

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 23 February 2011

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

IR DR THE HONOURABLE RAYMOND HO CHUNG-TAI, S.B.S., S.B.ST.J.,
J.P.

THE HONOURABLE LEE CHEUK-YAN

DR THE HONOURABLE DAVID LI KWOK-PO, G.B.M., G.B.S., J.P.

THE HONOURABLE FRED LI WAH-MING, S.B.S., J.P.

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, G.B.S., J.P.

THE HONOURABLE LEUNG YIU-CHUNG

DR THE HONOURABLE PHILIP WONG YU-HONG, G.B.S.

THE HONOURABLE WONG YUNG-KAN, S.B.S., J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

THE HONOURABLE MIRIAM LAU KIN-YEE, G.B.S., J.P.

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

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE TIMOTHY FOK TSUN-TING, G.B.S., J.P.

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

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

THE HONOURABLE LI FUNG-YING, S.B.S., J.P.

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

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

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

THE HONOURABLE CHEUNG HOK-MING, G.B.S., J.P.

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

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

THE HONOURABLE CHIM PUI-CHUNG

PROF THE HONOURABLE PATRICK LAU SAU-SHING, S.B.S., J.P.

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN

THE HONOURABLE PAUL CHAN MO-PO, M.H., J.P.

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

DR THE HONOURABLE SAMSON TAM WAI-HO, J.P.

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.M., G.B.S., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

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

THE HONOURABLE WONG YAN-LUNG, S.C., J.P.
THE SECRETARY FOR JUSTICE

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE AMBROSE LEE SIU-KWONG, G.B.S., I.D.S.M., J.P.
SECRETARY FOR SECURITY

DR THE HONOURABLE YORK CHOW YAT-NGOK, G.B.S., J.P.
SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE DENISE YUE CHUNG-YEE, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

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

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

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

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

THE HONOURABLE EDWARD YAU TANG-WAH, J.P.
SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE EVA CHENG, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

PROF LAU SIU-KAI, J.P.
HEAD, CENTRAL POLICY UNIT

CLERK IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Securities and Futures Ordinance (Amendment of Schedule 5) Notice 2011	28/2011
Securities and Futures (Financial Resources) (Amendment) Rules 2011.....	29/2011

Other Papers

- No. 64 — Li Po Chun Charitable Trust Fund
Signed and audited financial statements together with the Report of the Director of Audit and Report of the Trustee on the Administration of the Fund for the year ended 312010
- No. 65 — Education Scholarships Fund
Audited financial statements together with the Report of the Director of Audit and Trustee's Report on the Administration of the Education Scholarships Fund for the year ended 31 August 2010
- No. 66 — Estimates
for the year ending 31 March 2012
Volume IA — General Revenue Account
Volume IB — General Revenue Account
- No. 67 — Estimates
for the year ending 31 March 2012
Volume II — Fund Accounts

Report No. 13/10-11 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

WRITTEN ANSWERS TO QUESTIONS**Prosecution Against Drivers near Exits of Aberdeen Tunnel**

1. **MR CHIM PUI-CHUNG** (in Chinese): *President, it has been learnt that the police have recently stepped up prosecution against drivers who breached road traffic laws near the exit of the Aberdeen Tunnel towards Stanley. In this connection, will the Government inform this Council:*

- (a) whether the area near the exit of the Aberdeen Tunnel towards Stanley is listed as a traffic accident black spot;*
- (b) whether the aim of the police's prosecution against offending drivers at the said location is to prevent traffic accidents or to increase government revenue; and*
- (c) of the number of offending drivers prosecuted by the police in the area near the Aberdeen Tunnel in each of the past three years, and the approximate average amount of fine in each of these cases?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): *President, my reply to the three parts of the question is as follows:*

- (a) According to the records of the Transport Department, the area near the exit of the Aberdeen Tunnel towards Stanley (the section within the Tunnel Control Area from the exit of the Aberdeen Tunnel to Wong Chuk Hang Road) is not a traffic accident black spot.*

(b) and (c)

We attach great importance to road safety. To enhance safety on our roads, the police take traffic enforcement actions including instituting prosecution against suspected offenders at different locations frequently to deter and combat inappropriate driving behaviour.

In the past three years, the police issued a total of 1 122 fixed penalty tickets in the area near the Aberdeen Tunnel for various traffic

offences, such as speeding, failing to comply with traffic signs and driving without the necessary lights illuminated. The numbers of fixed penalty tickets issued in 2008, 2009 and 2010 were 529, 341 and 252 respectively, with the fines ranging between \$230 and \$1,000.

Primary Care Provided by Department of Health

2. **MR ALBERT HO** (in Chinese): *President, regarding primary care services for women and men provided by the Department of Health (DH), will the Government inform this Council:*

- (a) *of the top 10 leading causes of death for females and males, as well as the respective numbers of deaths caused by such diseases in 2009; the respective death rates of major gender-related diseases in 2009, including those for breast cancer, cervical cancer and prostate cancer;*
- (b) *in each of the past three years, of the expenditure of the Woman Health Centres (WHCs) of the DH, the total number of women aged 64 or below who received physical examinations and screening tests at the WHCs and the 10 Maternal and Child Health Centres of the DH, and among these women, the respective numbers of those who had examinations and tests on cervical cancer, breast cancer and the leading causes of death for females in part (a) as well as the expenditure on such examinations and tests; and*
- (c) *of the expenditure on the Men's Health Programme (MHP) of the DH in each of the past three years and whether the DH had provided physical examinations for men aged 64 or below on prostate cancer and the leading causes of death for males in part (a); if so, the expenditure on such physical examinations and the number of recipients; whether the authorities will set up Man Health Centres modelling on the WHCs, so as to provide promotive medical services, including health education, counselling, physical examinations and appropriate screening tests for men according to*

their healthcare needs at different life stages; if they will, of the details; if not, what channels are available for men aged 64 or below to have access to primary care services in the public healthcare system for disease prevention and health promotion (such as physical examinations)?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President,

- (a) The 10 leading causes of death for male and the number of registered deaths related to these causes in 2009 are set out in the table below.

<i>Ten Leading Causes of Death for Male in 2009</i>			
<i>Ranking</i>	<i>Leading Cause of Death</i>	<i>Number of Deaths</i>	<i>Percentage (%)[#]</i>
1	Malignant neoplasms	7 682	33.6%
2	Diseases of heart	3 344	14.6%
3	Pneumonia	2 876	12.6%
4	Cerebrovascular diseases	1 764	7.7%
5	Chronic lower respiratory diseases	1 372	6.0%
6	External Causes of morbidity and mortality*	1 189	5.2%
7	Nephritis, nephrotic syndrome and nephrosis	7 17	3.1%
8	Septicaemia	367	1.6%
9	Dementia	257	1.1%
10	Aortic aneurysm and dissection	234	1.0%
	Other diseases	3 057	13.4%
	Total	22 859	100.0%

Notes:

Percentage of total male deaths in Hong Kong.

* External causes of mortality include suicide, injury and poisoning.

There may be a slight discrepancy between the sum of individual items and the total as shown in the table due to rounding.

The 10 leading causes of death for female and the number of registered deaths related to these causes in 2009 are set out in the table below.

<i>Ten Leading Causes of Death for Female in 2009</i>			
<i>Ranking</i>	<i>Leading Cause of Death</i>	<i>Number of Deaths</i>	<i>Percentage (%)[#]</i>
1	Malignant neoplasms	5 157	28.4%
2	Diseases of heart	3 070	16.9%
3	Pneumonia	2 436	13.4%
4	Cerebrovascular diseases	1 679	9.2%
5	External Causes of morbidity and mortality*	749	4.1%
6	Nephritis, nephrotic syndrome and nephrosis	731	4.0%
7	Chronic lower respiratory diseases	540	3.0%
8	Dementia	381	2.1%
9	Septicaemia	369	2.0%
10	Diabetes mellitus	278	1.5%
	Other diseases	2 793	15.4%
	Total	18 183	100.0%

Notes:

Percentage of total female deaths in Hong Kong.

* External causes of mortality include suicide, injury and poisoning.

There may be a slight discrepancy between the sum of individual items and the total as shown in the table due to rounding.

In 2009, the number of registered female deaths caused by breast cancer was 555, representing a death rate of 15.0 per 100 000 female population. The number of registered deaths caused by ovarian cancer was 140, representing a death rate of 3.8. The number of registered deaths caused by cervical cancer was 128, representing a death rate of 3.5.

As for male, the number of registered deaths caused by prostate cancer was 306, representing a death rate of 9.3 per 100 000 male population.

In 2009, prostate cancer was the fifth leading cause of male cancer deaths in Hong Kong. Breast cancer was the third leading cause of cancer deaths among female while ovarian cancer and cervical cancer were the eighth and ninth leading causes respectively. The top five causes of cancer deaths by sex in 2009 are set out in the table below.

<i>Ranking</i>	<i>Male</i>	<i>Female</i>
1	Malignant neoplasm of trachea, bronchus and lung (Lung cancer)	Malignant neoplasm of trachea, bronchus and lung (Lung cancer)
2	Malignant neoplasm of liver and intrahepatic bile ducts (Liver cancer)	Malignant neoplasm of colon, rectum and anus (Colorectal cancer)
3	Malignant neoplasm of colon, rectum and anus (Colorectal cancer)	Breast cancer
4	Stomach cancer	Malignant neoplasm of liver and intrahepatic bile ducts (Liver cancer)
5	Prostate cancer	Stomach cancer

- (b) The three WHCs (on a full-time basis) and 10 Maternal and Child Health Centres (on a sessional basis) under the Family Health Service of the DH provide the woman health service for women aged 64 or below. The expenditure, the number of registered users of the woman health service, and the number of users who have undergone cervical screening and mammography examination in the past three years are set out below:

<i>Year</i>	<i>Expenditure (\$Million)</i>	<i>Number of registered users</i>	<i>Number of users who underwent cervical screening</i>	<i>Number of users who underwent mammography examination</i>
2007-2008	21.8	19 500	17 634	9 697
2008-2009	21.8	18 900	17 648	8 902
2009-2010	25.5*	19 000	17 522	9 559

Note:

* The figure for 2009-2010 is an estimate of expenditure.

The expenditure on cervical screening and mammography examination is included in the overall recurrent expenditure of the woman health service. There is no separate calculation for the expenses arising from them.

- (c) The DH has always attached importance to health promotion and disease prevention among the whole population and provided services specifically for different age groups and genders having regard to their health needs and risks. On promotion of health among men and prevention of male diseases, the DH launched MHP in 2002 for provision of health information to the public and raising men's concern and awareness about their own health to improve their lifestyles and promote their health. The MHP provides useful information concerning different men's health issues through various channels such as website, roving exhibition, pamphlet and brochure. The expenditure of MHP is included in the overall recurrent expenditure of the Non-communicable Disease Division under the DH's Centre for Health Protection. There is no separate calculation of the expenditure of MHP.

While men and women generally suffer from similar diseases, men have special healthcare needs in urology. At present, there are a number of experts in urology in both public and private healthcare sectors. As at 5 January 2011, there were 94 urologists registered with the Medical Council of Hong Kong. The Hospital Authority has set up Urology specialist clinics in its seven hospital clusters to provide treatment of diseases of the urology system and reproductive system, including diseases of the male urology system and prostatic diseases. These Urology specialist clinics also collaborate with other specialties to provide multi-disciplinary consultations for patients, such as those provided in collaboration with the oncology specialty for patients with urological tumours. Besides, other organizations such as the Family Planning Association of Hong Kong and the Tung Wah Group of Hospitals also provide men's health services on a non-profit-making basis.

From the perspective of public health, the effectiveness of screening tests for non-communicable diseases varies from population to

population. We must therefore consider various factors carefully before a population-based screening programme is introduced. The relevant factors include the prevalence of the disease, the accuracy and the safety of the screening tests, the feasibility of launching screening programme, its acceptance by the public and the effectiveness in reducing the morbidity and mortality rates of the diseases. As to the proposal regarding prostate cancer prevention and screening, the Cancer Expert Working Group on Cancer Prevention and Screening (Working Group) under the Cancer Coordinating Committee made public its review report in September last year, pointing out that information available so far shows that the accuracy of the screening test for prostate cancer is relatively low. Therefore, the Working Group considers that there are insufficient justifications to launch a screening programme for prostate cancer. The Working Group has compiled an information leaflet on prostate cancer for men and their families, and this information leaflet is available on the website of the Centre for Health Protection.

Besides, the most effective way for health promotion and disease prevention is to adopt healthy lifestyle, such as not smoking, having regular exercise and eating healthy diet. The public should also make good use of the services provided by their family doctors. If they have any doubt about their own health condition, they should discuss it with their family doctors for proper checking and treatment according to their personal condition.

Rising Food Prices

3. **MR WONG KWOK-KIN** (in Chinese): *President, the inflation rate in Hong Kong has continued to rise in recent months, which has an increasingly serious impact on the livelihood of the general public. According to the figures of the Census and Statistics Department, the year-on-year rate of increase in the Composite Consumer Price Index (CCPI) (that is, the underlying inflation rate) in December last year rose to 2.8%. The Chief Executive also mentioned at last month's Question and Answer Session of this Council that it was estimated that there would be an unusual pressure of increase in inflation in the coming year,*

and that the Government would, when necessary, introduce various relief measures to assist the public in coping with inflation. In this connection, will the Government inform this Council:

- (a) the authorities' forecast of the duration of the upward trend in Hong Kong's inflation rate and various consumer prices this year;*
- (b) whether it knows the respective average import wholesale prices and retail prices as well as the respective rates of increase last year for imported fish, vegetables and fruits, seafood, fresh meat, chilled food, rice, flour and other non-staple food;*
- (c) whether the authorities will expand the scope of the Weekly Price Survey project currently undertaken by the Consumer Council (the Council), and allocate additional resources to expand the existing food bank projects; if they will, of the details; if not, the reasons for that; and whether they have other measures to assist the public in coping with heated inflation;*
- (d) whether the authorities will consider distributing food coupons to low-income families which do not receive Comprehensive Social Security Assistance so as to ensure that these grassroots have enough to eat; if they will not, how the authorities plan to meet the needs of these families; and*
- (e) whether the authorities will, in response to the problem of sharp rise in prices of non-staple food, allocate additional resources to the Integrated Home Care Services (IHCS) Teams in various districts and increase these teams' quotas for provision of meals so as to ensure that the fees for such service will remain stable and more elderly people in need can benefit from this service; if they will not, of the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to the question raised by Mr WONG Kwok-kin is as follows:

- (a) The Government's forecast of Hong Kong's economic outlook,

including the inflation projection, will be released in the 2011-2012 Budget to be announced today (23 February 2011).

- (b) The monthly average wholesale prices of various imported fresh and live food items in 2010 and their year-on-year rates of change, as collected from the government wholesale markets and slaughterhouses, are set out in Annex A according to the groups listed in the question.

Regarding the retail prices, reference can be made to the CCPI compiled by the Census and Statistics Department, as the CCPI covers more types of food and can better reflect the price movements than the retail prices of individual food items. The CCPIs of the various food items in 2010 and their year-on-year rates of change are set out in Annex B according to the groups listed in the question.

- (c) The Commerce and Economic Development Bureau allocated about \$3.26 million additional funding to the Council in September 2010, asking the Council to continue its price surveillance named "the Weekly Price Survey". This seeks to survey the prices of food items and daily necessities available for sale at various retail outlets in a designated district. The objectives are to enhance the transparency of prices and facilitate the flow of market information. Since September 2010, the number of items surveyed has increased from around 40 to more than 45, covering fresh food items available for sale in the wet markets as well.

Besides, the Commerce and Economic Development Bureau allocated about \$0.37 million to the Council in September 2010 for the latter to continue a service named "Internet Price Watch", which compares, on each working day, the prices of more than 500 items of goods available for sale in four online stores.

On food assistance services, up to the end of 2010, the five short-term food assistance service projects operated by non-governmental organizations (NGOs) commissioned by the Social Welfare Department (SWD) had provided food assistance to about 41 700 people. As the utilization of the projects was stable in

the past year and there was no significant increase in service demand, the SWD estimates that the existing funding will be able to support the projects' operation up to 2013. The SWD will continue to closely monitor the service demand.

We understand the impact of inflation on the daily lives of people, and will formulate corresponding strategies and relevant measures according to the situation.

- (d) Starting from February 2009, people who are not on Comprehensive Social Security Assistance and who have proven difficulty coping with daily food expenditure may benefit from the Government-funded short-term food assistance service projects. At the same time, the Government also supports other NGOs in providing food assistance services on their own. The Partnership Fund for the Disadvantaged also provides subsidy for NGOs to run similar projects in collaboration with the business sector. These organizations mainly provide dried ration and canned food to the recipients. Individual organizations also give out food coupons, cooked food, and so on, when needed.
- (e) At present, the IHCS teams in all districts are funded under the Lump Sum Grant Subvention System. Under the system, the Government adjusts annually the amount of subvention granted to the operating organizations concerned based on the Government-wide Price Adjustment Factor; and changes in food prices are taken into account. Also, the operating organizations may flexibly deploy the funding according to the actual circumstances so as to meet changing service needs. In fact, the fees charged on users of IHCS have never been increased since the launch of IHCS in 2003.

In addition, the Government is planning to substantially increase the number of places for the Enhanced Home and Community Care Support Service so that more elders in need can use it.

The Monthly Average Wholesale Prices of the Various Food Groups in 2010
and their Year-on-year Rates of Change

(a) Fishes (Source: Census and Statistics Department and fish traders)

<i>Month</i>	<i>Fresh marine fish⁽¹⁾ (\$/kg)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	31.74	-6.8
February	36.80	8.2
March	35.04	11.4
April	33.09	-12.3
May	34.95	-8.4
June	34.80	-11.9
July	35.02	-13.6
August	37.80	-4.8
September	35.08	2.8
October	32.22	-0.5
November	30.23	0.0
December	34.88	2.0

<i>Month</i>	<i>Live marine fish⁽²⁾ (\$/kg)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	93.30	-10.6
February	96.95	-4.6
March	98.69	-9.1
April	103.91	0.2
May	101.49	-0.9
June	98.90	-3.4
July	89.22	-10.8
August	96.94	-3.0
September	90.37	-11.8
October	89.59	-12.6
November	93.82	-11.1
December	100.36	-4.2

Notes:

(1) Referring to fishes already dead when arriving at our ports, stored in a chilled state but not frozen.

(2) Referring to fishes still alive when arriving at our ports.

<i>Month</i>	<i>Live freshwater fish (\$/kg)</i>
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	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	18.60	-7.4
February	19.31	3.1
March	18.41	-5.7
April	18.59	-4.0
May	18.02	-7.1
June	18.27	-6.4
July	18.52	0.1
August	18.92	2.7
September	19.70	10.3
October	19.46	8.9
November	18.71	7.4
December	19.17	10.8

(b) Vegetables and fruit

<i>Month</i>	<i>Vegetables (\$/Catty)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	4.42	10.0
February	4.94	36.0
March	4.88	12.5
April	4.90	41.6
May	4.86	35.5
June	4.58	16.7
July	4.93	24.7
August	4.74	22.3
September	5.04	31.8
October	5.32	38.7
November	4.32	1.5
December	4.30	-1.9

Source:

Average prices of various vegetables sold in Vegetable Marketing Organization, North District Temporary Wholesale Market for Agricultural Products, Cheung Sha Wan Wholesale Food Market and Western Wholesale Food Market. The change in average prices may be affected by the types of vegetables.

<i>Month</i>	<i>Fruit (\$/catty)</i>
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	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	6.06	-1.2
February	5.89	-4.0
March	5.77	-5.3
April	5.99	1.3
May	6.03	5.7
June	6.03	4.1
July	6.06	1.7
August	6.13	0.5
September	6.26	4.6
October	6.33	4.4
November	6.30	4.0
December	6.59	8.0

Source:

Average prices of various types of fruit sold in Western Wholesale Food Market (which account for only 10% to 20% of the total market supply). The change in average prices may be affected by the types of fruit.

(c) Fresh meat

<i>Month</i>	<i>Live Pig imported from Mainland (\$/picul)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	1,044	-5.6
February	958	-2.8
March	1,013	-0.7
April	1,034	13.8
May	1,037	15.1
June	940	2.4
July	1,016	7.2
August	1,027	5.9
September	1,083	12.1
October	1,153	25.3
November	1,232	29.4
December	1,195	21.2

Source:

Tsuen Wan and Sheung Shui Slaughterhouses

<i>Month</i>	<i>Live Cattle (\$/picul)</i>
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	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	2,311	-1.1
February	2,309	-0.7
March	2,301	-0.6
April	2,299	-0.6
May	2,299	-0.5
June	2,300	0.6
July	2,287	0.0
August	2,279	-0.4
September	2,276	-0.7
October	2,284	-0.5
November	2,334	1.3
December	2,364	2.3

Source:

Ng Fung Hong

<i>Month</i>	<i>Live Chicken (\$/catty)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	20.38	-26.0
February	26.95	38.1
March	12.07	-21.3
April	10.98	-27.7
May	14.13	-27.5
June	16.43	-15.0
July	15.43	1.3
August	16.55	17.0
September	20.80	25.9
October	15.30	-15.2
November	14.30	-10.4
December	21.40	1.3

Source:

Cheung Sha Wan Temporary Wholesale Poultry Market

(d) Other major non-staple food (Source: Cheung Sha Wan Wholesale Food

Market and Western Wholesale Food Market)

<i>Month</i>	<i>Egg (imported from China) (\$/egg)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	0.55	5.8
February	0.55	10.0
March	0.53	3.9
April	0.53	1.9
May	0.52	-3.7
June	0.56	5.7
July	0.57	9.6
August	0.63	16.7
September	0.65	12.1
October	0.64	18.5
November	0.67	26.4
December	0.68	25.9

<i>Month</i>	<i>Egg (imported from Germany) (\$/egg)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	1.01	2.0
February	0.98	-3.0
March	1.00	0.0
April	1.05	4.0
May	1.06	5.0
June	1.09	9.0
July	1.10	8.9
August	1.11	12.1
September	1.13	11.9
October	1.12	10.9
November	1.09	9.0
December	1.02	1.0

<i>Month</i>	<i>Egg (imported from the United States) (\$/egg)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	0.70	0.0
February	0.68	-4.2
March	0.70	-1.4
April	0.69	-1.4
May	0.65	-9.7

<i>Month</i>	<i>Egg (imported from the United States) (\$/egg)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
June	0.65	-8.5
July	0.69	4.6
August	0.71	-1.4
September	0.69	-4.2
October	0.64	-7.3
November	0.65	-7.1
December	0.65	-4.4

<i>Month</i>	<i>Egg (imported from Thailand) (\$/egg)</i>	
	<i>Wholesale price</i>	<i>Year-on-year rate of change (%)</i>
January	0.61	-4.7
February	0.63	6.8
March	0.61	8.9
April	0.61	7.0
May	0.60	-1.6
June	0.65	6.6
July	0.68	13.3
August	0.69	13.1
September	0.69	9.5
October	0.73	19.7
November	0.73	23.7
December	0.76	28.8

Annex B

The CCPIs of the Various Food Groups in 2010
and their Year-on-year Rates of Change
(Source: Census and Statistics Department)

(a) Fishes

<i>Month</i>	<i>Salt-water fish</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	130.8	-7.4
February	139.1	3.5
March	128.0	3.0

<i>Month</i>	<i>Salt-water fish</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
April	127.7	3.5
May	129.6	6.6
June	136.5	9.8
July	142.0	11.1
August	136.7	10.4
September	137.5	12.0
October	140.8	8.3
November	145.8	18.5
December	143.3	14.5

<i>Month</i>	<i>Fresh-water fish</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	136.8	-1.9
February	143.4	3.4
March	137.6	-1.2
April	138.2	-0.4
May	138.3	-0.1
June	140.6	0.8
July	142.1	-1.0
August	142.2	-0.1
September	142.3	3.3
October	141.9	4.8
November	142.1	6.4
December	143.2	5.9

(b) Vegetables and fruits

<i>Month</i>	<i>Fresh vegetables</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	134.5	3.1
February	163.3	33.0
March	148.0	8.4
April	141.6	18.0
May	141.3	17.5

<i>Month</i>	<i>Fresh vegetables</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
June	137.9	10.8
July	143.7	14.8
August	141.2	8.5
September	145.1	11.4
October	152.2	19.8
November	138.5	6.6
December	139.4	7.5

<i>Month</i>	<i>Fresh fruit</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	139.9	2.8
February	146.9	8.4
March	146.1	8.5
April	141.7	8.3
May	144.1	9.2
June	142.9	6.8
July	143.7	7.8
August	144.7	8.4
September	157.8	13.3
October	156.2	11.8
November	157.1	12.5
December	162.3	15.6

(c) Other fresh sea products

<i>Month</i>	<i>Other fresh sea products</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	151.5	0.4
February	178.8	23.0
March	165.3	15.2
April	157.8	9.6
May	155.8	2.5
June	153.9	6.9
July	146.8	4.1

<i>Month</i>	<i>Other fresh sea products</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
August	145.1	9.3
September	157.5	18.6
October	154.9	14.0
November	151.7	16.0
December	165.5	16.5

(d) Fresh meat

<i>Month</i>	<i>Pork</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	144.3	-8.2
February	147.5	-5.4
March	144.5	-6.5
April	144.3	-6.2
May	144.0	-4.5
June	143.4	-2.1
July	143.3	-1.7
August	142.7	-0.9
September	143.0	-0.9
October	143.9	0.0*
November	147.3	2.4
December	148.3	2.8

Note:

* Less than 0.05%

<i>Month</i>	<i>Beef</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	173.0	-0.1
February	172.9	-0.2
March	173.0	-0.1
April	171.8	-0.9
May	173.9	0.4
June	173.3	0.2

<i>Month</i>	<i>Beef</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
July	174.1	1.0
August	174.1	-0.5
September	174.0	0.8
October	174.9	1.4
November	179.0	3.6
December	181.0	4.8

<i>Month</i>	<i>Poultry</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	161.2	-8.7
February	184.2	8.2
March	161.9	-1.7
April	158.2	-2.1
May	159.4	-2.5
June	162.6	0.6
July	162.6	2.3
August	164.4	2.6
September	171.6	7.0
October	167.1	2.2
November	169.2	6.9
December	175.3	7.5

(e) Frozen meat

<i>Month</i>	<i>Frozen meat</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	125.9	-0.8
February	126.8	0.5
March	126.7	0.7
April	127.5	1.7
May	128.7	2.3
June	128.2	2.9
July	128.5	3.6
August	129.0	4.0

<i>Month</i>	<i>Frozen meat</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
September	129.5	4.1
October	129.4	3.8
November	130.0	4.1
December	131.6	5.4

(f) Rice

<i>Month</i>	<i>Rice</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	168.5	0.9
February	167.3	-1.0
March	171.0	1.7
April	168.4	0.5
May	160.1	-4.6
June	164.5	-2.2
July	162.9	-2.1
August	159.0	-5.5
September	160.5	-3.4
October	162.9	-1.7
November	163.0	0.2
December	161.2	-3.9

(g) Other cereals and cereal preparations (including "wheat" as mentioned in the question)

<i>Month</i>	<i>Other cereals and cereal preparations</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	118.2	-0.6
February	117.8	+0.3
March	118.3	+1.8
April	119.0	+3.6
May	117.8	+3.1
June	114.8	+0.3
July	115.7	-0.2

<i>Month</i>	<i>Other cereals and cereal preparations</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
August	116.0	-1.2
September	115.8	-1.8
October	117.0	+0.0*
November	117.2	-2.0
December	116.7	-0.7

Note:

* Less than 0.05%

(h) Other major non-staple food

<i>Month</i>	<i>Edible oils</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	141.5	-4.0
February	137.9	-8.1
March	135.2	-5.5
April	131.9	-4.9
May	132.1	-5.3
June	133.2	-4.9
July	132.4	-3.1
August	130.2	-5.7
September	132.7	-3.2
October	132.4	-2.2
November	133.2	-2.5
December	136.0	2.2

<i>Month</i>	<i>Sugar</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	130.1	9.3
February	132.2	14.2
March	133.3	14.0
April	133.3	12.3
May	132.3	10.2
June	134.4	12.3

<i>Month</i>	<i>Sugar</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
July	133.8	11.8
August	136.6	13.7
September	135.6	12.3
October	135.6	12.3
November	136.7	11.7
December	137.6	9.8

<i>Month</i>	<i>Canned meat</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	158.0	-5.4
February	158.8	-3.6
March	156.9	0.5
April	153.3	0.7
May	149.8	-4.9
June	144.3	-10.0
July	150.9	-5.6
August	155.9	-5.0
September	152.0	-5.2
October	156.7	-2.3
November	148.4	-7.8
December	151.5	-5.3

<i>Month</i>	<i>Egg</i>	
	<i>Index</i> <i>(October 2004 to September 2005 = 100)</i>	<i>Year-on-year rate of change (%)</i>
January	153.8	-5.2
February	155.3	-2.8
March	154.5	-2.1
April	153.6	1.3
May	157.6	3.5
June	156.5	1.1
July	154.9	0.3
August	155.1	1.2
September	153.8	-0.0*
October	152.4	-2.5

Month	Egg	
	Index (October 2004 to September 2005 = 100)	Year-on-year rate of change (%)
November	155.6	0.5
December	159.0	4.6

Note:

* Less than 0.05%

Evacuation of Hong Kong Travellers in Other Places

4. **DR RAYMOND HO** (in Chinese): *President, in recent years, there were a number of incidents where the Hong Kong Special Administrative Region (HKSAR) Government had to arrange emergency evacuation, including the provision of chartered flights, for Hong Kong travellers in places facing sudden situations. In this connection, will the Government inform this Council:*

- (a) *given that the Secretary for Security advised at the meeting of the Panel on Security held on 26 August 2010 that there were established mechanism and procedures for handling sudden incidents, of the details of such mechanism and decision-making process, as well as the major factors of consideration in making decisions;*
- (b) *regarding the provision of assistance to Hong Kong residents (HKRs) for evacuation from dangerous areas, including the provision of transport arrangements, whether the authorities concerned only provide such assistance to HKRs of Chinese nationality; if not, of a detailed list of those HKRs not of Chinese nationality who may also benefit from such emergency evacuation arrangements; and*
- (c) *in cases where arrangements for evacuation of HKRs from dangerous areas have to be made by the Central Government, whether the HKRs who are not of Chinese nationality in part (b) will benefit from such arrangements?*

SECRETARY FOR SECURITY (in Chinese): President, following the tsunami in South Asia in 2004, the Security Bureau formulated a "Contingency Plan for Emergency Response Operations outside the HKSAR" (ERO) for providing assistance, in accordance with the contingency plan, to HKRs whose personal safety is affected by large-scale natural disasters or sudden incidents outside Hong Kong. Upon completion of a comprehensive review of the ERO in mid-2009, we have implemented 30 improvement measures, which include entering into agreements with major local airlines on reservation of certain seats (chartered seats) or arrangements for special flights (chartered flights) to bring back stranded HKRs when necessary.

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

- (a) The ERO sets out the three-tier contingency arrangements in details. In gist, where the incident only affects individual travellers or does not involve serious risk to personal safety, the Assistance to Hong Kong residents Unit of the Immigration Department will provide necessary assistance directly to the requesting HKRs under Tier One. If the incident involves higher risk to personal safety or the scale of required assistance is larger, the Security Bureau will immediately activate ERO Tier Two and co-ordinate comprehensive follow-up actions through an inter-departmental co-ordinating team. Where the situation deteriorates, the Security Bureau may escalate to ERO Tier Three and activate the Emergency Monitoring and Support Centre for emergency response on a 24-hour basis until the matter is resolved.

(b) and (c)

In rendering assistance to HKRs in distress outside Hong Kong, the HKSAR Government counts on close communication with the Office of Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the HKSAR (OCMFA) and, depending on the situation, seeks assistance directly from the local Chinese Diplomatic and Consular Missions (CDCM). The HKSAR Government has established regular liaison mechanism with the OCMFA and CDCM, and provides assistance to requesting HKRs or

their relatives in Hong Kong in interactive manner through the CDCM.

Should HKRs, irrespective of whether they are of Chinese nationality, encounter any emergency situation overseas, the HKSAR Government will render assistance through the OCMFA or CDCM. Regarding whether "chartered seats" or "chartered flights" are required to handle assistance requests, we will conduct a comprehensive assessment of the overall situation, taking into account the number of persons affected, risk to their personal safety and operation of normal flights, and make our own decision and detailed arrangement with a view to bringing HKRs home in a safe and speedy manner. Where necessary, the HKSAR Government may seek assistance from the Central Government through the OCMFA, including making use of "chartered flights" of the Central Government to help evacuate HKRs as soon as possible.

Provision of Teacher Relief Grant for Appointing Supply Teachers

5. **DR PAN PEY-CHYOU** (in Chinese): *President, according to the guidelines of the Education Bureau, an annual recurrent cash grant under the Teacher Relief Grant (TRG) is provided to each school with an incorporated management committee (IMC) to appoint supply teachers to cover approved leave of eligible teachers. It was intended to give greater financial support and autonomy to schools, but some teachers have relayed to me that the actual implementation of the arrangement makes some teachers feel stressful and discontented. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers and percentages of aided schools that have and have not established an IMC; whether the authorities know the reason why some aided schools have not yet established an IMC;*
- (b) *of the amount of TRG used by each aided school to appoint temporary supply teachers in the past three school years, and the percentage of such amount in TRG (broken down by the type and name of school);*

- (c) *how many schools needed, in the past three school years, to meet the shortfall themselves because the TRG was not sufficient to meet the actual demand, and of the amount of the shortfall;*
- (d) *whether the authorities know that some schools were unable to hire supply teachers from outside because the TRG was not sufficient and they had to arrange for other teachers in the school to cover the classes or allow teachers to take only 2.5 man-days of sick leave a year in order to cut expenditure, resulting in some teachers being afraid to take sick leave even when they were sick, how the authorities deal with such situations; and whether they have established a relevant regulatory mechanism to safeguard the legitimate interests of teachers;*
- (e) *given that under certain circumstances, for example, during the peak of the influenza season, the chances of teachers taking sick leave are substantially higher, which directly aggravates the financial burden of hiring supply teachers on schools, whether the authorities will consider providing additional the TRG temporarily in response to such special circumstances so as to alleviate the pressure on schools in using the TRG; and*
- (f) *whether the authorities have any plan to review the actual implementation of TRG, including reviewing the applicability of calculating the amount of TRG on the basis of 2.5 man-days a year, and allow schools themselves to choose to hire supply teachers on a reimbursement basis or by means of the TRG so as to highlight the spirit of autonomy in school-based management?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) As at February 2011, of the 845 aided schools in Hong Kong, 441 have already established an IMC and 32 have submitted their draft IMC constitutions, accounting for 56% of all aided schools.

The main reasons why some schools have yet to establish an IMC are as follows:

- As the appeal by the Catholic Diocese of Hong Kong against the establishment of an IMC is still underway, some schools adopt a wait-and-see attitude.
 - Some sponsoring bodies are having a greater number of schools, and they would need to, taking into account their own circumstances, set up IMCs for their schools by phases.
 - Individual schools have certain special circumstances, such as having major changes in their managing staff, change of sponsoring bodies, and so on. Thus, they would need longer time for establishing an IMC.
 - Some schools will cease operation soon, so they will not consider setting up an IMC.
- (b) The provision of the TRG by the Education Bureau to aided schools with an IMC aims to provide schools with flexibility in deploying their resources and to simplify the administrative procedures for appointing supply teachers, so that schools will have greater funding flexibility and autonomy to enhance the quality of education more effectively.

The TRG includes two components, namely, an annual recurrent cash grant⁽¹⁾ and an optional cash grant⁽²⁾. While the former is for schools to appoint supply teachers to replace temporarily teachers on approved leave lasting less than 30 days, the latter is for schools which opt to freeze up to 10% of their teaching establishment permanently or temporarily in order to employ teachers, provide staff training, procure education-related services or employ other staff like social workers, educational psychologists, professional instructors, and so on, according to their school needs.

(1) The basis for calculating the annual recurrent cash grant is 2.5 man-days per teacher on the establishment.

(2) For the optional cash grant, the starting salary point/mid-point salary/daily rates/average monthly salary point of temporary teachers (depending on the length and nature of the frozen period) of respective teaching posts is to be frozen as the basis for calculation.

Regarding individual schools' actual usage of the TRG for appointing temporary supply teachers, since schools may integrate and use the two components of the TRG according to school needs and are not required to report to the Education Bureau, we possess no information on this aspect.

(c) and (d)

Under the existing mechanism, schools may retain the TRG surplus up to three times the annual provision in the relevant year. In case of deficit, they may use the Expanded Operating Expenses Block Grant (EOEBG) or their own funds to top up the TRG. The Education Bureau does not collect or analyse information on schools meeting the shortfall themselves due to insufficient TRG. Nevertheless, we have noticed from the latest (that is, 2008-2009 school year) financial statements submitted by schools that among the IMC schools, nine (about 2.5% of all IMC schools) ran into deficits (amount ranging from \$900 to \$50,000) with respect to their TRG accounts. These schools are able to make use of the funding flexibility by deploying the EOEBG to cover the related expenses.

We must reiterate that the 2.5 days is absolutely not the ceiling of the sick leave entitlement of a teacher per year, but just the basis for calculating the TRG. All aided schools must grant leave to teachers according to the Code of Aid and the Employment Ordinance. The provision of TRG will not affect teachers' entitlement to sick leave and other approved leave. Apart from that, under the existing mechanism, if a teacher needs to take approved leave for 30 days or more, the school concerned can still apply to the Education Bureau for reimbursement of the expenses of appointing a supply teacher.

According to the views collected from regular school visits conducted by School Development Officers of the Regional Education Offices (REOs), most secondary schools do not have any adverse comments on the TRG. Some secondary schools welcome the arrangement for schools to opt for a "cash grant" by freezing their teaching establishment as they consider such conducive to their

flexible deployment of resources. In respect of the concern of some primary schools about the adequacy or otherwise of their TRG to cover the expenses of appointing supply teachers in the whole school year and the use of 2.5 man-days of daily-rated supply teachers as the basis for calculating the annual recurrent cash grant, the Education Bureau has already explained to the schools concerned the relevant provisions of the Code of Aid and the Employment Ordinance for handling teachers' sick leave. If necessary, the Education Bureau will continue to provide assistance in respect of the above matters to ensure that schools would handle the situations properly.

In addition, through different occasions and channels, such as meetings with schools councils and teachers' associations, workshops and briefing sessions, and so on, the Education Bureau will continue to explain to and advise schools on the funding principles and use of the TRG, and how to effectively exercise the funding flexibility and use the surplus of the grant.

- (e) Under special circumstances (such as influenza epidemic peak season), if individual schools encounter financial difficulties because of having to employ more supply teachers substituting a great number of teachers taking leave, they may contact their respective School Development Officers of the REO to work out a solution. The Education Bureau will consider the school needs so reflected and take appropriate contingency measures.
- (f) The Education Bureau has been keeping in view the implementation of the TRG since its introduction in the 2005-2006 school year. In 2008, we examined the method of calculating the annual recurrent cash grant under the TRG and found that the basis of the calculation and its implementation arrangements were appropriate. The Education Bureau will continue to monitor the actual implementation of the TRG so as to consider whether there is a need to conduct a review.

