



Legislative Council  
of the  
Hong Kong Special Administrative Region  
  
Finance Committee

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Report on the examination  
of the Estimates of Expenditure 2011-2012

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July 2011

*Finance Committee*

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Estimates of Expenditure 2011-2012*

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## **Chapter I : Introduction**

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1.1 At the Legislative Council meeting on 23 February 2011, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2011. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Legislative Council.

1.2 On 2 March 2011, the Financial Secretary made public his intention to introduce adjustments to the 2011-2012 Budget. The Finance Committee was notified of the outline of the adjustment proposals on 9 March 2011. The proposals included handout of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above; injection of funds into the Community Care Fund to provide assistance to those who have special needs, including new arrivals; and the removal of the proposal to inject \$6,000 into Mandatory Provident Fund accounts. To give effect to these adjustments, the Financial Secretary subsequently estimated that the provision of Head 106 (Miscellaneous Services) Subhead 789 (Additional Commitments) of the General Revenue Account would have to be increased by \$7.1 billion to \$58.8 billion.

1.3 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over five days from 21 to 25 March 2011 to examine the Estimates of Expenditure. The purpose of these special meetings was to ensure that the Administration was seeking a provision no more than necessary for the execution of the policies of the Government for 2011-2012. The adjustments proposed by the Financial Secretary to the 2011-2012 Budget were also examined during the special meetings.

1.4 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates of Expenditure, and a total of 3 928 written questions were received and forwarded to the Administration for replies. These included 53 written questions specifically on the adjustment proposals. Both the printed and electronic copies of the written replies by the Controlling Officers were forwarded to members prior to the special meetings. The replies can also

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be browsed at the Legislative Council's website.

1.5 Each session of the special meetings from 21 to 25 March 2011 was dedicated to a specific policy area and attended by the respective Director of Bureau and his/her key Controlling Officers. Upon the request of Finance Committee members, the Financial Secretary attended the session on Public Finance held on 25 March 2011 to answer members' questions on the adjustment proposals. The schedule of the 20 sessions is given in **Appendix I**. At the start of each session, the Director of Bureau/Controlling Officer concerned gave a brief presentation on the spending priorities and provisions sought under his/her programme areas. The Chairman then invited members to put questions to the Administration. A set of the record of the proceedings of the 20 sessions is given in Chapters II to XXI. Questions which were not dealt with and requests for further information were referred to the Administration for written replies after the meetings, while broad policy issues raised during the meetings were referred to the respective panels for follow up, where necessary.

1.6 A total of 156 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. All the written replies to these questions were forwarded to members prior to resumption of the Second Reading debate on the Appropriation Bill 2011 on 6 and 7 April 2011. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

1.7 The attendance of members and public officers at the special meetings is given in **Appendix III**. The speaking notes of Directors of Bureaux at the special meetings are contained in **Appendix IV**.

1.8 This report, published in both Chinese and English, is presented to the Legislative Council on 6 July 2011 in accordance with Paragraph 53 of the Finance Committee Procedure.

## **Chapter II : Environment**

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2.1 At the invitation of the Chairman, Mr Edward YAU, Secretary for the Environment (SEN), briefed members on the financial provisions and the main initiatives of the programmes under the Policy Area: Environment for the 2011-2012 financial year (Appendix IV-1).

### **Improving air quality**

2.2 Given the lukewarm response to the one-off grant scheme to encourage early replacement of pre-Euro and Euro I diesel commercial vehicles, Mr CHAN Kin-por enquired if the Administration was prepared to introduce further incentives to encourage early replacement of the remaining 38 000 pre-Euro and Euro I diesel commercial vehicles on the roads in an attempt to improve the roadside air quality. Deputy Director of Environmental Protection (3) (DDEP(3)) said that the one-off grant scheme together with the normal retirement of aged vehicles had resulted in the removal of 40% of pre-Euro and Euro I diesel commercial vehicles from the roads over the three-year period of the grant scheme. To further encourage replacement of polluting vehicles, the Administration had proposed to adopt a carrot-and-stick approach to introduce financial disincentives, such as increases in licence fees of aged vehicles, but this was not supported by Members. Noting that the level of subsidy under the one-off grant scheme was already among the highest of similar schemes operated by other countries/cities, SEN said that additional incentives might not be the way to go to further boost early replacement.

