board (ERB) will continue to provide comprehensive and quality training and retraining services to help the local labour force adapt to the changing market needs and manpower requirements of the Hong Kong society.

² For the first three quarters of 2008, the number of occupational injuries in all workplaces stood at 32 056, a decrease of 3.9% over the corresponding period in 2007. The injury rate per thousand employees also dropped from 17.1 to 16.1, down by 5.8%. During the same period, the construction industry recorded 2 253 industrial accidents with an accident rate of 60.8, representing a decrease of 2.6% and 1.0% respectively.

24. To meet the training needs of its expanded target clientele (i.e. those aged 15 or above with education level at sub-degree or below), and in the face of the financial tsunami and its adverse impact on local employment, the ERB will provide at least 123 000 training places in 2009-10 and has reserved resources for providing an additional 20 000 training places in anticipation of an increasing training demand. The ERB will continue to closely monitor the changes in the labour market and adjust the allocation of training places flexibly to meet the coming challenges.

25. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

**Presentation by Secretary for Education
at the special meeting of the Finance Committee
on Friday, 27 March 2009**

Madam Chairman,

The Government has been devoting substantial resources to the development of human capital through education in order to enhance the quality of our young generation and meet the ever-changing needs and challenges of our economy.

2. The total expenditure for the policy area of education for the 2009-10 financial year is estimated at about \$61.7 billion, accounting for the largest spending area of the total Government expenditure. There is a decrease of \$14.2 billion as compared with the revised estimate for 2008-09, mainly due to the one-off funding subsumed in the total expenditure for 2008-09 for setting up an \$18-billion Research Endowment Fund.

3. About \$53.8 billion of the total expenditure for education is recurrent in nature, representing a growth of \$3.5 billion (7%) as compared with the revised estimate for 2008-09. Non-recurrent expenditure including the expenditure of Capital Account, Capital Works Reserve Fund and Loan Fund is about \$7.9 billion. There are increases in the estimated expenditure for a number of items.

4. With effect from the 2009/10 school year, we will implement small class teaching in public sector primary schools by phases to improve their teaching environment and cater for individual learning diversity more effectively. In addition, we will further enhance the ratio of graduate teachers in public sector primary and secondary schools to 50% and 85% respectively.

5. The New Senior Secondary (NSS) Curriculum will be implemented starting from the 2009/10 school year. The NSS academic structure aims to nurture students' ability in self-learning, creativity and adaptability to changes, so as to enable their balanced development and integration into society. This is a long-term and large-scale education reform programme. For full implementation of the relevant initiatives, we have to provide secondary schools and tertiary institutions with an additional recurrent expenditure of about \$2 billion per annum to meet their resource requirements. We will put in place a wide range of measures to ensure smooth implementation of the NSS Curriculum in schools, including provision of professional development courses and professional support to enhance teachers' understanding of the NSS Curriculum as well as their confidence in learning and teaching. The total expenditure involved is estimated

at \$1.9 billion. Meanwhile, we have earmarked provisions to support tertiary institutions in planning and developing the new curriculum in tandem with the implementation of the new academic structure. We have also provided capital works funding for the institutions to enhance their teaching space and relevant facilities. The total expenditure in this regard is estimated at about \$5.6 billion. Upon the implementation of the new academic structure, students of the institutions will have more flexibility in course choices, and elements such as academic exchange, job attachment and community service will be strengthened accordingly. Some elements of the new curriculum will be phased in during the 2009/01 - 2011/12 triennium. This will benefit students enrolling on the current three-year undergraduate programme.

6. To further enhance the proficiency of our students in both Chinese and English, we propose to fine-tune the medium of instruction for secondary schools, allowing them more room for development under the prescribed criteria so that they could provide their junior secondary students with more opportunities of exposure to and use of English so as to facilitate students in bridging over to senior secondary and post-secondary curriculum in English and in meeting their future employment needs. We are now discussing the implementation details of the fine-tuning with stakeholders and aim to finalise the arrangements by the end of May this year for implementation from 2010/11 school year. We have earmarked resources to support the content subject teachers in secondary schools, such as provision of in-service training courses with supply teachers and conducting a large-scale study on English-medium extended learning activities. These initiatives will incur a total expenditure of about \$640 million.