Lost Octopus Cards

6. **MR CHEUNG HOK-MING** (in Chinese): *President, according to the general procedure of the police for handling found properties, any found property which does not involve personal data and remains unclaimed after three months may be claimed by the finder. It was recently reported that a member of the public who found a non-personalized Octopus card (that is, Standard Octopus) gave the card to the police for handling, and while that card was not claimed upon expiry of the period, it had to be returned to and permanently kept by the Octopus Company Limited (OCL) for the owner to claim. Yet, it was also reported that some members of the public who reported to the OCL the loss of their non-personalized Octopus cards were told by the Company that reporting service was not available for loss of non-personalized Octopus cards. In this connection, will the Government inform this Council:*

- (a) of the number of lost Octopus cards not containing personal data which were handled by the police in each of the past three years, how such found properties which remained unclaimed upon expiry of the three months period were handled, and the justifications for handling them that way;*
- (b) whether it knows if reporting mechanism is available for loss of Standard Octopus cards (without Automatic Add Value Service function) at present; if so, of the details; if not, the reasons for that;*
- (c) whether it knows how the OCL handles those lost Standard Octopus cards handed in by/transferred from the police, the public or other organizations;*
- (d) whether it knows the total number of lost Standard Octopus cards kept by the OCL and yet to be claimed by the owners to date, and the total remaining value (including deposits) of the lost cards;*
- (e) whether it knows, among the lost Standard Octopus cards kept by the OCL, the number of those which have been claimed by the public to date; and*

- (f) *whether it knows if the OCL has formulated any mechanism or proof for claiming lost Standard Octopus cards (without Automatic Add Value Service function); if it has, of the details; if not, how the public can claim lost cards?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, the Administration's reply to the question is as follows:

- (a) In dealing with found property case, the police often receive an Octopus card found by the public along with other items, and such found properties will be processed as one single case. Therefore, the police have not maintained separate statistics on the number of found Octopus cards received.

Upon receiving Octopus card found by the public, the police will try to locate the card owner with the information available and return the card to the card owner. In case the card owner cannot be found, the police will hand over the card to the OCL. As a matter of fact, while personalized Octopus cards store personal particulars of the card owners, anonymous Octopus cards may contain the transaction records of the card owners. Since the police are not authorized to retrieve or process data stored in Octopus cards when handling found property cases, the police need to hand over the cards to the OCL for appropriate action, instead of giving the lost cards to the finders, in order to avoid leakage of data.

- (b) As pointed out by the OCL, currently customers are not required to provide or register any personal information for anonymous Octopus cards. However, if the card owner of the lost Octopus card can provide valid proof such as transaction receipts evidencing the use of the card to help verify the identity of the owner, the card owner can contact the OCL. Arrangement will then be made by the OCL for the card owner to get back the card when it is found and handed over to the OCL.
- (c) When processing the lost cards handed over by the police, the public or other institutions, the OCL is not able to take the initiative to

contact the owners of such cards as it does not maintain any personal information of the card owners. In such cases, the OCL will retain the deposit and remaining value of the lost cards. When the owner of the lost Octopus card contacts the OCL and is able to provide valid proof such as transaction receipts evidencing the use of the card to help verify the identity of the owner, arrangement will then be made for the card owner to get back the card.

- (d) Based on the information provided by the OCL, from 2008 to 2010, there were about 35 000 anonymous Octopus cards found, handed over to and kept by the company. The total deposit and remaining value of these cards amounted to about HK\$3,300,000.
- (e) According to the information provided by the OCL, from 2008 to the present, the OCL returned about 30 lost and found anonymous Octopus cards to the card owners.
- (f) As mentioned above, the OCL does not maintain any personal information of the owners of anonymous Octopus cards, and therefore is not able to take the initiative to contact the owners of such cards. Notwithstanding this, the owners of the lost Octopus cards may contact the OCL to check whether their lost cards have been found and handed over to the OCL. The card owner may provide valid proof such as transaction receipts showing the use of the card to help verify his/her identity and make arrangement for getting back the card.

Capital Investment Entrant Scheme

7. **MR ABRAHAM SHEK:** *President, since 2003, the Capital Investment Entrant Scheme (CIES) has been implemented to facilitate the entry for residence by capital investment entrants who make capital investment but will not be engaged in the running of any business in Hong Kong. However, following the revision of the CIES in last October, real estate has been suspended temporarily from being a class of Permissible Investment Assets (PIAs) under the CIES. In addition, it has been reported that only 28 out of the 2 000 Securities and Futures*

Commission authorized retail funds are included as PIAs under the CIES. In this connection, will the Government inform this Council:

- (a) of the criteria for approving and revising the PIA classes under the CIES;*
- (b) given that CIES real estate investment accounts for only around 1% in terms of the value of the total real estate transactions in recent years,*
 - (i) of the reasons for the policy revision of the PIA classes under the CIES last October, and whether it has conducted any consultation with each stakeholder beforehand; if so, of the details; if not, the reasons for that; and*
 - (ii) whether it has considered setting a sunset clause on the suspension of real estate as a PIA class; if so, of the details regarding any socio-economic consideration; and*
- (c) given that the number of applications under the CIES dropped from an average of 570 a month in the first nine months in 2010 to 242 last December,*
 - (i) of the percentage change of the categories of the applicants involved and that of the total amount of capital they brought to Hong Kong each month compared with the relevant statistics in the past three years respectively, and*
 - (ii) whether it has considered allowing all the aforesaid 2 000 authorized retail funds to be added to the PIA classes; if so, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY: President, our reply to the question is as follows:

- (a) The CIES aims to facilitate the application for entry for residence in Hong Kong by persons who make investment but will not engage in*

the running of business in Hong Kong. In preparing the list of PIA classes, the Government has not only consulted the concerned Policy Bureaux and organizations, but also made reference to similar overseas schemes to ensure the CIES' smooth operation and competitiveness. The main consideration in preparing the said list is to attract new capital into Hong Kong so as to generate additional local economic and financial activities. An effective implementation and monitoring mechanism should also be put in place to achieve the stated objective. At present, there are five types of specified financial assets under the PIA class, including Hong Kong dollar-denominated equities, debt securities, certificates of deposits, subordinated debt and Eligible Collective Investment Schemes.

(b) (i) and (ii)

Despite the fact that real estate investments under the CIES in recent years have only represented about 1% of the value of the total real estate transactions before the amendment, the Chief Executive has announced at his Policy Address on 13 October 2010 to temporarily suspend real estate as a class of PIA in view of public concern on property prices and opinions of the Legislative Council Members. Similar schemes of many countries (including Canada, Australia, the United Kingdom and Singapore) do not accept real estate investment. Therefore, the concerned amendment would not undermine the attractiveness of the CIES. The Government has undertaken to regularly review the effectiveness and operation of the CIES when the concerned amendment was announced; we will accordingly undertake a comprehensive review of the CIES in 2013.

(c) (i) Investors of the CIES may invest in single or mixed PIA classes. The Immigration Department does not maintain statistics by reference to the categories of the entrants. The overall statistics for the past three years are as follows:

	<i>Average Monthly Number of Entrants</i>	<i>Average Monthly Investment Amount (HK\$)</i>
2008	129	0.919 billion
2009	217 (+68%)	1.519 billion (+65%)
2010	248 (+14%)	1.771 billion (+17%)

- (ii) According to the CIES rules, any fund authorized by the Securities and Futures Commission for sale to the public in Hong Kong can apply as an Eligible Collective Investment Scheme if it is denominated in Hong Kong dollars and has at least 70% of its average net assets in the four specified financial assets (that is, Hong Kong dollar-denominated equities, debt securities, certificates of deposits and subordinated debt). The requirement seeks to ensure that these investments have a close connection to Hong Kong, hence contribute to the generation of additional local economic and financial activities. We believe that the current arrangement has provided the entrants with flexible investment choices, while achieving the CIES' intended objective.

Measures to Promote Breastfeeding

8. **MR FRED LI** (in Chinese): *President, the World Health Organization (WHO) has pointed out that breastmilk is the best food for the healthy growth and development of babies, and that babies under six months of age should preferably be exclusively breastfed, and then continue to be breastfed supplemented by other foods until the age of two or above. Regarding the promotion of breastfeeding in Hong Kong, will the Government inform this Council:*

- (a) *whether it knows the respective current percentages of babies who are exclusively breastfed in the first month and within six months of birth, as well as the percentages of those who continue to be breastfed supplemented by other foods until the age of two; of the criteria based on which the authorities assess if breastfeeding in Hong Kong has reached a satisfactory level;*

- (b) *whether the authorities had conducted any research or survey in the past three years to gauge whether the public, particularly parents of newborn babies, understand that breastmilk is more beneficial to babies' healthy growth and development than infant formula, the public's knowledge of infant formula, and the influence of infant formula advertisements on mothers' decision on whether or not they will breastfeed and when they will use infant formula; if they had, of the details; if not, whether the authorities have any plan to conduct such a survey to provide the basis for promoting breastfeeding and regulating infant formula; and*
- (c) *whether, when drawing up the Hong Kong Code of Marketing of Breastmilk Substitutes (the Code), the task force set up by the Food and Health Bureau will organize group discussions to understand the situation and needs of parents using breastmilk substitutes, as well as consult businessmen who manufacture and sell breastmilk substitutes, to ensure effective implementation of the Code in the future in order to protect babies' health and development?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, breastfeeding is an important public health issue. The WHO recommends breastfeeding as the way of providing the best food for healthy growth and development of infants. It recommends that babies under six months of age should preferably be exclusively breastfed, and then continue to be breastfed along with supplementary foods up to two years of age or beyond. The Government has all along endeavoured to promote, protect and support breastfeeding, and implement this policy through the Department of Health (DH) and Hospital Authority. Healthcare professionals provide counselling service for breastfeeding mothers, and help post-natal women acquire breastfeeding skills and tackle the problems they may encounter during breastfeeding.

- (a) The DH carries out regular breastfeeding surveys in its maternal and child health centres. The survey findings indicated that of the babies born in 2008, the percentage of ever-breastfed babies was 74%. Among them, the percentage of babies breastfed continuously for one month, two months, four months, six months

and 12 months was 54%, 40%, 31%, 24% and 10% respectively, while the percentage of babies exclusively breastfed for four to six months was 12.7%.

Over the past 10 years, the Government has been working to promote breastfeeding. Such efforts have borne fruits, as evidenced by the increase in the percentage of newborn babies who had been ever-breastfed from 55% in 2000 to 77% in 2009. The Government will continue its efforts to further enhance the breastfeeding rate in Hong Kong.

- (b) The DH has recently conducted a survey to gauge the knowledge, attitude and behavior of about 1 000 parents, who have children aged one to four, on feeding of young children with milk products. The findings will be officially released in mid-2011. The data of the findings preliminarily shows that some parents do not have a thorough understanding of a balanced diet for babies and infants. The DH will continue to publicize positive health information through different channels to enhance parents' understanding on diet for babies and infants. It also plans to produce a parenting education kit on healthy diet for babies and infants, which will include a parents' handbook, education VCDs and recipes, and so on.
- (c) The Government will put in place a Code, with the aim to exercise regulation over the manufacturers and distributors of breastmilk substitutes so as to prohibit them from advertising and marketing their breastmilk substitutes and related products by way of malpractice. In developing the Code, the Government will take into account the details and scope of regulation recommended in the WHO Code. In the light of some overseas experience, no negotiation will be made with manufacturers and distributors of breastmilk substitutes during the process. When the Code comes into effect, we will monitor its implementation to ensure that the correct information reaches the parents.

Changing Chinese Rendition of Dementia

9. **MR LEUNG KWOK-HUNG** (in Chinese): *President, quite a number of social workers, doctors as well as elderly groups, medical specialist groups and groups for persons with disabilities have complained to me that the Government, without consulting the public and professional groups, has casually adopted the result of a renaming competition organized by a charitable organization at the end of last year, and arbitrarily and unprofessionally changed the Chinese rendition of dementia to "腦退化症". Some social workers and doctors have categorically pointed out that from the medical point of view, symptoms of dementia are indeed not the same as those of "腦退化症", and that the Chinese rendition "老年癡呆症", instead of "腦退化症", is still being used as the official name of dementia in medical journals, worldwide medical organizations, legal terminologies and documents of public hospitals at present. In this connection, will the Government inform this Council:*

- (a) *when the Government changed the official Chinese rendition of dementia to "腦退化症";*
- (b) *whether the Government had consulted the public and professional groups when making such a change; if it had, when the consultation was conducted, and according to the consultation report, of the respective groups which expressed support for and those which opposed;*
- (c) *according to the assessment by the Government, whether the symptoms of "腦退化症" are exactly the same as those of dementia from a medical point of view; if not, why the official Chinese rendition of dementia was changed to "腦退化症"; if so, whether it has disproved the professional views of elderly groups and medical specialist groups;*
- (d) *when changing the official Chinese rendition of dementia to "腦退化症", whether the Government had requested the Legislative Council to amend the legal terminology in the relevant ordinances simultaneously and asked public hospitals and government departments, such as the Social Welfare Department, and so on, to*

amend the relevant documents; if it had, when such requests were made; if not, of the reasons for that; and

- (e) *whether the change is recognized by worldwide medical organizations, so as to prevent Hong Kong's medical sector and the Government from being ridiculed as unprofessional; if so, when and from which organizations such recognition was obtained; if not, of the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President,

(a) to (e)

"Dementia" is a syndrome of brain disease. It is a medical term used to describe the co-existence of various specific symptoms. The symptoms of dementia include a decline in memory and cognitive functions, and patients may display symptoms such as disruptive behaviour, delusions or hallucinations, and so on. The personality and behaviours of patients may also change. Dementia may have different causes and there are three main categories of dementia:

- (i) Alzheimer's disease (AD) is the most common type of dementia. The causes of AD are not known yet and the degeneration is progressive;
- (ii) Vascular dementia is triggered by strokes or cerebro-vascular problems that cause damage to the brain. Degeneration can come on suddenly and fast; and
- (iii) Other kinds of dementia may be caused by depression, inadequate nutrition, hypothyroidism and drug poisoning. These patients can alleviate their conditions through medications. In some circumstances, dementia may be caused by other disorders such as Parkinson's disease and AIDS, and so on.

The Hospital Authority (HA) and the Department of Health (DH) have all along dedicated their efforts to promoting awareness of dementia among the public so as to eliminate misunderstanding and discrimination in the community and encourage patients to seek early medical treatment.

At present, some diseases may have other names in addition to their official medical terms. "腦退化症" is an award-winning entry in a "dementia" renaming competition organized by a non-governmental organization. It was the aim of the organizer that through public participation, a Chinese term generally acceptable to the public would be selected for daily communication in an effort to promote public acceptance and support for patients with dementia, and assist the patients and their family members in facing the condition with an active attitude. We understand and respect the expectations of the patients and their family members for elimination of discrimination. We also recognize that the activity is conducive to enhancing public understanding and support for patients with dementia.

Since degeneration of the brain is not the sole cause of dementia and cannot fully reflect the symptoms of dementia, the HA and the DH have no plan to adopt "腦退化症" as the official medical term of dementia. On the basis of a medical consensus and having regard to the names adopted by international medical organizations, experts from the HA and the DH will consider whether it is necessary to adopt a name which can reflect the symptoms of the condition and at the same time facilitate communication and exchanges among various sectors, including members of the public, the healthcare sector and international organizations, and so on.

Relocation of Tsim Sha Tsui Star Ferry Pier Bus Terminus

10. **MR FREDERICK FUNG** (in Chinese): *President, regarding the Government's plan to relocate the bus terminus facing the Tsim Sha Tsui (TST) Star Ferry Pier (the bus terminus) with a view to releasing the site for development into a piazza, will the Government inform this Council:*

- (a) *of the latest progress of the aforesaid development plan and the expected timetable for relocation of the bus terminus and development of the piazza;*
- (b) *in drawing up the aforesaid development plan, whether the authorities have consulted, comprehensively and in detail, the views of the various stakeholders and concern groups; if so, of the major views for and against the plan obtained, and how the authorities have finally reached the decision of relocating the bus terminus; in planning and implementing the proposal on relocating the bus terminus, how the authorities will meet the public's aspirations of conserving the bus terminus as people's collective memories and maintaining the important function of the bus terminus as an interchange for land and sea transport, as well as the public's request for promoting the use of ferries to alleviate the traffic burden on the Cross Harbour Tunnel in Hung Hom; and*
- (c) *given that the main objective of the development of the piazza is to provide a new public open space for local residents and visitors for leisure and holding activities, and it has been learnt that the economic benefits involved are not very substantial, whether the authorities will consider adopting a policy direction which promotes conservation and alleviates the traffic burden on the cross harbour tunnels, and on the basis of shelving the plan of relocating the bus terminus, and re-examine other means to enhance the site so as to achieve preserving people's collective memories, while at the same time redevelop the site into an important land and sea transport interchange with additional facilities provided (including bicycle parking spaces, and so on) for attracting and facilitating the public to use ferries to cross the harbour; if they will not, of the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, in June 2005, the Finance Committee of the Legislative Council approved funding for the construction of a "Transport Link in TST East", which included developing a new public transport interchange (PTI) adjacent to the Wing On Plaza to replace the existing bus terminus outside the TST Star

Ferry Pier, so that the waterfront site can be released for development into a piazza.

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

- (a) The new PTI in TST East, which constitutes the first phase of the scheme for relocation of the TST Star Ferry Pier bus terminus for development of a piazza, was already completed and has commenced operation since August 2007. Currently, two bus routes have been relocated to the new bus terminus there. According to our plan, the Transport Department (TD) would, having regard to the progress of the piazza project, relocate the bus routes using the TST Star Ferry Pier bus terminus to the new bus terminus in phases, and would also continue to listen to the views of different parties to the bus routes relocation plan.

The construction of a new turnaround outside the Hong Kong Cultural Centre (HKCC) forms the second phase of the development. The new turnaround will enable the majority of bus routes currently terminating at the TST Star Ferry Pier terminus to continue to call at the TST Star Ferry Pier when the relocation of bus routes to TST East is completed. Bus stops to be provided outside the HKCC will facilitate the boarding and alighting of bus passengers, who could take only one to two minutes' walk to the Pier. The Administration is currently following up with the gazettal of works for the turnaround road scheme.

The third phase of the development involves the construction of a piazza. The Tourism Commission (TC) obtained the support of the Legislative Council Panel on Economic Development in June 2008 to organize an open design competition for the planned piazza. Adjudication for the design competition has completed, and results would be announced later.

- (b) Since 2002, we have conducted a series of public consultation on the proposed relocation of the TST Star Ferry Pier bus terminus for development of a piazza. Apart from the general public, those consulted included relevant stakeholders and organizations such as

public transport operators, the tourism and hotel trade, District Councils (DCs), members of the local community, and so on.

In February 2003, Yau Tsim Mong District Council (YTMDC) gave in-principle support for the plan of relocating the bus terminus outside the TST ferry pier to TST East, and developing the site into piazza. YTMDC further endorsed the conceptual design for the new bus terminus in TST East in April 2004. Between 2004 and 2005, the TD consulted the Yau Tsim Mong, Kowloon City, Wong Tai Sin, Kwun Tong and Sham Shui Po DCs about the relocation plan for bus routes using the TST ferry bus terminus. The various DCs had no objection to the plan. Noting the results of the public consultation, the Legislative Council's Finance Committee approved funding for the construction of the new PTI in TST East in June 2005.

Since then, we have continued to explore the possible uses and modes of development and management of the piazza with different parties through various channels. In May 2007, we organized a workshop to facilitate the exchange of views among professional bodies, business operators in the vicinity of the future piazza, developers, public transport operators, the travel and hotel trades, and members of YTMDC. We also conducted a three-month online public consultation exercise on the uses and development and management modes of the piazza. In parallel, we continued to approach different stakeholders and organizations to obtain their views and discuss the project with them, including the YTMDC, Sub-committee on Harbour Plan Review and Task Group on Management Model for the Harbourfront of the former Harbour-front Enhancement Committee (HEC), related professional bodies and the tourism trade.

In general, the majority of views collected, including those from YTMDC, the tourism sector and former HEC sub-committees, inclined to support the development of the piazza. Some expressed concerns over the vehicular and pedestrian arrangements in the vicinity of the future piazza. The views collected on the piazza project were processed by an independent consultant, and

summarized in a consultant report which has been uploaded on the TC's website for public viewing.

During the gazettal for works of the turnaround in June 2009, the Administration also received objections concerning the possible impact of the traffic and transport arrangements in relation to the piazza project. Moreover, some considered that the TST ferry bus terminus should be conserved so as to preserve the collective memory of the Hong Kong community. Having regard to the public views collected during the gazettal period, the Administration had revised the design of the turnaround scheme, and consulted the YTMDC's Traffic and Transport Committee (TTC) on the revised scheme in September 2010. At the TTC meeting, DC members expressed grave concerns over the possible impact of the turnaround and piazza project on the traffic flow in the vicinity. The TTC suggested that the TD should, under the principle of maintaining smooth traffic flow, actively consider allowing all existing bus routes to return to the new turnaround in future, and should consult all affected DCs on the bus routes relocation plan. The revised turnaround scheme was gazetted in October 2010. We are currently considering further improvement measures in the light of TTC's concerns and other views collected during the gazettal period.

All along, the waterfront site adjacent to the TST Star Ferry Pier has been a focal point for sea-land transport. Bus stops and taxi stand will be provided at the new turnaround to be constructed under the piazza project so as to facilitate passengers using the Star Ferry. The new piazza will create synergy with its adjacent ferry pier. With the completion of the piazza, the site will continue to serve as a focal point for sea-land transport.

In planning for the piazza project, one of the major principles is to retain *in situ* the existing TST Star Ferry Pier, Clock Tower, the five flag poles, and Mr TSENG Tsou-choi's graffiti at the pier. In addition, based on the rules of the design competition, the design of the future piazza should reflect the history of the area, so as to conserve the collective memory of the Hong Kong community.

- (c) The proposed piazza will effectively link up the various attractions, cultural facilities, and activity nodes in its vicinity. Together with the TST Clock Tower which is one of the top 10 tourism attractions of Hong Kong, the magnificent harbour view and the Star Ferry, the future piazza will become another popular focal point for both locals and visitors, and a prime attraction and landmark displaying community and historic characteristics.

We have all along been consulting the public on the proposed relocation of the TST Star Ferry Pier bus terminus for development of a piazza. We will continue to communicate with various parties for further assessment of the project proposal. We will balance the different views received before firming up the implementation of the project.

Drivers' Driving Behaviour, Health Problems and Working and Rest Time Arrangements

11. **MR WONG SING-CHI** (in Chinese): *President, regarding drivers' driving behaviour, health problems and working and rest time arrangements, will the Government inform this Council:*

- (a) *of the number and location of traffic accidents caused by drink driving, drug driving and drivers having health problems while driving in each of the past three years, as well as the casualties involved and the percentage of these accidents which involved professional drivers, broken down by type of vehicle; whether it has compiled statistics on traffic accidents involving "discount gang" taxis, including the number and location of such accidents as well as the casualties involved; if it has, of the number and location of such accidents in the past three years as well as the casualties involved; if not, the reasons for that;*
- (b) *of the measures implemented by the Government at present to safeguard the health of professional drivers; whether it has reviewed the effectiveness of such measures; if it has, of the details; if not, the reasons for that; whether the Government has made reference to*

how other places safeguard the health of professional drivers; if it has, of the details; if not, the reasons for that;

- (c) whether it had, in the past three years, studied the introduction of legislation to require all professional drivers to undergo regular medical check-up; if it had, of the details; if not, the reasons for that;*
- (d) whether the Government had, in the past three years, considered undertaking relevant studies (for example, selecting a number of bus captains as subjects and recording the changes in their physical conditions while on duty) for the purpose of understanding the relationship between bus safety and rest time of bus captains; if it had, of the details; if not, the reasons for that, and whether the Government has adopted other methods to study the working and rest time arrangements for bus captains; and*
- (e) of the number and percentage of bus termini not provided with facilities such as toilets and rest rooms, and so on, in Hong Kong at present; whether the Government and various franchised bus companies have any plan to suitably enhance the facilities at these termini; if they have, of the details and the timetable; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to various parts of the question is as follow:

- (a) The number of traffic accidents and casualties involving drink driving, drug driving and drivers having health problems while driving as well as breakdowns by districts where the accidents took place and vehicle types involved in the past three years are tabulated at Annex I. The Administration has been using driving behaviour, such as driving too close to the vehicle in front, careless lane changing, speeding and drink driving as one of the criteria in classifying traffic accidents. The Administration does not have statistics on traffic accidents involving the so-called "discount gang" taxis.

(b) and (c)

To ensure driving safety, the Transport Department (TD) has been encouraging commercial vehicle drivers to receive regular health checks and enhancing alertness on their health conditions through publicity and education by such means as holding trade conferences, launching publicity campaigns and arranging free check-ups. Subsequent to the Safe Driving and Health Campaign for Professional Drivers organized from late December 2009 to early February 2010, the TD has launched the Safe Driving and Health Campaign in early 2011 to promote road safety by enhancing safe driving and health awareness of commercial vehicle drivers. Apart from free simple health checks (including measurement of health indicators such as height, weight, body mass index and blood pressure), participating commercial vehicle drivers will also be given assessment, analysis and advice on their health by registered Chinese medicine practitioners. Over 2 000 drivers are expected to benefit from the whole campaign. In the months following the health checks, they will also receive SMS messages with health tips via mobile phones from health check providers. To cater for the operation mode of commercial vehicle drivers, the TD has also arranged to disseminate health information and providing drivers with timely tips on driving safety through radio programmes. In addition, commercial vehicle drivers may participate in seminars and workshops to obtain more information on safe driving and health matters.

Separately, employers of commercial vehicle drivers and operators of public transport are obliged to ensure that their drivers are physically fit to provide safe transport services. Currently, some major public transport operators require their drivers to undergo regular medical check-ups. For instance, apart from providing staff with medical allowances, franchised bus companies require new bus captains to pass pre-employment health checks and serving ones aged 50 or above to undergo annual health checks. The MTR Corporation Limited (MTRCL) also requires new train captains to pass pre-employment health checks, all serving ones to undergo regular health checks and those aged 45 or above to undergo annual

health checks. These health checks are provided free by the bus companies and the MTRCL.

On the proposal of requiring all professional drivers to undergo regular health checks, we must consider the potential impact on the community and the operation of the trade when examining the proposed measures. As at 31 January 2010, there were about 1.25 million holders of valid commercial vehicle and light goods vehicle driving licences, far exceeding the number of corresponding licensed vehicles (about 149 000). This indicates that the majority of such driving licence holders are not engaged in driving as their main occupation. If it is a mandatory requirement for these drivers to produce medical reports when applying for or renewing their driving licences, many of those who are not engaged in driving commercial vehicles as an occupation will be affected.

From time to time the TD makes reference to the practices of other places and reviews the effectiveness of existing arrangements, such as exploring further improvement to the procedures and requirements for driving licence application and renewal.

- (d) In response to the public concern on bus safety and bus captains' rest times, the TD has issued the Guidelines on Bus Captain Working Hours, Rest Times and Meal Breaks (the Guidelines) to franchised bus companies and reviews the Guidelines from time to time.

Considerable improvements have been incorporated in the revised Guidelines in 2010, such as extending the break between successive working days for bus captains and further defining rest times and the duration of their meal breaks. The Guidelines are shown at Annex II.

Every year, the TD engages an independent consultant to conduct a random survey on franchised bus captains' working hours for monitoring compliance of the Guidelines by franchised bus companies. If non-compliance is identified, the TD will require

explanations and corresponding adjustments from the bus companies concerned.

- (e) The Government is very concerned about and understands the bus captains' requests regarding amenity facilities at bus termini, and has been following up with franchised bus companies in this regard. As at the end of 2010, more than 70% of the bus termini were provided with rest rooms/rest areas for use by bus captains and other frontline staff. Toilets were available at over 90% of the bus termini or in the vicinity (within a walking distance of about three minutes) for use by bus captains. The TD, together with the relevant bus companies, departments and organizations, are following up on the applications for providing toilets at the remaining bus termini, with a view to improving the amenity facilities at more bus termini.

Annex I

		<i>Driving behaviours involved in traffic accidents⁽¹⁾</i>								
		<i>Drink driving</i>			<i>Drug driving</i>			<i>Drivers having health problems while driving</i>		
<i>Year</i>		<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Number of accidents		239	109	77	2	1	12	13	5	5
Casualties		367	170	113	3	1	19	18	8	6
<i>Number of vehicles involved in the accidents⁽²⁾ (casualties in brackets)</i>										
Vehicle type	private cars	218 (153)	101 (77)	58 (33)	1 (1)	0 (0)	11 (12)	2 (5)	0 (0)	1 (1)
	light goods vehicles	55 (23)	14 (4)	22 (6)	2 (2)	1 (1)	4 (3)	0 (0)	0 (0)	0 (0)
	medium goods vehicles	7 (4)	6 (1)	7 (3)	0 (0)	0 (0)	0 (0)	1 (1)	1 (3)	1 (1)
	heavy goods vehicles	0 (0)	0 (0)	1 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (1)	0 (0)
	public buses	5 (3)	4 (6)	2 (3)	0 (0)	0 (0)	0 (0)	1 (2)	0 (0)	0 (0)
	taxis	75 (71)	33 (47)	21 (23)	0 (0)	0 (0)	3 (2)	9 (10)	2 (2)	1 (2)
	public light buses	8 (8)	4 (0)	3 (11)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (2)
	motorcycles	45 (51)	22 (23)	1 (16)	0 (0)	0 (0)	0 (0)	0 (0)	1 (2)	0 (0)
	other vehicles	8 (25)	2 (2)	3 (5)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
pedestrians		(29)	(10)	(13)	(0)	(0)	(2)	(0)	(0)	(0)

		<i>Driving behaviours involved in traffic accidents⁽¹⁾</i>								
		<i>Drink driving</i>			<i>Drug driving</i>			<i>Drivers having health problems while driving</i>		
<i>Regions where the accidents took place⁽³⁾ (casualties in brackets)</i>										
Regions	New Territories South	27 (38)	14 (20)	19 (30)	0 (0)	1 (1)	2 (4)	1 (1)	2 (4)	1 (1)
	New Territories North	62 (95)	37 (66)	16 (21)	1 (2)	0 (0)	2 (4)	4 (7)	0 (0)	1 (2)
	Kowloon East	33 (49)	19 (27)	13 (23)	1 (1)	0 (0)	2 (5)	2 (3)	1 (1)	1 (1)
	Kowloon West	61 (98)	19 (29)	16 (22)	0 (0)	0 (0)	5 (5)	6 (7)	0 (0)	1 (1)
	Hong Kong Island	56 (87)	20 (28)	13 (17)	0 (0)	0 (0)	1 (1)	0 (0)	2 (3)	1 (1)

Notes:

- (1) Traffic accidents that involved personal injuries.
- (2) All vehicles involved in traffic accidents. Each accident may involve more than one vehicle.
- (3) Regions refer to Police Regions.

Annex II

**Guidelines on Bus Captain
Working Hours, Rest Times and Meal Breaks
(Revised in October 2010)**

Guideline A	- Bus captains should have a rest time ⁽⁴⁾ of at least 30 minutes after six hours of duty and within that six-hour duty, they should have rest times totalling 20 minutes of which no less than 12 minutes should be within the first four hours of duty. The time bus captains spend at a terminal point preparing for the next departure and monitoring boarding of passengers should not be regarded as rest time.
Guideline B	- Maximum duty (including all rest times) in a working day should not exceed 14 hours.

Guideline C	- Driving duty (that is, maximum duty less all rest times each of 30 minutes or more) in a working day should not exceed 11 hours.
Guideline D	- The break between successive working days should not be less than 10 hours.
Guideline E	- Bus captains working for a duty of not less than eight hours in a working day should have a meal break. Bus companies should complete the improvement of meal breaks to no less than 45 minutes by the third quarter of 2011, and further improvement to no less than one hour in one year thereafter.

Note:

- (4) Meal break is also regarded as rest time.

Noise Pollution Caused by MTR Construction Works

12. **MR KAM NAI-WAI** (in Chinese): *President, the construction works under the West Island Line (WIL) project commenced in July 2009, and some of the construction sites in the Central and Western District are very close to residential areas. Some affected residents have relayed to me that noisy works of 75 dB(A) (measured over a 30-minute period) or less under the project may be carried out between 7 am and 7 pm each day from Monday to Saturday, causing immense nuisance to residents; as the construction works of the South Island Line (SIL) project are about to commence this year, the problem of noise pollution is of concern. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints received by the authorities to date about noise nuisance related to the WIL project, and the monthly complaint figures, set out in a list, since the commencement of the project;*
- (b) *of the method to measure the aforesaid noise level of 75 dB(A); which organization chose the time and locations to make such measurements; whether residents were consulted; of the change in locations by the authorities for making measurements so as to collect noise data more effectively and accurately;*

- (c) *of the result of the most recent noise measurements taken from the WIL construction works by the authorities, including where and when the measurements were made, and whether the readings have exceeded the standard prescribed in the Environmental Impact Assessment;*
- (d) *of the function of the noise insulating fabric used in the project at present; of the correct way to use the noise insulating fabric in order to insulate noise; whether it will require the MTR Corporation Limited (MTRCL) to stop using noise insulating fabric and use noise enclosures instead;*
- (e) *whether it will require the MTRCL to change the time for carrying out those works which emit a high level of noise to after 9 am; whether it knows the locations where such a change can be effected, so as to alleviate the nuisance to residents;*
- (f) *what measures it has to enhance alleviation of the problem of nuisance caused by the noise of the aforesaid project to the residents nearby; and*
- (g) *whether it knows how the MTRCL has gained experience in handling noise pollution of the WIL project, and how it will strengthen noise insulation and improve the method for collecting information on noise pollution during the SIL project?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, to reduce impact on nearby residents, all major works of the WIL Project of the MTRCL are conducted underground. Construction on ground level, which mainly involves works on stations and their entrances and exits, is usually carried out between 7 am and 7 pm on weekdays. The said construction hours do not fall within the period subject to control under the Noise Control Ordinance (NCO). However, as the WIL Project is a designated project under the Environmental Impact Assessment Ordinance (EIAO), the MTRCL has completed the Environmental Impact Assessment Report as required by the EIAO and prepared the Environmental Monitoring and Audit Manual (the EM&A Manual) according

to the Environmental Permit approved by the Environmental Protection Department (EPD). It has also installed monitoring equipment according to the actual site conditions and methods of construction.

The EM&A Manual sets out detailed requirements on the environmental monitoring procedures of the WIL Project, including the guideline on daytime noise limits. In case the noise monitoring results of the works exceed the guideline limits, for example, when the noise level recorded at designated noise monitoring points set up in residential buildings exceeds 75 dB(A), the MTRCL is required to take mitigation measures immediately until the noise level falls below the limits.

Moreover, as stipulated in the Environmental Permit, during the construction period, the MTRCL is required to make available to the public a monthly report on the results of noise monitoring carried out near the project sites, related complaints and the follow-up work. These environmental monitoring and audit reports (EM&A Reports) are also uploaded to the websites of the MTRCL's WIL Project and EPD in a timely manner for public inspection.

- (a) As at the end of January 2011, the EPD had received a total of 31 noise nuisance complaints against the WIL Project. Detailed statistics is at Annex I.

Upon receipt of each complaint, the EPD would conduct independent investigation under the NCO and the EIAO. So far we have not detected any non-compliance with the relevant ordinances. Meanwhile, the EPD, would immediately inform the holder of the environmental permit of the complaint and request activation of the monitoring system, collection of relevant environmental data and adoption of appropriate mitigation measures, if necessary, according to the EM&A Manual.

- (b) According to the EM&A Manual of the WIL Project, the MTRCL is required to measure and record the noise level at each designated noise monitoring point continuously for 30 minutes every week. The measurements should take place between 7 am and 7 pm from Monday to Saturday when construction works are being carried out.

Subject to the actual circumstances, designated noise monitoring points are set up at locations which are most affected by the relevant construction noise as far as feasible.

To further enhance noise monitoring, the EPD has requested the MTRCL's Environmental Team (ET) to review the locations, representativeness and arrangements of the current noise monitoring programme so as to address the residents' concerns. It is understood that the MTRCL will closely note the noise monitoring locations selected to ensure that more representative data are collected.

- (c) Environmental monitoring and auditing mechanism and the EM&A Manual require the MTRCL to conduct noise measurements at designated noise monitoring locations on a weekly basis. Noise data obtained shall then be audited and verified by the Independent Environmental Checker (IEC) before being recorded in the EM&A Report. The latest verified noise monitoring results, which have been uploaded to the website of the MTRCL's WIL Project for public information, are at Annex II.
- (d) When carrying out construction works of the WIL Project, the MTRCL has adopted a number of noise mitigation measures, including the use of noise insulating fabric. Noise insulating fabric is a proprietary product effective in noise reduction and is widely applied in construction industry abroad and locally. In addition, subject to site conditions, the MTRCL also adopts other appropriate noise mitigation measures. For example, acoustic enclosures are used in construction sites at King George V Memorial Park, Praya Kennedy Town and Hill Road. For the site at the sitting out area at Belcher's Street outside The Belcher's, the noisy hydraulic rock drill is replaced by hand-held breakers.
- (e) Current the NCO and the EIAO do not require construction works to start after 9 am on weekdays. Nevertheless, the EPD has advised the MTRCL to arrange for the more noisy works to commence at a later time in the morning, wherever possible, to minimize nuisance

to the residents. It is understood that the MTRCL has arranged certain noisy works to commence only after 8 am in the WIL Project. The MTRCL will continue to minimize the noise impacts while keeping the works on schedule.

- (f) To further reduce the potential impact to the residents, the MTRCL will continue to closely monitor the effectiveness of current noise mitigation measures and make further improvements wherever practicable. In addition to implementing a series of noise mitigation measures as required in the environmental impact assessment report, the MTRCL has also established various public communication channels, such as Projects Hotline, Community Liaison Group meetings and Information Centres for the MTRCL to find out the situation in the community and strive to further reduce the project's impact. While closely monitoring the noise levels, the MTRCL has also responded to the community's needs by, for example, drawing up a works schedule that caters for the operations of the schools and hospitals near the site so as to minimize the noise impact. The EPD has also stepped up the communication with the ET and the IEC to discuss various issues related to environmental monitoring and auditing to strengthen monitoring of the environmental impact.
- (g) The MTRCL has indicated that in planning the works of the SIL, it will refer to the experience gained in the WIL Project. Through regular communication, such as sharing of experience by staff involved in the two projects, the MTRCL will review and formulate effective environmental protection measures and ensure that such measures are properly implemented.

In addition, the EPD has requested the MTRCL to strengthen its communication with local residents through the Community Liaison Groups with a view to strengthening residents' understanding of the work at the site and its management, encouraging reflection of views to facilitate the MTRCL's timely responses, so that works proposal acceptable to all parties can be reached through consultation and environmental monitoring approach can be optimized.