2.3 Ms Miriam LAU said that the taxi trades were very concerned about the frequent breakdown of liquefied petroleum gas (LPG) taxis. The problem, which was more serious during the cold winter months, might be attributable to the vehicle itself and/or the fuel. The trades had been following up with the Environment Bureau and relevant departments, such as the Transport Department and Electrical and Mechanical Services Department on the over 1 000 cases of breakdown last year but the causes had remained unresolved. Mr WONG Kwok-hing expressed the view that the frequent breakdown of LPG taxis would not only affect road traffic but also passenger safety. Director of Electrical and Mechanical Services (DEMS) said that his department had been closely monitoring the supply of LPG, and samples were collected from different LPG filling stations for testing. The testing results revealed that LPG available in the market met

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the specified standard, and these results had been uploaded onto the Internet for public information. The breakdown of LPG vehicles could be due to inadequate maintenance.

2.4 Mr WONG Kwok-hing said that he had received complaints from taxi and minibus operators about inadequate supply of dedicated LPG filling stations, particularly in new development areas. He enquired if the Environment Bureau had requested for inclusion of dedicated LPG filling stations in the planning of new development areas, such as Hung Shui Kiu and Ku Tung. His concerns were shared by Ms Audrey EU. DDEP(3) said that at present, there were 12 dedicated and 50 non-dedicated LPG stations in Hong Kong. Dedicated LPG stations had been set up at the beginning of the LPG vehicle programme to kick start the formation of the necessary LPG filling infrastructure required to facilitate the taxi and public light bus trades to switch to LPG vehicles, but additional dedicated LPG stations were considered not necessary following the inclusion of a standing requirement for the provision of LPG in the land sales conditions for petrol filling stations since 2000. Permanent Secretary for the Environment (PS(Env)) added that the Environment Bureau had been working with the Planning Department and other relevant departments in identifying suitable land for the provision of filling stations. The Panel on Environmental Affairs would be informed of the progress in due course. In response to Ms EU's concern on the long waiting time for refilling of LPG, PS(Env) said that this was mainly attributed to the clustering of taxi drivers to refill their vehicles at the change of shift. The situation could be improved if drivers might be prepared to stagger their refilling time or to refill their vehicles at stations with a shorter queue.

### **Strengthening cross-border cooperation**

2.5 Mr Jeffrey LAM noted that the Cleaner Production Partnership Programme (CPPP) was launched to provide technical and funding support for Hong Kong-owned factories in the Pearl River Delta Region to adopt cleaner production technologies and practices. He enquired about the expenditure incurred for the 1 062 approved CPPP applications, and whether the expenses were shared with the Guangdong Provincial Government. SEN said that CPPP was a five-year programme launched in 2008 to provide funding and technical support to participating factories in reducing



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emissions and enhancing energy efficiency. The objective of the \$93 million programme was to improve the regional environment. As at 31 January 2011, about \$51.8 million had been approved. While GPG did not provide direct subsidy, it had been working with Hong Kong to award joint commendation to recognize the efforts of Hong Kong-owned enterprises in pursuing and promoting cleaner production. Drawing on the successful experience of CPPP, Guangdong Provincial Government had also implemented similar programmes for Mainland factories in Guangdong.

### **Solid waste management**

2.6 Ms Miriam LAU noted that the operating cost of the temporary construction waste sorting facilities at Tuen Mun and Tseung Kwan O to handle some 0.76 million tonnes of waste was around \$45 million in 2010, representing an average treatment cost of about \$60 per tonne which was much less than the disposal charge of \$100 per tonne. She asked if there was room for reducing the disposal charge for construction and demolition (C&D) waste. Miss Tanya CHAN enquired about the feasibility of expanding the two public fill facilities next to the sorting facilities at Tuen Mun and Tseung Kwan O to cater for the anticipated increase in public fill in 2011-2012. She also enquired about the long-term strategy to accommodate inert C&D materials in view of the rising disposal cost across the border.