7. Furthermore, we will enhance the English learning environment for students in primary level. We will also introduce various enhancement measures, including establishment of a scholarship to attract talented and interested people to join the teaching profession, provision of supply teachers for primary schools to relieve their regular English Language teachers in pursuit of subject knowledge as well as various teaching pedagogies, and other relevant measures to improve the English learning environment and enrich the learning resources of schools. The estimated expenditure in this regard will add up to about \$330 million.

8. For the 2009-10 financial year, we will set aside an additional expenditure of \$21 million to promote national education, increase the learning and exchange opportunities in the Mainland for our students, and enhance the related professional development and exchange programmes for our teachers. About 37 000 primary and secondary school students are expected to benefit.

9. In the tertiary education sector, we will provide 800 additional publicly-funded places for research postgraduate programmes by phases from the 2009/10 academic year, incurring an additional expenditure of \$300 million a year upon full implementation. This initiative helps to drive further development of

Hong Kong and to enhance our competitiveness as we embrace the challenges of a knowledge-based economy.

10. On pre-primary education, we will continue to provide direct fee subsidy for parents of eligible children under the Pre-primary Education Voucher Scheme (PEVS) and financial support for professional upgrading of kindergarten principals and teachers. In the 2009/10 school year, the estimated expenditure for PEVS is about \$1.6 billion. The fee subsidy amount for each student will increase from \$11,000 to \$12,000 a year.

11. Regarding the financial assistance to students, the expenditure for the 2009-10 financial year is estimated at about \$3.3 billion, representing a growth of about \$200 million (6%) as compared with the 2008-09 financial year. As we may face a further downturn in economy, we consider it necessary to increase the estimated expenditure to cope with the possible increase in the number of applicants and the amount of subsidies under various Student Financial Assistance Schemes.

12. Madam Chairman, my colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Development
at the special meeting of the Finance Committee
on Friday, 27 March 2009**

Chairman,

First of all, I would like to thank Legislative Council Members for their concern on the Draft Estimates of the Development Bureau. The Controlling Officers under my purview have provided replies to 127 written questions raised by Members regarding the deployment of resources in the works portfolio. At today's meeting, they will answer Members' further questions.

2. In 2009-10, the allocation for the Development Bureau for its operating expenditure on works is \$7,949.4 million, representing an increase of \$548.97 million or 7.4% as compared with that in the preceding year.

3. The Government's capital works projects have been progressing smoothly in the 2008-09 financial year. Excluding the upfront endowment of \$21.6 billion to the West Kowloon Cultural District Authority, the revised estimate of the Capital Works Programme is \$23 billion, which is \$1.2 billion higher than the original estimate of \$21.8 billion. When compared with the actual expenditure of \$20.5 billion in 2007-08, there is an increase of over 10%.

4. With various major infrastructure projects entering the implementation stage, the estimated expenditure for works projects under the Capital Works Reserve Fund will be as high as \$39.3 billion in 2009-10. Major projects expected to commence in the next financial year include Central-Wan Chai Bypass, West Island Line, Harbour Area Treatment Scheme Stage 2A, and various campus improvement projects under the new academic structure for senior secondary education and higher education. We expect that the estimated expenditure of \$39.3 billion will provide about 47 100 job opportunities, which is about 11 800 more than that in 2008-09.

5. In the meeting of the LegCo Development Panel held on 22 October last year, I mentioned that the challenges faced by the Government in taking forward infrastructure projects include the labour supply in construction industry and the rising construction costs. However, with the occurrence of the financial tsunami last year, the situation has changed. At the moment, the most important thing is to seize this economic opportunity to implement various infrastructure projects of large or small scale as soon as possible so as to help the industry to tide over the present difficulty.