Annex I

Summary of Construction Noise Complaints for the WIL^(a)

	New Market Street (Hongway)	Hill Road (Rest Garden)	Belcher's Street near The Belcher's	Junction of Forbes Street and Smithfield	W/L Headquarters	Junction of Sai Cheung Street and Praya Kennedy Town	Pofulam Road near The Belcher's	Ka Wat Man Road	Pofulam Road near Haking Wong Building	Sai Woo Lane	King George V Memorial Park	Ki Ling Lane	Kwok Hing Lane	Sub-total
Aug 2009		1												1
Sep 2009														0
Oct 2009														0
Nov 2009		1				1				1				3
Dec 2009														0
Jan 2010														0
Feb 2010		1									1			2
Mar 2010						1		1						2
Apr 2010						1								1
May 2010							1							1
Jun 2010														0
Jul 2010														0
Aug 2010		1	1											2
Sep 2010	1		1					1			1		1	5
Oct 2010		1										1		2
Nov 2010			1					1	1					3
Dec 2010				1					1		1			3
Jan 2011	1	2	1	1	1									6
Total	2	7	4	2	1	3	1	3	2	1	3	1	1	31

Note:

(a) Based on complaint records of the EPD

Construction Works of MTRCL-WIL
Latest Audited Noise Monitoring Results

<i>Identification No.</i>	<i>Monitoring Location</i>	<i>Work Site</i>	<i>Noise Level (in dB(A)) (Leq 30)</i>	<i>Within EM&A Limit Level</i>
CN1	Chee Sing Kok Social Centre of The Humanity Love	Victoria Road Temporary Underground Magazine	works completed	
CN2	Hong Kong Academy	Ex-police Quarter	68.7 (17 February 2011; 9.30 am)	✓
CN3	Lui Ming Choi Primary School	Sai See Street Work Site	66.9 (9 February 2011; 3 pm)	✓
CN4	Luen Tak Apartments	Forbes Street	68.4 (9 February 2011; 4 pm)	✓
CN5	Western Court (Block 1)	Whitty Street Public Toilet	works not commenced yet	
CN6	Yick Fung Garden (Block A)	Sing Sai Road Reprovisioning of Swimming Pool	72.6 (17 February 2011; 4.05 pm)	✓
CN7A	Bowie Court	HKU Haking Wong Bldg	72.6 (17 February 2011; 3.15 pm)	✓
CN8	St. Paul's College Primary School	HKU Yam Pak Bldg	70.0 (17 February 2011; 2.15 pm)	✓
CN9	Hill Court	Hill Road	67.1 (17 February 2011; 1.20 pm)	✓
CN11A	Yick Fung Garden (Block B)	Belcher's Street near the Westwood Rest Garden	72.6 (8 February 2011; 11.22 am)	✓
CN12	Wah Po Building	Western District PCWA	67.5 (17 February 2011; 10.30 am)	✓
CN13	No. 18-20 Eastern Street	Sao Woo Lane	73.3 (16 February 2011; 1.30 pm)	✓
CN14	Bon-Point	David Trench Rehabilitation Centre	works not commenced yet	
CN15	Ivy Tower	Centre Street Cooked Food Centre	72.2 (7 February 2011; 10.22 am)	✓
CN16	No. 9-11 Ki Ling Lane	Ki Ling Lane	74.3 (15 February 2011; 3.57 pm)	✓

<i>Identification No.</i>	<i>Monitoring Location</i>	<i>Work Site</i>	<i>Noise Level (in dB(A)) (Leq 30)</i>	<i>Within EM&A Limit Level</i>
CN17	No. 1 Third Street	King George V	73.5 (16 February 2011; 2.10 pm)	✓
CN18	Princeton Tower	Des Voeux Road West	73.1 (15 February 2011; 9.05 am)	✓
CN20	Ka On Building	New Market Street	72.8 (17 February 2011; 3.45 pm)	✓
CN21	The Merton (Block 2)	Sai See Street	71.3 (9 February 2011; 4.50 pm)	✓

Used Cooking Oil

13. **MR PAUL TSE** (in Chinese): *President, at present, legislation is already in place on the Mainland to prohibit import of used cooking oil but there is no legislation in Hong Kong against the export of such oil. Some members of the public have relayed to me that at present, a major share of the used cooking oil produced by local food establishments is purchased or recovered for shipment to the Mainland, where it is "processed" and reused improperly for cooking purposes, which seriously endangers the health of the people on the Mainland and in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *whether it had conducted any survey and assessment in the past three years on the annual amount of used cooking oil recovered from local food establishments for shipment to the Mainland;*
- (b) *whether it had considered introducing legislation against the export of used cooking oil from Hong Kong to dovetail with the Mainland's legislation which prohibits such import; if it had, of the progress; if not, the reasons for that, and whether it will consider introducing such legislation expeditiously; and*
- (c) *given that local recyclers already possess the technology to convert used cooking oil into motor/industrial diesel, whether the Government will consider formulating appropriate policy from an environmental protection perspective to encourage and assist local food establishments in selling used cooking oil to such recyclers*

proactively so as to avoid continuous illegal import of used cooking oil from Hong Kong to the Mainland?

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) We have no statistics on the amount of used cooking oil generated by local eateries and shipped to the Mainland for recovery over the past three years;
- (b) Used cooking oil, a recyclable commodity with market value, is not subject to the import and export control of International Conventions and local environmental legislation. Besides being recycled locally for the production of biodiesel, some of the used cooking oil generated by the local catering industry is shipped to neighbouring regions for recycling or other purposes, including the production of biodiesel, industrial fuel oil or soap. Since used cooking oil is recyclable, the Administration has no plan to legislate against its export at present; and
- (c) One of the tenants at the EcoPark is engaged in the recycling of used cooking oil. It turns used cooking oil collected locally into biodiesel that meets international standards. The Environmental Protection Department and the EcoPark management company have been assisting the tenant concerned to contact the catering industry. Promotional activities on the recycling of used cooking oil are also organized to encourage the industry to pass used cooking oil to suitable recyclers as far as possible. This can conserve resources by turning waste into useful products.

Regulation of Mainland Inbound Group Tours

14. **DR LAM TAI-FAI** (in Chinese): *President, some members of the public have reflected to me that in recent years, several incidents of Mainland tourists being forced to shop or being deceived when shopping were uncovered in Hong Kong, which seriously damage the local tourism industry as well as the image and reputation of Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of complaints received by the authorities in each of the past three years involving Mainland tourists being forced to shop or being deceived, together with a table listing the summary of the contents of as well as the authorities' follow-up actions taken on each of such cases;*
- (b) *whether it knows, in each of the past three years, the respective total numbers of inbound tour groups and tourists from the Mainland, the respective numbers of open inspections and undercover surveillance operations carried out by the authorities concerned, the number of non-compliance cases uncovered, as well as the penalty imposed on each of the non-compliance cases;*
- (c) *whether it has assessed if the aforesaid spate of incidents will adversely affect the tourism, catering, hotel, retail and transport industries, and so on, as well as the international image and overall economy of Hong Kong; if it has assessed, of the details; if not, the reasons for that;*
- (d) *why the Government does not regulate tourist guides and travel agencies directly, or set up an independent statutory body with dedicated responsibility to deal with matters relating to the regulation, training and licensing of the tourism industry;*
- (e) *why the authorities have all along not mandatorily required that tourist guides must be employees of travel agencies and be entitled to reasonable basic salaries and remuneration packages, so as to enhance and ensure tourist guides' quality of services;*
- (f) *whether it has assessed the effectiveness of the joint efforts of Hong Kong and the Mainland authorities in curbing the problems of zero reception fee and negative reception fee; if it has assessed, of the details; if not, the reasons for that;*
- (g) *given that it has been reported that in a fight which occurred on 5 February this year involving a tourist guide and tourists, the travel agency concerned indicated thereafter it had made compensations to the tourists concerned because of the pressure exerted by the Travel Industry Council of Hong Kong (TIC), whether the authorities have*

conducted an in-depth investigation in this regard (including investigating the facts and the responsibilities of the various parties involved, and whether criminal offences such as perverting the course of justice and improper compensation or claims, and so on, were involved); if such an investigation has been conducted, of the details; if not, the reasons for that; and

- (h) whether the authorities have assessed if the practice of making compensation in part (g) will have negative impact; if they have assessed, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, tourism is an important pillar of Hong Kong's economy. We received over 36 million visitors in 2010, of which 22.68 million were from the Mainland, accounting for 63% of total visitor arrivals. About 10% of the Mainland visitors (around 2.3 million) joined tour groups to visit Hong Kong. The TIC plays an important role in regulating the industry. It promulgates codes of conduct and directives, and puts in place a disciplinary and penalty mechanism to regulate member agents and accredited tourist guides. On the other hand, the Travel Agents Registry (TAR) under the Tourism Commission is the licensing authority and responsible for issuing travel agent's licences and related work, including conducting financial surveillance on travel agents under the Travel Agents Ordinance.

Most of the travel agents and practitioners provide quality services to tourists with professionalism. However, even a few incidents of unscrupulous business practices that undermine the interest of tourists could tarnish the overall image of the tourism industry of Hong Kong. The Government and the TIC are determined to stamp out the unscrupulous practices to strengthen the protection for tourists. Since the implementation of a series of measures in July last year by the TIC to strengthen the regulation of receiving arrangements for Mainland inbound tours, the number of complaints from Mainland inbound group visitors has dropped substantially. In January 2011, the TIC received 14 complaints from Mainland inbound group visitors, representing a sharp decrease of nearly 70% over January last year.

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

- (a) The TIC received 71, 65 and 80 shopping-related complaints from Mainland inbound group visitors in the past three years (that is, 2008, 2009 and 2010 respectively). The complaints concern prolonged stay in designated shops, adding shopping stops that are not part of the itineraries, souvenirs sale practices, misleading or coerced shopping, and so on.

On receiving a complaint from a tourist, the TIC Executive Office will follow established procedures in handling the complaint. The TIC Executive Office will contact the complainant to gather case details, and initiate mediation if no violation of the TIC directives is involved. If mediation fails, the case will be referred to the Consumer Relations Committee of the TIC for handling. If there is evidence that the travel agent or tourist guide may have violated the TIC directives, the case will be referred to the Compliance Committee of the TIC for follow-up. The Chairman of and the majority members in the Compliance Committee are not from the trade.

- (b) The number of Mainland inbound tours registered with the TIC, inspections and surveillance operations, and non-compliance cases handled by the TIC in the past three years are tabulated below:

	<i>2008</i>	<i>2009</i>	<i>2010</i>
Number of Mainland Inbound Tours	58 530	63 141	78 398
Number of Visitors in Mainland Inbound Tours	1 634 384	1 772 979	2 301 524
Number of Inspections and Surveillance Operations	331	318	426
Number of Non-compliance Cases Involving Mainland Inbound Tours	107	70	132

In handling non-compliance cases (including substantiated complaints or violations found during inspections), the Compliance Committee of the TIC will consider and determine the penalty

according to the seriousness of the case, the disciplinary records of the parties concerned and explanations offered by the parties concerned. The penalties imposed by the TIC on violations in the past three years are listed below:

<i>Penalties on Violations</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Travel Agents	47	44	75
(i) Warning Letter Issued by the TIC	7	5	4
(ii) Fine	40	39	69
(iii) Termination of Membership	0	0	2
Tourist Guides	56	23	50
(i) Letter of Advice Issued by the TIC	46	12	28
(ii) Warning Letter Issued by the TIC	8	8	10
(iii) Suspension of Tourist Guide Pass	2	3	12
Registered Shops	4	3	7
(i) Letter of Advice Issued by the TIC	2	2	7
(ii) Demerit Point Registered	2	1	0

- (c) The increasing number of Mainland inbound tourists in recent years contributed to the growth in our tourism, catering, hotel, retail and transport sectors. The incidents concerning the service quality of tourist guides in recent months will inevitably affect the overall image of the tourism industry of Hong Kong. Although these incidents did not cause a drop in the number of inbound tours and individual visitors, the TIC has implemented a series of measures to strengthen the regulation of receiving arrangements for Mainland inbound tours, and taken seriously any incidents that affect the interest of tourists. We have also stepped up promotion of smart consumption and Honest and Quality Hong Kong Tours, so that tourists are better aware of their rights when shopping in Hong Kong. As the performance of tourism and related sectors is affected by a wide range of factors, we are not in a position to assess the impact of any individual incident on those sectors.
- (d) The regulatory framework of the tourism industry and the functions and the roles of the TIC have evolved in tandem with the development of the tourism industry. On regulation of travel

agents, the Government required all outbound travel agents to be licensed by the TAR in 1985. In 1988, the Government brought in trade self-regulation to form the two-tier regulatory regime, and required that all outbound travel agents in Hong Kong must be members of the TIC before applying for travel agent's licence. In 1999, the TIC introduced an accreditation system for tour escorts. In 2002, the Government brought all inbound travel agents under the two-tier regulatory regime. As regards the regulation of tourist guides, the TIC introduced an accreditation system for tourist guides in 2004 to enhance their knowledge, skills and professional ethics. Under this system, travel agents may only assign tourist guides with valid passes issued by the TIC to receive inbound tourists. Applicants for tourist guide passes must meet the academic standards stipulated by the TIC, hold certificates recognized by the TIC and pass the relevant examinations. Furthermore, holders of tourist guide passes are required to comply with the TIC's requirements on Continuing Professional Development programme. These changes in the regulatory framework have been made in response to market needs, and were implemented after extensive deliberation in the trade and discussions with other stakeholders.

For the healthy and sustainable development of the tourism sector, the Chief Executive announced in the Policy Address last October that the Government would review the operation and regulatory framework of the entire tourism sector, including the role, powers, responsibilities and operation of the TIC, as well as its working relationship with the TAR. We have come up with some preliminary thinking on the direction, scope and work plan of the review. After exchanging views with members of the Legislative Council Panel on Economic Development at the end of this month, we will prepare a consultation document and proceed to consult the public and the trade.

- (e) The operation of the tourism industry is subject to seasonal fluctuation. Travel agents need to engage more part-time or self-employed tourist guides in peak seasons to provide service, while many tourist guides work for several travel agents to increase

job opportunities. It is uncommon for tourist guide to work for and be employed full time by one travel agent.

The Government has always been concerned about the remuneration of front-line staff in the tourism industry. One of the 10 measures which the TIC implemented on 1 February 2011 is to require local receiving agents of Mainland inbound tours to remunerate the tourist guides and sign agreements with them that stipulate the agreed remuneration. This requirement applies to both travel agents' employees or self-employed tourist guides engaged to provide service. This measure helps ensure that the tourist guides could receive an expectable income and reduce their dependence on commission. To further strengthen protection for tourist guides, the TIC implemented another measure which prohibits receiving agents from asking tourist guides to share or advance unreasonable payment for the receiving cost.

- (f) The Government maintains close liaison with the China National Tourism Administration (CNTA) and Mainland tourism authorities on tourism co-operation and regulation of the industry in Hong Kong and the Mainland. In July 2010, the Government and the CNTA reached a consensus — the CNTA would request the relevant Mainland authorities to further enhance the management of tour groups visiting Hong Kong, strengthen the responsibilities of tour escorts, and support and complement Hong Kong's efforts to regulate the tourism market. On 9 August 2010, the CNTA issued a working notice to all local tourism authorities in the Mainland, requiring them to strengthen the regulation of outbound tours to Hong Kong in accordance with the Mainland legislation, such as the Regulation on Travel Agents (the Regulation). Under the Regulation, travel agents are prohibited from attracting customers by quoting a tour fare that is lower than the tour cost. Moreover, the Regulation stipulates that if a travel agent engages another agent to provide tour services, it must pay the other agent a fee not lower than the receiving cost.

The Mainland tourism authorities have all along supported our regulatory work and have taken initiatives to complement the 10 measures implemented by the TIC, including enhancing publicity in the Mainland on smart consumption for visitors to Hong Kong and regulating the content of the tour contract signed between Mainland travel agents and Hong Kong receiving agents. The Government will continue to liaise with the relevant Mainland authorities and make joint effort to strengthen the regulation.

(g) and (h)

We are very concerned about the dispute case involving a tourist guide and Mainland visitors during the Chinese New Year Golden Week. The incident is under investigation by the TIC, which has requested the travel agent concerned to submit a report. The Government's position is that the incident must be taken seriously. If violation on the part of the person or the travel agent involved is found after investigation, penalty must be imposed in accordance with the TIC's codes. If criminal act or violation of laws of Hong Kong is revealed during the investigation, the TIC will refer the case to law-enforcement agency for action.

Submission of Annual Reports and Financial Statements by Public Organizations

15. **MR PAUL CHAN** (in Chinese): *President, at present, most public organizations submit their annual reports and/or audited financial statements regularly to the Legislative Council. In this connection, will the Government inform this Council:*

- (a) *in the form of a table, of the public organizations which had submitted their annual reports and/or financial statements to the Legislative Council in the past three years, broken down by the time of submission (that is, four months or less, five to six months, seven to eight months, nine to 10 months, 11 to 12 months and more than 12 months after their respective annual accounting dates), and the original deadlines for them to submit their annual reports and/or financial statements as required;*

- (b) *whether the authorities had reviewed in the past three years if the deadlines for submitting annual reports and/or financial statements by public organizations were appropriate; if they had, when the review was conducted, of the findings and follow-up actions; if not, whether the authorities will conduct the review; if they will, when they will do so; if not, of the reasons for that; and*
- (c) *what measures had been adopted by the authorities in the past three years in enhancing the level of corporate governance of public organizations and ensuring that they would adopt timely and effective measures for disclosing relevant information and increasing the transparency of their operation, so as to hold them accountable to the public?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The time limit for submission of annual reports to the Legislative Council by different statutory bodies in the public sector varies. The information provided by relevant bureaux on the reporting practice of statutory bodies under their respective purview is set out at Annex.
- (b) According to the information made available by bureaux in October 2009 as we reviewed the relevant issue, some 60 statutory bodies in the public sector were required to submit annual reports to the Legislative Council. According to the relevant statutory provisions, more than 50% of these bodies would need to submit annual reports within six months and some 40% would need to submit annual reports in more than six months after the reporting period.

The differences in timing in submission of annual reports for different bodies were mainly due to historical reasons and the difference in functions specific to each statutory body. The actual time required by each statutory body for the preparation and submission of annual reports would depend on the nature of its activities. Given the different nature and varied scale and complexity of the work of different statutory bodies, we concluded

that it was neither necessary nor practical to introduce consistency in the time limit. Nonetheless, bureaux shall keep monitoring the time taken by statutory bodies under their respective purview in submitting annual reports to the Legislative Council.

- (c) In view of the diverse category of the statutory bodies covered in Annex, the Government monitors the operation of such bodies in different manner and to different extent. In general, there are specific legal provisions in the ordinances which establish these bodies governing their operations. For example, their annual reports, statements of accounts and auditor's reports are required to be submitted to the Legislative Council, in order to ensure transparency and accountability to the public.

In general, the means through which the Government monitors the operation of statutory bodies include the following:

- (i) requiring a statutory body (normally for public corporations, public bodies, and regulatory bodies carrying out executive functions) to submit a proposed programme of activities, and estimates of income and expenditure for the coming year to the Government for approval; an annual report, statement of accounts and auditor's report to the Government; and/or
- (ii) subject to the nature of the statutory body concerned, sending government representatives to sit on a statutory body as *ex officio* members or sending government representatives to sit on meetings of a statutory body as attendees; and/or meeting the statutory body regularly in order to understand the administration and operation of the body.

Bureaux or departments relevant to the work of the bodies concerned are usually responsible for the abovesaid work. Their roles are in general to offer advice from the perspectives of Government's policy in relevant areas in order to enable the bodies concerned to give due regard to the policy of the Government and also the wider public interests in the pursuit of their organizational goals.

Submission of annual reports and/or financial statements by statutory bodies to the Legislative Council
法定組織向立法會提交年報及/或財務報表期限

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements 提交年報及/或財務報表的實際日期 (由年結後起計的月數)							The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上	Others 其他		
Agricultural Products Scholarship Fund Advisory Committee 農產品獎學基金顧問委員會	Last year 去年			✓					7 months (個月)	
	The year before last 前年			✓						
	Two years before last 大前年			✓						
Airport Authority 機場管理局	Last year 去年	✓							Not specified 並無訂明	(Note 1 註 1)
	The year before last 前年	✓								
	Two years before last 大前年	✓								
Board of Governors of the Prince Philip Dental Hospital 菲臘牙科醫院管理局	Last year 去年				✓				Not specified 並無訂明	(Note 2 註 2)
	The year before last 前年				✓					
	Two years before last 大前年				✓					

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數)						Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上	
Board of Ocean Park Corporation 海洋公園公司董事局	Last year 去年	✓						6 months (個月) (Note 3 註3)
	The year before last 前年	✓						
	Two years before last 大前年	✓						
Board of the Urban Renewal Authority 市區重建局董事會	Last year 去年	✓						6 months (個月)
	The year before last 前年	✓						
	Two years before last 大前年	✓						
Board of Trustees of the Lord Wilson Heritage Trust 衛奕信勳爵文物信託受託人委員會	Last year 去年					✓		12 months (個月)
	The year before last 前年					✓		
	Two years before last 大前年					✓		
Board of Trustees of the Sir Edward Youde Memorial Fund and Council of the Sir Edward Youde Memorial Fund 尤德爵士紀念基金信託委員會及尤德爵士紀念基金理事會	Last year 去年				✓			9 months (個月)
	The year before last 前年				✓			
	Two years before last 大前年				✓			

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數) and/or financial statements						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上		
Brewin Trust Fund Committee 蒲魯賢慈善信託基金委員會	Last year 去年		✓					6 months (個月)	
	The year before last 前年		✓						
	Two years before last 大前年		✓						
Broadcasting Authority 廣播事務管理局	Last year 去年				✓			Not specified 並無訂明	(Note 4 註 4)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Chinese Temples Committee 華人廟宇委員會	Last year 去年				✓			9 months (個月)	(Note 5 註 5)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Clothing Industry Training Authority 製衣業訓練局	Last year 去年			✓				Not specified 並無訂明	(Note 6 註 6)
	The year before last 前年			✓					
	Two years before last 大前年			✓					

Name of Body 組織名稱	Year 年度	提交年報及/或財務報表的實際日期 (由年結後起計的月數) Actual time frame for submission of annual reports and/or financial statements						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報 及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或 以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月 以上		
Construction Industry Council 建造業議會	Last year 去年		✓					6 months (個月)	
	The year before last 前年		✓						
	Two years before last 大前年		✓						
Construction Workers Registration Authority 建造業工人註冊管理局	Last year 去年		✓					6 months (個月)	
	The year before last 前年		✓						
	Two years before last 大前年		✓						
Consumer Council 消費者委員會	Last year 去年			✓				Not specified 並無訂明	(Note 7 註 7)
	The year before last 前年			✓					
	Two years before last 大前年			✓					
Correctional Services Children's Education Trust (CSCET) Committee and CSCET Investment Advisory Board 懲教署人員子女教育信託基金委員會及投資 顧問委員會	Last year 去年				✓			Not specified 並無訂明	(Note 8 註 8)
	The year before last 前年				✓				
	Two years before last 大前年				✓				

Name of Body 組織名稱	Year 年度	提交年報及/或財務報表的實際日期 (由年結後起計的月數) Actual time frame for submission of annual reports and/or financial statements						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報 及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或 以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月 以上		
Council of the Hong Kong Academy for Performing Arts 香港演藝學院校董會	Last year 去年				✓			9 months (個月)	
	The year before last 前年				✓				
	Two years before last 大前年			✓					
Council of the Lord Wilson Heritage Trust 衛奕信勳爵文物信託專會	Last year 去年					✓		12 months (個月)	
	The year before last 前年					✓			
	Two years before last 大前年					✓			
Council of the Queen Elizabeth Foundation for the Mentally Handicapped 伊利沙伯女皇弱智人士基金理事會	Last year 去年				✓			9 months (個月)	
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Customs and Excise Service Children's Education Trust Fund Committee (CESCEF) and CESCEF Investment Advisory Board 香港海關人員子女教育信託基金委員會及投 資顧問委員會	Last year 去年			✓				Not specified 並無訂明	(Note 9 註 9)
	The year before last 前年			✓					
	Two years before last 大前年				✓				

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數)						Remarks (if any) 備註 (如有)	
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上		Others 其他
Education Scholarships Fund Committee 教育獎學基金委員會	Last year 去年		✓						6 months (個月)
	The year before last 前年		✓						
	Two years before last 大前年		✓						
Emergency Relief Fund Committee 緊急救援基金委員會	Last year 去年				✓				9 months (個月)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Employees Compensation Assistance Fund Board 僱員補償援助基金管理司	Last year 去年				✓				Not specified 並無訂明 (Note 10 註 10)
	The year before last 前年					✓			
	Two years before last 大前年				✓				
Employees' Compensation Insurance Levies Management Board 僱員補償保險徵款管理局	Last year 去年				✓				Not specified 並無訂明 (Note 11 註 11)
	The year before last 前年					✓			
	Two years before last 大前年				✓				

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數)						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上		
Employees Retraining Board 僱員再培訓局	Last year 去年					✓		Not specified 並無訂明 (Note 12 註 12)	
	The year before last 前年						✓		
	Two years before last 大前年					✓			
Environment and Conservation Fund Committee 環境及自然保育基金委員會	Last year 去年			✓				Not specified 並無訂明 (Note 13 註 13)	
	The year before last 前年			✓					
	Two years before last 大前年			✓					
Equal Opportunities Commission 平等機會委員會	Last year 去年				✓			9 months (個月) (Note 14 註 14)	
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Estate Agents Authority 地產代理監管局	Last year 去年			✓				Not specified 並無訂明 (Note 15 註 15)	
	The year before last 前年			✓					
	Two years before last 大前年				✓				

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		4 months or less 4個月或 以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月 以上	Others 其他		
Financial Reporting Council 財務匯報局	Last year 去年	✓							Not specified 並無訂明	(Note 16 註 16)
	The year before last 前年	✓								
	Two years before last 大前年	✓								
Fish Marketing Advisory Board 魚類統營顧問委員會	Last year 去年			✓					7 months (個月)	
	The year before last 前年			✓						
	Two years before last 大前年			✓						
Grantham Scholarships Fund Committee 葛量洪獎學金委員會	Last year 去年	✓							4 months (個月)	
	The year before last 前年	✓								
	Two years before last 大前年	✓								
Hong Kong Arts Development Council 香港藝術發展局	Last year 去年				✓				9 months (個月)	
	The year before last 前年				✓					
	Two years before last 大前年				✓					

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數)						Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上	
Hong Kong Council for Accreditation of Academic and Vocational Qualifications 香港學術及職業資歷評審局	Last year 去年				✓			Not specified 並無訂明 (Note 17 註 17)
	The year before last 前年				✓			
	Two years before last 大前年				✓			
Hong Kong Council on Smoking and Health 香港吸煙與健康委員會	Last year 去年		✓					6 months (個月)
	The year before last 前年		✓					
	Two years before last 大前年		✓					
Hong Kong Deposit Protection Board 香港存款保障委員會	Last year 去年	✓						Not specified 並無訂明 (Note 18 註 18)
	The year before last 前年				✓			
	Two years before last 大前年				✓			
Hong Kong Examinations and Assessment Authority 香港考試及評核局	Last year 去年		✓					Not specified 並無訂明 (Note 19 註 19)
	The year before last 前年				✓			
	Two years before last 大前年				✓			

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		4 months or less 4個月或 以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月 以上		
Hong Kong Export Credit Insurance Corporation Advisory Board 香港出口信用保險局諮詢委員會	Last year 去年	✓						6 months (個月)	
	The year before last 前年	✓							
	Two years before last 大前年	✓							
Hong Kong Housing Authority 香港房屋委員會	Last year 去年			✓				9 months (個月)	
	The year before last 前年			✓					
	Two years before last 大前年			✓					
Hong Kong Productivity Council 香港生產力促進局	Last year 去年			✓				Not specified 並無訂明	(Note 20 註 20)
	The year before last 前年			✓					
	Two years before last 大前年			✓					
Hong Kong Science and Technology Parks Corporation 香港科技園公司	Last year 去年			✓				12 months (個月)	(Note 21 註 21)
	The year before last 前年			✓					
	Two years before last 大前年			✓					

Name of Body 組織名稱	Year 年度	提交年報及/或財務報表的實際日期 (由年結後起計的月數) Actual time frame for submission of annual reports and/or financial statements						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報 及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或 以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月 以上		
Hong Kong Tourism Board 香港旅遊發展局	Last year 去年				✓				(Note 22 註 22)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Hong Kong Trade Development Council 香港貿易發展局	Last year 去年	✓							6 months (個月)
	The year before last 前年	✓							
	Two years before last 大前年	✓							
Hospital Authority 醫院管理局	Last year 去年				✓				9 months (個月)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Independent Police Complaints Council 獨立監察警方處理投訴委員會	Last year 去年			✓					Not specified 並無訂明
	The year before last 前年								
	Two years before last 大前年								

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數)						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上		
Kadoorie Agricultural Aid Loan Fund Committee 嘉道理農業輔助貸款基金委員會	Last year 去年		✓					6 months (個月)	
	The year before last 前年		✓						
	Two years before last 大前年		✓						
Kowloon-Canton Railway Corporation 九廣鐵路公司	Last year 去年							Not specified 並無訂明	(Note 24 註 24)
	The year before last 前年								
	Two years before last 大前年								
Legal Aid Services Council 法律援助服務局	Last year 去年				✓			9 months (個月)	
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Li Po Chun Charitable Trust Fund Committee 李寶椿慈善信託基金委員會	Last year 去年		✓					6 months (個月)	
	The year before last 前年		✓						
	Two years before last 大前年		✓						

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數)						Remarks (if any) 備註 (如有)	
		The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報及/或財務報表的限期 (由年結後起計的月數)							
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上		Others 其他
Marine Fish Scholarship Fund Advisory Committee 海魚獎學基金顧問委員會	Last year 去年			✓				7 months (個月)	
	The year before last 前年			✓					
	Two years before last 大前年			✓					
Marketing Advisory Board 蔬菜統營顧問委員會	Last year 去年			✓				7 months (個月)	
	The year before last 前年			✓					
	Two years before last 大前年			✓					
Occupational Deafness Compensation Board 職業性失聰補償管理局	Last year 去年			✓				Not specified 並無訂明	(Note 25 註 25)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Occupational Safety and Health Council 職業安全健康局	Last year 去年			✓				Not specified 並無訂明	(Note 26 註 26)
	The year before last 前年			✓					
	Two years before last 大前年			✓					

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements 提交年報及/或財務報表的實際日期 (由年結後起計的月數)						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上		
Pneumococcal Compensation Fund Board 肺塵埃沉著病補償基金委員會	Last year 去年								(Note 27 註 27)
	The year before last 前年								
	Two years before last 大前年								
Police Children's Education Trust (PCET) Management Committee and PCET Investment Advisory Board 警察子女教育信託基金管理委員會及投資諮詢委員會	Last year 去年				✓				(Note 28 註 28)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Police Education and Welfare Trust (PEWT) Management Committee and PEWT Investment Advisory Board 警察教育及福利信託基金管理委員會及投資諮詢委員會	Last year 去年				✓				(Note 29 註 29)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Prisoners' Education Trust Fund (PETF) Committee and PETF Investment Advisory Committee 在囚人士教育信託基金管理委員會及投資顧問委員會	Last year 去年	✓							(Note 30 註 30)
	The year before last 前年	✓							
	Two years before last 大前年	✓							

Name of Body 組織名稱	Year 年度	提交年報及/或財務報表的實際日期 (由年結後起計的月數) Actual time frame for submission of annual reports and/or financial statements						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報 及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或 以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月 以上		
Privacy Commissioner for Personal Data 個人資料私隱專員	Last year 去年	✓						9 months (個月)	(Note 31 註 31)
	The year before last 前年				✓				
	Two years before last 大前年				✓				
Protection of Wages on Insolvency Fund Board 破產欠薪保障基金委員會	Last year 去年			✓				Not specified 並無訂明	(Note 32 註 32)
	The year before last 前年			✓					
	Two years before last 大前年			✓					
Securities and Futures Commission 證券及期貨事務監察委員會	Last year 去年	✓						Not specified 並無訂明	
	The year before last 前年	✓							
	Two years before last 大前年	✓							
Sir David French Fund for Recreation Investment Advisory Committee 戴麟趾爵士康樂基金投資諮詢委員會	Last year 去年	✓						6 months (個月)	
	The year before last 前年	✓							
	Two years before last 大前年	✓							

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數)						Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上	
Sir Murray MacLehose Trust Fund Investment Advisory Committee 麥理浩爵士信託基金投資顧問委員會	Last year 去年				✓			9 months (個月)
	The year before last 前年				✓			
	Two years before last 大前年				✓			
Sir Robert Black Trust Fund Committee 柏立基爵士信託基金委員會	Last year 去年	✓						6 months (個月)
	The year before last 前年	✓						
	Two years before last 大前年	✓						
Social Work Training Fund Committee 社會工作訓練基金委員會	Last year 去年				✓			9 months (個月)
	The year before last 前年				✓			
	Two years before last 大前年				✓			
Standing Committee on Legal Education and Training 法律教育及培訓常設委員會	Last year 去年		✓					12 months (個月)
	The year before last 前年				✓			
	Two years before last 大前年			✓				

Name of Body 組織名稱	Year 年度	Actual time frame for submission of annual reports and/or financial statements (由年結後起計的月數) 提交年報及/或財務報表的實際日期						The original deadlines for submission of annual reports and/or financial statements (number of months after respective annual accounting dates) 按規定提交年報及/或財務報表的限期 (由年結後起計的月數)	Remarks (if any) 備註 (如有)
		4 months or less 4個月或以下	5-6 months 個月	7-8 months 個月	9-10 months 個月	11-12 months 個月	More than 12 months 12個月以上		
Vocational Training Council 職業訓練局	Last year 去年			✓					(Note 33 註 33)
	The year before last 前年			✓					
	Two years before last 大前年			✓					
West Kowloon Cultural District Authority (WKCDA) Board 西九文化區管理局董事局	Last year 去年		✓						(Note 34 註 34)
	The year before last 前年		✓						
	Two years before last 大前年								

Note 1 - According to Section 32 of the Airport Authority Ordinance (Cap 483), the Authority shall within 4 months after the expiry of a particular financial year, or such longer period as the Financial Secretary may allow, prepare a statement of accounts. A statement of accounts shall be audited by an auditor who shall make a written report thereon to the Authority. The Authority shall within 2 months of the receipt by it of the auditor's report in respect of its accounts for a particular financial year, or such longer period as the Financial Secretary may allow, furnish to the Financial Secretary a report on the affairs of the Authority for that year, a copy of its statement of accounts for that year and a copy of the auditor's report for that year, and the Financial Secretary shall cause copies thereof to be laid on the table of the Legislative Council.

註1 - 根據《機場管理局條例》(第483章)第32條, 管理局須於個別財政年度終結後的4個月內, 或財政司司長所容許的較長期間內, 製備帳目報表。帳目報表須由核數師審計, 而該核數師須就該帳目報表的審計向管理局作出書面報告。管理局在收到關於其個別財政年度帳目的核數師報告後的2個月內, 或在財政司司長所容許的較長期間內, 須向財政司司長提交該年度的管理局帳目報表及該年度的核數師報告, 而財政司司長須安排將該等文件的文本提交立法會省覽。

Note 2 - The statement of accounts of the Board should be submitted to an auditor not later than six months after the financial year end, and the audited statement of accounts should be submitted to the Chief Executive and Legislative Council within three months of the receipt by the Board from the auditor.

註2 - 管理局帳目報表須於年結後6個月內送交核數師; 而從該核數師接獲經審計的帳目報表後, 須於3個月內呈交行政長官和立法會。

Note 3 - Sections 26 and 33 of the Ocean Park Corporation Ordinance (Cap. 388) require the Board of Ocean Park Corporation to submit their annual reports to the Legislative Council not later than 31 December following the end of each financial year, i.e. 1 July to 30 June.

註3 - 《海洋公園公司條例》(第388章)第26及33條訂明, 海洋公園公司董事局須在每個財政年度(即每年7月1日至翌年6月30日)完結後的第一個12月31日或之前向立法會提交年報。

Note 4 - At least once in every year.

註4 - 最少每年一次。

Note 5 - Pursuant to the Chinese Temples Fund Regulations (Cap. 153A) and General Chinese Charities Fund Directions (Cap. 153B), a copy of the signed and audited statement of accounts should be laid on the table of the Legislative Council not later than 30 September following the end of every Financial Year, or so soon thereafter as the Chief Executive, in his absolute discretion, may allow. Since 1989, standing authority has been given to table the statement of accounts by 31 December of the year following the end of every Financial Year.

註5 - 根據《華人廟宇基金規例》(第153章附屬法例A)及《華人慈善基金指示》(第153章附屬法例B), 經簽署及審計之帳目連同有關審計師報告, 須於每財政年度完結後的9月30日前, 或行政長官行使其絕對酌情決定權批准的較後日期, 提交立法會。自1989年起, 有關提交日期已獲授權更改為每財政年度完結後的12月31日。

Note 6 - Under Section 20 of the Industrial Training (Clothing Industry) Ordinance, the Clothing Industry Training Authority (Authority) shall, within 6 months after the end of each financial year or such further time as the Chief Executive (CE) may in any particular year allow, submit to CE a report on the activities of the Authority and copies of the statements prepared under section 18(2) and the report made under section 19(2). CE shall cause the reports and statements to be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註6 - 根據《工業訓練(製衣業)條例》第20條, 製衣業訓練局(訓練局)須在每個財政年度完結後6個月內, 或在行政長官於任何個別年度所容許的較長期間內, 向行政長官呈交訓練局活動的報告、根據第18(2)條擬備的結算表以及根據第19(2)條作出的報告的副本。行政長官須安排將以上報告及結算表呈交立法會省覽, 但條例並無訂明有關期限。

Note 7 - As stipulated in the Consumer Council Ordinance, the Council shall keep proper accounts and proper records in relation thereto and shall within 3 months after the expiry of a financial year prepare a statement of the accounts of the Council. The Council shall within 3 months after the receipt by it of the auditor's report in respect of its accounts for a financial year to the Chief Executive who shall cause the same and an annual report to be tabled in the Legislative Council.

註7 - 根據《消費者委員會條例》規定，委員會須在財政年度結束後3個月內，擬備委員會的帳目報表，並在接獲核數師就該會某個財政年度的帳目而作的報告後3個月內，向行政長官提交，而行政長官則須安排將該等報告及帳目以及年報提交立法會省覽。

Note 8 - According to section 10 of the Correctional Services Children's Education Trust Ordinance (Cap. 1131), a copy of the signed and audited statement of accounts together with the auditor's report, if any, and a report by the trustee on the administration of the fund during the period covered by the audited accounts shall be laid on the table of the Legislative Council within 3 months of the receipt by the trustee of the signed and audited statement of accounts from the auditor.

註8 - 根據懲教署人員子女教育信託基金條例(第1131章)第10條，一份經簽署和審計的帳目報表，連同核數師的報告(如有的話)，以及受託人就經審計的帳目所涵蓋期間內的基金管理作出的報告，須於受託人從獲委任的核數師收到經簽署及審計的帳目報表3個月內，提交立法會會議席上省覽。

Note 9 - The Customs and Excise Service Children's Education Trust Fund Ordinance (Cap. 551) stipulates that-

(3) The statement of accounts shall be signed by the trustee and the chairman of the committee within 3 months after the end of the financial year to which it relates.

(4) The accounts of the fund and the signed statement of accounts shall be audited by the Director of Audit who shall certify the statement subject to such report, if any, as he may think fit.

(5) The trustee shall within 3 months after his receipt of the audited statement of accounts of a particular financial year from the Director of Audit, or such longer period as the Financial Secretary may allow, cause to be laid on the table of the Legislative Council.