2.7 In response, SEN said that the volume of inert C&D materials would increase as Hong Kong continued to roll out major infrastructure projects in the coming years. There was a need to identify more outlets for these materials, such as using them for reclamation projects outside the harbour and disposal at Taishan. Director of Civil Engineering and Development (DCED) said that the cost of \$45 million covered only the operations of the temporary C&D waste sorting facilities at Tuen Mun and Tseung Kwan O but not those of the downstream facilities (i.e. fill banks and landfills). He added that major efforts in waste separation, recycling and reuse were being made at the sorting facilities. The Civil Engineering and Development Department was looking into the long-term strategy for handling surplus fill. Options, including identification of alternative outlets for surplus fill and setting up of long-term C&D materials handling facilities, were being considered.

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2.8 On recycling, Mr Tommy CHEUNG considered that more efforts should be made to recycle glass bottles, particularly wine bottles from restaurants. Mr WONG Kwok-hing added that consideration should be given to mandating the recycling of rechargeable batteries given their toxicity. He enquired about the recovery rate of the current voluntary recycling scheme for rechargeable batteries. SEN said that the use of waste glass in the manufacture of cement had provided an outlet for recovery of glass bottles in the last two years. Arrangements had since been made to collect waste glass bottles from restaurants, hotels and residential estates to facilitate the recycling process. PS(Env) said that the Administration had been promoting the voluntary recycling of rechargeable batteries since 2005. So far, about 110 to 140 tonnes of rechargeable batteries had been recycled. The need for mandatory recycling of rechargeable batteries would be considered with reference to the development of Producer Responsibility Schemes on plastic shopping bags and waste electrical and electronic equipment.

2.9 Miss Tanya CHAN enquired about the quantity of waste to be disposed of at the strategic landfills in 2011, and the reduction targets for municipal solid waste and C&D waste. SEN said it was the Administration's intention to increase the overall municipal solid waste recovery rate from the present 49% to 55% by 2015. PS(Env) added that the estimated total quantity of waste to be disposed of at the strategic landfills in 2011 was based on the figures in 2010 rounded up to the nearest thousand.

### **Sewage treatment**

2.10 Mr Tommy CHEUNG expressed concern that despite the decline of the number of appeals against trade effluent surcharge (TES) rates and discharge factors for sewage charges and TES, it still took a long time such as three to four months to process an appeal. Director of Drainage Services said that it would take time to process appeal cases as the appellants had to engage qualified laboratories to provide the necessary data for assessment and verification by the Drainage Services Department. The trades had been advised to allow sufficient time for processing of appeals. To facilitate better understanding, the Administration undertook to provide a flow chart setting out the mechanism and time frame for processing appeals.

### **Combating climate change and enhancing energy efficiency**

#### Fuel mix revamp

2.11 Mr CHAN Kin-por enquired if the Administration would review the proposal to increase the share of nuclear energy in the fuel mix for local power generation from the existing 23% to 50% by 2020, in the light of increasing public concern about nuclear safety following the Fukushima incident. He opined that consideration should be given to fostering the development of renewable energy, with a view to increasing its share in the fuel mix on the one hand and reducing the reliance on nuclear energy on the other. Mr KAM Nai-wai echoed that the Fukushima incident had cast doubt on the safety and reliability of nuclear energy. As there was not much discussion on nuclear safety in the course of public consultation on "Hong Kong's Climate Change Strategy and Action Agenda", he enquired if the Administration was prepared to conduct further consultation on the increase in the share of nuclear energy for local power generation. Ms Audrey EU considered that the Administration should review the share of nuclear energy in the fuel mix for local power generation following the Fukushima incident.