6. The unemployment rate in the construction industry has increased with the rise of the overall unemployment figure, from 6.1% in October – December 2008 to 7.2% in November 2008 – January 2009. Detailed analysis shows that the main reason was the faster increase in labour force than the increase of jobs in the same period. Moreover, from the figures of the two major trades in the construction industry in November 2008 – January 2009, the unemployment rate for the decoration and building maintenance trade is 9.5%, which is higher than the 6.3% for the superstructure works trade. In view of this, while the Government is committed to taking forward various projects expeditiously so as to create more job opportunities and improve the employment situation in the construction industry, we need to roll out more minor decoration and building maintenance works.

7. The Government is actively pursuing more minor works, including environmental protection and "green" construction works, thereby promoting the energy efficiency of government buildings. For instance, we will take the lead to provide green roofs in government buildings, install energy efficient lighting systems, retrofit water-saving devices as well as incorporate energy efficient features in air-conditioning, lifts and escalators systems in the coming two years. The block allocation for minor works will increase from \$6.9 billion in 2008-09 by 25% to \$8.6 billion in 2009-10, including the extra allocation of about \$1 billion supported by the Public Works Sub-committee. To take forward these extra works, the relevant works departments will need additional manpower. In the coming year, we intend to create about 56 temporary posts in the departments under the Development Bureau. The expenditure involved in 2009-10 will be about \$19 million.

8. Regarding construction cost, although the construction cost indices published by the Census and Statistics Department in December 2008 indicate the costs for steel reinforcement, galvanised mild steel and diesel fuel have dropped by 42%, 28% and 21% respectively from their peaks in mid 2008, that for other major construction materials including sand, galvanised mild steel pipe, cement, concrete blocks, etc. have not dropped significantly. The tender price index of building works for the fourth quarter of 2008 has dropped by about 10% from its peak in the third quarter of 2008, but the cost indices of civil engineering works have only dropped by a few percent. We will continue to monitor these figures closely.

9. In order to assist contractors in resolving their cash flow problems, the Government has implemented a series of administrative measures, such as introducing interim payment arrangement in contracts which do not have such an arrangement; early release of retention money to contractors, up to a maximum of 80%; expediting the finalisation of accounts of completed works contracts; and speeding up the processing of additional payment to contractors as a result of contract variations, etc.

10. On the other hand, the Government has been active in providing more opportunities for small and medium-sized contractors to take part in public works projects. For example, the tender limits to be imposed on small and medium-sized listed contractors to bid public works contracts are proposed to be raised by 50%, so that they can bid for more contracts and for contracts of higher values. The Government is currently consulting the industry and hopes the proposal can be implemented as soon as possible.

11. The vast majority of public works projects and consultancy contracts are undertaken by local contractors and consultants, or by companies incorporated overseas but have set up offices in Hong Kong with a long history of business in Hong Kong. Such overseas companies employ local employees including administrative staff at various levels, professionals, technical staff and workers, etc., thus providing a lot of employment opportunities for the local industry, and at the same time introducing many advanced technologies from overseas. Moreover, in the selection of contractors and consultants, the Government will suitably consider the local working experience of such companies and their employees involved in the project implementation.

12. As for heritage conservation, we have announced the selection results of the first batch of the Revitalising Historic Buildings Through Partnership Scheme in February this year. The six selected non-profit-making organisations are actively pursuing their advance work with the assistance of the Commissioner for Heritage's Office. Five of the organisations will apply for funds of about \$500 million in due course to finance the major renovation costs of this batch of historic buildings. The Financial Secretary has mentioned in his 2009-10 Budget Speech that the Government will earmark an additional sum under the Capital Works Reserve Fund to bring the total amount of uncommitted funds under the Scheme back to \$1 billion. We are actively preparing for the second batch of the Scheme, details of which are expected to be announced in the middle of this year.

13. The Government has successfully launched the Financial Assistance for Maintenance Scheme to provide financial assistance to owners of privately-owned graded historic buildings for them to carry out maintenance works. The first two applications have been approved in January and March this year (i.e. Lo Pan Temple, a Grade I historic building and Tao Fong Shan Christian Centre, a Grade II historic building). As the cost for renovating historic buildings is substantial, the maximum amount of grant for each application will be increased from \$600,000 to \$1 million from 2009-10 onwards. The annual total allocation will also be increased from \$2 million to \$5 million.