註9 - 香港海關人員子女教育信託基金條例(第511章)第11條-

(3) 帳目報表須在其所關乎的財政年度終結後的3個月內，由受託人及委員會的主席簽署。

(4) 基金的帳目及經簽署的帳目報表均須交由審計署署長審計，而署長可在其認為合適的報告(如有的話)的規限下核證有關報表。

(5) 受託人自審計署署長處收到關乎某一財政年度的經審計帳目報表後，須在3個月內或財政司司長答許的較長限期內，安排將關於該年度的以下文件的文本呈交立法會會議席上省覽。

Note 10 - Under Section 15 of the Employees Compensation Assistance Ordinance, the Board shall, within 9 months after the end of each financial year, submit for that year a report on the activities of the Board, a copy of its statements of the accounts and the auditor's report on the accounts to the Chief Executive (CE). The reports and statements submitted to the CE shall be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註10 - 根據《僱員補償援助條例》第15條，管理局須在每個財政年度完結後9個月內，向行政長官呈交管理局該年度的活動報告、帳目報表及核數師的審計帳目報告。呈交予行政長官的報告及報表須提交立法會省覽，但條例並無訂明有關期限。

Note 11 - Under Section 13 of the Employees' Compensation Insurance Levies Ordinance, the Board shall, within 9 months after the end of each financial year, submit for that year a report on the activities of the Board, a copy of its statements of the accounts and the auditor's report on the accounts to the Chief Executive who shall cause the same to be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註11 - 根據《僱員補償保險徵款條例》第13條，管理局須在每個財政年度完結後9個月內，向行政長官呈交該年度的活動報告、帳目報表及核數師的審計帳目報告。行政長官須安排將以上報告及報表提交立法會省覽，但條例並無訂明有關期限。

Note 12 - Under Section 13 of the Employees Retraining Ordinance, the Employees Retraining Board (Board) shall, not later than 3 months after receipt by the Board of the signed statement of the accounts of the Board as audited by the auditor under section 11(2) or such longer period as the Chief Executive (CE) may determine, submit-

- (a) a report on the activities and affairs of the Board for that year including the administration of the Fund;
- (b) a copy of its statement of the accounts thereof; and

(c) the auditor's report on the accounts, to CE who shall cause the same, together with any report CE may see fit to make thereon, to be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註12 - 根據《僱員再培訓條例》第13條，僱員再培訓局(再培訓局)在接獲經主席簽署並經核數師按第11(2)條規定審計的再培訓局帳目報表後的3個月內，或在行政長官所定的較長期限內，須向行政長官呈交以下文件——

- (a) 再培訓局在該年度的事務報告，而該報告包括有關基金的管理報告；
- (b) 該年度的再培訓局帳目報表；及
- (c) 核數師的帳目審計報告，

而行政長官亦須安排將上述文件轉呈立法會省覽；而行政長官如認為適宜就該等文件作出報告，則須在呈交該等文件予立法會省覽時同時附上該等報告，但條例並無訂明有關期限。

Note 13 - Section 8 (1) of Cap 450 stipulates that the trustee shall cause proper accounts to be kept of all transactions of the fund as required and shall cause to be prepared for every period of 12 months ending on 31 March in each year, a statement of the accounts of the fund, which statement shall include an income and expenditure account and balance sheet and shall be signed by the trustee within 3 months of the end of the financial year to which they relate. By section 8(2), the accounts of the fund and the signed statement of the accounts shall then be audited. Section 8(3) of Cap 450 stipulates that a copy of the signed and audited statement of accounts together with the auditor's report and a report by the trustee on the administration of the fund during the period covered by the audited accounts shall be laid on the table of the Legislative Council within 3 months of the receipt by the trustee of the signed and audited statement of accounts from the auditor, or so soon thereafter as the Chief Executive, in his absolute discretion, may allow.

註13 - 根據「環境及自然保育基金條例」第450章第8條第1節，受託人須按規定安排為基金的所有往來項目備存妥善的帳目，並須就每年3月31日終結的每段12個月期間安排製備有關基金的帳目報表，而該報表須包括收支帳目及資產負債表，並由受託人在財政年度終結後的3個月內簽署。而根據第8條第2節，基金的帳目及經簽署的帳目報表均須經審計。根據條例第8條第3節，經簽署及審計的帳目報表的文本連同核數師報告，以及受託人就基金於審計帳目所涵蓋期間的管理而作的報告，須在受託人從核數師取得該經簽署及審計的帳目報表後3個月內，或行政長官在其絕對酌情權下可予容許的較後時間，提交立法會省覽。

Note 14 - Section 18 of Schedule 6 of the Sex Discrimination Ordinance (Cap. 480) requires the Equal Opportunities Commission to submit the annual report to the Chief Secretary for Administration (CS) as soon as practicable and in any case not later than 9 months after the expiry of a financial year (or such further period as the Chief Secretary for Administration allows). The CS shall cause the same to be tabled in the Legislative Council.

註14 - 《性別歧視條例》(第480章)附表6第18條訂明，在財政年度屆滿後9個月內(或在政務司司長准許的較長期間內)，平等機會委員會須在切實可行範圍內盡快將年度報告提交政務司司長。政務司司長則須安排將之提交立法會省覽。

Note 15 - The Estate Agents Ordinance provides that Estate Agents Authority (EAA) has to submit a copy of its annual reports and financial statements to the Secretary for Transport and Housing (STH) within six months after the expiration of the financial year, and STH shall cause copies to be laid on the table of the Legislative Council. For the last three years, EAA submitted the copy of the said documents to STH within six months after the expiration of the financial year.

註15 - 根據《地產代理條例》，地產代理監管局(監管局)在財政年度屆滿後的六個月內，須向運輸及房屋局局長(局長)提供一份關於該財政年度監管局的年報及財務報表。而局長則須安排將前述文件的副本提交立法會會議席上省覽。在過去三年，監管局皆在財政年度屆滿後的六個月內，向局長提供一份關於該財政年度監管局的帳目報表。

Note 16 - Section 20 of the Financial Reporting Council Ordinance (Cap.588) stipulates that

(1) As soon as practicable after the end of each financial year of the Council, the Council shall submit to the Secretary -

- (a) a report on the activities of the Council for that financial year;
 - (b) a copy of the statement of accounts; and
 - (c) a copy of the report... on the audit of that statement.
- (2) The Secretary shall cause the reports and statement received by him under subsection (1) to be laid on the table of the Legislative Council.

註16 - 《財務匯報局條例》第20條訂明，

(1) 財務匯報局須在財務匯報局的每一個財政年度終結後，在切實可行範圍內盡快向局長呈交

- (a) 該財政年度的財務匯報局事務報告；
- (b) 該財政年度擬備的帳目報表的文本；及
- (c) 就該報表的審計作出的報告的文本。

(2) 局長須安排將他根據第(1)款接獲的報告及報表提交立法會省覽。

Note 17 - According to Section 17 of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 1150), the Council shall, not later than 9 months or such longer time as the Secretary may determine, after the close of each financial year submit the annual report and financial statements. The Chief Executive will arrange such reports and statements to be laid on the table of the Legislative Council.

註17 - 根據香港學術及職業資歷評審局條例（第1150章）第17條，該局須於每一財政年度完結後9個月內，或在局長決定的較長期間內，向行政長官呈交年報及帳目表；再由行政長官安排將有關報告及帳目表提交立法會省覽。

Note 18 - The Hong Kong Deposit Protection Board submits the annual report to the Financial Secretary within 4 months after the financial year end (i.e. before 31 July) each year in accordance with the legal requirement. However, as a result of the summer recess of the Legislative Council (LegCo), the annual report may only be presented to the LegCo after the resumption of meeting in October (e.g. in the year before last and two years before last).

註18 - 香港存款保障委員會每年均按照法例於財政年度結束後4個月內向財政司司長呈交年報(即7月31日前)，但由於立法會在暑假期間休會，年報有可能在10月復會後才可正式提交立法會(如在前年及大前年的情況)。

Note 19 - In the past three years, the Hong Kong Examinations and Assessment Authority has acted in accordance with the relevant Ordinance to submit the relevant document to the Legislative Council within 3 months of the receipt of the signed and audited statement of accounts from the appointed auditor.

註19 - 在過去三年，香港考試及評核局均依有關法例在從獲委任的核數師處接獲該份經簽署及審計的帳目報表後3個月內向立法會提交有關文件。

Note 20 - Section 19(1) of the Hong Kong Productivity Council Ordinance requires the submission of annual report and financial statement to the Chief Executive within 6 months after the end of the financial year. There is no timeframe set in the Ordinance for tabling such report in Legislative Council.

註20 - 《香港生產力促進局條例》第19(1)條規定，該局須在財政年度終結後6個月內，向行政長官提交年報及財務報表。條例沒有訂明呈交此等報告給立法會的期限。

Note 21 - Section 23 of the Hong Kong Science and Technology Parks Corporation Ordinance requires the submission of annual report and financial statement to the Financial Secretary (FS) within 6 months after the end of the financial year. According to Section 24 of the same Ordinance, FS shall cause a copy of the documents to be laid on the table of the Legislative Council within the financial year (i.e. 12 months) immediately following the one to which the documents are related.

註21 - 《香港科技園公司條例》第23條規定，科技園公司須在財政年度終結後6個月內，向財政司司長提交年報及財務報表。根據同一條例第24條，財政司司長須安排將上述文件各一份，在該等文件所關乎的財政年度後的下一個財政年度(即12個月)內提交立法會席上省覽。

Note 22 - Since end of 2007, the Hong Kong Tourism Board (HKTB) has committed to completing the preparation of the HKTB's annual report for tabling in the Legislative Council within 9 months after the end of each financial year.

註22 - 《香港旅遊發展局條例》(第302章)沒有規定旅遊發展局提交年報及財務報表的限期。自2007年年底起，旅遊發展局已承諾於每個財政年度終結後9個月內完成旅遊發展局年報的擬備工作，並提交立法會省覽。

Note 23 - Independent Police Complaints Council Ordinance became effective on 1 June 2009. Reports are only required to be submitted since then.

The Independent Police Complaints Council Ordinance (Cap. 604) stipulates that -

- (1) As soon as practicable and in any case not later than 6 months after the end of a financial year of the Council, or such further period (as may be reasonable in the circumstances) as the Chief Executive may allow, the Council must submit to the Chief Executive—
- (a) a report on the performance of the Council's functions under this Ordinance during that financial year;
 - (b) a copy of the statement of accounts prepared by the Council for that financial year; and
 - (c) a copy of the auditor's report on the statement of accounts prepared by the Council that is submitted to the Council under section 29(2).
- (2) The Council must cause the documents referred to in subsection (1) to be tabled in the Legislative Council as soon as practicable after receiving the Chief Executive's approval for tabling.

註23 - 《獨立監察警方處理投訴委員會條例》自二零零九年六月一日開始生效，故委員會須按規定提交報告。

《獨立監察警方處理投訴委員會條例》(第604章)列明-

- (1) 監督會必須在其任何財政年度完結後，在切實可行範圍內盡快，並無論如何須在6個月內，或在行政長官容許的較長限期(須在有關情況下屬合理者)內，向行政長官呈交-

- (a) 關於監督會在該財政年度根據本條例執行其職能的報告；
 - (b) 監督會為該財政年度而擬備的帳目報表的文本；及
 - (c) 有關核數師根據第29(2)條就監督會擬備的帳目報表而向監督會呈交的報告的文本。
- (2) 監督會必須在接獲行政長官對它向立法會提交第(1)款所述的文件的批准後，安排在切實可行範圍內，盡快將該等文件提交立法會議省覽。

Note 24 - According to the Kowloon-Canton Railway Corporation Ordinance (Cap. 372), the Kowloon-Canton Railway Corporation shall within 4 months after the expiry of a financial year prepare its accounts. The accounts are to be tabled in the Legislative Council within 3 months of the receipt by the Kowloon-Canton Railway Corporation of the auditor's report in respect of its accounts.

In the past three years, the auditor's report were tabled in the Legislative Council within 3 months from the receipt by Kowloon-Canton Railway Corporation of the report.

註24 - 根據九廣鐵路公司條例(第372章)，九廣鐵路公司須於財政年度終結後4個月內擬備帳目，而有關帳目須於九廣鐵路公司收到核數師就帳目而作出的報告後3個月內提交立法會議省覽。

過去三年，有關帳目均在九廣鐵路公司收到核數師的報告後起計3個月內提交立法會議席上省覽。

Note 25 - Under Section 11 of the Occupational Deafness (Compensation) Ordinance, the Board shall, within 9 months after the end of each financial year, submit for that year a report on the activities of the Board, a copy of its statements of the accounts and the auditor's report on the accounts to the Chief Executive who shall cause them to be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註25 - 根據《職業性失聰(補償)條例》第11條，管理局須在每個財政年度完結後9個月內，向行政長官呈交該年度的活動報告、帳目報表及核數師擬備的帳目報告。行政長官須安排將以上報告及報表呈交立法會省覽，但條例並無訂明有關期限。

Note 26 - Under Section 12 of the Occupational Safety and Health Council Ordinance, the Council shall, within 9 months after the close of each financial year, submit for that year a report on the activities and affairs of the Council, a copy of its statements of the accounts and the auditor's report on the accounts to the Chief Executive who shall cause them to be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註26 - 根據《職業安全健康局條例》第12條，該局須在每個財政年度終結後9個月內，向行政長官提交該年度的活動及事務報告、帳目報表及核數師審核帳目的報告。行政長官須安排將以上報告及報表提交立法會省覽，但條例並無訂明有關期限。

Note 27 - Under Section 34 of the Pneumococcosis and Mesothelioma (Compensation) Ordinance, the Board shall, within 6 months after the end of each financial year, submit for that year a report on the activities of the Board, a copy of its statements of the accounts and the auditor's report on the accounts to the Chief Executive (CE). The reports and statements submitted to the CE shall be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註27 - 根據《肺塵埃沉着病及間皮瘤(補償)條例》第34條，委員會須在每個財政年度完結後6個月內，向行政長官呈交該年度的活動報告、帳目報表及核數師的審計帳目報告。呈交予行政長官的報告及報表須提交立法會省覽，但條例並無訂明有關期限。

Note 28 - The Annual report is under the name of Police Children's Education Trust instead of the management committee or investment advisory board.
註28 - 有關年報是以警察子女教育信託基金名義呈交而非其管理委員會或投資諮詢委員會呈交。

Note 29 - The Annual report is under the name of Police Education and Welfare Trust instead of the management committee or investment advisory board.
註29 - 有關年報是以警察教育及福利信託基金名義呈交而非其管理委員會或投資諮詢委員會呈交。

Note 30 - According to section 7 of the Prisoners' Education Trust Fund Ordinance (Cap. 467), a copy of the signed and audited statement of accounts together with the auditor's report, if any, and a report by the trustee on the administration of the fund during the period covered by the audited accounts together with such other report as the trustee may see fit to make shall be laid on the table of the Legislative Council within 3 months of the receipt by the trustee of the signed and audited statement of accounts from the auditor.

註30 - 根據在囚人士教育信託基金條例(第467章)第7條，一份經簽署及審計的帳目報表連同核數師報告(如有的話)，以及受託人於審計帳目所涵蓋期間就基金管理所作

的報告，連同受託人認為適合的其他報告，須在受託人從核數師取得該經簽署及審計的帳目報表後3個月內提交立法會省覽。
Note 31 - Section 4 of Schedule 2 of the Personal Data (Privacy) Ordinance (Cap. 486) requires the Commissioner to submit the annual report to the Chief Secretary for Administration (CS) as soon as practicable and in any case not later than 9 months after the expiry of a financial year (or such further period as the Chief Secretary for Administration allows). The CS shall cause the same to be tabled in the Legislative Council.

註31 - 《個人資料(私隱)條例》(第486章)附表2第4條訂明，在財政年度屆滿後9個月內(或在政務司司長准許的較長期間內)，專員須在切實可行範圍內盡快將年度報告提交政務司司長。政務司司長則須安排將之提交立法會省覽。

Note 32 - Under Section 13 of the Protection of Wages on Insolvency Ordinance, the Board shall, within 6 months after the end of each financial year, submit for that year a report on the activities of the Board, a copy of its statements of the accounts and the auditor's report on the accounts to the Chief Executive (CE). The reports and statements submitted to the CE shall be laid on the table of the Legislative Council. The ordinance does not stipulate the time frame for tabling at the Legislative Council.

註32 - 根據《破產欠薪保障條例》第13條，委員會須在每個財政年度完結後6個月內，向行政長官呈交該年度的活動報告、帳目結算表及核數師的審計帳目報告。呈交予行政長官的報告及報表須提交立法會省覽，但條例並無訂明有關期限。

Note 33 - According to Section 19 of the Vocational Training Council Ordinance (Cap. 1130), the Council shall, within the period of 7 months, or such longer period as the Chief Executive (CE) may determine, after the close of each financial year, submit to the CE a report of its activities during that financial year together with the financial statements. The CE will arrange such reports and statements to be laid on the table of the Legislative Council.

註33 - 根據職業訓練局條例(第1130章)第19條，該局須在每個財政年度完結後7個月內，或在行政長官決定的較長期間內，向行政長官呈交一份該局在該財政年度的活動報告及帳目表。再由行政長官安排將有關報告及帳目表提交立法會省覽。

Note 34 - The West Kowloon Cultural District Authority was established in 2008. In the past two years, the Authority submitted its Annual Report to the Legislative Council within 6 months after the end of each financial year.

註34 - 西九文化區管理局於2008年成立，在過去兩年，管理局均有在每年財政年度完結後6個月內向立法會提交年報。

Automatic Teller Machines

16. **MS MIRIAM LAU** (in Chinese): *President, it was reported that the automatic teller machine (ATM) system of two local banks experienced severe failure on 16 January this year of the service of over 1 200 ATMs in Hong Kong being completely paralysed for at least five minutes, or even for an hour as suggested in some reports. It was also reported that the incident made it impossible for the public to withdraw or transfer money, and their cards were even trapped in the ATMs with wrong amounts deducted from their accounts, which had caused substantial inconvenience to and impact on the public. In this connection, will the Government inform this Council:*

- (a) *whether it knows the number of incidents involving ATM systems in the past five years, the causes of such incidents, the number of ATMs involved, the duration during which the systems were affected, the number of complaints received (for example, complaints about failure to make withdrawals or transfers, failure to retrieve ATM cards and erroneous deduction of money from accounts), the total amount of money involved in all such incidents and the maximum amount involved in a single incident;*
- (b) *given that it was reported that the aforesaid incident occurred on 16 January was caused by a routine system upgrade conducted by the banks involved, whether the authorities will consider requesting the banks concerned to in future notify their customers before testing or upgrading their ATM systems, so that their customers will not be affected; if they will, of the details; if not, the reasons for that; and*
- (c) *given that some members of the public have pointed out that, as the number of bank branches has decreased significantly in recent years, the public may not be able to locate bank branches and make withdrawals or transfers in case of ATM system failures, thus causing inconvenience to the public, what measures the authorities have to ensure the stability of ATM systems of the banks and to prevent failures of such systems?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, the Administration's reply to the question is as follows:

- (a) ATM services provided by banks in Hong Kong have always been maintained at a high level of service availability. According to the information provided by banks, the service availability for ATM services in Hong Kong was maintained at a high level of around 99% in 2010.

The January incident mentioned in the question involved the ATM network of two banks. According to the information provided by the banks, the incident affected all (some 1 200) ATMs of the concerned ATM network and the ATM service was suspended for about five minutes. The same ATM network also encountered an ATM service outage in 2009. However, as that incident occurred at 3.00 am, the impact on bank customers was minimal.

Apart from these two cases, the Hong Kong Monetary Authority (HKMA) had received 14 reports of ATM service outage due to system failure in the past five years (from January 2006 to January 2011). The number of ATMs affected ranged from 25 to around 200 which accounted for only a small portion of ATMs within the network that the banks operated. The duration of ATM service outage for these incidents ranged from a few minutes to around four hours.

In addition, the HKMA had received five reports of ATM system interruptions which affected services other than cash withdrawal and deposit.

ATM service interruptions or outages are mainly caused by system hardware failure, operational errors, and inadequate controls of system development and modification.

From January 2006 to January 2011, the HKMA had received 120 complaints from customers about incidents related to banks' ATM systems. Among these complaints, only one case was related to ATM service outage. The remaining cases were related to disputes in discrepancies between the actual amount of cash withdrawn from

the ATM and the amount being debited to the customer's bank account. The HKMA will follow up on these complaints. If the allegation is substantiated, the bank is required to bear the full loss incurred by the complainant due to the failure of the ATM terminals⁽¹⁾. The HKMA does not have information on the total and maximum amounts involved in these complaint cases.

- (b) As system enhancements or upgrades of ATMs may require temporary suspension of ATM services, they are usually conducted during non-peak hours to minimize any impact on bank customers. If an incident occurs after system enhancements or upgrades, banks would fix the problem immediately and this may lead to interruptions of ATM services.

In general, if system enhancement or upgrade requires a longer time to complete, and will affect the bank's ATM services during that period of time, banks are required by the HKMA to notify their customers in advance through appropriate channels to minimize the inconvenience to bank customers.

- (c) According to the Supervisory Policy Manual module on "General Principles for Technology Risk Management" issued by the HKMA, to ensure the continued availability of technology-related services, banks should maintain and service information technology (IT) facilities and equipment (for example, computer hardware and network devices) properly and regularly. Banks are required to develop effective IT controls for the systems and equipment related to the ATM services (including ATM terminals and related network devices) to ensure efficient and continued availability of ATM services to their customers. Also, the HKMA regularly assesses the IT controls of banks and will follow up with banks on any major system failure incidents, and require the banks concerned to make the necessary improvement.

(1) According to the Code of Banking Practice, card issuers will bear the full loss incurred when faults have occurred in the terminals, or other systems used, which cause cardholders to suffer direct loss.

Implementation of Programme on Source Separation of Domestic Waste in Public Housing Estates

17. **MR IP WAI-MING** (in Chinese): *President, the Housing Department (HD) has implemented the "Programme on Source Separation of Domestic Waste" since 2005 by placing recycling bins for different kinds of waste, commonly known as "three-coloured waste separation bins" (three-coloured bins), in some public housing estates (PHEs) in Hong Kong to facilitate residents to separate domestic waste at source. However, some members of the public have complained that some PHEs still do not have recycling bins, thus discouraging them from participating in the recycling programme. In this connection, will the Government inform this Council:*

- (a) *as at December 2010, whether "three-coloured bins" had been placed in all housing estates of the Hong Kong Housing Authority (HA estates); if so, of the way in which such bins were placed in various PHEs and their numbers; if not, whether the authorities have plans to place such recycling bins in all PHEs in Hong Kong;*
- (b) *how the authorities at present dispose of all the waste recovered from HA estates or through what ways the waste is recycled; whether the authorities have any plan to improve or perfect the existing recycling processes in PHEs, or co-operate with some local environmental protection groups and waste recyclers to raise the recovery rate and ensure that the waste concerned can be recovered and recycled;*
- (c) *in the past three years, whether the authorities had received complaints concerning waste recovery in PHEs; if so, of the number and the subject matters of the complaints; how the authorities handled the complaints, and whether relevant policies had been drawn up to prevent recurrence of the situations which were the subjects of such complaints;*
- (d) *as at December 2010, whether all HA estates had recycling bins for used rechargeable batteries and compact fluorescent lamps, apart from the three-coloured bins; if so, of the way in which these bins were placed and their numbers; if not, whether the authorities have plans to extend the measures to all PHEs in Hong Kong;*

- (e) *of the quantities of used rechargeable batteries and compact fluorescent lamps recovered from the aforesaid recycling bins placed in HA estates in the past three years; and the relevant recovery and disposal processes adopted;*
- (f) *as at December 2010, whether all HA estates had, on a long-term basis, recycling bins for used clothes and whether those bins were provided by the authorities; if so, of the way in which the bins were placed and their numbers; if not, whether the authorities have plans to extend the measures to all PHEs in Hong Kong; and*
- (g) *whether at present all the shopping centres in HA estates have three-coloured bins to facilitate the recovery of waste disposed of by commercial tenants; if so, of the details; if not, the reasons for that; whether the HA has stipulated relevant clauses in the contracts of tenancy to encourage commercial tenants to actively participate in the waste recovery programme so as to raise the recovery rate?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to Mr IP Wai-ming's seven-part question is as follows:

- (a) As at December 2010, three-coloured recycling bins have been placed in the ground floor lift lobbies of domestic blocks in all the HA's public rental housing (PRH) estates, to facilitate separation of recyclable waste by PRH tenants at source. There are about 5 700 sets of recycling bins and recycling bags placed in ground floors and domestic floors of PRH blocks.
- (b) To promote collection of recyclable waste, the HD has required its management agents and cleansing contractors to undertake environmental work diligently according to the requirements set out in the service contracts. Management agents and cleansing contractors are required to ensure all the recyclable waste collected is handed over to recyclers. The HD would require them to provide relevant proof for verification purpose. They would also set up collection points in estates from time to time for collection of recyclable waste from PRH tenants and offer incentives, such as

household sundries or cash, to encourage PRH tenants' participation in recycling activities.

At the same time, the HD has collaborated with Estate Management Advisory Committees and green groups to organize various types of activities related to environmental protection, such as fun fairs and exhibitions, in PRH estates to raise awareness among our PRH tenants of waste recovery and reduction so as to encourage a higher recovery rate.

- (c) In the past three years (2008 to 2010), the HD received a total of 20 complaint cases related to implementation of the waste separation and recovery programme in PRH estates. Nine cases involved persons removing the items from the recycling bins. Another 11 cases concerned cleansing contractors improperly handled the recyclable waste such as dumping them as normal waste into the landfill site.

To stop persons from removing the recovery items (such as waste paper and aluminum cans) from the recycling bins deliberately, the HD has stepped up patrols by the security guards and posted notices to educate PRH tenants.

Regarding the complaints against the cleansing contractors for improperly handling recyclable domestic waste, the HD has required its management agents and cleansing contractors to undertake environmental work diligently according to the requirements set out in the service contracts. Management agents and cleansing contractors are required to ensure all the recyclable waste collected is handed over to recyclers. The HD will issue periodical reminders to its contractors reminding them to strictly comply with the contractual obligations on environmental management and properly handle all recyclable waste received.

- (d) and (e)

All the HA's PRH estates have joined the "Rechargeable Battery Recycling Programme" and "Fluorescent Lamp Recycling Programme" organized by the Environmental Protection Department

(EPD). As at December 2010, a total of 1 092 and 703 collection boxes have been placed in all PRH estates for collection of rechargeable batteries and fluorescent lamps and tubes under the two programmes respectively. In the past three years, the quantities of rechargeable batteries and fluorescent lamps and tubes recovered are about 760 kg and 354 800 pieces respectively.

In general, the collection boxes for rechargeable batteries are placed at the security guard counters at ground floor lift lobbies of the domestic blocks. Estate staff will deliver the recovered batteries to the HD's designated collection points regularly for handling by the EPD's contractor.

As for the recycling of fluorescent lamps and tubes, PRH tenants can deposit the obsolete fluorescent lamps and tubes into the collection boxes placed at the security guard counters at the ground floor lift lobbies of the domestic blocks for recycling. After a sufficient quantity of lamps and tubes is accumulated, estate staff will contact the contractor of the EPD's Chemical Waste Treatment Centre to arrange for collection and treatment.

- (f) Used-clothes collection bins are placed in all PRH estates. As at December 2010, the HD has placed a total of 217 used-clothes collection bins in the PRH estates.
- (g) Some of the HA's shopping centres have already been provided with three-coloured recycling bins. The HD will provide such collection facilities in all shopping centres within 2011. Although there are no clauses on waste recycling in the HA's tenancy agreement with shop tenants, the HA will continue to promote and stress the importance of environmental protection, green and healthy life to its shop tenants.

Problem of Abandoned Animals

18. **MRS REGINA IP** (in Chinese): *President, some members of the public have pointed out that the problem of abandoned pets in Hong Kong is serious, which not only involves inhumane treatment of animals, but also causes*

deterioration in environmental hygiene and nuisance to members of the public. They have further pointed out that some animal adoption organizations have ceased to take in abandoned pets and stray animals owing to insufficient facilities and resources, and also many people choose to abandon their pets on outlying islands (for example, Lamma Island, and so on). In this connection, will the Government inform this Council:

- (a) what measures had been adopted by the authorities in the past three years to ensure that animal adoption organizations had sufficient capacity to take in abandoned pets, and whether it had studied jointly with such organizations how to deal with the problem of abandoned pets;*
- (b) whether the situation of pets being abandoned on outlying islands was more serious than that in the other districts in the past three years and whether such situation was of concern to the Government; if so, of the measures to address this problem; and*
- (c) given that some members of the public have pointed out that whenever a housing estate announces prohibition against the keeping of pets by tenants, a large number of pets will be abandoned by its tenants, whether the Government will follow up such situation and offer assistance to the tenants concerned?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, we believe the most effective way to address the problem of abandoned animals is to raise public awareness of responsible pet ownership. Pet owners should ponder over potential adoption of pets thoroughly and should take proper care of them afterwards. They should not allow their pets to cause nuisance to other people, let alone abandon them lightly. To this end, the Agriculture, Fisheries and Conservation Department (AFCD) has been stepping up promotion and education at various levels and through different channels, including broadcasting Announcements of Public Interest on television and radio as well as putting up posters on public transport to promote care for animals. In addition, the AFCD produces promotional leaflets, posters and souvenirs for free distribution to the public, and also organizes other promotional activities to spread the message.

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

- (a) The AFCD has been working in collaboration with more than 10 major animal welfare organizations (AWOs), including the Society for the Prevention of Cruelty to Animals and the Society for Abandoned Animals, and so on, in handling stray animals caught or pets given up by members of the public and making rehoming arrangements for them. Apart from AWOs, the four Animal Management Centres of the AFCD also receive pets given up by members of the public.

In an effort to help AWOs further publicize their animal rehoming scheme, the AFCD has implemented new measures, including publicity for participating AWOs (partner organizations) through the AFCD's website, pamphlets, leaflets or joint promotional activities; the introduction of new rehoming procedures including, among others, pro-active liaison with partner organizations and provision of animal photos when there are animals suitable for adoption; as well as provision of outsourced free neutering service for animals (mainly cats and dogs) adopted through partner organizations.

- (b) While the AFCD does not have the statistics relating to all abandoned or stray animals, there is a decline in the number of stray dogs caught by the AFCD in the Islands District in the past three years (as shown in the table below). There is no indication that the problem of abandoned animals in the Islands District is more serious than that in other districts.

<i>Year</i>	<i>Number of stray dogs caught in the Islands District</i>
2008	291
2009	285
2010	228

- (c) Private housing estates formulate their own arrangements about pet-keeping by residents. We call on the estate management, before tightening the pet-keeping arrangements, to allow for adequate time and provide pet owners with necessary assistance, including advising them to consider handing over their pets to the AFCD or other AWOs if they have difficulties in rehoming their

pets. Estate management companies may contact the AFCD, which will provide appropriate assistance. Depending on the health conditions and temperament of the animals, the AFCD and relevant AWOs will try to arrange rehoming for them. The AFCD will also step up publicity and education for estate management companies on handling pet-keeping issues.

Women in Poverty

19. **MS EMILY LAU** (in Chinese): *President, according to the "Women and Men in Hong Kong — Key Statistics" published by the Census and Statistics Department, the monthly earning of nearly 400 000 female employed persons was less than \$5,000 in 2009. Some community groups consider that the recent inflation has aggravated the burden on the public and the Government should be concerned about the well-being of working women in poverty. In this connection, will the executive authorities inform this Council:*

- (a) *of the respective percentages of the number of working women in poverty in the female labour force and the overall labour force in Hong Kong in the past five years;*
- (b) *whether they have studied the trend in the number of working women in poverty in the past five years; if they have, of the details;*
- (c) *whether they had, in the past five years, drawn up policies to ease the hardship of low-income women; if they had, of the details;*
- (d) *whether they had, in the past five years, consulted community groups to understand the needs of low-income women; if they had, of the details; and*
- (e) *given that the Transport Support Scheme launched by the Labour Department (LD) required that an applicant must be an employee who works 72 hours or more a month, or a job seeker (an unemployed/an employee intending to change jobs) who intends to work for 72 hours or more a month, whether the authorities have*

examined from the perspective of gender mainstreaming if such eligibility criteria will aggravate the situation of women in poverty; if they have, of the details?

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President,

(a) and (b)

There is no widely recognized definition of "working poor". If reference is made to the relevant indicator suggested by the former Commission on Poverty for measuring the number of people engaged in low-income jobs, that is, employed persons aged 15 to 59 working 35 hours or more per week and with monthly employment earnings less than 50% of the median, the number of low-income employed females and its percentage in the female labour force and in the overall labour force in Hong Kong over the past five years are at Annex. Statistics suggest that the number and proportion of low-income employed females have gradually dropped since 2006.

(c) People who cannot support themselves financially may apply for the Comprehensive Social Security Assistance Scheme to meet basic living expenses. Other government assistance to the disadvantaged and poverty alleviation measures, such as the short-term food assistance service, are also provided on a need basis irrespective of gender.

Providing employment assistance and enhancing the competitiveness of the labour force is an important strategy to tackle poverty. In this regard, women are also a target of our assistance. Apart from seeking suitable jobs through the Job Centres of the LD, women can participate in a series of employment programmes administered by the LD, for example, the Work Trial Scheme, the Employment Programme for the Middle-aged, and the Pilot Employment Navigator Programme which offers personalized employment consultation services to unemployed persons. These programmes provide tailor-made support to individual job seekers having regard to their actual needs.

At the same time, the Employees Retraining Board (ERB) also provides diversified training courses and services having regard to market needs. Many of them are suitable for females. In fact, the ERB courses are well received by female trainees and about 75% of the enrolled trainees in the first three quarters of 2010-2011 (that is, April to December 2010) are female. Moreover, the ERB has launched the Smart Living Platform to provide a free employment referral platform for graduates of training courses relating to home services. The jobs concerned include post-natal carers, care workers and domestic helpers, which are mainly taken up by female trainee graduates.

- (d) The Women's Commission, as the central mechanism for advancing women's interests and well-being, maintains close communication with the women's groups and reflects their views to the Administration. Over the past five years, by organizing fora, conferences and sharing sessions, the Commission met with women's groups from time to time to discuss a wide spectrum of issues. Relevant bureaux and departments had participated as appropriate. Issues discussed included the need of low-income women in the areas of education, child care services, health services and employment, and so on. Besides, bureaux and departments also consult the public, including women's groups, direct on major proposals and initiatives from time to time as appropriate.
- (e) The Government has proposed that the existing Transport Support Scheme be replaced by the new Work Incentive Transport Subsidy (WITS) Scheme. In formulating the eligibility criteria of the new scheme, we have already applied the concept of gender mainstreaming. We have thoroughly considered the perspectives and needs of both genders, as well as the policy objective of encouraging employed persons in low-income households to stay in employment. The enhanced WITS Scheme sets the working hour requirement at 36 hours per month, which will enable more women working part-time to benefit from the scheme.

Annex

Employed females aged 15 to 59 working 35 hours or more per week and with monthly employment earnings less than 50% of the median

<i>Year</i>	<i>Population</i>	<i>Percentage in Female Labour Force</i>	<i>Percentage in Overall Labour Force</i>
2005	101 300	6.4%	2.9%
2006	135 900	8.4%	3.8%
2007	128 300	7.7%	3.5%
2008	104 000	6.1%	2.9%
2009	92 800	5.4%	2.5%

Note:

Data excludes foreign domestic helpers.

Source:

The Census and Statistics Department.

Mediation Service

20. **MR CHEUNG KWOK-CHE** (in Chinese): *President, some members of the public have relayed to me that their demand for mediation service is on the increase, but related systems ranging from training to accreditation of mediators are still confusing, resulting in the public not knowing how to choose mediation service. In this connection, will the Government inform this Council:*

- (a) *given that the Secretary for Justice has indicated that one of the duties of the newly established mediation task force is to develop a system of accrediting mediators, of the details of the work plans of this task force in this regard, and the Government's plan for developing a training system for professional mediators;*
- (b) *given that it has been learnt that there is a huge backlog of mediation cases on Lehman Brothers-related minibonds, and even though many aggrieved investors (victims) are willing to accept mediation service, they generally have to wait for as long as two*

years, how the Government will solve this bottleneck problem in mediation service so that the bargaining power of the victims will not be undermined; and

- (c) *given that the Government published the Report of the Working Group on Mediation (the Report) and announced launching a three-month public consultation on 8 February 2010, of the public views collected during consultation; whether the Government will publish a final report on the results of the consultation, and the next step of implementing the recommendations of the Report?*

SECRETARY FOR JUSTICE (in Chinese): President,

- (a) At present, accredited mediators practising in Hong Kong are accredited by different mediation accrediting organizations, local and overseas alike, each adopting its own set of training and accreditation requirements. Local service providers which have mediation accreditation include, among others:

- The Hong Kong International Arbitration Centre (HKIAC)
- The Law Society of Hong Kong
- The Hong Kong Mediation Centre
- The Hong Kong Institute of Surveyors
- The Royal Institution of Chartered Surveyors Hong Kong
- Hong Kong Institute of Architects

In early 2010, the Hong Kong Mediation Code was promulgated. The Code is intended to provide a common standard among mediators and has an important quality assurance role. Twenty-one mediation service providers, including those listed above, have adopted the Code.

The Working Group on Mediation set up in 2008 to review, *inter alia*, the development and provision of mediation services in Hong Kong did examine the accreditation and training of mediators. In its Report published for public consultation in February 2010, one of its recommendations was that the establishment of a single accreditation body would be desirable and could assist in ensuring the quality of mediators, consistency of standards, education of the public about mediation and mediators, enhancing public confidence in mediation services and maintaining the credibility of mediation⁽¹⁾. Nonetheless, it noted that "the time is not right to prescribe a standardized system of accrediting mediators" and "the emphasis should be on the provision of appropriate mediation information to potential users of mediation that will enable them to decide whether to choose mediation to resolve disputes and also assist them to be better able to choose competent mediators"⁽²⁾. The Report recommended that the possibility for establishing such a body be reviewed in five years⁽³⁾. The majority of the submissions received in respect of the public consultation, however, demanded a single accreditation body to be set up as soon as possible rather than reviewing such a need in five years.

As there are a number of mediation service providers in Hong Kong, local and overseas alike, it is important for the service providers to work together on the formation of an accreditation body and to agree on mutually acceptable professional standards, including training standards. It is noted that there are different approaches which may be considered for achieving the objective. For example, one approach is that of a centralized body which will conduct mediator training and assessments and provide mediators. Another is an umbrella type single accreditation body which would be inclusive of various mediation service providers. It is important to find a model that best suits Hong Kong. Towards this end, the Department of Justice is working closely with the various stakeholders with a view to facilitating the establishing of a single accreditation body and the development of accreditation and training standards in due course.

- (1) Recommendation 25 of the Report, Department of Justice, February 2010. See paragraphs 6.12 to 6.16 at pages 59 to 60.
- (2) Recommendation 26 of the Report. See paragraphs 6.37 to 6.38 at page 64.
- (3) Recommendation 28 of the Report. See paragraphs 6.49 to 6.54 at pages 67 to 69.

- (b) According to the Hong Kong Monetary Authority (HKMA), it has engaged the HKIAC to make available mediation and arbitration services under the Lehman-Brothers-related Products Dispute Mediation and Arbitration Scheme. The HKMA will co-ordinate referrals and pay the share of the fee for these services on behalf of:
- investors whose complaints in relation to the sale of the products have already been referred by the HKMA to the Securities and Futures Commission (SFC) for it to decide whether to take any further action; or
 - investors whose complaint has resulted in a finding against a relevant individual or executive officer by either the HKMA or the SFC.

According to the statistics provided to the HKMA by the HKIAC, since the introduction of the services in November 2008, the HKIAC has received 351 referral cases, of which 291 have been completed. The completed cases consist of 91 successful mediation cases; nine failed mediation cases; 147 withdrawn cases which had been settled between the banks and the investors before the mediation began; and 44 cases for which the banks did not agree to mediation.

As at mid-February, there are 60 cases being handled by the HKIAC, of which 55 cases are about to start mediation while the remaining five are pending banks' agreement to mediation. Of the 60 cases, the earliest one reached the HKIAC in May 2010. No cases have been pending mediation for one or two years. Because mediation is a voluntary process, it can begin only when banks have agreed to mediation. Once both parties agree to mediation, the mediator appointed by the parties will begin the process as soon as practicable and will use best endeavours to conclude the mediation within 21 calendar days of appointment. Experience indicates that the HKIAC was usually able to complete mediation within a month after receiving a bank's agreement to mediation. Some cases required longer time to complete, mainly because it took time to wait for banks' responses on whether they agree to mediation.