2.12 In response, SEN said that the fuel mix of Hong Kong was due for change. Currently, 54% of the electricity consumed in Hong Kong was generated by coal and the remaining by natural gas and nuclear power imported from Daya Bay. The Administration's goal is to suppress the use of coal as far as possible, due to the high-pollution and high-carbon properties of coal-fired generation. It had, through the Memorandum of Understanding on Energy Co-operation with the Mainland, secured the supply of natural gas to up to 40% of Hong Kong's fuel mix using the West-East Pipeline. It would also explore the feasibility of other fuel options such as renewable energy to meet Hong Kong's energy demand subsequent to the reduced use of coal. SEN added that in formulating the energy policy, the Administration attached great importance to safety, reliability, environmental impacts and cost-effectiveness, with safety being the prime concern. The Administration was aware of the public concern on nuclear safety after the Fukushima incident, and would take this into account in deciding the future fuel mix of Hong Kong. He said that the Mainland

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authorities had already announced a comprehensive review of the safety of nuclear power plants in the Mainland after the Fukushima incident, and that new projects would only be taken forward after meeting the safety tests. SEN undertook to advise the resources earmarked for the Council for Sustainable Development in conducting public engagement on climate change-related issues.

### Energy conservation

2.13 Mr KAM Nai-wai enquired about the efforts which the Administration had made in promoting energy conservation. Miss Tanya CHAN also enquired about the number of applications approved under the Buildings Energy Efficiency Funding Schemes (BEEFS). SEN said that the Administration had devoted much effort to raise public awareness on energy conservation. About 1 000 applications involving 8 000 buildings had been received under BEEFS since it was launched in April 2009. Deputy Secretary for the Environment (DS(Env)) added that of the 686 applications approved under BEEFS, 121 were for carbon audits.

### **Promoting wider use of electric vehicles**

2.14 Given the high prices of electric vehicles (EVs), Mr CHAN Hak-kan enquired if consideration could be given to importing the less expensive left-hand drive EVs for use in Hong Kong. SEN said that the use of left-hand drive EVs was more of a transport issue than an environmental issue, as this might have impacts on traffic safety. SEN advised that the Administration was committed to promoting the use of EVs. In addition to attracting carmakers to allocate supply to the Hong Kong market, the Administration had also waived the First Registration Tax for EVs. He said that the Administration would facilitate the entry of EVs manufactured in the Mainland to the Hong Kong market provided that the vehicles met the requirement for local use. The selling prices of EVs were expected to drop with greater demand and economy of scale.

2.15 Mr CHAN Hak-kan was concerned about the inadequate provision of charging facilities for EVs. He opined that to promote the use of EVs, more charging facilities should be provided, particularly in less densely populated areas such as Sai Kung. Consideration should also be given to

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opening up the charging facilities in Government car parks, which were designated for exclusive use by Government vehicles, for use by private vehicles. DS(Env) said that there were at present only around a hundred EVs in use on the roads in Hong Kong, of which 22 were Government-owned, while there were some 300 standard charging points across the territory. The Financial Secretary had announced in his Budget speech that more charging facilities would be set up in Hong Kong. There were also plans to allow the charging facilities within Government car parks for use by the public.

### **Nature conservation**

2.16 Noting that 47 out of the 77 country park enclaves would be considered for inclusion in country parks or Development Permission Areas, Mr CHAN Kin-por asked how the Administration could strike a balance between nature conservation and development. SEN said that about 42% of land in Hong Kong were protected areas. The Lantau North (Extension) Country Park designated in 2008 alone added 2% of Hong Kong's land to the protected area. He explained that country park enclaves were usually private land in the middle of country park areas. The Administration had reviewed the protection of such enclaves and would step up conservation effort as appropriate.