14. The Antiquities Advisory Board (AAB) has set up an expert panel to conduct detailed heritage value assessment on some 1 444 buildings. The panel has just finished its work. The assessment results have been submitted to the AAB for consideration of the grading of these historic buildings and for announcement for public information. The AAB has commenced considering

the grading issue in March 2009. When the grading work is completed, it will facilitate our heritage conservation work.

15. Thank you.

**Presentation by Secretary for Development
at the special meeting of the Finance Committee
on Friday, 27 March 2009**

Chairman,

First of all, I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 172 written questions from Members accounting for the use of resources under the purview of Planning and Lands. They are here to respond to any further questions that Members may wish to raise.

2. DEVB will face a number of new challenges in the coming year, with additional resources allocated under various programmes to meet new demands. My 2009-10 Operating Expenditure on Planning and Lands is \$3,749.7 million, representing an increase of \$161.47 million or 4.5% compared with the revised estimate of \$3,588.2 million for 2008-09. Excluding 44 posts for phasing out Non-Civil Service Contract Staff positions with long term service needs, there will be an increase of 61 civil service posts, including 4 directorate posts, for undertaking various initiatives under this portfolio.

3. I would like to take a few minutes to brief Members on several priority tasks of the Planning and Lands portfolio in the new financial year.

Cross-boundary Planning and Development

4. In collaboration with Guangdong and Macao, we will further strengthen our efforts in regional cooperation and coordination in infrastructure planning and development under "The Outline of the Plan for the Reform and Development of the Pearl River Delta Region (PRD) (2008-2020)" (the Outline), as promulgated by the Central Government in January 2009. The Outline has clearly upgraded the overall development of PRD and the collaboration among Guangdong, Macao and Hong Kong to the strategic national development level. We will grasp the opportunities generated under the Outline and continue our close liaison with the Mainland authorities on the planning of the PRD region and boundary areas. In particular, we will press ahead with the planning and construction of Heung Yuen Wai Boundary Control Point (BCP) and the development of Lok Ma Chau Loop. In addition, we will complete the land use planning for the closed area this year as scheduled, continue to carry out a planning and engineering (P&E) study on the Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling New Development Areas (NDAs), and commence Hung Shui Kiu NDA P&E Study by the end of this year.

5. I would like to take this opportunity to express my gratitude to Members of the Finance Committee of the Legislative Council for approving the creation of a directorate post in DEVB to provide strategic and policy inputs on cross-boundary planning and development issues.

Building Safety

6. To provide financial assistance to elderly owners with low income or no income at all to properly repair and timely maintain their self-occupied premises, it was announced in the Budget last year that we would launch a \$1 billion Building Maintenance Grant Scheme for Elderly Owners to help elderly owner-occupiers aged 60 or above to meet the costs for building maintenance. A maximum grant of HK\$40,000 is available for each eligible elderly owner-occupier for building maintenance and/or repayment of the outstanding loan(s) in relation to building maintenance.

7. The Hong Kong Housing Society is appointed to administer the Scheme. Since the launch of the Scheme in May last year, up to the end of February this year, the Hong Kong Housing Society has approved some 2,500 applications involving a sum of around \$63.1 million. The Hong Kong Housing Society will continue to promote the Scheme so that more elderly owners will benefit from it.

Operation Building Bright

8. To counter the financial tsunami, it was announced in this year's Budget that we would introduce an "Operation Building Bright" which is a one-off measure with a specific target and purpose for two years. The Government will earmark \$700 million and, together with the contribution of \$150 million each from the Hong Kong Housing Society and Urban Renewal Authority, a total funding of \$1 billion will be provided for the Operation.