- (c) Following the publication of the Report for public consultation in February 2010, the Department of Justice has received positive and constructive feedbacks on the 48 recommendations. Instead of publishing a further report, we have proceeded directly to further consider those recommendations in the Report which require further deliberations after taking into account the public feedback received, and to implement those which received general support. A Mediation Task Force chaired by me has now been set up to assist in considering and implementing the various recommendations. In the coming 30 months, we will:
- work with stakeholders to keep in view the development of the system of accrediting mediators;
 - work out the details of the proposed mediation legislation taking into account the development of the mediation landscape. It is envisaged that the legislation would set out a framework for the conduct of mediation;
 - work with relevant stakeholders to oversee the adoption and implementation of the Hong Kong Mediation Code and to review the operation of the Code in the light of experience;
 - work with mediation service providers, professional bodies, community organizations, other stakeholders and government bureaux and departments to take forward the various public education and publicity initiatives recommended by the Working Group, including building on the Mediate First initiative, conducting matching programmes for community venues and mediation users, and fostering the wider use of community mediation; and
 - work with relevant parties to further explore the opportunities for initiating pilot mediation schemes in different sectors.

BILLS**First Reading of Bills**

PRESIDENT (in Cantonese): Bill: First Reading.

(Mr Albert CHAN put up a placard, Ms Emily LAU raised her hand in indication)

MS EMILY LAU (in Cantonese): President, my sight is blocked, I cannot see what is going on.

PRESIDENT (in Cantonese): Are you referring to the placard of Mr Albert CHAN?

(Mr Albert CHAN rose)

MR ALBERT CHAN (in Cantonese): President, presently, all the people of Hong Kong also do not have a clear view, now that the Government is rich but the people are poor a Member cannot see Are Members not allowed to stage a protest in the Chamber? Cannot see? Those in the Democratic Party cannot see being "pro-Communist" and "crossing over to the Communist", they cannot see, they cannot hear the voice of the people

PRESIDENT (in Cantonese): Mr CHAN, please be seated immediately.

(Mr Albert CHAN sat down)

PRESIDENT (in Cantonese): Honourable Members, if Members have to display any slogans or objects inside the Chamber, they have to observe the principle that the sight of other Members will not be blocked. Therefore, Mr CHAN, please put down your

(Mr Albert CHAN rose again)

MR ALBERT CHAN (in Cantonese): President, who has been blocked out of Ms Emily LAU's sight? What is more important now, the people of Hong Kong or allowing Members to see the face of the Financial Secretary?

PRESIDENT (in Cantonese): Mr CHAN, the placards you are displaying have blocked my sight, and I cannot see you now. *(Laughter)* Please put down your

MR ALBERT CHAN (in Cantonese): President, it does not matter if you cannot see me. What matters most is that the people can see the message: "the Government is flooded with cash, return wealth to the people".

PRESIDENT (in Cantonese): I believe all the people of Hong Kong are waiting for the Financial Secretary to deliver his Budget speech, so please comply with the Rules of Procedure to enable the smooth conduct of the meeting.

MR ALBERT CHAN (in Cantonese): President, I have moved my placard slightly to one side so that you can see me.

PRESIDENT (in Cantonese): Bill: First Reading.

(Ms Emily LAU rose)

MS EMILY LAU (in Cantonese): President, what should I do? I sit here but I cannot see the face of a single official, how can I participate in the meeting?

PRESIDENT (in Cantonese): You still cannot see them? Mr CHAN, please place your placard at a lower position.

(Mr CHIM Pui-chung rose)

MR CHIM PUI-CHUNG (in Cantonese): President, I think you should ensure fairness, otherwise there will be no order in the legislature.

PRESIDENT (in Cantonese): I think we have spent too much time on this, and have impeded the Financial Secretary's delivery of the Budget speech, which has been waiting by every member of the public. So Mr CHAN, will you co-operate and put

(Ms Emily LAU raised her hand in indication)

PRESIDENT (in Cantonese): Ms Emily LAU.

MS EMILY LAU (in Cantonese): President, my sight is totally blocked.

MR ALBERT CHAN (in Cantonese): President, if she still cannot see after I have moved the placard, my right to protest will be seriously affected. In this Chamber, the rights of various parties should be balanced. The rights of Members are of course important. However, as Members, our right to express political message should carry the same importance.

PRESIDENT (in Cantonese): Mr CHAN, you know I always give utmost respect to Members' right of expression. However, when you express your views in your own way, you should not prevent other Members from enjoying their entitled rights in participating in the meeting. I think your placard has obstructed the sight of other Members, so please put it down.

(Mr Albert CHAN placed the placard at a higher position)

MR ALBERT CHAN (in Cantonese): President, I will not obstruct Ms Emily LAU then.

MS EMILY LAU (in Cantonese): President, I still cannot see.

MR ALBERT CHAN (in Cantonese): President, it is not my business then, for the object I display has not obstructed her.

(Mr WONG Sing-chi raised his hand in indication)

MR WONG SING-CHI (in Cantonese): President, I cannot see what is going on from my seat as well. I would like to see the face of the Financial Secretary when he delivers the Budget speech, but I cannot see his face from my seat.

PRESIDENT (in Cantonese): The people of Hong Kong are now watching the proceedings of the meeting. I believe they would not want to see the Legislative Council spending long time arguing how placards should be placed. I have recommended the Committee on Rules of Procedure to examine whether rules should be drawn up on the display of placards in the Chamber. Before any decision is made by the Committee, I definitely cannot specifically prohibit Members from displaying placards. However, I hope Members can be co-operative to enable the smooth conduct of the meeting.

Shall we now proceed to

(Ms Emily LAU rose)

MS EMILY LAU (in Cantonese): President, my sight is still blocked. President, if you consider that the meeting can be conducted when Members' sight is blocked, we will see how the meeting can be carried on.

(Dr Margaret NG rose)

PRESIDENT (in Cantonese): Dr Margaret NG.

DR MARGARET NG (in Cantonese): Point of order. President, you have the authority to rule whether the Member's conduct is disorderly. I urge you to give your ruling immediately. Thank you.

PRESIDENT (in Cantonese): I think the best practice is for Members to co-operate to enable the meeting to commence smoothly.

Bill: First Reading.

APPROPRIATION BILL 2011

CLERK (in Cantonese): Appropriation Bill 2011.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

APPROPRIATION BILL 2011

FINANCIAL SECRETARY (in Cantonese): President, I move that the Appropriation Bill 2011 be read a Second time.

This is my fourth Budget. In the past three years, we have been fighting back against the financial tsunami. We have striven to gain a foothold in the rapidly changing global economic landscape by dealing with the various problems triggered by the crisis on the one hand, and seizing new opportunities for development on the other. Today, our economy has fully recovered. The employment situation has shown continuous improvement, and our Gross Domestic Product (GDP) has exceeded the peak before the financial tsunami.

The lessons learned from this once-in-a-century financial tsunami help shed light on how to position ourselves and make better preparations for future challenges and opportunities. I will sum them up in four respects.

First, the shifting of global economic gravity from the West to the East has become more evident. During the financial tsunami, the sustained rapid economic growth of the Mainland brought in fresh opportunities, boosting our economic recovery. The accelerating trade and economic integration in the region also presents enormous opportunities for Hong Kong.

Second, adopting appropriate policies is vital to countering crises. Since 2008, we have introduced five rounds of fiscal stimulus measures, which are worth \$110 billion and equivalent to 6.6% of our GDP. These measures have stabilized the employment market, boosted consumer confidence and fostered economic recovery. Our fiscal reserves have provided us with strong support for handling financial crises and created favourable conditions for economic development.

Third, perseverance and confidence are crucial to overcoming crises and solving problems. During the financial tsunami, the people of Hong Kong demonstrated flexibility and tenacity in the face of difficulties, turning crises into opportunities. Hong Kong is a people-oriented city. It was the interests of the people that we had in mind when we responded to the crises by implementing the strategy of "stabilizing the financial system, supporting enterprises and preserving employment". Our focus was on maintaining social and economic stability by supporting employment.

The role of the Government is, through various policies, to create a favourable environment to empower people to realize their potential and pursue their dreams and happiness. By developing the economy, we help people create wealth and enhance their competitiveness in the face of socio-economic changes. By developing education, people are given means for self-improvement and upward mobility. By introducing relief measures, people in need are helped to tide over immediate difficulties. Looking ahead, we will endeavour to create better economic conditions and open up more opportunities in society, thereby enabling everyone to share the fruits of economic growth.

Fourth, the market and the community should have a more varied relationship. Between the "big market" and the "small government", we have a dynamic "big society". We should make good use of our abundant social capital, encourage further cross-sector collaboration, and unite the efforts of our people to work for the common cause of Hong Kong's social and economic development.

There are still many challenges ahead. The Government will make continuous efforts to promote the economic development of Hong Kong, build a cohesive community and improve people's livelihood through proper allocation and effective management of public resources.

The expenditure and revenue proposals of government departments and related organizations are detailed in the Estimates. Today, I will elaborate on those measures and items about which the public are more concerned. First of all, I will give a brief account of our economic performance and outlook.

In the wake of the downturn in 2009, the economy in 2010 staged a full recovery at a faster pace than expected. Thanks to the strong growth in the Mainland and Asia, the economy has surpassed the pre-tsunami level. For 2010 as a whole, GDP grew by 6.8% in real terms. (Chart 1)

Underpinned by the reviving global trade flows, Hong Kong's exports of goods soared by 17.3% in real terms for the year as a whole, quickly regaining the ground lost in the financial tsunami. As the employment market improved and income increased, private consumption expenditure registered a significant growth of 5.8% in 2010. Benefiting from an upbeat business sentiment and the commencement of major infrastructure projects, the overall investment recorded a strong growth of 8.1% last year.

With the upturn in the economy, the job market improved significantly in the past year. The improvement had also much to do with the great resilience and flexibility of our labour market, as well as the proven effectiveness of the Government's measures to counter the financial tsunami. The unemployment rate dropped from its peak in mid-2009 by 1.7 percentage points to 3.8% recently. The improvement can be seen in most trades and across all skill levels, indicating that the grassroots have really benefited from the robust economic growth. Taking the full-time employees in the lowest 10% income distribution as an

example, their average monthly income in 2010 increased by 5% over 2009. After adjustment for inflation, there was still an increase of about 2% in real terms. (Chart 2)

We expect the economy to see solid growth this year. As the unemployment rate has already fallen back to a relatively low level, there will be limited room for further significant decline. We also need to pay attention to the effect of the implementation of statutory minimum wage on the unemployment rate. The generally strong economic conditions should help us through this change.

Against a backdrop of a strong economic recovery, a soft US dollar and rising global food and commodity prices, inflationary pressure has gradually built up in Hong Kong this year. The average inflation rate for 2010 as measured by the Composite Consumer Price Index was 2.4%. Netting out the effects of the Government's one-off relief measures, the underlying inflation rate was 1.7%. Taking into account the rapid economic expansion of 6.8% last year, inflation for the year was rather moderate. The significant improvement in productivity which continued throughout last year went some way towards alleviating the pressure of rising prices. (Chart 3)

The economy still faces a number of challenges in 2011. The second round of quantitative easing by the United States has increased the risks of inflation and asset-price bubbles in Asia. The sovereign debt crisis has yet to be fully resolved in the Eurozone. In addition, the European and the United States economies face uncertainties on the recovery path. Deleveraging and high unemployment are expected to linger on. All these will pose challenges for the global economy.

The relatively stronger growth sustained by the Mainland and Asian economies will continue to benefit Hong Kong. But the relatively fragile economic recovery of the United States and Europe will make this year a testing time for the export performance of Asia and Hong Kong. I forecast GDP growth of 4% to 5% for the year.

The risk of rising inflation is mounting in Asia. The soft US dollar and possible sustained increase in global food and commodity prices have put more inflationary pressure on Hong Kong. On top of these, the continued rise in the

Mainland's food prices and local rentals are expected to have a more noticeable effect on our inflation this year. I forecast that the headline and underlying inflation rates for 2011 as a whole will average 4.5%.

The challenges in the coming year arise mainly from the risk of asset-price bubbles and inflation. I will now analyse the issues and propose strategies to address them.

I have been mindful of the risk of a property bubble. I have repeatedly reminded the public that an environment with abundant liquidity and ultra-low interest rates will not last forever. People should carefully assess the risks and their own financial position when making a home purchase decision. To ensure socio-economic stability by forestalling the risk of a property bubble, I introduced three rounds of measures in February, April and August last year to ensure the healthy and stable development of the property market. In October, the Chief Executive also announced a series of short-, medium- and long-term measures in his Policy Address. These measures have to a certain extent achieved the intended effects of increasing flat supply, enhancing transparency in the property market, and preventing excessive expansion in mortgage lending.

The United States' second round of quantitative easing measures worth US\$600 billion announced in November last year has fuelled the already buoyant property market. The excessive fund flows have led to exuberant speculative activities, and short-term resale transactions have surged sharply. The exuberance has even spread from the luxury market to the mass market. To curb speculative activities, we have introduced a Special Stamp Duty on short-term resale of residential properties. The Hong Kong Monetary Authority (HKMA) has also further tightened the loan-to-value ratio for mortgages made by banks.

With the introduction of these measures, there was an immediate reduction of speculative activities. The number of residential property transactions in January plunged by 39% over November to around 8 000 cases, of which short-term resale cases fell 34%. In December, the number of new mortgage applications likewise fell sharply by 37% over the previous month. Although the figures for January are not yet complete, a preliminary examination shows that flat prices were up by 2% to 3% in January after falling 0.9% in December. There are also signs of pick-up in the turnover of residential flats lately. The pick-up of late conceivably reflects the strength of the demand from genuine end

users and long-term investors. Notwithstanding this, we will remain vigilant against the possible risk of a property bubble posed by excessive liquidity and exceptionally low interest rates. We are determined to maintain the stable and healthy development of the property market and will continue to monitor closely the market situation. I will not hesitate to take further actions to safeguard our socio-economic and financial stability when necessary.

In the medium to long term, the most effective solution to the problems of the property market lies in the fundamental issue of ensuring steady and adequate land supply. Besides reviewing and releasing sites for housing development as soon as possible, the Steering Committee on Housing Land Supply that I chair has adopted a new mindset to explore in a forward-looking way options for identifying more land resources for future use.

In my last Budget, I announced that, while maintaining the Application List system as the principal mechanism for the sale of Government land, we would introduce a government-initiated land sale arrangement. This two-pronged land sale approach worked well over the past year to increase land supply.

In response to the market demand for residential sites, we will take more proactive measures this year, which include:

- (a) specifying in the Application List four residential sites for government-initiated sale by open auction or tender this year; and
- (b) putting up for sale by tender five residential sites in addition to those sites on the Application List, and restricting in the sale conditions their use for construction of about 3 000 small- and medium-sized flats in total.

The total number of residential sites available for sale next year is 52, comprising 18 new sites and 34 sites rolled over from last year's Application List. This will altogether provide some 16 000 residential flats, an increase of more than 70% over the 9 000 or so flats provided in 2010-2011. The Secretary for Development will explain in detail later the land sale arrangement for next year.

Along with the above-station projects at Nam Cheong, Tsuen Wan, Tai Wai, Tin Shui Wai and Tseung Kwan O, the two redevelopment sites of the

Urban Renewal Authority, and the annual average supply from lease modifications and private redevelopment projects for which lease modification is not required, it is estimated that housing land available in the coming year will provide a total of 30 000 to 40 000 private residential flats, far exceeding the target of an annual average of 20 000 flats. In response to my request, the West Rail Property Development Limited has redesigned six property developments above MTR stations along the West Rail in respect of which master layout plans and building plans have been approved. This will help increase the supply of small- and medium-sized flats. The plans will also comply with guidelines on controlling "inflated buildings", which will take effect on 1 April.

Increasing the supply of land for private housing development will not affect the current supply of public housing. Relevant government departments will identify public rental housing (PRH) sites to maintain the average waiting time for general PRH applicants at around three years.

In the five-year period starting from 2010-2011, the forecast production of new PRH flats is about 75 000 flats. The new PRH flat production forecast for 2011-2012 and 2012-2013 will be some 11 200 flats and 16 700 flats respectively, of which about 84% will be built in urban areas.

To relieve the pressure faced by the sandwich class in home purchase, the Government, in collaboration with the Hong Kong Housing Society (HKHS), will launch the My Home Purchase Plan for eligible applicants. The Government has already earmarked sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas for a total of some 5 000 flats to be built under the Plan. We expect to invite applications for the first project in Tsing Yi as early as next year, and plan to carry out the second project in Sha Tin. We will identify more suitable sites for the Plan.

To meet the demand for public and private housing sites, we will continue with our work on land use planning and urban design. We also need to explore new ways to increase the supply of land. Two possible ways are reclamation on an appropriate scale outside Victoria Harbour and rock cavern development. I will allocate about \$300 million to the Development Bureau to initiate public discussion about the feasibility of these new options by carrying out relevant studies and public engagement exercises in the next few years. We will consider

a number of factors, including engineering feasibility, cost-effectiveness and public acceptability, before deciding how to put the ideas into action.

On reclamation, we will first review those locations outside Victoria Harbour which were previously considered for this purpose. At the same time, we will conduct a comprehensive site search to identify other suitable locations.

On enhancing the use of rock caverns, the Civil Engineering and Development Department will complete a study shortly. According to the study findings, the geology of Hong Kong is extremely suitable for developing rock caverns to provide usable underground space. We will consider formulating long-term strategic planning for

(Mr LEUNG Kwok-hung stood up)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung.

MR LEUNG KWOK-HUNG (in Cantonese): President, I only want to ask

PRESIDENT (in Cantonese): Mr LEUNG, this is not your time to speak

MR LEUNG KWOK-HUNG (in Cantonese): all he said is about saving the market

PRESIDENT (in Cantonese): please be seated.

MR LEUNG KWOK-HUNG (in Cantonese): he has not mentioned about saving the people did he say anything about saving the people?

PRESIDENT (in Cantonese): Please be seated immediately. If you further violate the order of the meeting

MR LEUNG KWOK-HUNG (in Cantonese): I will throw these bitter gourds at him

(Mr LEUNG Kwok-hung threw bitter gourds and ginkgos to the front, several security officers moved forward to stop him)

PRESIDENT (in Cantonese): Mr LEUNG, you should leave the Chamber immediately! Clerk

MR LEUNG KWOK-HUNG (in Cantonese): all these things are bitter

PRESIDENT (in Cantonese): You should leave the Chamber immediately!

MR LEUNG KWOK-HUNG (in Cantonese): I will not give him the jasmine

(Several security officers stopped Mr LEUNG Kwok-hung from throwing things continuously)

PRESIDENT (in Cantonese): Mr LEUNG, leave immediately!

(Mr LEUNG Kwok-hung threw some paper to the front, several security officers stopped him)

MR LEUNG KWOK-HUNG (in Cantonese): I tell you, John TSANG

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, leave the Chamber immediately!

(With the assistance of security officers, Mr LEUNG Kwok-hung left the Chamber, but he kept yelling)

MR LEUNG KWOK-HUNG (in Cantonese): all you said is about saving the market no universal retirement protection the Government just saves the market but not the people, shameless!

(Mr LEUNG Kwok-hung left the Chamber with the assistance of security officers)

PRESIDENT (in Cantonese): Financial Secretary.

FINANCIAL SECRETARY (in Cantonese): President

(Mr LEUNG Kwok-hung kept yelling outside the Chamber)

FINANCIAL SECRETARY (in Cantonese): President, on enhancing the use of rock caverns, the Civil Engineering and Development Department will complete a study shortly. According to the study findings, the geology of Hong Kong is extremely suitable for developing rock caverns to provide usable underground space. We will consider formulating long-term strategic planning for reserving potential sites for cavern development. We will also explore the feasibility of relocating such government facilities as sewage treatment works and service reservoirs to rock caverns in order to release land for housing and other uses. Further planning and engineering studies will commence in due course.

As for commercial buildings, the land available for sale next year includes sites that will provide a floor area of 600 000 sq m for commercial/business use. To enhance our competitiveness, we must maintain a steady and adequate supply of Grade A offices, and strive to develop new high-grade office clusters through

land use planning, urban design, area improvement and the provision of better transport networks.

When the new Central Government Complex at Tamar comes into operation, the Main and East Wings of the Central Government Offices will be used by the Department of Justice and the West Wing will be demolished for redevelopment into Grade A offices. We will consider the views collected from the public consultation exercise, and announce the site's design, planning and particulars of sale later. We will continue the preparatory work to relocate departments in the three government office buildings at the Wan Chai waterfront as and when appropriate to free the land for developing more Grade A offices.

Transport infrastructure will facilitate office decentralization. The South Island Line (East), which is scheduled for completion in 2015, will facilitate the redevelopment of industrial buildings in Wong Chuk Hang for office use. The development above the terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link located in West Kowloon has been designated as quality office space. Taking advantage of the location of a station of the Shatin to Central Link at Kai Tak, we will develop Kai Tak into another premier office node. The Kai Tak Government Offices, expected to be completed in 2015, will speed up the development of commercial office space at this brand new node. The Kai Tak Development will create noticeable synergy with the office belt transformed from the former industrial areas in Kwun Tong and Kowloon Bay.

We have also made good progress in revitalizing industrial buildings. As at the end of January 2011, the Lands Department approved 12 applications for wholesale conversion and three applications for redevelopment, while 22 applications were being processed. Most of the buildings approved for conversion or redevelopment are located in Kwun Tong and Kowloon Bay. Their revitalization will provide additional office space to meet the needs of our economy. We will also put up two business sites in Kwun Tong and Kowloon Bay for sale this year to accelerate the commercial development of these two districts.

In support of the efforts to revitalize industrial buildings, we are considering purchasing an industrial building for conversion into an office building for the relocation of the New Territories West Region Office of the Water Supplies Department (WSD). Apart from injecting new impetus into an

old industrial area, this will also allow for more cost-effective use of the original site of the WSD office in the central commercial area in Mong Kok. We plan to adopt green design and introduce environment-friendly and water conservation measures for the conversion works as far as possible. The experience gained will provide practical reference for incorporating green features in retrofitting buildings. This is also in line with the Government's policy in promoting green buildings.

This year, we will face a bigger inflation threat posed by rising pressures from both domestic and imported sources. The quantitative easing, while causing more hot money to flow into Asia, also raises inflation expectations, leading to a greater inflation risk in the region.

Hikes in food prices and housing rents are of particular relevance to consumer price inflation. Local food prices go up mainly because of similar rises in the international and Mainland markets. Rents of private housing rebounded since April 2009 and registered an accumulated increase of 36% at the end of last year, surpassing the pre-tsunami peak by nearly 5%. As the tenancies expire, the rental increase over the recent past will be reflected in the new tenancies, thereby pushing up consumer price inflation in the short run. The measures to stabilize the property market introduced last November have effectively curtailed speculative activities and should divert more flats back to the leasing market. This will help ease the pressure of rental rise, though the effects will take some time to come through.

Fighting inflation is our major task this year. As Hong Kong is an externally-oriented economy with a linked exchange rate system, we cannot use interest rate as a tool to contain inflation and are therefore relatively passive in this respect. In general, other economies in the region are also facing inflationary pressure, despite the different exchange rate systems they are using. In the short term, the Government will strive to ease the domestically generated price pressure by forestalling property market exuberance, preventing excessive credit growth and pursuing a prudent fiscal policy.

In the face of surging food prices, we will continue to diversify the sources of our food imports. This year, one of the key policy directions of the Mainland is to contain inflation and manage inflation expectations. Hong Kong will be

able to fight inflation more effectively if the Mainland's inflation is brought under control.

In the medium to long term, we must keep enhancing our productivity to alleviate the inflationary pressure. In the next few years, the Government will continue to invest heavily in infrastructure, thus increasing the capacity and efficiency of our overall economy. These efforts will not only promote economic development and provide job opportunities, but also help reduce the risk of hyperinflation in the medium to long term.

Regarding macroeconomic management, we will adopt a counter-cyclical fiscal strategy to contain the growth of government expenditure. To maintain monetary stability, we will continue with macro-prudential regulation to strengthen credit risk management of the banking system. Now I will turn to our new programme to issue inflation-linked retail bonds.

To promote the development of the local bond market, we introduced the Government Bond Programme in 2009. The Programme comprises two parts, one on issuing bonds to institutional investors and the other to retail investors. As at end December 2010, government bonds worth \$24 billion were issued under the Institutional Bond Issuance Programme. For retail bonds, the current low-interest rate environment has reduced the attractiveness of conventional fixed-rate bonds to retail investors. Inflation-linked retail bonds are a preferable option for initiating the retail bond issuance. I believe that this will help enhance retail investors' understanding of the bond market and increase their interest in bond investment.

The issuance of inflation-linked retail bonds, or "iBond", will help reduce the impact of inflation on our people. A low-interest rate environment with an inflationary trend will inevitably erode the purchasing power of household savings. I will issue \$5 billion to \$10 billion worth of Hong Kong-dollar iBond under the Government Bond Programme. This will provide our citizens with another investment option for coping with inflation while promoting the development of the local retail bond market.

Our preliminary plan is to issue iBond with a maturity of three years to Hong Kong residents. Interest will be paid to bond holders once every six months at a rate linked to the inflation of the last half-year period. The HKMA

is working out the implementation details and formulating the sales arrangements, with a view to launching the bonds in six months.

Fully aware of the impact of inflation and rising prices on people's livelihood, I propose a series of measures to help ease pressure on them. For one-off measures, I propose:

- (a) Granting each residential electricity account a subsidy of \$1,800. This will cost the Government about \$4.7 billion;
- (b) Waiving rates for 2011-2012, subject to a ceiling of \$1,500 per quarter for each rateable property. It is estimated that about 82% of properties will be subject to no rates in the year. This proposal will cost the Government approximately \$9.9 billion;
- (c) Paying two months' rent for public housing tenants. The Government will pay two months' base rent for tenants who are required to pay extra rent to the Hong Kong Housing Authority. For non-elderly tenants of the HKHS's Group B estates, the Government will pay two thirds of their rent for two months. This measure will involve expenditure of approximately \$1.9 billion; and
- (d) Providing an extra allowance to Comprehensive Social Security Assistance (CSSA) recipients, equal to one month of the standard rate CSSA payments; and an extra allowance to Old Age Allowance and Disability Allowance recipients, equal to one month of the allowances. This proposal will involve an additional expenditure of about \$1.9 billion.

The above measures aim to alleviate the burden of electricity charges, rates and public housing rents on the public. As in the past, CSSA recipients who do not have to bear rates or public housing rents will not obtain any pecuniary advantage from the rates waiver and the government payment of public housing rents. They will, however, receive an extra allowance, along with other CSSA recipients, to ease the pressure of inflation.

In addition, the short-term food assistance services funded by the Government, which have achieved satisfactory results since implementation,

provide immediate support to people in need. The operating organizations have the discretion to provide assistance beyond the specified period in exceptional circumstances. Given the stable utilization of the services, the funding already allocated should be sufficient for financing the operation of the services until 2013. The Social Welfare Department (SWD) will closely monitor the demand for the services and the related arrangements. I have also reserved an additional \$100 million for the continuation of the services as and when needed.

In addition to the above one-off measures, to alleviate the burdens of people in supporting their parents and raising their children, I also propose:

- (a) Increasing the allowance for maintaining dependent parents/grandparents by 20%. The allowance for maintaining a dependent parent/grandparent aged 60 or above will increase from the present \$30,000 to \$36,000. At the same time, the additional allowance for a taxpayer residing with his/her parent/grandparent will increase from \$30,000 to \$36,000. The allowance for maintaining a dependent parent/grandparent aged between 55 and 59 will increase from the current \$15,000 to \$18,000. The same increase applies to the additional allowance for taxpayers residing with these parents/grandparents. For taxpayers whose parents/grandparents are admitted to a residential care home, the deduction ceiling for elderly residential care expenses will be raised from the current \$60,000 to \$72,000. This measure will benefit about 510 000 taxpayers and cost the Government \$570 million a year; and
- (b) Raising both the child allowance and the additional one-off child allowance in the year of birth by 20% from \$50,000 to \$60,000 for each child. I estimate that this measure will benefit about 300 000 taxpayers, costing the Government \$650 million a year.

The relief proposals include one-off measures as well as recurrent measures such as raising the tax allowances. I have placed much emphasis on helping our citizens in need to cope with inflationary pressure while avoiding any excessive stimulating effect on overall consumption. I understand that not all the measures will be of benefit to every member of the public as needs vary depending on individual circumstances. But I would like to point out that the

government expenditure for 2011-2012 is estimated at \$371.1 billion, an increase of 22% over this year. Recurrent expenditure will reach \$242 billion, registering a year-on-year growth of about 8%. Such allocations will be used to improve services and facilities of all kinds, benefiting a wide spectrum of the community.

When I prepared the 2010-2011 Budget early last year, both the economic situation and the external environment were not completely stable. Based on a 2.7% economic contraction for 2009 as a whole and the prevailing economic trends, I estimated a 4% to 5% GDP growth for 2010. With the implementation of our stimulus measures, the economic recovery has become more entrenched. This, coupled with the better-than-expected rebound of the global economy, particularly that of the Mainland, has enabled Hong Kong to achieve a GDP growth of 6.8% in 2010, which is higher than the original estimate.

Income levels rose in parallel, leading to an increase in the revenues from profits tax and salaries tax, for which the revised estimate reaches \$140.5 billion, higher than the original estimate by \$22.2 billion. The stock and the property markets were buoyant, bringing in much higher than expected revenues from stamp duty. The revised estimate for revenues from stamp duty reaches \$51 billion, \$21 billion higher than the original estimate.

In 2010-2011, developers were active in triggering the sale of sites, bidding for land and applying for change of land use. The Government also put sites on the market in a bid to meet development needs. We estimate that the land revenue for the year will reach \$62 billion, \$27.9 billion higher than the original estimate.

Far higher-than-expected land revenue and revenue from stamp duties, together with increases in other tax revenue, have resulted in significantly higher total revenue compared to the original estimate for 2010-2011. The revised estimates for operating revenue and capital revenue are \$301.5 billion and \$73.3 billion respectively. The revised estimate for total revenue is \$374.8 billion, \$82.8 billion higher than the original estimate. Government expenditure for 2010-2011 is \$303.5 billion, \$13.7 billion less than the original estimate, with operating expenditure accounting for \$240.8 billion. For 2010-2011, I forecast an operating surplus of \$60.7 billion and a capital financing surplus of \$10.6 billion. For the Consolidated Account, I forecast a surplus of \$71.3 billion, equivalent to 4.1% of our GDP. By 31 March 2011, our fiscal

reserves are expected to have increased to \$591.6 billion, equivalent to 23 months of government expenditure or 34% of our GDP.

Our fiscal reserves, which comprise the balances of the General Revenue Account and eight other funds¹, serve various functions.

As our revenue is susceptible to fluctuations and the flexibility in expenditure is low, it is necessary for us to have a buffer to alleviate the impact economic cycles have on people's livelihood. Our fiscal reserves serve as such a buffer. Fiscal reserves are our provisions for rainy days. Apart from being used to meet daily operational requirements, fiscal reserves can also be drawn on in contingencies, allowing us to maintain our expenditure at a relatively steady level when government revenue is affected by economic downturns.

Fiscal reserves are also an important component of the Exchange Fund. The fiscal reserves placed with the Exchange Fund help reinforce public confidence in the Hong Kong dollar and our monetary stability. In 2010-2011, the investment income of the fiscal reserves accounted for about one tenth of government revenue. It is an important source of revenue for us.

Hong Kong adopts a cash-based accounting system with no provision for our liabilities, such as civil service pensions and government bonds issued in 2004. We rely on the fiscal reserves as a means of paying our liabilities and the expenditure on large-scale infrastructure projects already launched. Our ageing population will also place pressure on the expenditure on healthcare and social welfare. Making use of our fiscal reserves, we can build a solid financial foundation for our next generation.

Recently, the credit ratings of Hong Kong have been upgraded to the highest level. This will allow local companies to raise funds at relatively low interest rates. The relevant rating agencies indicated clearly that one of Hong Kong's strengths lies in its adequate fiscal reserves. Any drop in the fiscal reserves will put pressure on our ratings.

¹ The eight funds are the Capital Works Reserve Fund, Capital Investment Fund, Loan Fund, Land Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund and Lotteries Fund.

Maintaining adequate fiscal reserves does not mean that we are reluctant to increase expenditure. The revised estimate of government expenditure for 2010-2011 reaches over \$300 billion, an increase of over 29% compared with 2007-2008. This increase is greater than the 8.2% nominal GDP growth. I will make good use of our valuable fiscal reserves to respond positively to the aspirations of the community and lay a solid foundation for our economy to meet future challenges. I will now elaborate on the two issues of "developing the economy" and "caring for people's livelihood".

In order to sustain the economic development of Hong Kong, I am of the opinion that we should foster favourable external and internal environment. Externally, we will strengthen and further co-operation with neighbouring areas. The Government will improve the internal conditions by investing in infrastructure, optimizing the business environment and enhancing the competitiveness of our industries. I will now briefly explain the work to be done in these areas.

To capitalize on the "China advantage", we must strengthen co-operation with the Mainland. At the national level, we strive to consolidate and elevate the functions and roles of Hong Kong in the development of our country by complementing the National 12th Five-Year Plan. At the regional level, we will strengthen co-operation with Guangdong Province, Macao, Taiwan and other regions in various respects to sharpen our competitive edge in the global market.

To ensure that Hong Kong can continue to leverage its unique functions and advantages during the National 12th Five-Year Plan period, we will strive to further consolidate and enhance Hong Kong's status as an international financial centre and an international centre for trade and shipping. We will develop the six industries where Hong Kong enjoys clear advantages, deepen and enhance the implementation of CEPA, and further develop our service industries. We will work with Guangdong Province to seek recognition of the functions and roles of Hong Kong-Guangdong co-operation at the national planning level. We will also join hands with Shenzhen to develop Qianhai into a modern service industry innovation and co-operation exemplary zone, and capitalize on the opportunities presented by CEPA and such policies as early and pilot implementation, with a view to opening up development frontiers in Qianhai for the financial and professional service industries of Hong Kong.

Last April, Hong Kong and Guangdong Province signed in Beijing the Framework Agreement on Hong Kong/Guangdong Co-operation, which provides a clear agenda for Hong Kong-Guangdong co-operation in various respects and sets out six long-term development positions. We will work closely with Guangdong Province in taking forward various policies and measures in the Framework Agreement, formulating the 2011 Work Plan, and implementing the initiatives therein.

Hong Kong, Guangdong and Macao have agreed to build a quality living area, strengthen planning co-ordination, and further improve the transport system between the Pearl River Delta region, Hong Kong and Macao. On the co-operation in building a quality living area, we will study how to improve environmental and ecological quality, promote low carbon development, improve energy supply structure and foster the development of a green transport system in the region. The Regional Co-operation Plan on Infrastructure Construction covers cross-boundary transport facilities, boundary control facilities, electricity supply, water supply, natural gas supply, cross-boundary high capacity information communication and technology infrastructure, and so on.

On the development of Hong Kong-Taiwan relations, I led a delegation to Taiwan last August in my capacity as the Honorary Chairperson of the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council. We met with representatives of the political, business and cultural sectors, and reached initial consensus with the Taiwan authorities on various priority areas for co-operation between both sides.

On the premise of promoting the economic development of Hong Kong and Taiwan to our mutual benefit, we are actively discussing with Taiwan about ways to promote financial regulatory co-operation, update air services arrangements and avoid double taxation on shipping income. We plan to set up a multi-functional office in Taipei and are now working with the Taiwanese side on the relevant details for early implementation of this proposal. Separately, the Hong Kong Tourism Board is now going through the relevant procedures for establishing its office in Taipei, which are expected to be completed shortly.

In the beginning of its term, the Government initiated the strategy of promoting growth through infrastructural development. Our capital works

expenditure rose substantially from \$20.5 billion in 2007-2008 to the revised estimate of \$49.6 billion in 2010-2011.

The estimated capital works expenditure for 2011-2012 will reach a record high of over \$58 billion. The 10 major infrastructure projects are being rolled out in phases as scheduled. Among them, the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Kai Tak Development Plan Stage 1 have commenced construction. The Shatin to Central Link project was gazetted in November 2010. We are pressing ahead with its planning, design and consultation, and construction is expected to start in 2012. The construction works of the South Island Line (East) are scheduled to commence in 2011.

Other major projects expected to start in 2011-2012 include essential public infrastructure works for the Kwun Tong Line Extension; detailed design and ground investigation works for the Liantang/Heung Yuen Wai Boundary Control Point; the replacement and rehabilitation of water mains in various districts across the territory; sewerage improvement works in Central and East Kowloon and the rural areas of the New Territories; redevelopment of Yan Chai Hospital; and construction of district open space, sports centre and library in Area 74, Tseung Kwan O. With the 10 major infrastructure projects and other projects entering their construction peaks, I estimate that the capital works expenditure for each of the next few years will exceed \$60 billion.

The employment situation in the construction industry has improved significantly, with the unemployment rate dropping successively from a tsunami peak of 12.8% to 4.5%. In my last Budget, I earmarked \$100 million to support the Construction Industry Council (CIC) to train more skilled staff and attract more people, especially young people, to join the construction industry. With the support of the industry, the CIC launched the Enhanced Construction Manpower Training Scheme. To boost enrolment, the Hong Kong Construction Association Limited announced last month that it would raise the monthly salary of trainees graduating from courses on selected trades to \$10,000 and further to \$15,000 after six months' employment. The Development Bureau, in collaboration with the CIC and the stakeholders of the construction industry, will reach out to young people through various measures, including establishing a designated website on the industry and setting up a construction industry resource centre.

Hong Kong enjoys the advantages of open markets, free flows of information and capital, an independent judiciary, the rule of law, a low and simple tax regime, quality professional support services and advanced infrastructure. We are committed to maintaining our competitive edge through continuous investment in new infrastructure. We will also strive to create a more favourable business environment through improving working procedures and reducing compliance costs.

The business environment of Hong Kong attracts enterprises from all around the world to set up regional headquarters and offices here, bringing in capital and creating abundant high-value-added job opportunities. They introduce new management culture, promote transfer of technology and enhance local creativity.

At present, more than 6 500 enterprises from overseas, the Mainland and Taiwan have established their presence in Hong Kong. Together, they employ some 350 000 people. We will step up promotion efforts and take the initiative in approaching overseas enterprises, particularly those in the industries where Hong Kong enjoys clear advantages, to encourage them to set up business here. We will also provide aftercare services and support to foreign companies already established in Hong Kong.

Small and Medium Enterprises (SMEs) are an important pillar of our economy and employment market. In 2008, a credit crunch and market dislocation swept the world. To mitigate the impact of the financial tsunami on Hong Kong, the Government launched the \$100 billion Special Loan Guarantee Scheme in December 2008. The Scheme has helped more than 20 000 enterprises and indirectly preserved more than 340 000 jobs.

With improved financing for SMEs, the Special Loan Guarantee Scheme ceased to accept applications at the end of last year. In January, the Hong Kong Mortgage Corporation Limited (HKMC) launched a market-oriented SME Financing Guarantee Scheme to help SMEs obtain sustainable bank financing for their daily operations or acquisition of equipment. This Scheme will meet the financing needs of SMEs while helping banks manage their lending risks more effectively. As at end January, 16 banks have already joined this Scheme.

The SME Loan Guarantee Scheme of the Trade and Industry Department (TID) has been well received by enterprises. With the introduction of enhancement measures under the Scheme in November 2008, SMEs now have greater flexibility in using the loan guarantees. As at end January 2011, the TID approved loan guarantees of over \$15 billion, involving loans of around \$33 billion and benefiting over 12 000 SMEs. To demonstrate the Government's continued support for SMEs, I propose to increase the total guarantee commitment under the SME Loan Guarantee Scheme substantially from \$20 billion to \$30 billion.

We should make good use of the opportunities brought by the Mainland's rapidly growing economy and help Hong Kong brands and products tap the vast Mainland market. Much has been done by relevant government departments and the Hong Kong Trade Development Council in recent years. The initiatives in place include staging large-scale branding conferences and seminars, holding exhibitions and trade fairs on Hong Kong brands in various Mainland provinces and municipalities, as well as organizing delegations for business matching and promotion. We will continue to take forward such work and strengthen co-operation with the trade sector. For example, the SME Development Fund of the TID will focus on supporting projects related to brand development and the opening up of the Mainland market and other emerging markets this year.