2.17 Referring to the \$29.2 million earmarked for the management and operation of the Hong Kong National Geopark (the Geopark) in 2011-2012, Mr CHEUNG Hok-ming asked if the funding would be used to employ additional staff or to procure better facilities for the Geopark. He also enquired about the efforts made to promote participation of the local community and fishermen in geo-conservation and tourism activities. Director of Agriculture, Fisheries and Conservation (DAFC) said that the funding would be used to provide visitor facilities and employ additional staff for cleansing and conducting patrols and enforcement operations within the Geopark. To make the visit to the Geopark more interesting, information on the geology and history of the sites would be provided. Education and publicity activities would be organized to promote geo-conservation and tourism. The development of ecotourism in the Geopark would provide alternative employment opportunities for local community and fishermen, particularly trawler fishermen given that fishing

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by trawling method in inshore waters would not be sustainable in the long run.

2.18 Noting that a total of 26 development projects with ecological issues had been approved under the Environmental Impact Assessment Ordinance (Cap. 499), Mr Jeffrey LAM asked if the provision of \$1.7 million was sufficient for the Agriculture, Fisheries and Conservation Department to monitor and audit ecological mitigation measures for these projects. DAFC answered in the affirmative as his staff were well trained and experienced in monitoring and auditing ecological mitigation measures. There were also regular exchanges with the Environmental Protection Department on the monitoring of ecological mitigation measures. Besides, project proponents were required to conduct baseline surveys on the ecology and biodiversity of the project sites, and to provide progress reports on implementation of ecological mitigation measures.

2.19 Miss Tanya CHAN enquired whether the funding of \$5.2 million in 2011-2012 for conducting territory-wide ecological surveys, identifying new Sites of Special Scientific Interest (SSSI) and monitoring vegetation management of existing SSSI was on a regular basis or ad hoc basis. DAFC said that while funding had been provided for conducting territory-wide ecological surveys on an annual basis, the funding would differ from year to year depending on the scope of work involved.

### **Noise**

2.20 Ms Audrey EU was concerned about the slow progress of retrofitting of noise barriers, particularly at the section of Chai Wan Road near Neptune Terrace. PS(Env) said that 37 road sections had been included in the public works programme for retrofitting of noise barriers. The retrofitting works had been completed for two road sections while the retrofitting works for 14 road sections had been upgraded to Category A. The departments had briefed the Eastern District Council on the conceptual design of the noise barrier at Chai Wan Road near Neptune Terrace.

## **Chapter III : Civil Service**

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3.1 At the invitation of the Chairman, Miss Denise YUE, Secretary for the Civil Service (SCS), briefed members on the civil service establishment and the financial provisions related to the central management of the civil service (Appendix IV-2).

### **Succession in the civil service**

3.2 Mr CHEUNG Man-kwong expressed concern about the large number of retiring officers, particularly at the directorate level and in the disciplined services and works departments, which might lead to a succession problem in these departments. With reference to the information provided by the Administration, Mr CHEUNG pointed out that in 2011, the retirement rate of directorate officers in three departments was estimated to reach 13% (i.e. seven out of 54 directorate officers in the Civil Engineering and Development Department, nine out of 71 directorate officers in the Hong Kong Police Force and three out of 23 directorate officers in the Water Supplies Department), and almost 20% in the Highways Department (seven out of 36 directorate officers). He further pointed out that between 2007 and 2011, the numbers of retiring directorate officers of many departments (e.g. the Architectural Services Department, Civil Engineering and Development Department, the Department of Justice, the Fire Services Department, the Hong Kong Police Force, the Hospital Authority, and the Judiciary) were also quite large. Mr CHEUNG enquired about the succession planning measures taken by bureaux/departments (B/Ds) concerned to deal with the increase in the number of civil servants retiring, in particular those in directorate ranks.

3.3 SCS responded that due to the significant growth of the civil service in the 1980s, those recruited at that time would reach their normal retirement age in the next few years. SCS advised that she regularly met with heads of B/Ds to examine the succession situation in individual departments and grades, with a view to identifying at an early stage any succession problems so that timely remedial actions could be taken. SCS further advised that the six disciplined services departments had already worked out their succession plans for directorate officers for the next five to 10 years, and on the whole the Administration did not see any serious succession problem with these departments at the directorate levels.