9. The major characteristic of this scheme is that it is a large-scale campaign that can reap quick benefits. We hope to create a large number of job opportunities for the construction industry, especially in the field of decoration and maintenance, within the shortest period of time. According to our estimation, the campaign will create 10,000 jobs for construction and maintenance workers as well as related professionals and technicians, among others, in the next two years.

10. The Operation is a special measure. The HKSAR Government believes that building maintenance is basically the responsibility of building owners. As in the past, we will push ahead with building maintenance through legislation and various assistance schemes to ensure building safety in Hong Kong.

11. In order to reap "quick" benefits, the Operation is "building-based". Once a building is selected as a target building, all the owners of the building will be subsidised without the need to undergo asset or income means tests. A grant amounting to 80% of the cost of repair of common areas, subject to a ceiling of \$16,000, will be provided to these owners, including residential or commercial units). Elderly owner-occupiers aged 60 or above can receive a grant to cover the full cost of repair of common areas, subject to a ceiling of \$40,000.

12. If owners have difficulties in co-ordinating repair works, such as buildings without owners' corporations, relevant Government departments will get directly involved in these cases, i.e. the Buildings Department will serve statutory repair orders. If the orders are not complied with, the Department will directly arrange contractors to carry out repair works.

13. We will consult the Legislative Council's Panel on Development on March 31 and shortly apply for funding from the Finance Committee. With support from the Legislative Council, the operation can be officially launched in May at the earliest, and jobs can be created from the middle of this year.

Removal of abandoned signboards

14. As a measure to further create job opportunities and beautifying the cityscape, the Government will allocate \$18 million to the Buildings Department for a special operation to remove 5 000 abandoned signboards within 12 months.

15. The Buildings Department will conduct inspections to locate abandoned signboards. It is soliciting assistance from District Councils, owners' corporations, mutual aid committees, fire safety ambassadors and other bodies in local districts to provide information on the locations of abandoned or dangerous signboards. Under the special operation, the Buildings Department will first focus its action on areas with busy commercial activities or areas with more abandoned signboards. The Buildings Department will take into account information provided by various organisations so as to arrange for specific removal programmes.

16. This special operation commenced in early March 2009. It is expected that the operation will create about 170 job opportunities. It will also enhance public awareness on safety and improve the cityscape.

Introduction of the Minor Works Control System

17. We will introduce a minor works control system to facilitate members of the public to carry out minor building works through simplified statutory requirements and procedures. In this connection, the Buildings (Amendment) Ordinance 2008 was passed by the Legislative Council in June last year.

18. To set out the details of the modus operandi of the minor works control system, we have gazetted the relevant subsidiary legislation today and will table the same at the Legislative Council on 1 April. We hope that the subsidiary legislation will be passed as early as possible for the commencement of the minor works control system in 2009-10.

19. To facilitate the implementation of the new system, the Buildings Department will engage a large-scale public education campaign to enhance the understanding of the public and practitioners of the system.

20. We will provide additional resources of some \$15 million per annum to the Buildings Department to meet the cost of planning and implementation of the minor works control system. This involves the creation of 32 posts and resources to carry out publicity and educational activities.

Mandatory Building and Window Inspection Schemes

21. Based on the community consensus achieved through the previous public consultations, we are drafting the legislation on the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme. We consulted members of the Panel on Development on the operational details of the proposed schemes in June 2008 and February 2009 respectively.

22. We will continue to consult the Panel and aim to introduce the relevant bill into the Legislative Council by the end of this year in order to attain a long-term solution to the problem of building neglect.

Review of the Urban Renewal Strategy

23. We launched the Review of the Urban Renewal Strategy in July last year. The Review consists of three stages, and so far we have completed Stage 1, which aims to envision the future direction of urban regeneration and set the agenda for the Review.

24. In the coming year, Development Bureau, with the support of the Urban Renewal Authority, will provide to the public information about the background of various issues and the relevant overseas experience. We will also engage the stakeholders and the general public in informed, thorough and in-depth discussions of the issues identified, through a series of public engagement activities, including radio programmes, road shows, topical discussion sessions and public forums. In the remaining two stages of the Review, we will continue to engage the general public in an open manner to focus on the unique challenges we face and explore the future direction of urban regeneration in Hong Kong.