The four well-developed pillar industries, namely trading and logistics, financial services, business and professional services, and tourism, are the major driving forces of our economy. In 2009, they made a contribution of 56% to our GDP and brought about a total value added of \$860 billion. The number of employees in these industries was over 1.65 million, representing 47% of the whole labour force. I will now briefly describe the development of these four industries.

Being the largest of all the pillar industries, trading and logistics accounted for 24.1% of our GDP and employed nearly 790 000 people in 2009. With Asia becoming the engine powering the global economy after the financial tsunami and the Mainland accelerating economic growth and expanding domestic demand, new development frontiers have been opened for the trading and logistics industry. As I have mentioned before, we will further regional co-operation and seize business opportunities brought by CEPA. We also need to explore the emerging markets more actively to help minimize the impact of a

weakening economy in Europe and the United States on us. We have achieved some initial results over these years. Among the BRIC countries, India emerged as the fifth largest market for Hong Kong exports last year. The value of our exports to Russia and Brazil also sharply increased in the last five years. The exports to Russia have tripled, and those to Brazil have increased by two thirds.

Further reinforcing Hong Kong's position as an international and regional transport hub is vital to our economic development. With the improvement in the external economic environment, the throughput of both sea and air cargoes registered significant growth last year. In 2010, the passenger volume and cargo tonnage of the Hong Kong International Airport reached an all-time high of over 50 million and 4 million respectively. We will continue to invest in transport infrastructure projects and optimize our highly efficient multimodal transport services, with a view to promoting the development of air, sea and land transport and logistics.

Hong Kong is a world-renowned maritime centre. We will reinforce the maritime service cluster, strengthen manpower training, continue promotion activities both locally and abroad, and foster the development of our maritime services in collaboration with the industry. Turning to the port, we have commissioned a preliminary feasibility study on the development of Container Terminal 10 at Southwest Tsing Yi and will assess the project's impact on the environment and on road and marine traffic. The study is expected to be completed by the end of this year.

On the development of cross-boundary land transport networks, the works for the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge have commenced. Upon their scheduled completion in 2015 and 2016 respectively, they will further consolidate Hong Kong's position as the main south gate of the Mainland's transport networks.

On air transport, the Airport Authority (AA) is implementing a midfield expansion project to increase the cargo handling capacity of the airport to 6 million tonnes a year. This is expected to cope with air traffic demand up to 2020. Upon the scheduled completion of the new air cargo terminal in early 2013, the cargo handling capacity of the airport will be substantially increased by 50%.

In the long run, we must ensure that the Hong Kong International Airport can cope with air traffic growth. There is the need to study the feasibility of constructing a third runway. The AA will launch a public consultation on the findings of its Hong Kong International Airport Master Plan 2030 Study as soon as possible.

To further consolidate Hong Kong's position as a regional logistics hub and capitalize on our competitive edge in handling high-value goods and providing high value-added services, the Government is gradually making available long-term sites for the sector to develop a logistics cluster. The tender for a site in Tsing Yi was awarded last December. In parallel, we will continue to provide suitable sites for port backup uses to facilitate efficient port operations.

We will maintain close ties with the Mainland to facilitate cargo movement within the region. The Framework Agreement on Hong Kong/Guangdong Co-operation signed last year sets out clearly the direction for advancing co-operation between Hong Kong and Guangdong. This will help logistics industry to seize the opportunities brought about by the rapid growth in Mainland's external trade and domestic demand. This will further reinforce Hong Kong's leading position in the global supply chain and enhance our strengths in trade and logistics.

The financial services industry is an important sector in Hong Kong's economy. In 2009, financial services made a contribution of 15.2% to our GDP and hired over 210 000 employees. The past two years have seen a remarkable development in this industry. On equity listing, Hong Kong remained first worldwide in 2010 in terms of the total amount of funds raised through initial public offerings. Enterprises from Russia and France came last year to list here for the first time. On asset management, Hong Kong's combined fund management business rebounded significantly to \$8,500 billion by the end of 2009, representing a year-on-year growth of about 45%. Overseas financial institutions have focused on the investment opportunities in Asia. There is a growing number of international and Mainland investors choosing Hong Kong as a platform for their investment.

We have also achieved some breakthroughs in the development of Renminbi (RMB) business in Hong Kong. Prominent growth and progress have been seen in various areas, including cross-border trade settlement, deposits, bond

issuance and the introduction of financial products. Following the revision of the Settlement Agreement on the Clearing of RMB Business in July 2010, the cross-border RMB trade settlement handled in Hong Kong reached RMB 370 billion last year. At the end of last year, total RMB deposits in Hong Kong exceeded RMB 300 billion, which has increased by four times when compared to some RMB 60 billion a year ago. The continued issue of RMB bonds and the progressive implementation of the Government Bond Programme help boost the development of the local bond market.

Hong Kong strives to enhance the competitiveness of its financial markets to develop itself into a global financial centre. Apart from optimizing the local regulatory regime, we will foster the further development of offshore RMB business, consolidate our position as a platform to raise international capital and enhance the competitiveness of our asset management industry.

First of all, we will maintain close contact with relevant Mainland authorities as well as the financial regulators and market participants of both sides to further develop Hong Kong's RMB bond market. As at end January, there were a total of 31 RMB bond issues with an issuance size of about RMB 74.4 billion. The range of issuers has expanded from Mainland financial institutions to multinational non-financial institutions. We will continue to encourage overseas enterprises to issue RMB bonds in Hong Kong, solicit more Mainland enterprises to issue bonds in Hong Kong and seek the expansion of channels for enterprises to invest in the Mainland the RMB capital raised in Hong Kong. Moreover, we will optimize the RMB clearing platform to attract more enterprises to use Hong Kong's RMB settlement services. Diversification of RMB financial products and services will help consolidate Hong Kong's status as an offshore RMB business centre.

Second, we will continue to improve our listing platform to attract more enterprises from different places to list in Hong Kong. On the back of our liquidity, attractive valuations and access to investors in Asia, Mainland and overseas enterprises are attracted to list here. The Stock Exchange of Hong Kong Limited (SEHK) issued new listing rules for mineral and exploration companies in June 2010 to attract more enterprises from regions rich in natural resources to list in the territory. While maintaining high standard of regulation, the SEHK will continue to streamline the listing process for overseas companies, shorten the timetable and lower costs. Last year, the SEHK accepted more

jurisdictions, including Brazil and the Isle of Man, to facilitate companies incorporated there to apply to list in Hong Kong. The SEHK is studying ways to further facilitate secondary listing of overseas companies in Hong Kong, and accept companies incorporated in other jurisdictions, including India and South Africa, to apply to list here. We will continue to work with the SEHK to step up promotion to attract companies, especially those from emerging markets, to list in Hong Kong.

Third, on enhancing the competitiveness of our asset management industry, we will continue to seek to enter into agreements on the avoidance of double taxation with more trading and investment partners to foster the growth of asset management business. We will also continue to develop an Islamic financial platform in Hong Kong to diversify our financial markets. Stepping up promotion efforts will be high on our agenda in the coming year. The Government will continue to lead financial services delegations to stage roadshows in the Mainland and overseas markets with the aim of promoting Hong Kong's strengths as a global financial centre. We will also strengthen the role of Invest Hong Kong in promoting our financial industry.

Hong Kong is a leading global business hub. Professional services are a high-value-added component of our service industries, and we have distinct advantages in such areas as legal, accountancy, construction and related engineering, and medical services. Business support and professional services made a contribution of 13.1% to our GDP in 2009 and provided employment opportunities for nearly 460 000 people, representing over one eighth of our total workforce. The value of our professional and other business services exported in 2010 reached \$69.6 billion, more than doubled that of 2000.

With the rapid modernization of the Mainland economy, there is a growing demand for professional services in terms of both quality and quantity. Under the CEPA framework, the Government will make continuous efforts to assist our professional services to access the Mainland market. Such efforts include encouraging mutual recognition of professional qualifications and facilitating the Hong Kong professionals' practice and business start-ups in the Mainland. The Government will also maintain close contact with the Mainland and the industries to enhance the promotion and effective implementation of CEPA, with a view to assisting Hong Kong's professional services in expanding the scope for development.

In 2009, the tourism industry accounted for 3.3% of our GDP and provided employment opportunities for over 190 000 people. Following the improvement of the global economy and further extension of the coverage of the Individual Visit endorsement for Shenzhen residents, our tourism industry put up a robust performance in 2010. The number of visitors and their spending reached an all-time high. We received more than 36 million visitors during the year, a significant increase of 22% over 2009. Total spending associated with inbound tourism reached some \$200 billion, an increase of 30.5% over last year.

Over the past few years, we have been investing heavily in our tourism infrastructure. With its new attraction, "Aqua City", opening at the end of last month, Ocean Park's redevelopment is beginning to take shape. Hong Kong Disneyland's expansion project is making good progress and the first new themed area, "Toy Story Land", will be opened by the end of this year. The development of the new cruise terminal at Kai Tak is in full swing, and we will invite tenders from around the world for the contract of operating the terminal. The terminal building and the first berth are expected to start operation in mid-2013.

We will specify in the Application List two hotel sites for government-initiated sale by open auction or tender this year to foster hotel development. To increase the supply of different types of hotels, we will regularize the pilot measure of offering sites "restricted to hotel use" on the Application List. This arrangement will also be applicable to lease modification and land exchange applications from developers.

We will continue to allocate resources for the building of tourism hardware and software. For example, we will explore the potential and directions for further development of our theme parks. We will also consider giving incentives through the Mega Events Fund or in other forms for organizers to host major events with Hong Kong characteristics, enabling tourists to experience the vibrancy and hospitality of Hong Kong as Asia's world city throughout the year.

To foster sustainable economic development in the long run, the Government is rolling out support measures for the six industries where we enjoy clear advantages. Despite our economic contraction in 2009 due to global recession, the six industries in the private sector contributed over \$120 billion value added to our economy, 3% higher than that in 2008. The share of these

six industries in GDP rose from 7.6% in 2008 to 8.0% in 2009. These six industries also employed over 390 000 people, representing an increase of 1.7% over 2008.

Apart from developing the six industries, we are also committed to promoting wine trading and exploring opportunities in emerging markets to promote the diversification of our economy. Before I touch on these, I will give a brief account of the development of these six industries.

On medical services, we reserved four sites at Wong Chuk Hang, Tai Po, Tseung Kwan O and Lantau for private hospital development, and received 30 development proposals from local and overseas institutions. We are formulating the arrangements to dispose of the sites in phases starting from end 2011 or 2012.

To promote research and development in public health and medical services, the Food and Health Bureau plans to set up a "Health and Medical Research Fund". The existing Health and Health Services Research Fund and Research Fund for the Control of Infectious Diseases will be subsumed under the new Fund. To this end, the Government will earmark \$1 billion for injection into the new Fund. Apart from continuing to fund projects within the original research ambit, the new Fund will also finance research projects and facilities in areas of advanced medical research where Hong Kong enjoys comparative advantages, such as paediatrics, neuroscience and clinical genetics. This will tie in with the plan for a Centre of Excellence in Paediatrics and development of other specialties in the future.

Hong Kong is well-placed to develop into an international clinical trial centre and a translational research centre. To advance the development of the pharmaceutical and biopharmaceutical industries, the Hospital Authority (HA) will set up Phase I clinical trial centres in Queen Mary and Prince of Wales Hospitals to conduct preliminary clinical trials for new drugs, with a capital cost of about \$42 million. The clinical trial centre in Prince of Wales Hospital is expected to come into operation first in 2011-2012. We will also map out our way forward for different phases of clinical trials for drugs, and strengthen the organization, management and planning for clinical trials to promote development in this area.

The above measures will help attract more relevant professionals to Hong Kong, lay the foundation of advanced medical research here and provide more training opportunities. A range of scientific research-related jobs, such as professional researchers, scientists, medical technology professionals and pharmacists, will also be created.

To promote the internationalization and diversification of our education services, we have allocated four greenfield sites for the building of international schools. We expect that some 5 000 places will be provided in the coming few years to admit children of those who come from abroad to work in Hong Kong and attract more quality non-local students to study here.

The number of self-financing degree-awarding tertiary institutions in Hong Kong has increased to four, providing a total of about 11 000 places. We awarded two sites at the end of last year for the development of self-financing degree programmes. We have also reserved a site at the former Queen Hill's Camp in the New Territories and invited expressions of interest from relevant organizations. I will consider increasing the commitment of the Start-up Loan Scheme to help institutions meet the costs of purpose-built accommodation when needed.

In his Policy Address, the Chief Executive proposed to establish a Self-financing Post-secondary Education Fund with a total commitment of \$2.5 billion for the development of self-financing post-secondary education. We plan to set up the Fund in the second half of this year.

The Government has accepted the three-year market-oriented development plan for the testing and certification industry submitted by the Hong Kong Council for Testing and Certification. The Council has selected four trades, namely Chinese medicine, food, construction materials and jewellery, for focused development of testing and certification services. Such services include authenticity testing of Chinese herbal medicine, food safety system certification, product certification of construction materials, and development of standard testing methods for two types of jade.

We will step up the promotion of our testing and certification services outside Hong Kong through participation in major trade fairs. With regard to access to the Mainland market, we have taken steps to implement Supplement VII

to CEPA. Starting from this year, testing organizations in Hong Kong can for the first time undertake product testing for the China Compulsory Certification System on a pilot basis for four types of products processed in Hong Kong (that is, toys, circuit installations, information technology equipment and lighting apparatus). This initiative will help create business opportunities for local laboratories, and facilitate access to the Mainland market for products processed in Hong Kong. We will assist the industry in implementing this pilot scheme.

Innovation and technology give impetus to economic development and enhance our competitiveness. Regarding infrastructure, Science Park Phase 3 is due for completion in phases starting 2013. We are now conducting a comprehensive review of the Innovation and Technology Fund with a view to improving its assessment criteria and application procedures, thereby encouraging enterprises and R&D institutions to conduct more research activities with good commercial potential. We will also continue to review the work and role of R&D centres and promote collaboration among academia, R&D institutions, business community and the Government.

With the advent of the National 12th Five-Year Plan, we will strengthen our collaboration in scientific research with the Mainland and encourage the participation of more research personnel of Hong Kong in national science and technology programmes, complementing the development of our country. From April, we will provide an annual sum up to \$2 million to each of the 12 Partner State Key Laboratories in Hong Kong to support their operation and enhance their research capability.

To show the support and recognition we give to innovation and technology, I have agreed to take up the chairmanship of the Steering Committee on Innovation and Technology. The Committee will pull together the efforts of the industry, academia and research institutions to co-ordinate the formulation and implementation of innovation and technology policies. We hope this will generate greater synergy among various policies and programmes.

Hong Kong is a telecommunication hub in the region. In the past year, the Hong Kong Science and Technology Parks Corporation granted about eight hectares of land in the Tseung Kwan O Industrial Estate for the setting up of high-end data centres. In a knowledge-based economy, data centres constitute an essential part of the infrastructure. The Government is exploring appropriate

measures to facilitate the development of more high-end data centres in Hong Kong.

The \$300 million CreateSmart Initiative has so far received over 110 applications for support to projects in the creative industries. Over 40 applications have been approved with a funding of more than \$70 million.

In 2011-2012, Create Hong Kong will continue to help the industries tap into the Mainland market, support local creative talent in taking part in major overseas competitions and exhibitions, and co-operate with the film, design, digital entertainment and other sectors to organize promotion, exchange and business matching activities in the Mainland and overseas markets. In addition to subsidizing international events like Entertainment Expo Hong Kong and Business of Design Week, we will support the music, television and digital entertainment industries in organizing various kinds of large-scale regional events this year. Regarding new media, Create Hong Kong will provide funding for the establishment of a 3-D online platform to showcase local architectural works. It will also support the local comics sector in developing a smart-phone platform to facilitate electronic publishing and distribution of comic work.

We have selected the service operator for revitalizing the site of the former Hollywood Road Police Married Quarters into a focal point for the development of local creative industries.

The environmental industries, while at an initial stage of development, are growing impressively. In 2009, the value added of the green industries rose by 12.4% and the number of employees also increased by 3.6%. We have been promoting the development of environmental industries and a green economy through multi-pronged policies and initiatives. They include enhancing building energy efficiency and promoting the use of energy-saving household appliances by legislation, setting up the Pilot Green Transport Fund, making more use of electric vehicles, and taking forward other measures such as expanding the list of products with green specifications for government procurement, piloting the use of new green materials in public works, encouraging scientific research on environmental protection and building environmental infrastructure.

We have been making good progress in promoting energy saving and improving energy efficiency. With the mandatory compliance of the Building

Energy Codes, which will take effect shortly, it is estimated that 2.8 billion kWh of electricity will be saved for new buildings and carbon emissions will be reduced by about 1.9 million tonnes in the first 10 years. The construction of the first district cooling system at the Kai Tak Development will commence this year. Upon its completion, we expect to save as much as 85 million kWh of electricity and reduce approximately 60 000 tonnes of carbon emissions each year. Participation of the environmental industries is essential to the implementation of these energy saving and emission reduction measures which will in turn create business opportunities for them.

On improving roadside air quality, the new Pilot Green Transport Fund, set up to encourage the transport sector to test out green and low-carbon transport modes and technology, will be open for application by end March. We are also preparing for a number of trial schemes in collaboration with the franchised bus companies, including the trying out of hybrid buses on busy corridors and retrofitting of Euro II and III buses with catalytic reduction devices to meet the Euro IV emission standard. The above schemes, involving trials and retrofitting processes, will help promote a green economy.

Over the past two years, the Steering Committee on the Promotion of Electric Vehicles chaired by me has been actively promoting the use of electric vehicles through various policy initiatives and measures. Currently, there are about 100 electric vehicles on Hong Kong roads and over 260 charging stations across the territory for public use. A number of electric vehicle models have been rolled out on the market. Subject to the availability of suitable models on the market and the operational needs of bureaux and departments, we will give priority to electric vehicles when replacing government vehicles in the two financial years of 2011-2012 and 2012-2013. We expect to have an intake of close to 200 electric vehicles of various types in these two years. In addition, we plan to install more charging facilities for electric vehicles in government car parks, and will encourage the business and non-government sectors to join hands in expanding the charging network across the territory.

Since wine duty was exempted in February 2008, there has been sustained growth in wine imports and related businesses. The number of persons engaged in wine-related businesses increased by more than 5 000 in 2008 and 2009, bringing the total to 40 000. In 2010, the total value of wine imports exceeded \$6.9 billion, an increase of 73% over 2009. According to the industry, Hong

Kong surpassed New York to become the world's largest wine auction centre in 2010.

To help the industry tap business opportunities arising from the growing demand for wine across Asia, especially in the Mainland, we signed Memoranda of Understanding on Co-operation last year with various countries and regions including the United States, Portugal, Chile and the region of Burgundy in France. This has brought the number of similar agreements between us and wine-producing countries or regions to 12. We will continue to seek opportunities for co-operation with our trading partners, further capitalizing on Hong Kong's experience and network in wine trading and distribution.

In view of the sustained development of emerging markets and their burgeoning economic and trade links with the Mainland, we have strengthened our investment promotion efforts in markets such as Southeast Asia, the Middle East, Russia, India and South America. We met local corporations and encouraged them to expand their business to Hong Kong. In addition, we organized a major business conference in New Delhi, India, with the Guangdong Provincial Government, to promote the advantages of doing business in Guangdong and Hong Kong. We will continue to enhance investment promotion efforts in major emerging markets, encouraging corporations to establish footholds in Hong Kong.

Our efforts in developing the economy are to improve people's livelihood. To that end, we have to make good use of our social capital. The most effective way of achieving this goal is to empower people from all walks of life to have greater self-reliance and capability, and help them improve their quality of life and seek self-enhancement, thus facilitating social mobility. This will in turn provide ample opportunities for people to strive for their own future and become the driving force behind economic development and social progress.

Education is the means of developing human capital and enhancing competitiveness in the long run. More importantly, it provides people with more opportunities for personal development, inspiring them to strive for excellence and continuous improvement. With aspirations and determination for advancement, everyone can fully develop his potential through learning and achieve self-reliance and success. Education is the policy area which has always taken up the largest share of recurrent government expenditure. In 2011-2012,

estimated expenditure on education will amount to more than \$54 billion, accounting for 22.5% of recurrent government expenditure.

I am particularly concerned about the educational needs of students from low-income families because education is an important ladder in helping them achieve self-reliance and independence. The existing student financial assistance schemes offer, in many ways, financial support to eligible pre-primary, primary, secondary and post-secondary students. The annual recurrent expenditure involved exceeds \$3.1 billion, benefiting as many as 360 000 students, or around 34% of the total number of students. The Government will give needy students greater support to ensure that their studies will not be affected by lack of financial means.

I propose to relax the income ceiling for the full level of student financial assistance under the means test mechanism starting from the 2011-2012 academic year. It is estimated that for the 2011-2012 academic year, this measure will provide full assistance to about 75 000 additional students at all levels of study, comprising 64 000 pre-primary, primary and secondary students and 11 000 post-secondary students. The number of students receiving full assistance will increase from currently about 110 000 to approximately 190 000, representing 50% of the total number of recipients. This proposal is expected to involve an additional recurrent expenditure of around \$300 million a year.

I propose to adjust the existing tiers of financial assistance for post-secondary students so that more students will be granted full assistance while those not on full assistance will also receive more. In the 2011-2012 academic year, about 30 000 post-secondary students will be granted full assistance and approximately 22 000 will receive more assistance. This proposal is expected to involve an additional recurrent expenditure of about \$140 million a year.

I also propose to increase the grants for academic expenses for post-secondary students starting from the 2011-2012 academic year. They will be given additional grants, subject to the outcome of their means test, for the acquisition, replacement or enhancement of necessary study aids, including computer and related equipment. Each post-secondary student receiving full assistance will be entitled to an additional grant of \$1,000 every year. This

proposal will involve an additional recurrent expenditure of about \$48 million a year.

I am aware that many parents of low-income families want their children to receive homework guidance after school. To that end, I have earmarked \$110 million to launch a three-year pilot programme in primary schools. The Education Bureau will collaborate with local tertiary institutions to encourage and enlist tertiary students, especially those full-time students interested in joining the teaching profession, to provide after-school homework guidance for students from low-income families and help them with their studies.

We award scholarships to recognize the excellent performance of outstanding students and attract quality students to study in Hong Kong. The existing HKSAR Government Scholarship Fund awards scholarships to students taking publicly-funded degree programmes. The proposed Self-financing Post-secondary Education Fund will offer scholarships to those enrolled on self-financing post-secondary programmes. I propose to inject \$250 million into the HKSAR Government Scholarship Fund to extend the benefit to students of publicly-funded sub-degree programmes.

I have always encouraged young people to see for themselves and learn more about our country's latest development. I propose to allocate \$100 million to launch a five-year pilot scheme to subsidize on a matching basis local tertiary students participating in short-term internship or learning programmes in the Mainland, including visits, exchanges or voluntary services. Participants will be able to learn about the prevailing social, economic and cultural landscapes of our country through these programmes. Each student may receive a subsidy of up to \$3,000. It is estimated that over 30 000 students will benefit from the Scheme.

Apart from furthering their studies, young people may pursue pre-employment training in various areas according to their abilities and aspirations. By so doing, they will prepare themselves for career development. For those who are already in employment, retraining facilitates their career advancement or change. To meet these different needs, the Vocational Training Council (VTC) and the Employees Retraining Board (ERB) provide courses to assist participants in acquiring vocational skills and recognized qualifications with a view to enhancing their employability and competitiveness.

The ERB will provide 130 000 training places in 2011-2012. These places are targeted at non-engaged youths, middle-aged people who need to change jobs, ethnic minorities and new arrivals seeking employment in the local job market. The ERB has reserved resources for the provision of 30 000 additional places when necessary.

The VTC now offers 235 000 training places, providing people of different education levels with pre-employment and in-service vocational education and training programmes. These programmes include Higher Diploma courses, in-service short training programmes, training programmes for non-engaged youths and apprentice training. The VTC also implements a trade testing and certification system to help participants obtain recognized qualifications.

The Government will provide a recurrent subvention of about \$1.94 billion to the VTC in 2011-2012 to meet the community's demand for vocational education and training programmes. These programmes also offer fresh graduates another good option, other than pursuing further studies and seeking jobs, for achieving self-reliance and self-enhancement.

To better serve job seekers' needs, along with the implementation of the statutory minimum wage, the Labour Department (LD) will strengthen employment services for young and middle-aged people and those with disabilities. At the end of last year, the LD launched a two-year Pilot Employment Navigator Programme, providing a total of 22 000 places, to help the unemployed secure employment. Participants will receive customized employment counselling services and will be granted a cash incentive if they subsequently secure and stay in a job. At the end of this year, the LD will set up a pioneer one-stop employment and training centre in Tin Shui Wai to provide integrated services of the LD, SWD and ERB, with a view to offering more targeted employment assistance.

Recurrent expenditure on social welfare for 2011-2012 is expected to reach \$42.2 billion, an increase of \$4.2 billion when compared with 2010-2011. It is the policy area group which registers the greatest growth in expenditure, reflecting our commitment to supporting the disadvantaged.

In 2011-2012, the Home Affairs Department (HAD) will be given more resources and will set up a dedicated team to strengthen and integrate the support

services for new arrivals and ethnic minorities. We will make good use of district networks and the services of district organizations and non-governmental organizations (NGOs) to better facilitate the integration of new arrivals and ethnic minorities into the community. We will introduce three major initiatives: launching district-based integration programmes; organizing activities for prospective migrants from the Mainland to help them better understand the local environment before they come to live here; and introducing services to ethnic minorities and new arrivals by arranging for those with similar backgrounds and experiences to reach out to them, and to make referrals to government departments where necessary.

Since 2009, we have sponsored NGOs to run four centres to provide comprehensive support services to ethnic minorities, including counselling and referral service, interpretation service, training classes, after-school tutorial classes and various integration programmes. To date, over 50 000 participants have benefited from the services. The four centres now receive an annual sponsorship of over \$20 million.

To pursue the policy objective of "ageing in place", the Government will continue to allocate resources to support elders to age at home. I propose to increase annual recurrent funding by \$76 million to provide about 1 700 additional places for community care services for elders, including 1 500 places for the Enhanced Home and Community Care Services and about 200 day care places for the elderly. I also propose to increase annual recurrent funding for the well-received pilot Integrated Discharge Support Programme for Elderly Patients by \$148 million to make it a regular service and extend its coverage from the current three districts to all districts. Under the Programme, one-stop support services will be provided for elderly people discharged from hospitals to help them make a quick recovery. Upon the full extension of the Programme, the number of elders benefited each year is expected to increase from the current 8 000 to around 33 000.

On residential care services, the Chief Executive has announced in his Policy Address that the Government will provide additional subsidized residential care places by building new residential care homes, making full use of the space of existing homes and offering more places under the Enhanced Bought Place Scheme. I propose an increase of \$130 million in the annual recurrent funding to provide about 1 300 additional subsidized residential care places, including

nursing home places, care-and-attention places and places offering a continuum of care.

To enhance the service quality of residential care homes under the Enhanced Bought Place Scheme, I propose to increase annual recurrent funding by \$40 million to raise the purchase prices for EA1 places. The residential care homes concerned will be required to provide physiotherapy treatment and rehabilitation training for the elderly. This will also help enhance the quality of private residential care homes.

In addition, I propose to increase annual recurrent funding by \$45 million to raise the supplements for subsidized residential care homes so that they can take better care of demented or infirm elders. The coverage of the Dementia Supplements will also be extended to all subsidized day care centres for the provision of more targeted services to patients residing in the community.

The HKMC announced in December 2010 its plan to launch a reverse mortgage pilot scheme in which elderly people will be able to use their properties as collateral to borrow mortgage loans from banks and receive a certain amount of cash every month while continuing to live in their properties for the rest of their lives.

After the HKMC announced its plan, many people have expressed their support but also suggested ways to improve the plan. The HKMC has agreed to fine-tune the scheme. For example, borrowers will be allowed to draw in advance a certain amount of loans from banks in case of special needs to pay for medical expenses, building maintenance fees, and so on. The amount of annuity payable to single borrowers will be raised while the fees for joining the scheme will be lowered or waived as far as possible. These changes are made to better meet the needs of the elderly, providing them with an alternative to improve their standard of living. Details of the scheme will be announced by the HKMC shortly.

The Government launched the three-year Elderly Health Care Voucher Pilot Scheme in January 2009. Under the Pilot Scheme, elderly citizens aged 70 or above are each offered healthcare vouchers of \$250 annually to subsidize their use of private primary healthcare services. Having completed the interim review of the Pilot Scheme, we propose to extend the Pilot Scheme for another three

years, double the value of healthcare vouchers to \$500 per person per year, and strengthen the monitoring of voucher utilization under the Pilot Scheme. I will allocate \$1 billion to implement this proposal. The Secretary for Food and Health will announce the review report and detailed proposal in due course.

I propose to raise the standard rates for adult CSSA recipients under the age of 60 with disabilities and in ill-health to the same level as those for elderly CSSA recipients in similar health conditions. This will more effectively help the recipients concerned make ends meet. The proposal will involve an additional annual recurrent expenditure of \$328 million and is expected to benefit about 55 000 people.

The community living supplement is currently payable to severely disabled CSSA recipients. I propose to extend the supplement to cover recipients with disabilities at non-severe level, recipients in ill-health and elders. I also propose to increase the monthly supplement from the existing \$120 to \$250 to better support the recipients' stay in the community. This proposal will involve an additional annual recurrent expenditure of about \$590 million and is expected to benefit about 190 000 recipients.

It is the policy objective of the Government to provide the disabled with a barrier-free environment in order to help them live independently and integrate into the community. In 2011-2012, relevant government departments will allocate more than \$120 million to upgrade the existing barrier-free access facilities in government premises. We aim to complete 3 300 improvement works projects within the current term of the Government. To take forward the design works and retrofitting of barrier-free access facilities at about 180 public footbridges and subways, we also plan to seek approval of this Council for over \$280 million this year. Our target is to complete the bulk of the works by 2016-2017.

The Government will provide additional funding of over \$210 million to the HA in 2011-2012 for strengthening support for people with mental illnesses.

First, the Case Management Programme targeted at patients with severe mental illness will be extended to five more districts, thereby increasing the number of beneficiaries from 5 000 in 2010-2011 to 11 000 in 2011-2012. Crisis intervention teams will be set up in all HA clusters to handle emergency

referrals at the community level and follow up on high risk patients. It is expected that about 1 000 patients will benefit from this new measure each year. The Integrated Mental Health Programme will also be extended to cover all HA clusters to provide assessment and consultation services in the primary care setting for patients with common mental disorder. It is expected that the number of beneficiaries will increase to about 7 000 each year.

Furthermore, the Early Assessment and Detection of Young Persons with Psychosis Programme will be expanded to cover adults. It is expected to provide services to an additional 600 or so beneficiaries in 2011-2012. The psychogeriatric outreach services will also be extended to cover about 80 additional residential care homes for the elderly in 2011-2012. Regarding mental health services for children and adolescents, dedicated professional teams will be expanded to provide services for an additional 3 000 or so children with autism or hyperactivity disorder each year.

We have pledged to increase health expenditure to 17% of recurrent government expenditure by 2012. We are working towards the target. In 2011-2012, the estimated recurrent expenditure on health will be \$39.9 billion, which accounts for 16.5% of recurrent government expenditure and represents an increase of more than \$3 billion over 2010-2011.

Apart from the new mental health services I just mentioned, the HA will use the additional funding to strengthen a range of other services. Taking into consideration the latest scientific evidence and medical technology development, it will enhance the efficacy of treating nine diseases by incorporating more drugs into the Hospital Authority Drug Formulary. It is estimated that 52 000 patients will benefit from this initiative each year. The HA will also conduct comprehensive health risk assessments for patients with hypertension and diabetes, and over 167 000 patients are expected to benefit from this service by the end of March 2012. The HA will also, through the collaboration between multi-disciplinary teams, enhance palliative care for patients with terminal cancer and end stage organ failure. It is estimated that an additional 2 500 patients will benefit from this measure in 2011-2012.

As for shortening the waiting time for specialist services, it is estimated that public hospitals will perform 3 000 additional cataract operations and another 3 000 patients will receive subsidy for cataract surgery in the private sector in

2011-2012. The establishment of an additional specialist centre for joint replacement in 2011-2012 will enable about 400 additional operations to be performed each year. The HA also plans to provide magnetic resonance imaging services to 3 400 additional patients and computerized tomography scanning services to 3 000 additional patients each year starting from 2011-2012.

To enhance the regulation of pharmaceutical products, the Department of Health (DH) has taken measures to strengthen the experience requirements for Authorized Persons of pharmaceutical manufacturers. It also requires all local manufacturers to adopt the enhanced microbiological monitoring model, and has stepped up the inspection and monitoring of manufacturers and wholesalers. In 2011-2012, the Government will allocate \$31 million additional funding to strengthen the regulation of drugs, including the establishment of a dedicated office on drugs in the DH. The provisions under the Chinese Medicine Ordinance on the mandatory registration of propriety Chinese medicines (pCm) have taken effect, and those relating to the label and package insert requirements will come into force at the end of this year. We will allocate an additional \$8.4 million for the formulation of Good Manufacturing Practice (that is, GMP) and the introduction of pharmacovigilance to raise the production standard of local pCm manufacturers.

Studies by the World Health Organization have clearly shown that increasing tobacco duty is an effective means of tobacco control. For public health protection, I propose to increase the duty on cigarettes by \$0.5 per stick or 41.5%. Duties on other tobacco products will also be increased by the same percentage. The above adjustments take immediate effect by way of a Public Revenue Protection Order gazetted today. The Customs and Excise Department will step up law enforcement to contain cigarette smuggling. We will also make greater effort to provide smoking cessation services.

Since the launch of the Operation Building Bright in 2009, we have provided financial assistance to the owners of over 1 900 old buildings. A large number of old buildings were repaired and nearly 16 000 employment opportunities created.

In the second round of Operation Building Bright, we received more than 500 applications involving over 800 buildings. I propose to further allocate \$1 billion for Operation Building Bright so that financial assistance will be made

available to all eligible applicants. This proposal will mark a successful conclusion to this campaign. We forecast that the campaign will eventually provide financial assistance for the repair and maintenance of over 3 000 buildings aged 30 years or above and create more than 60 000 employment opportunities related to the construction industry.

Private cars account for over 60% of the vehicle fleet in Hong Kong. The number of vehicles in Hong Kong has grown continuously over the years. The year-on-year increase of private cars in 2010 hit 5.4%, a record high of more than a decade. The number of private cars first registered in 2010 surged to more than 41 000.

It is obvious that the continuous growth in the number of private cars has adversely affected the traffic conditions on our roads. Despite all the road improvement works to ease traffic congestion, average vehicle speeds on all strategic roads across the territory decreased by over 5% in 2010. Allowing the situation to deteriorate would make our roads even more congested. We must take decisive measures to curb the growth of private cars.

I propose to increase the rate of each tax band for the First Registration Tax for private cars by about 15%. Details of the adjustments are set out in the supplement to the printed version of this Speech. The First Registration Tax for other types of vehicles and the existing concession for electric vehicles and environment-friendly petrol private cars will remain unchanged. The above adjustments will be gazetted and take immediate effect today. The proposed measure is intended to relieve traffic congestion instead of raising tax revenue.

We have been promoting the conservation of historic buildings through a diversified approach. An example is the Revitalizing Historic Buildings Through Partnership Scheme in which historic buildings are conserved with government funding and adapted for reuse by non-profit making organizations. This has brought renewed vigour and new attractions to the community. In the past few years, I have allocated a total sum of \$1.5 billion for the Scheme. So far, as many as 10 conservation projects of historic buildings have been implemented under this model, and the total capital works commitment has exceeded \$1.2 billion. I propose to earmark an additional \$500 million to subsidize more revitalization projects of this kind.

Art and culture provides the basic nutrients for social development. To support the development of the West Kowloon Cultural District (WKCD), we have earmarked more than \$486 million for the five financial years from 2010-2011 for art programme development, manpower training, art education and audience building.

We also injected \$1.5 billion into the arts portion of the Arts and Sport Development Fund (ASDF) last July with a view to promoting the long-term development of local art and culture with the investment return of the ASDF. A matching grant scheme will be launched to encourage private sector participation in providing a springboard for the development of promising local art groups. The scheme will also support more quality art and cultural projects, thereby creating the brand identity of Hong Kong culture. In 2011-2012, we will allocate over \$2.8 billion for the development of art and cultural software.

The WKCD Authority (the Authority) will work with the art and cultural sector, educational institutes and community groups to present a host of art and cultural events to the community. The aim is to bring art to the public and enhance their appreciation of various art forms (including performing arts and visual culture) for audience building. The Authority will also plan and support capacity building programmes to nurture artists and art administrators with a view to strengthening our arts team.

The Government has always attached great importance to sports development. We have taken an active role in promoting "sport for all", developing elite sports and positioning Hong Kong as a leading location for international sports events. The redevelopment of the Hong Kong Sports Institute (the Institute) at a cost of about \$1.8 billion is proceeding according to schedule. To tie in with the upgrading of its facilities, I propose to set up a \$7 billion "Elite Athletes Development Fund". The investment return of the Fund will replace the current mode of providing subvention to the Institute. This will help make the Institute a world-class training centre, provide more comprehensive support to elite athletes, and strengthen our efforts to identify and train young athletes with potential.

Last July, we also injected \$1.5 billion into the sports portion of the ASDF. Its investment return is used to support various sports, in particular team sports, and to organize more community sports programmes to promote greater public

participation in sport. We will continue to build new district-based recreational and sports facilities and improve existing ones in the light of district demand. We will also press ahead with the planning of the multi-purpose stadium complex at Kai Tak.

Since the launch of the Enhancing Self-Reliance Through District Partnership Programme in 2006, the HAD has approved a total of about \$110 million to subsidize the establishment of over 100 social enterprises. We have earmarked \$150 million to keep rolling out the Programme over the next five years. The maximum funding period is extended from two years to three years, and the eligibility requirements are relaxed on a pilot basis to cover non-profit making organizations which are not exempt from tax under the Inland Revenue Ordinance. We will allocate additional resources to introduce an award scheme in an effort to foster a social enterprise spirit and nurture talent in this field.

Some people at grass-roots level may wish to start their own businesses or take self-enhancement training. However, they may not have sufficient financial resources to do so. What they need is not a large sum, but their loan applications may be rejected by banks or finance companies because they cannot provide collaterals or do not have a stable income, or they may have to bear a high interest rate on the loan. This may frustrate their plans to start their own businesses or deprive them of self-improvement opportunities.

Some financial institutions abroad have introduced various loan schemes to help these people. Besides offering loans that are relatively affordable, these institutions also provide services such as mentorship to assist people in starting their own businesses, enhancing their skills and boosting their self-confidence. Successful examples abroad, such as MicroBank of Spain, have one feature in common, which is that loans are granted only after careful assessment of the borrower's willingness and ability to repay, thereby preventing these loans from being used or regarded as a kind of welfare benefit. Appropriate guidance will also be given to applicants on starting up businesses. The ultimate objective is to operate the loan schemes on a self-financing and sustainable basis.

I have asked the HKMC to study the feasibility of establishing a sustainable "Microfinance" scheme in Hong Kong and the demand for such facilities. The HKMC will invite bankers and voluntary agencies to form a

study group, consult stakeholders and organizations concerned, and submit recommendations to me within six months.

The Mandatory Provident Fund (MPF) System and other occupational retirement schemes have been functioning well to assist our working population to save up for better retirement protection. We hope to increase the retirement savings of scheme members. In this connection, I propose to make a one-off injection of \$6,000 into the MPF accounts of all MPF scheme members and members of occupational retirement schemes covered by the Employment Ordinance of Hong Kong as of 23 February 2011. To assist more citizens in preparing for retirement, no salary ceiling will be imposed for the injection proposal. The proposal will not increase inflationary pressure and is drawn up in the light of our fiscal position.