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3.4 As for civilian civil servants, SCS said that assuming that they would also retire upon reaching their normal retirement age, the Administration expected the number of retirees to increase to the annual average of around 6 000 during the five-year period from 2013-2014 to 2018-2019. SCS said that in tandem with succession planning efforts, the Administration had already put in place systematic training and development programmes for both new recruits and serving civil servants at all levels and, in particular, those at the middle level with potential for advancement. As regards concern about the retirement position of works departments, SCS advised that as the directorate posts of Civil Engineering and Development Department, Highways Department and the Drainage Services Department were filled mainly by Civil Engineer grade officers, vacant posts of this grade in any one of these departments could be filled by the Civil Engineer grade officers redeployed from the other two departments when necessary. SCS added that while there was generally no succession problem with directorate civilian grades, in two or three isolated cases, special measures such as extension of the service of an incumbent directorate officer beyond normal retirement might need to be taken as a transitional arrangement.

3.5 Mr CHEUNG Man-kwong requested SCS to note that as published in the annual reports of the Public Service Commission (PSC) in the past two years, PSC had advised against promotion of officers during their extended period of service after retirement. Mr CHEUNG said he agreed to the PSC's view as he also considered that such promotion arrangements would adversely affect the staff morale of the departments concerned and the public interest. He enquired about the number and rank of any officers who had been granted promotion during the extended period of service after retirement.

3.6 SCS advised that all applications for re-employment after retirement or extension of service involving directorate officers, and applications involving non-directorate officers for a re-employment period or extended period of service of more than 90 days, would have to be considered and approved by the Civil Service Bureau (CSB). SCS said that all these applications would be approved strictly based on operational needs. SCS further said that she did not recall any case of directorate officers who had been promoted during the extended period of service after retirement in the past two to three years. SCS considered that the



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comments made by PSC might be reminders for B/Ds and CSB to refrain from promoting officers who were re-employed after retirement or offered extension of service. Nevertheless, SCS agreed to ascertain whether any directorate and non-directorate officers had been granted promotion during the extended period of service after retirement and to provide relevant details including the ranks of the officers concerned.

3.7 Noting that some major departments which provided services that affected the livelihood of the public, such as the Agriculture, Fisheries and Conservation Department, the Food and Environmental Hygiene Department and Water Supplies Department, also had relatively high staff retirement rates, Mr TAM Yiu-chung enquired about the measures that would be taken to ensure that such services would not be affected.

3.8 SCS responded that when she regularly met with heads of B/Ds to examine the succession situation in individual departments and grades, the projected vacancies in the coming five to 10 years and the need to kick start the necessary recruitment and/or promotion exercises at an early stage would be discussed, in order to ensure that the relevant vacancies would be filled in a timely manner and services provided to the public would not be affected.

#### **Non-civil service contract staff**

3.9 Mr WONG Kwok-hing expressed concern that as at 30 June 2010, while there were a total 15 867 full-time non-civil service contract (NCSC) staff employed by B/Ds, about 4 091 of them (about 25.8%) had been employed for more than five years. Mr WONG enquired about the number of NCSC positions which would be converted into civil service posts in 2011-2012 and their distribution among departments.

3.10 SCS responded that the some 4 000 NCSC staff were employed by bureaux/departments mainly to meet urgent or unforeseen service needs, unexpected surge in short term service demand, or to provide manpower to deliver service the mode of which was under review or likely to be changed or subject to market fluctuations. One example was the reviews undertaken by the Leisure and Cultural Services Department on the provision of services in public museums and public libraries. SCS advised that as the relevant reviews had been completed, Leisure and Cultural Services

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Department was implementing the recommendations of the reviews and taking steps to convert the NCSC positions concerned into civil service posts. Another example was trading funds which had the operational need to continue to employ NCSC staff to meet service needs that fluctuated with changes in market demand and business volume. SCS undertook to provide the number of NCSC positions which would be converted into civil service posts in 2011-2012.