Promoting Private Development Projects

Development Opportunities Office

25. In order to encourage and facilitate private sector investments, the "Development Opportunities Office" (DOO) will be established under the Development Bureau. The DOO will provide one-stop consultation and co-ordination services for project proponents from the private and non-governmental sectors, and to provide an effective platform where bureaux and departments can jointly assess the benefits brought by the proposed projects. The DOO will report to the Secretary for Development. As stressed by the Financial Secretary, the DOO will not replace the existing statutory procedures, public consultation and regulation, but would increase administrative efficiency and speed up the implementation of private projects through coordination by a dedicated office.

26. Projects submitted by the private and non-governmental sectors should generally meet the following criteria to qualify for the DOO's assistance:-

- (a) The project proponent should own the land to be used in the development project (but the use of land may require lease modification or land exchange);
- (b) The project should not be exclusively residential but should contain certain components of wider economic value, e.g. contributing to tourism, logistics, services, heritage or nature conservation, community uses, etc.;
- (c) The project should fulfill all statutory regulations and land premium or costs will be charged in accordance with established government policies.

27. To provide for public involvement in the consideration of such projects at an early stage, we will reorganise the Land and Building Advisory Committee by appointing to it members from a wider spectrum of the community, such as tourism, environmental protection, nature and heritage conservation, so that the Committee will contribute a wide range of ideas to the work of the DOO. The functions of the Committee will also be enhanced so that it may advise on individual development projects.

28. Our initial proposal is to create two directorate posts to head the DOO, and to redeploy internal resources for staffing the DOO. In 2009-10, we have included additional provision under Head 159 Government Secretariat: Development Bureau (Works Branch) for the creation of posts to co-ordinate and oversee the implementation of major infrastructure projects. Some of these new resources will be re-allocated to the Planning and Lands Branch for the setting up

of the DOO. The DOO is under the Office of the Secretary for Development. We will consult the Panel on Development on 28 April for the DOO to commence operation around the middle of the year.

Streamline the lease modification process

29. The Government is committed to speeding up the approval procedures for private developments, and reviews from time to time the procedures and processes for handling such applications with a view to moving with the times. As pointed out by the Chief Executive in his 2007-08 Policy Address, the Government is not only a regulator, but also a service provider. We are responsible for enhancing the efficiency of the building construction industry and the property development market. In this respect, the Lands Department (LandsD) has launched a pilot scheme in the District Lands Office (Hong Kong West and South) by setting up a dedicated team to step up case management and monitor closely the progress of processing applications with a view to expediting the processing of lease modification and land exchange applications.

30. Since the launch of the pilot scheme by the District Lands Office (Hong Kong West and South) on 1 April 2008, the number of binding basic terms offers (BBTO) issued and the number of completed cases as at 12 February 2009 are 24 and 86 respectively, as compared to 16 and 41 for the 2007/08 financial year, representing an increase of 50% and 109% respectively. For cases received since 1 April 2008, the processing time of cases with BBTO issued has also been shortened by 42% from the average of 282 days for the 2007/08 financial year to 165 days. LandsD will assess the overall effectiveness of the measures of the pilot scheme in April 2009.

Beautifying the Harbourfront

31. With regard to harbourfront enhancement, I wish to express my sincere gratitude to the Finance Committee for approving the creation of one Administrative Officer Staff Grade C (AOSGC) post in the Development Bureau with effect from 1 April 2009. The Principal Assistant Secretary will lead a dedicated team to strengthen policies on harbourfront enhancement, formulate and coordinate the implementation of harbourfront initiatives, provide support to the Harbour-front Enhancement Committee and its sub-groups, enhance the liaison and communication with concern groups and district councils, and strengthen public engagement.

32. In the coming financial year, the Development Bureau will also increase the funding for the Harbour-front Enhancement Committee from \$5 million to \$7.5 million annually to assist the Committee's work, including research and public engagement exercises.

Conclusion

33. 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.