I have earmarked \$24 billion for this measure. The Financial Services and the Treasury Bureau will announce the details in due course, and the Mandatory Provident Fund Authority will assist in implementing the injection. I expect that the injection of funds into the MPF accounts will start in 2011-2012.

I now give a brief account of the estimates for 2011-2012.

Operating expenditure for 2011-2012 is estimated to be \$298 billion, including recurrent expenditure of more than \$242 billion. Of the recurrent expenditure, 56.4% will be used in the three policy area groups of education, health and social welfare. Recurrent expenditure for 2011-2012 will increase by nearly 8% when compared with 2010-2011. This reflects that the Government is always committed to caring for people's livelihood. Taking into account the provision for meeting service growth, and the measures proposed in the Policy Address and in this Budget, operating expenditure for 2011-2012 will be higher than that for 2010-2011 by 24%.

I forecast that capital expenditure will amount to \$73.1 billion, including \$58.3 billion on capital works. Total government expenditure is estimated to reach \$371.1 billion, an increase of \$67.6 billion over 2010-2011. Public expenditure will be equivalent to 21% of our GDP. The estimated government expenditure for 2011-2012 is \$136.3 billion, or 58%, higher than 2007-2008. The increase is also greater than the 15.8% nominal GDP growth over the same period.

I estimate that total government revenue for 2011-2012 will be \$375 billion. Taking all these into account, I forecast a surplus of \$3.6 billion in the Operating Account and a surplus of \$300 million in the Capital Account. This will result in a surplus of \$3.9 billion in the Consolidated Account, equivalent to 0.2% of our GDP. Fiscal reserves are estimated at \$595.5 billion by end March 2012, representing about 32% of our GDP and equivalent to 19 months of government expenditure.

For the medium term, I project that the annual average growth rate will be 4% in real terms for the period 2012 to 2015, while the underlying inflation rate will average 3.5%. I forecast an annual surplus in the Operating Account for the period between 2012-2013 and 2015-2016. With a number of major infrastructure projects entering their construction peaks, a deficit will arise in the Capital Account, but a surplus is expected in the Consolidated Account. Fiscal reserves are estimated at approximately \$697.7 billion by end March 2016, representing about 30% of our GDP and equivalent to 20 months of government expenditure. This figure has not deducted the \$50 billion I previously pledged to allocate for the implementation of healthcare reform.

President, the socio-economic situation facing us is so distinctive that it has little resemblance to what we have seen before. The new economic landscape has provided welcome opportunities for many sectors and people in Hong Kong. However, the unusual external environment has given rise to inflationary pressure and increased the risk of asset-price bubbles, adding to the burden on our citizens. In such exceptional circumstances, it is only natural that some people feel worried about the increasingly heavy burden they have to bear or the difficulty in clinching a place in the new economic contest. They may even be anxious about their development prospects for the future.

In view of this year's socio-economic conditions, I propose in this Budget to increase our spending on areas related to people's livelihood, such as education, health and social welfare. We also seek to alleviate the inflationary pressure felt by our people, reduce the risk of asset-price bubbles, and use public resources to invest in the future.

People come first in all our policies. No matter how our economy fares, we cherish each and every member of our community. We always remind ourselves that the social and economic problems facing us are not just figures on

paper, but the livelihood and well-being of every single citizen and family. I believe that it is in Hong Kong's best interests to give our people opportunities to fully actualize their potential and pursue their own value and happiness.

As a poet wrote, "A great city is that which has the greatest men or women". The achievements of Hong Kong's free and robust economy stand for all to see. But remarkable economic performance alone does not make a city great. It is of equal importance that our society remains open and diversified, and that we solve our problems together through rational discussions. With fairness and care, we can create a vibrant socio-economic environment in which everyone can realize their potential.

In my last Budget, I pointed out that we should make good use of the "big society" which exists somewhere between the "big market" and the "small government". We should join hands to tackle our problems by utilizing our abundant social capital. On the premise that Hong Kong people are always striving to excel while feeling concern for others, we provide the necessary platform for co-operation for the big society, involving the community, business and Government, to work together for social and economic development.

Education is a prerequisite for developing social capital. I propose to devote more resources to the development of talent and increase of knowledge, making learning an essential component of our lives. In the area of social development, investment in education is the key to enhancing our overall competitiveness. For personal development, education is an important step in the course of empowerment. I believe that the education a person receives has a profound effect on his future. Knowledge is power. With knowledge, we are masters of our own fate.

We have always considered it appropriate to empower the community, and this underpins my Budgets. I encourage everyone to pursue their own happiness. To this end, I propose initiatives that encourage young people to strive for self-reliance, support disadvantaged groups to integrate into the community, and seek to help people realize their dreams of starting up business. At the same time, I will allocate resources and take forward various projects to help community organizations pool their efforts for social development and innovation.

At the economic level, we foster the innovative and enterprising spirits that Hong Kong has always been proud of. I take heart from experience like that of the 40 sq ft make-up counter in a shopping arcade in Causeway Bay that has grown into a cosmetics retail group with over a hundred shops in Asia, or the small restaurant in Central that has expanded into a catering enterprise operating more than 600 outlets around the world. The key to the success of Hong Kong enterprises, as evident in their prosperous growth despite various crises, is the persistence and determination of our people doing their best. I believe that the support from the Government will help foster an enterprising spirit among our people and eventually nurture more and more new generations of entrepreneurs for Hong Kong.

A society which empowers its people will also be a responsible one. A government is obliged to create a favourable environment, safeguard equal opportunities and maintain fair competition. It is obliged to deal with socio-economic fluctuations or market failure with appropriate policies. The community has the responsibility to boost the positive momentum in its members so that they will be able to rise to challenges with tenacity. Enterprises have the responsibility to demonstrate higher moral standards and act to show their care for the community apart from making profits.

The post-tsunami period still abounds with challenges. The impacts of a changing global economic landscape, the pressure of an ageing population, and the social tension arising from the poverty problem are urgently calling for a broader consensus and greater willingness in our society to confront these issues together. With our diligence and perseverance, desire for excellence, caring and accommodating attitude, we shall overcome the many difficulties coming our way. That Hong Kong has emerged from the financial tsunami more vibrant and caring than ever speaks for itself. I believe Hong Kong will rise to challenges ahead with greater vigour. The spirit of Hong Kong will continue to shine through.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Appropriation Bill 2011 be read the Second time.

In accordance with the Rules of Procedure, the debate on the Second Reading of the Appropriation Bill 2011 is now adjourned, and the Estimates are referred to the Finance Committee for examination before the debate on the Bill resumes.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 2 March 2011.

Adjourned accordingly at one minute past One o'clock.

Chart 1

Gross Domestic Product

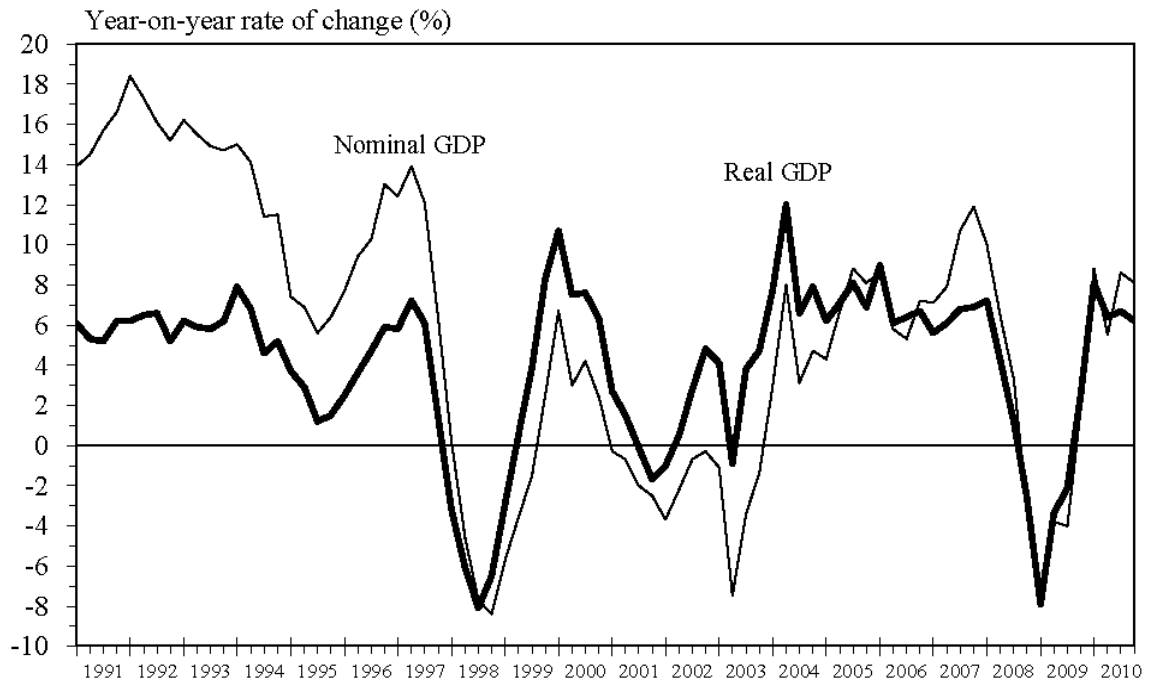


Chart 2

Unemployment Rate

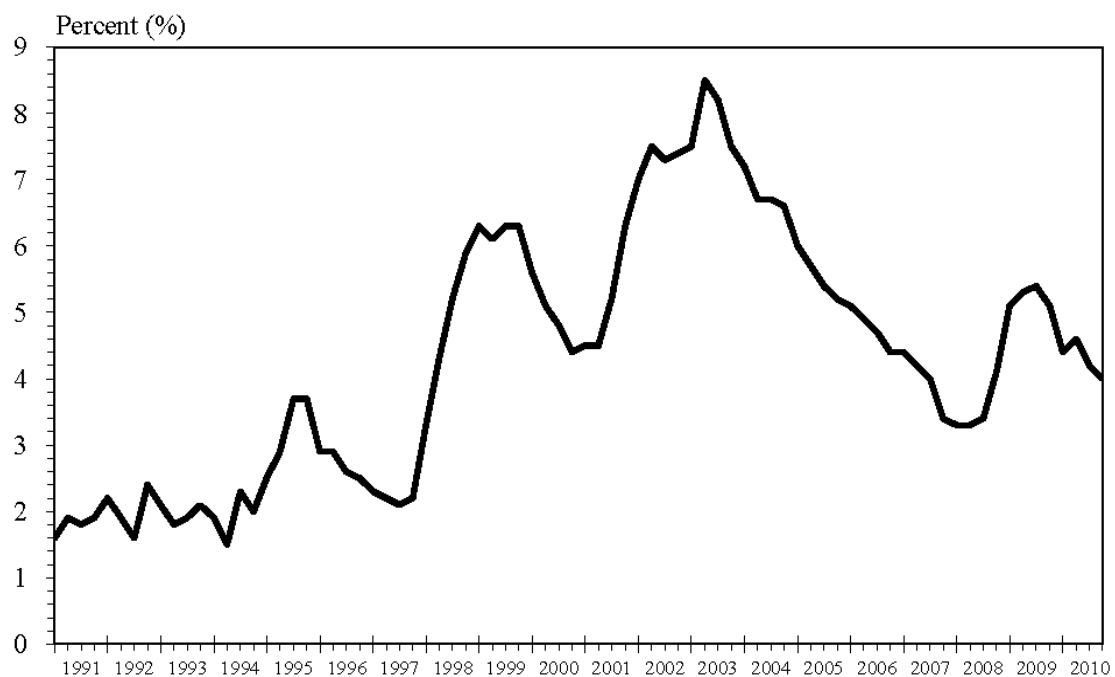
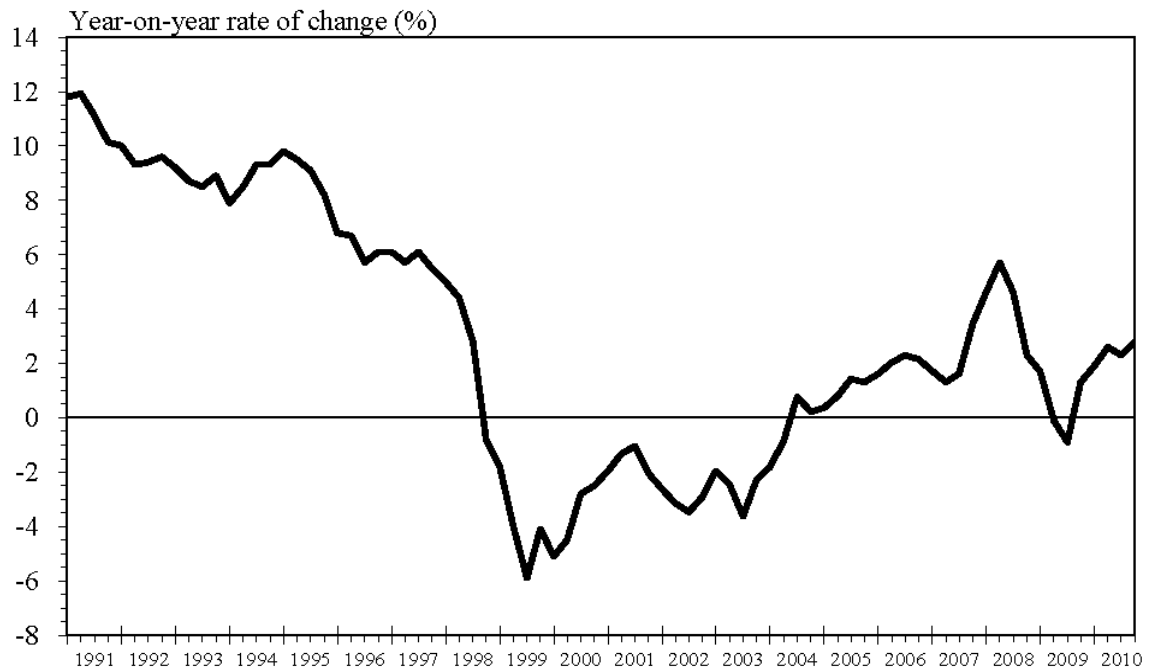


Chart 3

Composite Consumer Price Index

Supplement

EFFECT OF THE GENERAL REVALUATION OF RATES ON MAIN PROPERTY CLASSES

<i>Property Type</i>	<i>2011-12</i>		
	<i>Average Increase in Rateable Value⁽⁶⁾</i>	<i>New Average Rates Payable⁽⁷⁾</i>	<i>Increase⁽⁸⁾</i>
	<i>%</i>	<i>\$ per month</i>	<i>\$ per month</i>
Small Domestic Premises ⁽¹⁾ (Private)	+15	322	+42
Medium Domestic Premises ⁽¹⁾ (Private)	+14	785	+96
Large Domestic Premises ⁽¹⁾ (Private)	+13	1,996	+237
Public Domestic Premises ⁽²⁾	+11	169	+17
All Domestic Premises⁽³⁾	+14	343	+41
Shops and Commercial Premises	+5	2,184	+110
Offices	+7	2,458	+152
Industrial Premises ⁽⁴⁾	+7	833	+57
All Non-domestic Premises⁽⁵⁾	+5	2,112	+103
All Properties	+9	576	+49

(1) Domestic units are classified by relation to saleable areas, as follows –

Small domestic	up to 69.9m ²	(up to 752 sq. ft.)
Medium domestic	70m ² to 99.9m ²	(753 sq. ft. - 1 075 sq. ft.)
Large domestic	100m ² and over	(1 076 sq. ft. and above)

(2) Including Housing Authority and Housing Society rental units.

(3) Including car parking spaces.

(4) Including factories and storage premises.

(5) Including miscellaneous premises such as hotels, cinemas, petrol filling stations, schools and car parking spaces.

(6) The rateable values for 2011-12 reflect changes in open market rental values between 1 October 2009 and 1 October 2010.

(7) The effect of the proposed rates concession in 2011-12 has not been taken into account.

(8) The effect of rates concession in 2010-11 has not been taken into account.

Supplement

**EFFECT OF THE GENERAL REVALUATION OF
GOVERNMENT RENT ON MAIN PROPERTY CLASSES**

<i>Property Type</i>	<i>2011-12</i>		
	<i>Average Increase in Rateable Value⁽⁶⁾</i>	<i>New Average Rent Payable</i>	<i>Increase</i>
	<i>%</i>	<i>\$ per month</i>	<i>\$ per month</i>
Small Domestic Premises ⁽¹⁾ (Private)	+15	182	+24
Medium Domestic Premises ⁽¹⁾ (Private)	+14	442	+54
Large Domestic Premises ⁽¹⁾ (Private)	+13	965	+108
Public Domestic Premises ⁽²⁾	+11	100	+10
All Domestic Premises⁽³⁾	+14	180	+22
Shops and Commercial Premises	+7	1,222	+75
Offices	+4	2,633	+107
Industrial Premises ⁽⁴⁾	+7	498	+34
All Non-domestic Premises⁽⁵⁾	+6	1,182	+64
All Properties	+10	287	+26

(1) Domestic units are classified by relation to saleable areas, as follows –

Small domestic	up to 69.9m ²	(up to 752 sq. ft.)
Medium domestic	70m ² to 99.9m ²	(753 sq. ft. - 1 075 sq. ft.)
Large domestic	100m ² and over	(1 076 sq. ft. and above)

(2) Including Housing Authority and Housing Society rental units.

(3) Including car parking spaces.

(4) Including factories and storage premises.

(5) Including miscellaneous premises such as hotels, cinemas, petrol filling stations, schools and car parking spaces.

(6) The rateable values for 2011-12 reflect changes in open market rental values between 1 October 2009 and 1 October 2010.

*Supplement***SALARIES TAX****Changes to Allowances and Deductions**

	<i>Present</i> (\$)	<i>Proposed</i> (\$)	<i>Increase</i> (\$) (%)	
Personal Allowances:				
Basic	108,000	108,000	—	—
Married	216,000	216,000	—	—
Single Parent	108,000	108,000	—	—
Other Allowances:				
Child:				
1st to 9th child				
Year of birth	100,000	120,000	20,000	20
Other years	50,000	60,000	10,000	20
Dependent Parent/Grandparent:				
Aged 60 or above				
Basic	30,000	36,000	6,000	20
Additional allowance (for a dependant living with the taxpayer)	30,000	36,000	6,000	20
Aged 55 to 59				
Basic	15,000	18,000	3,000	20
Additional allowance (for a dependant living with the taxpayer)	15,000	18,000	3,000	20
Dependent Brother/Sister	30,000	30,000	—	—
Disabled Dependant	60,000	60,000	—	—
Deduction Ceiling:				
Self-Education Expenses	60,000	60,000	—	—
Home Loan Interest	100,000	100,000	—	—
Approved Charitable Donations	35% of income	35% of income	—	—
Elderly Residential Care Expenses	60,000	72,000	12,000	20
Contributions to Recognised Retirement Schemes	12,000	12,000	—	—

*Supplement***DUTY RATE OF TOBACCO**

	<i>Present</i> <i>(\$ per 1 000 sticks)</i>	<i>Proposed</i> <i>(\$ per 1 000 sticks)</i>
Cigarettes	1,206	1,706
	<i>(\$ per Kg)</i>	<i>(\$ per Kg)</i>
Cigars	1,553	2,197
Chinese prepared tobacco	296	419
All other manufactured tobacco except tobacco intended for the manufacture of cigarettes	1,461	2,067

*Supplement***FIRST REGISTRATION TAX ON PRIVATE CARS**

<i>Tax Bands</i>	<i>Present tax rates</i>	<i>Proposed tax rates</i>
(a) On the first \$150,000 of taxable value	35%	40%
(b) On the next \$150,000	65%	75%
(c) On the next \$200,000	85%	100%
(d) On the remainder (i.e. on taxable value over \$500,000)	100%	115%

*Supplement***ECONOMIC PERFORMANCE IN 2010**

1. Estimated rates of change in the Gross Domestic Product and its expenditure components and in the main price indicators in 2010:

	(%)
(a) Growth rates in real terms of:	
Private consumption expenditure	5.8
Government consumption expenditure	2.7
Gross domestic fixed capital formation	8.1
<i>of which:</i>	
Building and construction	6.7
Machinery, equipment and computer software	6.3
Total exports of goods	17.3
Imports of goods	18.1
Exports of services	15.0
Imports of services	10.9
Gross Domestic Product (GDP)	6.8
<i>Per capita GDP, in real terms</i>	5.8
<i>Per capita GDP at current market prices</i>	HK\$247,300 (US\$31,800)
(b) Rates of change in:	
Composite Consumer Price Index	2.4
GDP Deflator	0.9
Government Consumption Expenditure Deflator	0.2
(c) Growth rate of nominal GDP	7.8

Supplement

2. Annual growth rates in real terms of re-exports and domestic exports based on external trade quantum index numbers:

	<i>Re-exports</i> (%)	<i>Domestic exports</i> (%)
2008	4	-22
2009	-11	-35
2010	18	16
<i>Share in the value of total exports of goods in 2010</i>	98	2

3. Annual growth rates in real terms of retained imports by type:

	<i>Retained imports</i>					
	<i>Total</i> (%)	<i>Consumer goods</i> (%)	<i>Foodstuffs</i> (%)	<i>Capital goods</i> (%)	<i>Raw materials and semi-manufactures</i> (%)	<i>Fuels</i> (%)
2008	-1	12	13	7	-30	-4
2009	-4	-9	7	-4	-10	23
2010	20	22	12	16	31	14

4. Annual growth rates in real terms of retained imports of capital goods by type:

	<i>Retained imports of capital goods</i>				
	<i>Total</i> (%)	<i>Office equipment</i> (%)	<i>Industrial machinery</i> (%)	<i>Construction machinery</i> (%)	<i>Telecommunications equipment</i> (%)
2008	7	0	6	57	14
2009	-4	-9	-31	63	5
2010	16	-6	12	18	27

Supplement

5. Annual growth rates in real terms of exports of services by type:

	<i>Exports of services</i>				
	<i>Total</i>	<i>Trade-related</i>	<i>Transportation</i>	<i>Travel</i>	<i>Finance, insurance, business and other services</i>
	(%)	(%)	(%)	(%)	(%)
2008	5	4	3	6	8
2009	0	-5	-2	8	5
2010	15	14	9	29	13

6. Hong Kong's visible and invisible trade balance in 2010 reckoned on GDP basis ^(Note 1):

	(HK\$ billion)
Total exports of goods	3,061.3
Imports of goods	3,395.1
<i>Visible trade balance</i>	-333.8
Exports of services	835.0
Imports of services	396.6
<i>Invisible trade balance</i>	438.4
<i>Combined visible and invisible trade balance</i>	104.6

Note 1 Preliminary figures.

Supplement

7. Annual averages of the unemployment and underemployment rates and growth in labour force and total employment:

	<i>Unemployment rate (%)</i>	<i>Underemployment rate (%)</i>	<i>Growth in labour force (%)</i>	<i>Growth in total employment (%)</i>
2008	3.6	1.9	0.5	1.0
2009	5.4	2.3	0.8	-1.1
2010	4.3	2.0	0.0	1.1

8. Annual rates of change in the Consumer Price Indices:

	<i>Composite CPI</i>		<i>CPI(A)</i>	<i>CPI(B)</i>	<i>CPI(C)</i>
	<i>Headline (%)</i>	<i>Underlying (%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
2008	4.3	5.6	3.6	4.6	4.7
2009	0.5	1.0	0.4	0.5	0.6
2010	2.4	1.7	2.7	2.4	2.1

*Supplement***ECONOMIC PROSPECTS FOR 2011**

Forecast rates of change in the Gross Domestic Product and prices in 2011:

	(%)
Gross Domestic Product (GDP)	
<i>Real GDP</i>	4 to 5
<i>Nominal GDP</i>	6.5 to 7.5
<i>Per capita GDP, in real terms</i>	3.2 to 4.2
<i>Per capita GDP at current market prices</i>	HK\$261,300-263,800 (US\$33,500-33,800)
Composite Consumer Price Index	
<i>Headline Composite Consumer Price Index</i>	4.5
<i>Underlying Composite Consumer Price Index</i>	4.5
GDP Deflator	2.5

Appendix A

CONTENTS	Page
SECTION I — FORECASTING ASSUMPTIONS AND BUDGETARY CRITERIA	6028
SECTION II — THE MRF FOR 2010-11 TO 2015-16	6029
SECTION III — RELATIONSHIP BETWEEN GOVERNMENT EXPENDITURE/PUBLIC EXPENDITURE AND GDP IN THE MRF	6032
SECTION IV — CONTINGENT AND MAJOR UNFUNDED LIABILITIES	6034

SECTION I FORECASTING ASSUMPTIONS AND BUDGETARY CRITERIA

1 A wide range of assumptions on the factors affecting Government's revenue and expenditure are used to derive the Medium Range Forecast (MRF). Some assumptions are economic in nature (the general economic assumptions) while others deal with specific areas of Government's activities (the detailed assumptions).

General Economic Assumptions*Real Gross Domestic Product (real GDP)*

2 GDP is forecast to increase by between 4% to 5% in real terms in 2011. We have used the mid-point of this range forecast in deriving the MRF. For planning purposes, in the four-year period 2012 to 2015, the trend growth rate of the economy in real terms is assumed to be 4% per annum.

Price change

3 The GDP deflator, measuring overall price change in the economy, is forecast to increase by 2.5% in 2011. For the four-year period 2012 to 2015, the GDP deflator is assumed to increase at a trend rate of 2% per annum.

4 The Composite Consumer Price Index (CCPI), measuring inflation in the consumer domain, is forecast to increase by 4.5% in 2011. Eliminating the effects of various relief and stimulus measures introduced since the 2008-09 Budget, the underlying CCPI is forecast to increase by 4.5% in 2011. For the ensuing period 2012 to 2015, the trend rate of increase for the underlying CCPI is assumed to be 3.5% per annum.

Nominal Gross Domestic Product (nominal GDP)

5 Given the assumptions on the rates of change in the real GDP and the GDP deflator, the GDP in nominal terms is forecast to increase by between 6.5% to 7.5% in 2011, and the trend growth rate in nominal terms for the period 2012 to 2015 is assumed to be 6% per annum.

Detailed Assumptions

6 The MRF incorporates a wide range of detailed assumptions on expenditure and revenue patterns over the forecast period, taking the following, amongst other factors, into account –

- estimated cash flow of capital projects,
- forecast completion dates of these capital projects and their related recurrent consequences in terms of staffing and running costs,
- estimated cash flow arising from new commitments and policy initiatives,
- the expected pattern of demand for individual services,
- the trend in yield from individual revenue sources, and
- new initiatives in the 2011-12 Budget.

Budgetary Criteria

7 There are a number of criteria against which the results of forecasts are tested for overall acceptability in terms of budgetary policy.

8 The following covers the more important budgetary criteria –

— *Budget surplus/deficit*

The Government aims to achieve balance in the consolidated and operating accounts. The Government needs, over time, to achieve an operating surplus to partially finance capital expenditure.

— *Expenditure policy*

The general principle is that, over time, expenditure growth should not exceed the growth of the economy. The Government aims to keep public expenditure at or below 20% of GDP. Capital expenditure, by its nature, will fluctuate from year to year.

— *Revenue policy*

Account is taken of the need to maintain, over time, the real yield from revenue.

— *Fiscal reserves*

The Government aims to maintain adequate reserves in the long run.

Appendix A—Contd.

SECTION II THE MRF FOR 2010–11 TO 2015–16

9 The current MRF (*Note a*) is summarised in the following table which indicates the forecast financial position of the Government –

Table 1

(\$ million)	2010–11 Revised Estimate	2011–12 Estimate	2012–13 Forecast	2013–14 Forecast	2014–15 Forecast	2015–16 Forecast
Operating Account						
Operating revenue (<i>Note b</i>)	301,442	301,630	335,335	348,180	359,021	395,259
Less: Operating expenditure (<i>Note c</i>)	240,751	298,000	270,500	285,400	301,100	317,700
Operating surplus	60,691	3,630	64,835	62,780	57,921	77,559
Capital Account						
Capital revenue (<i>Note d</i>)	73,319	73,386	52,692	50,799	52,252	56,372
Less: Capital expenditure (<i>Note e</i>)	62,739	73,116	89,109	91,044	91,434	91,660
Capital surplus/(deficit)	10,580	270	(36,417)	(40,245)	(39,182)	(35,288)
Consolidated Account						
Government revenue	374,761	375,016	388,027	398,979	411,273	451,631
Less: Government expenditure	303,490	371,116	359,609	376,444	392,534	409,360
Consolidated surplus before repayment of bonds and notes	71,271	3,900	28,418	22,535	18,739	42,271
Less: Repayment of bonds and notes (<i>Note f</i>)	-	-	-	-	9,750	-
Consolidated surplus after repayment of bonds and notes	71,271	3,900	28,418	22,535	8,989	42,271
Fiscal reserves at 31 March (<i>Note g</i>)						
In terms of number of months of government expenditure	23	19	21	21	20	20
In terms of percentage of GDP	33.8%	31.8%	31.5%	30.8%	29.4%	29.5%

Appendix A—Contd.

Notes –

(a) *Accounting policies*

- (i) The MRF is prepared on a cash basis and reflects forecast receipts and payments, whether or not they relate to operating or capital transactions.
- (ii) The MRF includes the General Revenue Account and eight Funds (Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund). It does not include the Bond Fund which is managed separately and the balance of which does not form part of the fiscal reserves.

(b) *Operating revenue*

- (i) The operating revenue has taken into account the revenue measures proposed in the 2011-12 Budget, and is made up of –

(\$ million)	2010–11 Revised Estimate	2011–12 Estimate	2012–13 Forecast	2013–14 Forecast	2014–15 Forecast	2015–16 Forecast
Operating revenue before investment income	272,542	271,132	301,561	316,384	334,120	353,221
Investment income	28,900	30,498	33,774	31,796	24,901	42,038
Total	301,442	301,630	335,335	348,180	359,021	395,259

- (ii) Investment income under the Operating Account includes investment income of the General Revenue Account which is credited to revenue head Properties and Investments, and investment income of the Land Fund. The rate of investment return for 2011 is 6% and for 2012 to 2015 is assumed to be in the range of 4% to 6.6% a year.

(c) *Operating expenditure*

This represents expenditure charged to the Operating Account of the General Revenue Account. The levels of operating expenditure in 2011-12 to 2015-16 represent the expenditure guideline for these years.

(d) *Capital revenue*

- (i) The breakdown of capital revenue is –

(\$ million)	2010–11 Revised Estimate	2011–12 Estimate	2012–13 Forecast	2013–14 Forecast	2014–15 Forecast	2015–16 Forecast
General Revenue Account	1,594	1,515	2,723	592	604	599
Capital Investment Fund	1,251	1,188	1,262	1,144	1,009	1,020
Capital Works Reserve Fund	62,038	62,247	40,021	42,433	44,992	47,704
Disaster Relief Fund	1	-	-	-	-	-
Innovation and Technology Fund	37	8	-	-	-	-
Loan Fund	2,146	2,211	2,391	2,527	2,661	2,760
Lotteries Fund	1,067	1,098	1,135	1,174	1,214	1,255
Capital revenue before asset sales and investment income	68,134	68,267	47,532	47,870	50,480	53,338
Asset sales	154	158	145	141	137	133
Investment income	5,031	4,961	5,015	2,788	1,635	2,901
Total	73,319	73,386	52,692	50,799	52,252	56,372

Appendix A—Contd.

- (ii) Land premium included under the Capital Works Reserve Fund for 2011-12 is assumed to stay at the same level as that for 2010-11. For 2012-13 onwards, it is assumed to be 2% of GDP.
- (iii) Investment income under the Capital Account includes investment income of the Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund.

(e) Capital expenditure

The breakdown of capital expenditure is –

(\$ million)	2010-11 Revised Estimate	2011-12 Estimate	2012-13 Forecast	2013-14 Forecast	2014-15 Forecast	2015-16 Forecast
General Revenue Account	3,114	3,809	3,970	3,970	3,970	3,970
Capital Investment Fund	1,475	670	371	1,482	262	268
Capital Works Reserve Fund	53,651	63,878	78,818	79,706	82,497	82,614
Disaster Relief Fund	342	-	-	-	-	-
Innovation and Technology Fund	816	864	910	960	974	1,007
Loan Fund	2,314	2,813	3,787	3,777	2,912	2,968
Lotteries Fund	1,027	1,082	1,253	1,149	819	833
Total	62,739	73,116	89,109	91,044	91,434	91,660

(f) Repayment of bonds and notes

Repayment of bonds and notes is only in respect of the global bond issue in 2004. Outstanding principal as at 31 March 2016 is estimated at \$1,500 million.

(g) Fiscal reserves

The amount is before deducting the \$50 billion pledged for supporting healthcare reform.

SECTION III RELATIONSHIP BETWEEN GOVERNMENT EXPENDITURE/PUBLIC EXPENDITURE AND GDP IN THE MRF

10 For monitoring purposes, expenditure of the Trading Funds and the Housing Authority (collectively referred to as “other public bodies”) is added to government expenditure in order to compare public expenditure with GDP.

Government Expenditure and Public Expenditure in the Context of the Economy

Table 2

(\$ million)	2010–11 Revised Estimate	2011–12 Estimate	2012–13 Forecast	2013–14 Forecast	2014–15 Forecast	2015–16 Forecast
Operating expenditure	240,751	298,000	270,500	285,400	301,100	317,700
Capital expenditure	62,739	73,116	89,109	91,044	91,434	91,660
Government expenditure	303,490	371,116	359,609	376,444	392,534	409,360
Other public bodies expenditure	20,268	22,193	22,764	23,644	24,623	25,666
Public expenditure (Note a)	323,758	393,309	382,373	400,088	417,157	435,026
Gross Domestic Product (calendar year)	1,748,090	1,870,500	1,982,700	2,101,600	2,227,700	2,361,400
Nominal growth in GDP (Note b)	7.8%	7.0%	6.0%	6.0%	6.0%	6.0%
Growth in government expenditure (Note c)	5.0%	22.3%	-3.1%	4.7%	4.3%	4.3%
Growth in public expenditure (Note c)	5.4%	21.5%	-2.8%	4.6%	4.3%	4.3%
Public expenditure in terms of percentage of GDP	18.5%	21.0%	19.3%	19.0%	18.7%	18.4%

Notes –

- (a) Public expenditure comprises government expenditure, expenditure by the Trading Funds and expenditure by the Housing Authority. It does not include expenditure by those organisations, including statutory organisations, in which the Government has only an equity position, such as the Airport Authority and the MTR Corporation Limited.
- (b) For 2011-12, the nominal GDP growth of 7% represents the mid-point of the range forecast of 6.5% to 7.5% for the calendar year 2011.
- (c) The growth rates refer to year-on-year change. For example, the rates for 2010–11 refer to the change between revised estimate for 2010–11 and actual expenditure in 2009–10. The rates for 2011–12 refer to the change between the 2011–12 estimate and the 2010–11 revised estimate, and so forth.

Appendix A—Contd.

11 Table 3 shows the relationship amongst the sum to be appropriated in the 2011-12 Budget, government expenditure and public expenditure.

**Relationship between Government Expenditure
and Public Expenditure in 2011–12**

Table 3

(\$ million)	Appropriation	Government expenditure and revenue			Public expenditure
		Operating	Capital	Total	
Expenditure					
General Revenue Account					
Operating					
	Recurrent	242,144	-	242,144	242,144
	Non-recurrent	55,856	-	55,856	55,856
Capital					
	Plant, equipment and works	2,079	2,079	2,079	2,079
	Subventions	1,730	1,730	1,730	1,730
		301,809	3,809	301,809	301,809
	Transfer to Funds	25,000	-	-	-
	Capital Investment Fund	-	670	670	670
	Capital Works Reserve Fund	-	63,878	63,878	63,878
	Innovation and Technology Fund	-	864	864	864
	Loan Fund	-	2,813	2,813	2,813
	Lotteries Fund	-	1,082	1,082	1,082
	Trading Funds	-	-	-	4,609
	Housing Authority	-	-	-	17,584
		326,809	73,116	371,116	393,309
Revenue					
General Revenue Account					
	Taxation	242,008	50	242,058	
	Other revenue	48,407	1,465	49,872	
		290,415	1,515	291,930	
	Land Fund	11,215	-	11,215	
		301,630	1,515	303,145	
	Capital Investment Fund	-	1,297	1,297	
	Capital Works Reserve Fund	-	64,936	64,936	
	Civil Service Pension Reserve Fund	-	1,380	1,380	
	Disaster Relief Fund	-	3	3	
	Innovation and Technology Fund	-	185	185	
	Loan Fund	-	2,468	2,468	
	Lotteries Fund	-	1,602	1,602	
		301,630	73,386	375,016	
Surplus		3,630	270	3,900	

Appendix A—*Contd.***SECTION IV CONTINGENT AND MAJOR UNFUNDED LIABILITIES**

12 The Government's contingent liabilities as at 31 March 2010, and estimates of these should they remain unsettled as at 31 March 2011 or 31 March 2012, are provided below as supplementary information to the MRF –

(\$ million)	2010	At 31 March 2011	2012
Guarantees provided under the Special Loan Guarantee Scheme	46,606	73,575	71,374
Guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance	21,483	23,745	26,010
Guarantees provided under loan guarantee schemes for small and medium enterprises	4,935	6,335	9,588
Possible capital subscriptions to the Asian Development Bank	2,114	6,605	6,605
Guarantees provided under a commercial loan of the Ocean Park Corporation	1,388	1,388	1,388
Litigation	364	392	419
Guarantees provided under the Film Guarantee Fund	-	-	3
Total	76,890	112,040	115,387

13 In addition to the bonds and notes issued in 2004, the repayment of which has been included in the MRF, the Government's major unfunded liabilities as at 31 March 2010 were as follows –

(\$ million)	
Present value of public officers pension obligations	469,640
Untaken leave (<i>Note</i>)	21,713

Note –

The estimate for 'untaken leave' gives an indication of the overall value of leave earned but not yet taken by serving public officers.

Appendix B

CONTENTS	Page
SECTION I — THE ESTIMATES IN THE CONTEXT OF THE ECONOMY	
Relationship between Government Expenditure, Public Expenditure and GDP	6036
SECTION II — ANALYSIS OF RECURRENT PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP	
Recurrent Public Expenditure — Year-on-Year Change	6039
Recurrent Government Expenditure — Year-on-Year Change	6040
Percentage Share of Expenditure by Policy Area Group — Recurrent Public Expenditure Recurrent Government Expenditure	6041
SECTION III — ANALYSIS OF TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP	
Total Public Expenditure — Year-on-Year Change	6042
Total Government Expenditure — Year-on-Year Change	6043
Percentage Share of Expenditure by Policy Area Group — Total Public Expenditure Total Government Expenditure	6044
SECTION IV — MAJOR CAPITAL PROJECTS ESTIMATED TO BEGIN IN 2011-12	6045
SECTION V — TRENDS IN PUBLIC EXPENDITURE: 2006-07 TO 2011-12	6047
SECTION VI — ANALYSIS OF GOVERNMENT REVENUE	6049
SECTION VII — CLASSIFICATION OF EXPENDITURE BY POLICY AREA GROUP	6050

Appendix B—Contd.