### **Conditions of service**

3.11 Mr WONG Kwok-hing expressed concern that about 25 000 civil servants did not have a paid lunch break, and some 47 000 civil servants still could not work on a five-day week work pattern. Mr WONG enquired about the departments in which these staff worked, and whether consideration would be given to granting paid lunch breaks to the 25 000 civil servants, and moving the 47 000 civil servants to a five-day week work pattern.

3.12 SCS advised that pursuant to the recommendations of advisory committees on civil service salaries and conditions of service, the conditioned hours for civil servants were either calculated under a net system (excluding lunch breaks) or a gross system (including lunch breaks). According to the relevant reports published by the Standing Commission on Civil Service Salaries and Conditions of Service, a host of factors had been taken into consideration in determining whether certain civil service grades should work under a net or a gross conditioned hour system. These factors included the salary of the grades concerned, their terms and conditions of service, and the salaries and working hours of their counterparts in the private sector. SCS further said that at present, about 50 out of some 400 civil service grades in different departments were not entitled to "paid meal break" because their conditioned hours were under a net system.

3.13 SCS further advised that 47 000 civil servants (i.e. about one-third of the civil service) could not work on a five-day week work pattern because their work requirements could not meet the criteria for implementing that work pattern, namely, no additional staffing resources, no reduction in the conditioned hours of work of individual staff, no reduction in emergency services, and continued provision of essential counter services on Saturdays. SCS added that many of these 47 000 civil servants belonged to the

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disciplined services grades.

### **Non-accountable cash allowance**

3.14 Noting that the estimated expenditure for non-accountable cash allowance in 2011-2012 would increase by about 42% over the revised estimate of 2010-2011, Dr PAN Pey-chyou enquired about the reasons for the substantial increase in the expenditure for payment of such allowance.

3.15 SCS advised that as part of the terms and conditions of employment, civil servants receiving a salary at Point 34 or above of the Master Pay Scale, or at equivalent salary points on other pay scales, might apply for a monthly non-accountable cash allowance, and would be entitled to receive a maximum 120 monthly payments. SCS explained that the increase in expenditure in non-accountable cash allowance in 2011-2012 was mainly due to an increase in the number of eligible officers as a result of new appointment of officers at salary Point 34 or above, salary progression and promotion.

3.16 Dr PAN Pey-chyou requested the Administration to provide a breakdown of the increase in the number of eligible recipients for non-accountable cash allowance by salary progression/promotion and new appointment. SCS agreed to provide the information.

### **Training and development**

3.17 Noting that the increase in expenditure of \$7.6 million (i.e. 7.6% over the 2010-2011 revised estimates) under Head 143 Civil Service Training and Development was mainly due to the implementation of the policy initiative to strengthen the National Studies Training Programme, Ms LI Fung-ying enquired whether the financial provision for overseas training programmes for civil servants had thus been reduced. SCS advised that the provision for such programmes in 2011-2012, which mainly consisted of leadership and management training, had not been reduced. In reply to the Chairman, SCS said that in 2010-2011, the total expenditure for national studies training provided by CSB was about \$11.2 million, whereas the expenditure for leadership and management training was \$8 million and \$3.7 million respectively. SCS added that in 2011-2012, the provisions for leadership and management training would remain at the same level.

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3.18 Referring to the occurrence of incidents of misconduct committed by individual civil servants as reported by the media occasionally, Ms LI Fung-ying enquired about the financial provision for organizing training programmes to promote and enhance the core value of integrity in the civil service. SCS pointed out that CSB and the enforcement body concerned had worked together with B/Ds to promote and enhance the core value of integrity in the civil service under a three-pronged approach, namely, prevention, education and training, and sanction. On education/training, the Civil Service Training and Development Institute offered corruption prevention courses on a regular basis to enhance civil servants' awareness of the high standards of conduct required of them.

### **Legal assistance**

3.19 Dr Margaret NG enquired about the reasons for the large difference in the provisions for Subhead 028 "Legal assistance" under Head 46 General expenses of the Civil Service in 2010-2011 and 2011-2012. Dr NG enquired whether the lower level of expenditure estimated for 2011-2012 was due to the cessation of provision of the legal assistance scheme previously run by the Food and Environmental Hygiene Department for its eligible staff.