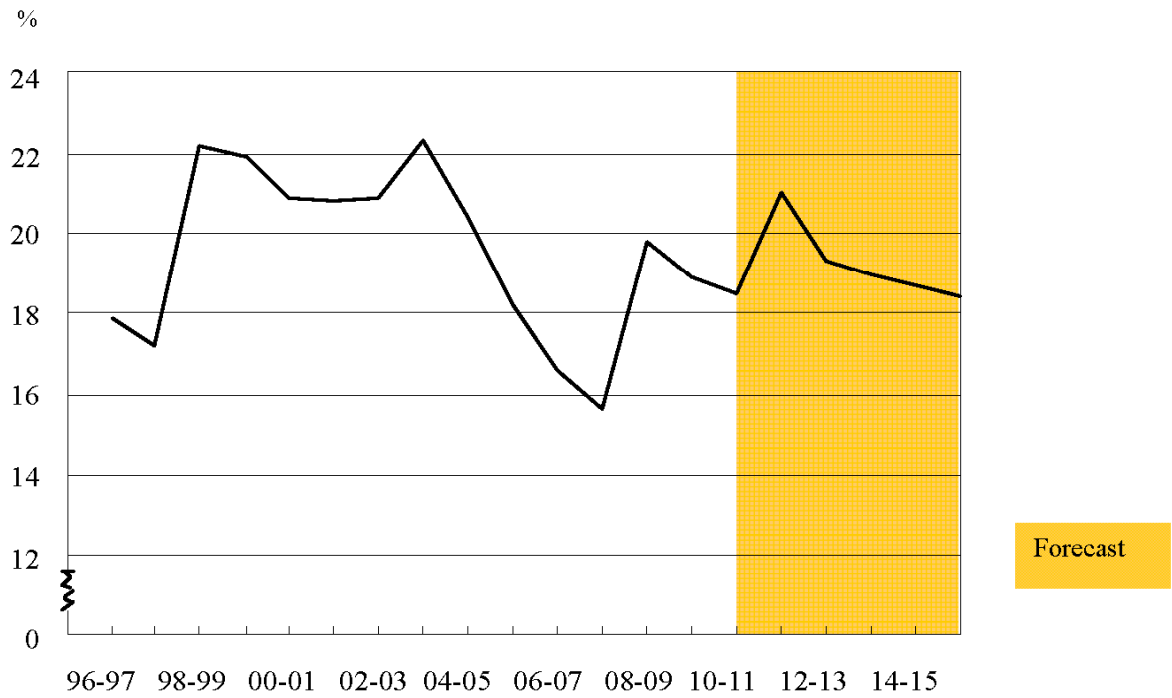
SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

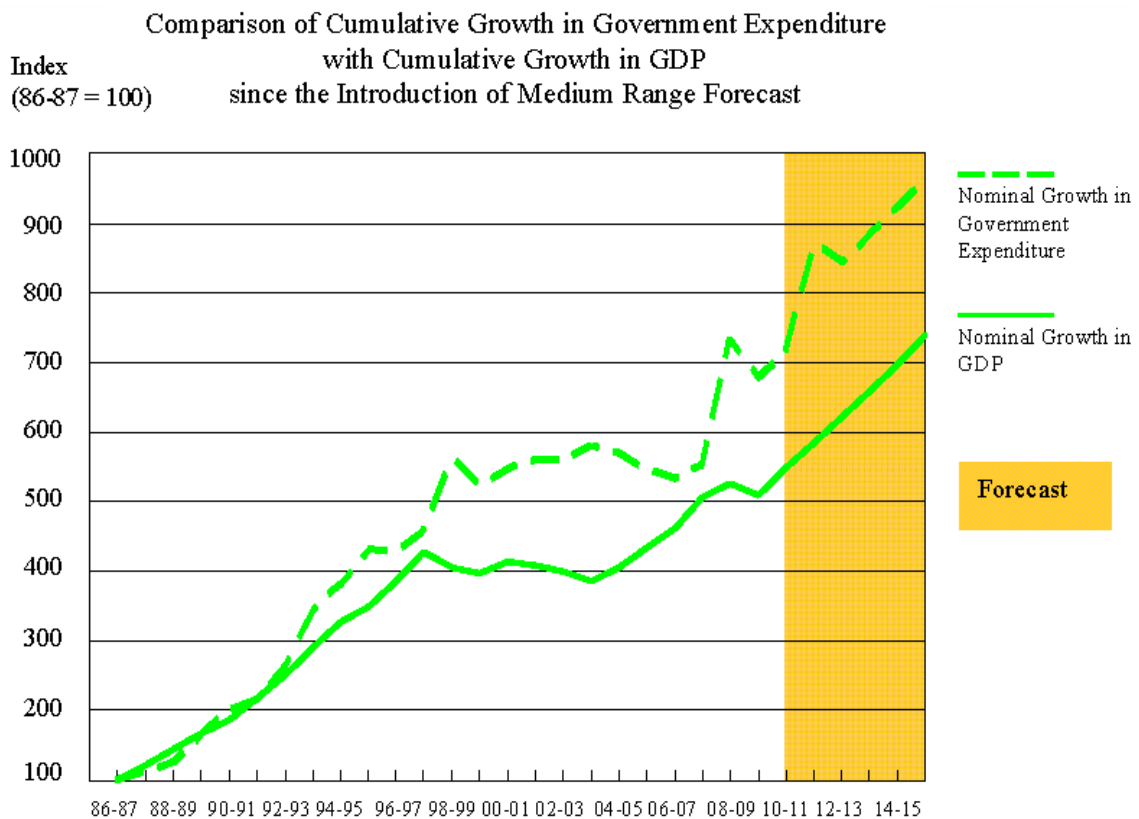
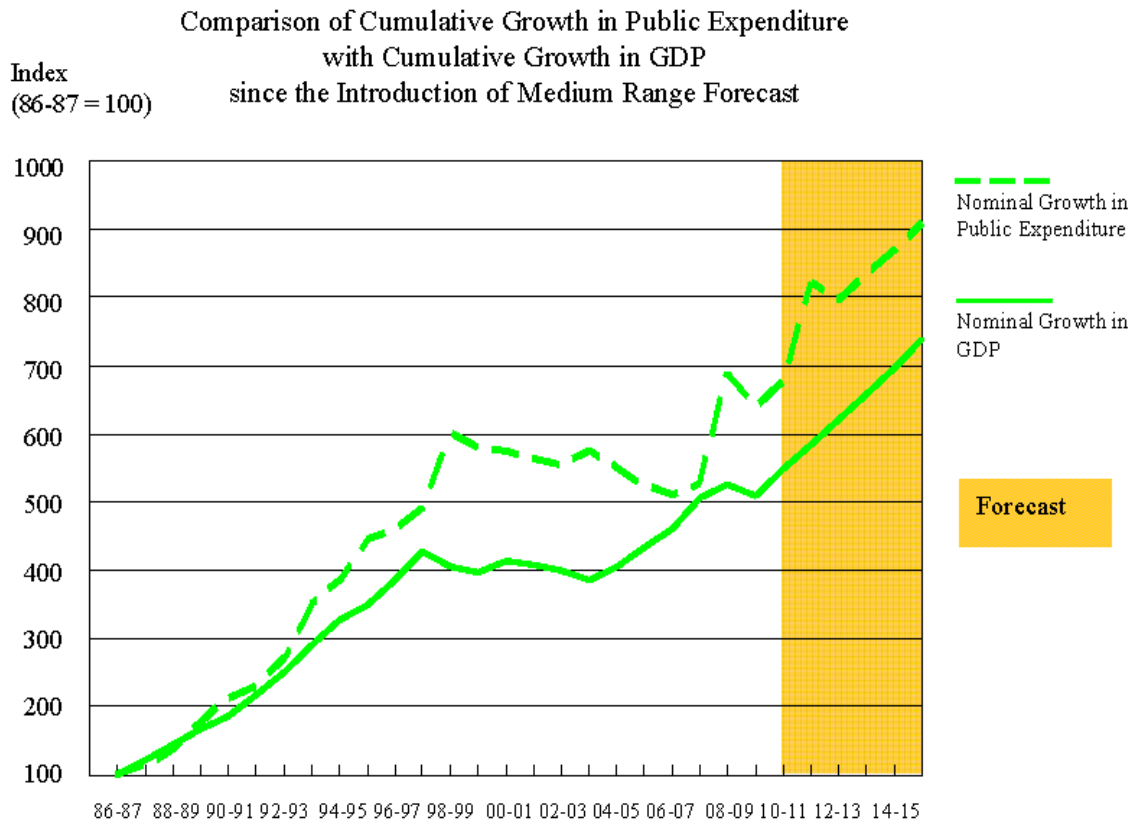
Relationship between Government Expenditure, Public Expenditure and GDP

	2011–12 Estimate Sm
General Revenue Account	
Operating	298,000
Capital	3,809
	<hr/> 301,809
Capital Investment Fund	670
Capital Works Reserve Fund	63,878
Innovation and Technology Fund	864
Loan Fund	2,813
Lotteries Fund	1,082
	<hr/> 371,116
Government Expenditure	371,116
Trading Funds	4,609
Housing Authority	17,584
	<hr/> 393,309
Public Expenditure	393,309
	<hr/>
GDP	1,870,500
Public Expenditure in terms of percentage of GDP	21.0%

Appendix B—Contd.

Public Expenditure in terms of Percentage of GDP





Appendix B—Contd.

SECTION II ANALYSIS OF RECURRENT PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Recurrent Public Expenditure : Year-on-Year Change

	2009–10 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	50,831	51,432	54,473	5.9	5.2
Social Welfare <i>(Note)</i>	39,405	37,923	42,170	11.2	8.9
Health	35,333	36,732	39,904	8.6	8.0
Security	26,869	27,507	28,433	3.4	2.9
Infrastructure	15,153	15,430	16,094	4.3	2.3
Economic	11,208	11,437	12,493	9.2	7.1
Housing	9,429	10,215	10,936	7.1	3.0
Environment and Food	9,718	9,603	10,498	9.3	7.8
Community and External Affairs	7,852	8,088	8,457	4.6	3.1
Support	28,438	30,069	33,841	12.5	10.9
	<u>234,236</u>	<u>238,436</u>	<u>257,299</u>	7.9	6.5

Note –

To give a better picture of the long term trend of recurrent expenditure on social welfare, one-off additional payments to recipients under Comprehensive Social Security Assistance and Social Security Allowance Schemes have been provided for under non-recurrent expenditure since 2010-11.

Appendix B—Contd.

**SECTION II ANALYSIS OF RECURRENT PUBLIC/GOVERNMENT EXPENDITURE BY
POLICY AREA GROUP**

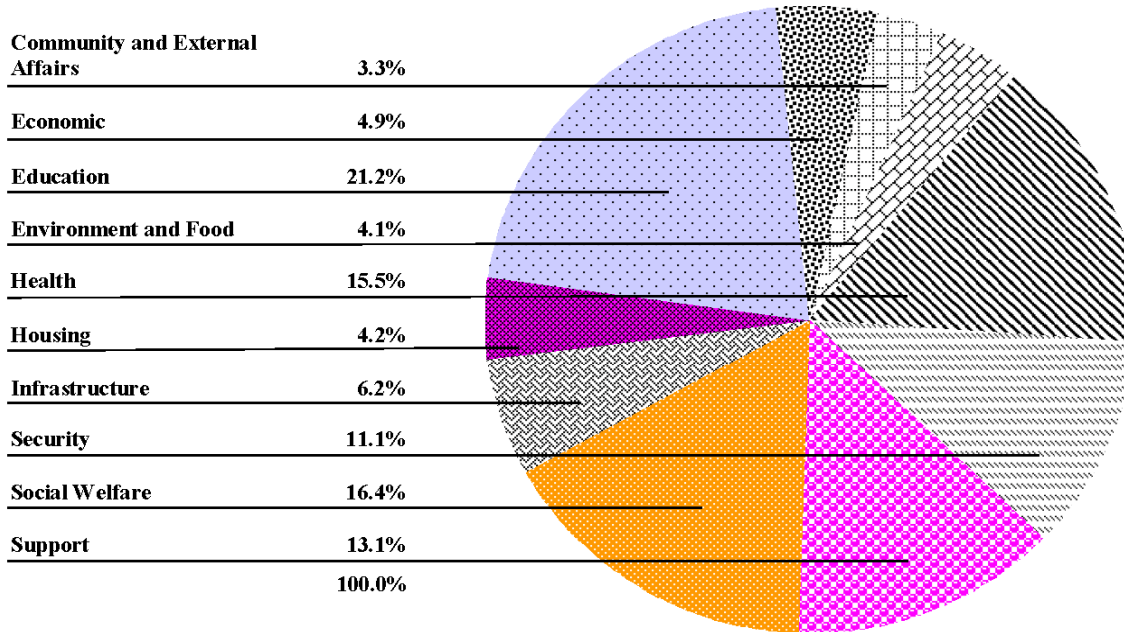
Recurrent Government Expenditure : Year-on-Year Change

	2009–10 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate in Nominal Terms %	in Real Terms %
Education	50,831	51,432	54,473	5.9	5.2
Social Welfare <i>(Note)</i>	39,405	37,923	42,170	11.2	8.9
Health	35,333	36,732	39,904	8.6	8.0
Security	26,869	27,507	28,433	3.4	2.9
Infrastructure	14,969	15,238	15,876	4.2	2.3
Economic	7,574	7,552	8,279	9.6	8.5
Housing	191	199	213	7.0	6.8
Environment and Food	9,718	9,603	10,498	9.3	7.8
Community and External Affairs	7,852	8,088	8,457	4.6	3.1
Support	28,438	30,069	33,841	12.5	10.9
	<u>221,180</u>	<u>224,343</u>	<u>242,144</u>	7.9	6.7

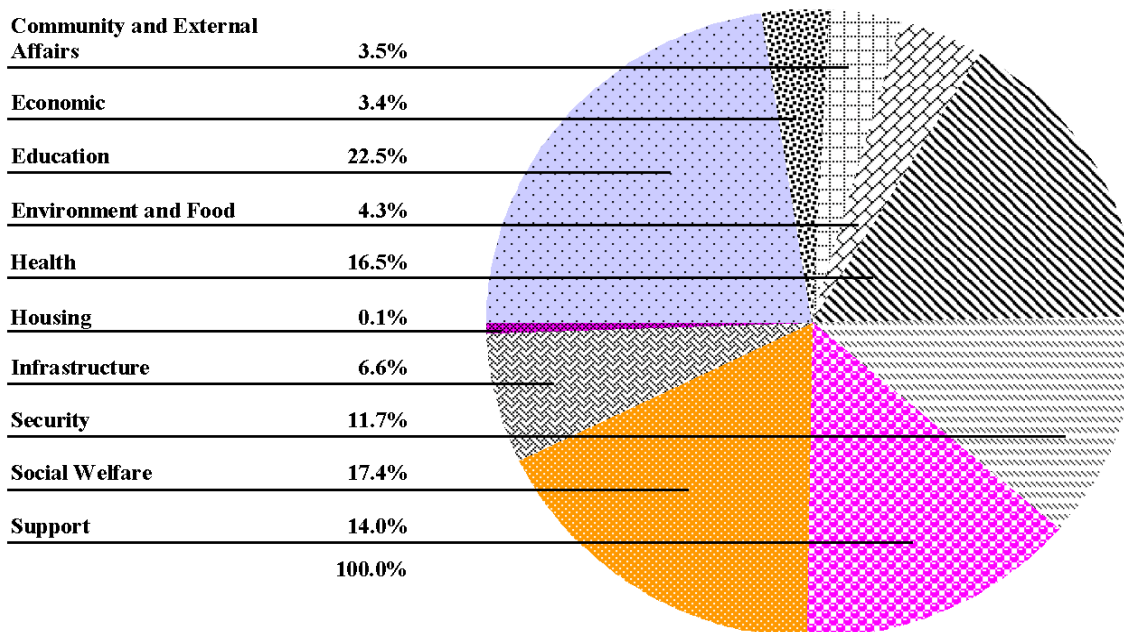
Note –

To give a better picture of the long term trend of recurrent expenditure on social welfare, one-off additional payments to recipients under Comprehensive Social Security Assistance and Social Security Allowance Schemes have been provided for under non-recurrent expenditure since 2010-11.

**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2011-12 Estimate**



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2011-12 Estimate**



Appendix B—Contd.

SECTION III ANALYSIS OF TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Total Public Expenditure : Year-on-Year Change

	2009–10 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate in Nominal Terms %	in Real Terms %
Education	58,240	61,824	68,667	11.1	9.9
Social Welfare	40,418	40,926	45,979	12.3	10.1
Health	38,387	39,855	45,152	13.3	12.3
Security	29,843	32,740	31,919	-2.5	-3.3
Infrastructure	47,302	48,251	54,550	13.1	8.8
Economic	18,465	17,949	47,174	162.8	160.1
Housing	16,258	18,073	19,736	9.2	5.1
Environment and Food	13,700	15,274	18,808	23.1	19.9
Community and External Affairs	14,092	15,231	24,677	62.0	60.0
Support	30,487	33,635	36,647	9.0	7.1
	<u>307,192</u>	<u>323,758</u>	<u>393,309</u>	21.5	19.3

Appendix B—Contd.

SECTION III ANALYSIS OF TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

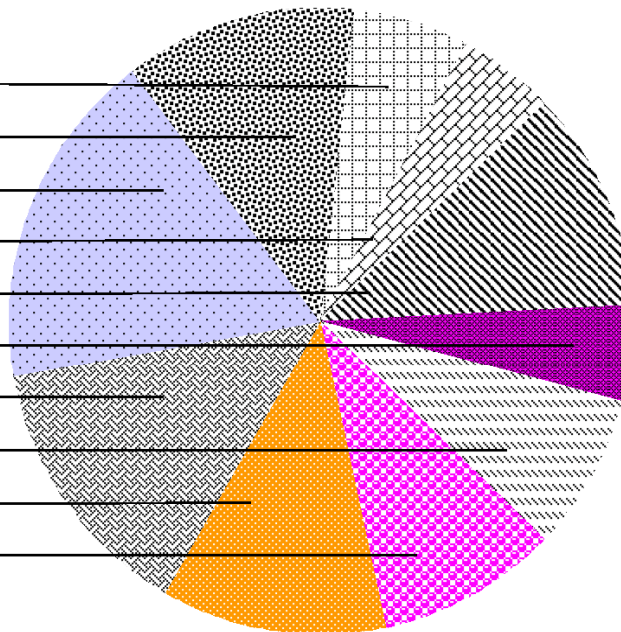
Total Government Expenditure : Year-on-Year Change

	2009–10 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	58,240	61,824	68,667	11.1	9.9
Social Welfare	40,418	40,926	45,979	12.3	10.1
Health	38,387	39,855	45,152	13.3	12.3
Security	29,843	32,740	31,919	-2.5	-3.3
Infrastructure	47,097	47,993	54,314	13.2	9.0
Economic	14,768	13,996	42,801	205.8	203.5
Housing	1,993	2,016	2,152	6.7	6.7
Environment and Food	13,700	15,274	18,808	23.1	19.9
Community and External Affairs	14,092	15,231	24,677	62.0	60.0
Support	30,487	33,635	36,647	9.0	7.1
	<u>289,025</u>	<u>303,490</u>	<u>371,116</u>	22.3	20.3

Percentage Share of Expenditure by Policy Area Group

Total Public Expenditure : 2011-12 Estimate

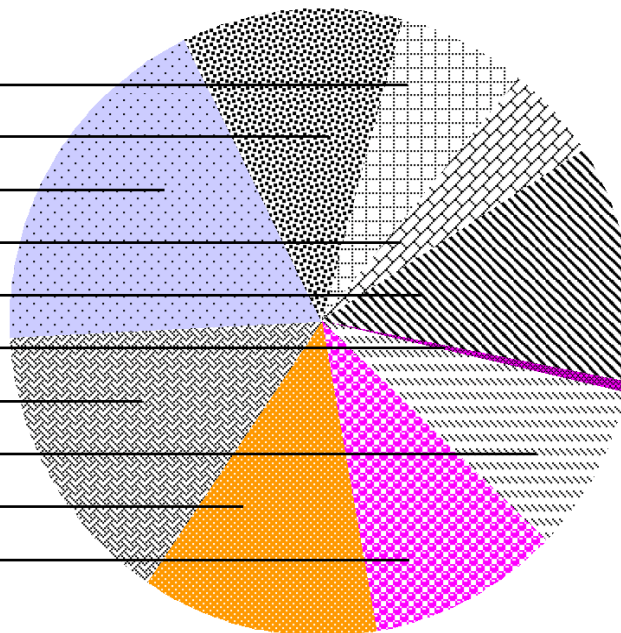
Community and External Affairs	6.2%
Economic	12.0%
Education	17.5%
Environment and Food	4.8%
Health	11.5%
Housing	5.0%
Infrastructure	13.9%
Security	8.1%
Social Welfare	11.7%
Support	9.3%
	100.0%



Percentage Share of Expenditure by Policy Area Group

Total Government Expenditure : 2011-12 Estimate

Community and External Affairs	6.6%
Economic	11.5%
Education	18.5%
Environment and Food	5.1%
Health	12.2%
Housing	0.6%
Infrastructure	14.6%
Security	8.6%
Social Welfare	12.4%
Support	9.9%
	100.0%



Appendix B—Contd.

SECTION IV MAJOR CAPITAL PROJECTS ESTIMATED TO BEGIN IN 2011–12

Major capital projects estimated to begin in 2011–12 include –

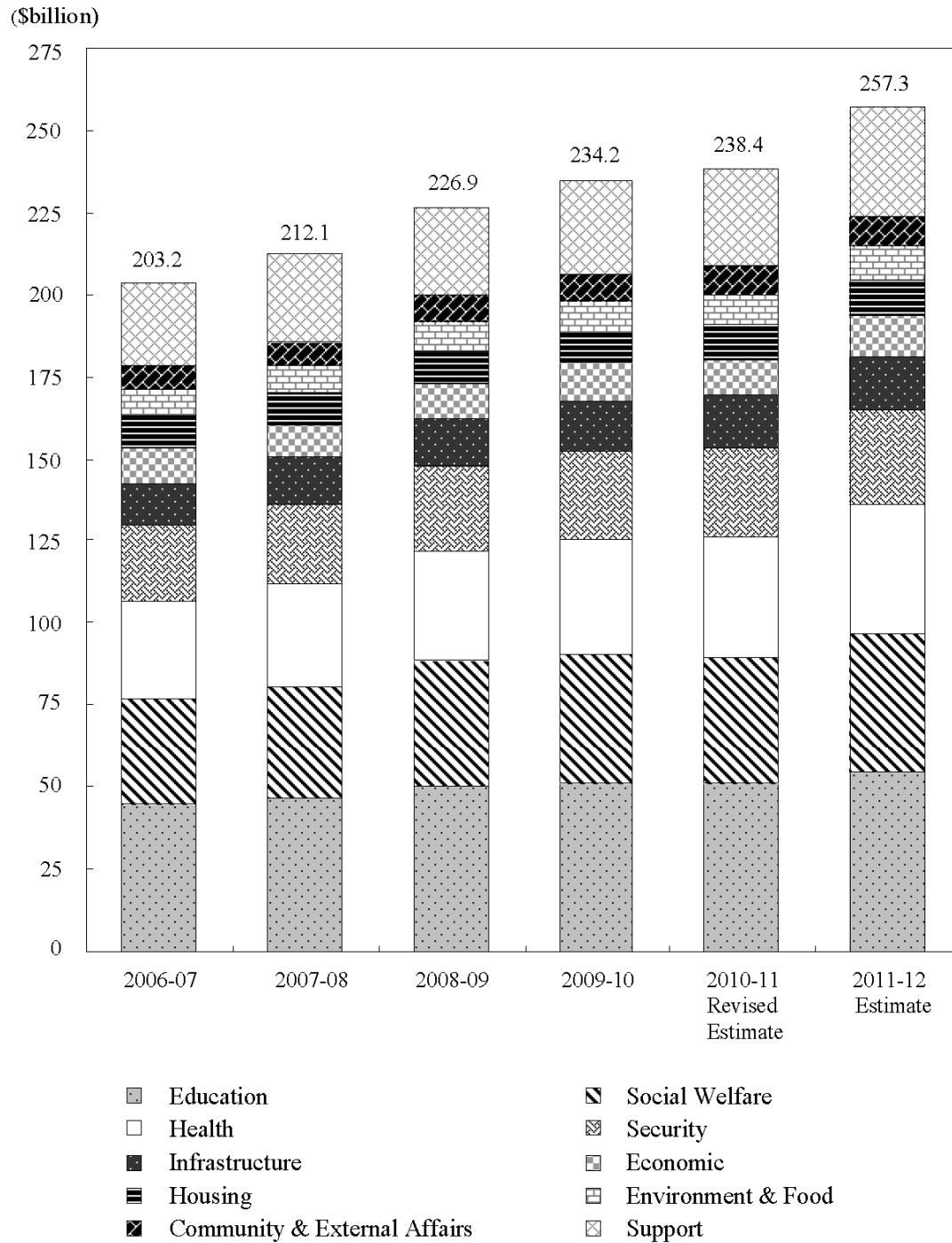
	Project Estimates \$ million
Infrastructure	56,184
— Drainage improvement at Northern New Territories—construction of a box culvert underneath Castle Peak Road at San Tin	
— Dredging, management and capping of contaminated sediment disposal facility to the south of The Brothers	
— Feasibility study for the remaining development in Tung Chung	
— Formation, roads and drains in Area 54, Tuen Mun—phase 2 stage 1 works	
— Happy Valley underground stormwater storage scheme	
— Hong Kong–Zhuhai–Macao Bridge—Hong Kong Boundary Crossing Facilities—reclamation and superstructures	
— Hong Kong–Zhuhai–Macao Bridge—Hong Kong Link Road	
— Improvement and extension of Kam Pok Road	
— Kai Tak development—Kai Tak approach channel and Kwun Tong typhoon shelter improvement works (Phase 1)	
— Kai Tak development—stage 2 infrastructure at north apron area of Kai Tak Airport	
— Kwun Tong Line Extension—essential public infrastructure works	
— Liantang/Heung Yuen Wai Boundary Control Point and associated works—detailed design and ground investigation	
— Liantang/Heung Yuen Wai Boundary Control Point and associated works—reprovisioning of border road and associated security facilities	
— Reconstruction and rehabilitation of Kai Tak Nullah from Po Kong Village Road to Tung Kwong Road	
— Review studies on Hung Shui Kiu new development area—consultants’ fees and site investigation	
— Shatin to Central Link—construction of non-railway works—advance works	
— Shatin to Central Link—construction of railway works—advance works	
— Shatin to Central Link—construction of railway works—protection works—remaining works	
— South Island Line (East)—essential public infrastructure works	
— Tuen Mun–Chek Lap Kok Link—detailed design, site investigations and advance works	
— Water supply to housing development at Anderson Road	
— Water supply to Pak Shek Kok reclamation area, Tai Po—stage 2	
Community and External Affairs	1,409
— Cycle tracks and associated facilities along seafront at Town Centre South, Tseung Kwan O	
— District open space, sports centre and library in Area 74, Tseung Kwan O	
— Joint-user complex in Area 44, Fanling	
— Relocation and expansion of Hong Kong Maritime Museum	
— Tuen Mun River beautification—Tin Hau Temple Plaza	
Environment and Food	1,340
— Lam Tsuen Valley sewerage, stage 1	
— North District sewerage, stage 2 part 2A—Pak Hok Lam trunk sewer and Sha Tau Kok village sewerage	
— Retrofitting of noise barriers on Tai Po Tai Wo Road, phase 1	
— Sewerage in Ping Kong and Fu Tei Pai	
— Trunk sewerage at Lau Fau Shan	
— Tuen Mun sewerage, stage 1—village sewerage in Tsing Chuen Wai and Tuen Tsz Wai	
— Upgrading of Central and East Kowloon sewerage, phase 2	

Appendix B—*Contd.*

	Project Estimates \$ million
Economic	671
— Aberdeen tourism project	
— Fitting-out works for Government facilities at new air cargo terminal	
— Lei Yue Mun waterfront enhancement	
Security	485
— Construction of fire station-cum-ambulance facility at Cheung Yip Street, Kowloon Bay	
— Construction of a secondary boundary fence and new sections of primary boundary fence and boundary patrol road—phase 2	
Education	184
— Alteration and conversion to St. Paul's Co-educational College at MacDonnell Road, Central	

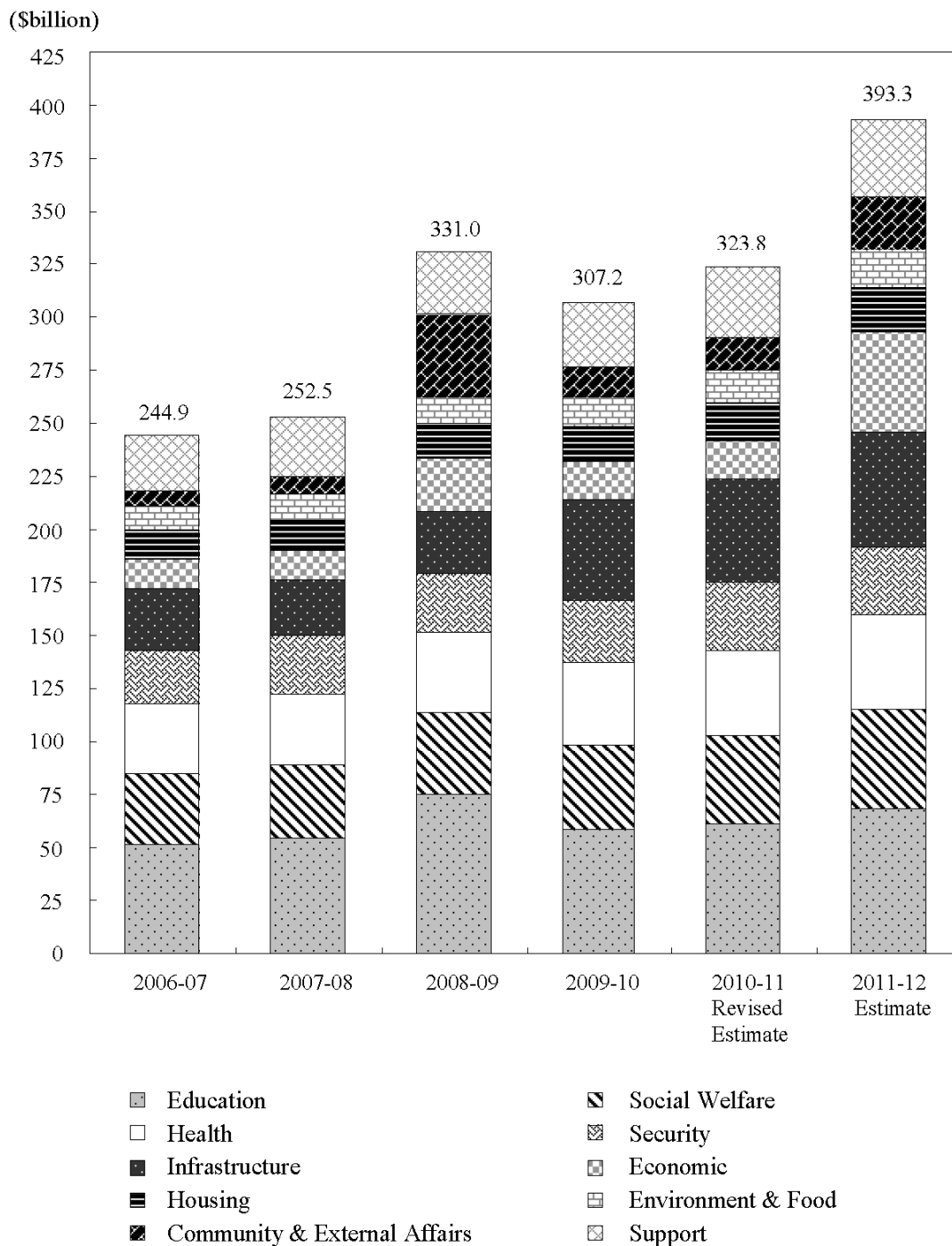
SECTION V TRENDS IN PUBLIC EXPENDITURE : 2006-07 TO 2011-12

Recurrent Public Expenditure by Policy Area Group 2006-07 to 2011-12



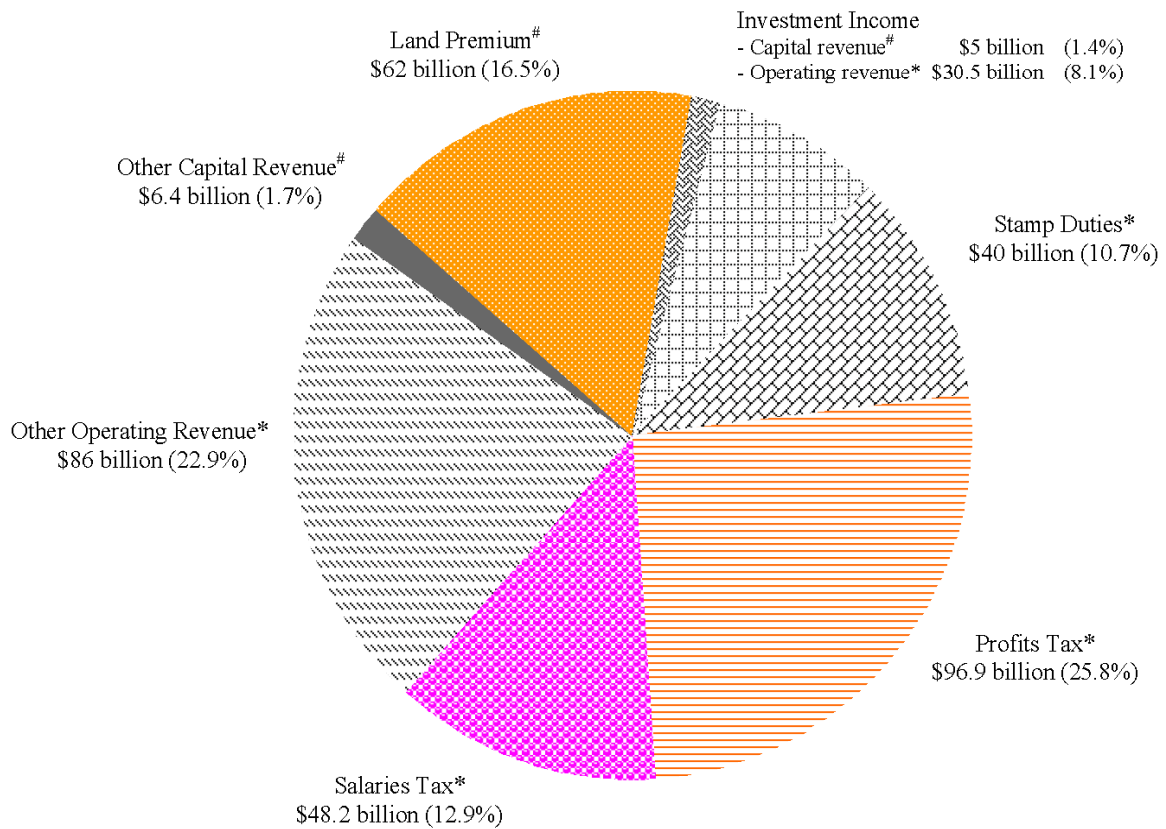
SECTION V TRENDS IN PUBLIC EXPENDITURE : 2006-07 TO 2011-12

Total Public Expenditure by Policy Area Group 2006-07 to 2011-12



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2011-12 Estimate (\$375 billion)



* Operating Revenue \$301.6 billion (80.4%)

Capital Revenue \$73.4 billion (19.6%)

SECTION VII CLASSIFICATION OF EXPENDITURE BY POLICY AREA GROUP

Policy Area Group	Policy Area (Note)
Community and External Affairs	19 District and Community Relations
	18 Recreation, Culture, Amenities and Entertainment Licensing
Economic	3 Air and Sea Communications and Logistics Development
	6 Commerce and Industry
	8 Employment and Labour
	1 Financial Services
	17 Information Technology and Broadcasting
	34 Manpower Development
	4 Posts, Competition Policy and Consumer Protection
	7 Public Safety
5 Travel and Tourism	
Education	16 Education
Environment and Food	2 Agriculture, Fisheries and Food Safety
	32 Environmental Hygiene
	23 Environmental Protection, Conservation, Power and Sustainable Development
Health	15 Health
Housing	31 Housing
Infrastructure	22 Buildings, Lands, Planning, Heritage Conservation, Greening and Landscape
	21 Land and Waterborne Transport
	24 Water Supply, Drainage and Slope Safety
Security	12 Administration of Justice
	13 Anti-corruption
	10 Immigration Control
	9 Internal Security
	11 Legal Administration
	20 Legal Aid
Social Welfare	14 Social Welfare
	33 Women's Interests
Support	26 Central Management of the Civil Service
	30 Complaints Against Maladministration
	28 Constitutional and Mainland Affairs
	27 Intra-Governmental Services
	25 Revenue Collection and Financial Control
	29 Support for Members of the Legislative Council

Note: Details of individual heads of expenditure contributing to a particular policy area are provided in an index in Volume I of the 2011–12 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

GLOSSARY OF TERMS

Note: Terms shown in *bold italic* are defined elsewhere in the glossary.

Capital expenditure. This comprises all expenditure charged to the Capital Account of the General Revenue Account, Capital Investment Fund, Capital Works Reserve Fund (including interest on government bonds and notes but excluding repayment of the bonds and notes), Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund. Major items are highlighted below –

General Revenue Account

equipment, works and capital subventions of a minor nature

Capital Investment Fund

advances and equity investments

Capital Works Reserve Fund

acquisition of land
 capital subventions
 computerisation
 interest and other expenses on government bonds and notes issued in 2004
 major systems and equipment
 Public Works Programme expenditure

Disaster Relief Fund

relief to disasters that occur outside Hong Kong

Innovation and Technology Fund

projects promoting innovation and technology upgrading in manufacturing and service industries

Loan Fund

loans made under various development schemes supported by the Government
 loans to schools, teachers, students, and housing loans to civil servants, etc.

Lotteries Fund

grants, loans and advances for social welfare services

Capital surplus/deficit. The difference between *capital revenue* and *capital expenditure*.

Capital revenue. This comprises certain revenue items in the General Revenue Account and all receipts credited to seven Funds, as highlighted below –

General Revenue Account

disposal proceeds of government quarters and other assets
 estate duty
 loan repayments received
 recovery from Housing Authority

Capital Investment Fund

dividends from investments
 interest on loans
 investment income
 loan repayments received
 proceeds from sale of investments

Capital Works Reserve Fund

investment income
land premium
recovery from MTR Corporation Limited

Civil Service Pension Reserve Fund

investment income

Disaster Relief Fund

investment income

Innovation and Technology Fund

investment income
loan repayments received
proceeds from sale of investments

Loan Fund

interest on loans
investment income
loan repayments received
proceeds from sale of loans

Lotteries Fund

auctions of vehicle registration numbers
investment income
loan repayments received
share of proceeds from the Mark Six Lottery

Consolidated surplus/deficit before repayment of bonds and notes. The difference between *government revenue* and *government expenditure*.

Fiscal reserves. The accumulated balances of the General Revenue Account, Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund.

Government expenditure. The aggregate of *operating expenditure* and *capital expenditure*. Unlike *public expenditure*, it excludes expenditure by the Trading Funds and the Housing Authority.

Government revenue. The aggregate of *operating revenue* and *capital revenue*.

Operating expenditure. All expenditure charged to the Operating Account of the General Revenue Account.

Operating revenue. This comprises all revenue credited to the General Revenue Account (except those items which are treated as *capital revenue*) and the Land Fund, as highlighted below –

General Revenue Account

duties
fines, forfeitures and penalties
investment income
rents and rates
royalties and concessions
taxes
utilities, fees and charges

Land Fund

investment income

Appendix C—*Contd.*

Operating surplus/deficit. The difference between *operating revenue* and *operating expenditure*.

Public expenditure. *Government expenditure* plus expenditure (operating and capital) by the Trading Funds and the Housing Authority.

Transfer to Funds. Transfers between the General Revenue Account and the eight Funds (Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund) are not counted as government revenue and expenditure as these are merely internal transfers within Government's accounts.