3.20 SCS responded that Subhead 028 covered the provision of legal assistance under the service-wide legal assistance scheme pursuant to CSR 477 operated by CSB for all civil servants. The legal assistance scheme previously run by the Food and Environmental Hygiene Department was funded by the department for its own eligible staff. SCS further advised that it was difficult to estimate the expenditure for legal assistance under Subhead 28, as the level of expenditure varied from one year to another. She explained that the estimate of legal assistance expenditure for the next financial year was usually worked out having regard to the number and nature of applications approved in the prevailing financial year which would give rise to expenditure in the next financial year. SCS stressed that CSB would consider applications for legal assistance in accordance with the criteria set out in CSR 477, and would not be limited by the provision under Subhead 028. At the request of Dr NG, SCS agreed to provide information accounting for the large difference between the provisions in 2010-2011 and 2011-2012 under Subhead 028.

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3.21 Dr Margaret NG sought clarification as to whether the service-wide legal assistance scheme operated by CSB could be applied to civil servants to meet the legal fees incurred for legal representation at disciplinary hearings. SCS replied in the negative.

### **Medical and dental treatment for civil servants**

3.22 Mr TAM Yiu-chung enquired about the reasons for the large increase in the provision under Head 37 Department of Health: Programme 7 "Medical and Dental Treatment for Civil Servants". SCS responded that the increase in expenditure was due to an increase of \$31.9 million (i.e. 6.7% over the 2010-2011 revised estimates) mainly for the setting up of additional dental surgeries and procuring specialist dental equipment, as well as an increase of \$90 million (i.e. 31% over the 2010-2011 revised estimates) for the payment and reimbursement of medical fees and hospital charges for serving and retired civil servants and their eligible dependants (hereafter referred to as civil service eligible persons) in 2011-2012. SCS advised that at present, there were about 520 000 civil service eligible persons. Under the existing policy, civil service eligible persons could apply to the Administration for reimbursement of expenses on drugs or equipment or other treatment services which formed an essential part of the medical treatment as certified by the attending doctors of Hospital Authority or Department of Health on medical grounds, and were not available in Hospital Authority or Department of Health or were chargeable by Hospital Authority. This arrangement enabled civil service eligible persons to have access to the necessary drugs for treatment, even though such drugs were classified as self-financed items in Hospital Authority's Drug Formulary.

3.23 In response to Ms LI Fung-ying's request for a breakdown of the actual expenditure for 2010-2011 for "Payment and reimbursement of medical fees" and "Payment and reimbursement for hospital charges" by various reimbursement items (e.g. drugs, medical items and treatment), SCS agreed to provide the information.

### **Staff relief and welfare**

3.24 With reference to Subhead 024 "Staff Relief and Welfare" under Head 46 General Expenses of the Civil Service, Dr PAN Pey-chyau expressed concern that the increase of 62% in the provision was mainly due

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to an anticipated increase of 20% in the cost of the souvenir (a 18K gold pin) for eligible staff with 30 years of meritorious service, and an anticipated increase of 42% in the number of recipients. Dr PAN asked whether Model Scale 1 grades staff with 30 years of meritorious service were also eligible for the souvenir, and whether consideration would be given to consulting the Hong Kong Monetary Authority, which had ample experience in investments, for professional advice on the desirability of buying gold in advance for cost-saving when gold price continued to escalate. Dr PAN further asked whether the anticipated increase in the number of recipients reflected an ageing problem in the civil service.

3.25 SCS responded that all civilian civil servants with 30 years of meritorious service, including those of the Model Scale 1 grades, were eligible for the souvenir, while different arrangements were in place for recognition of the long meritorious service of disciplined grades staff. SCS noted Dr PAN's suggestion and said that as gold price fluctuated from time to time, buying gold in advance might not be practicable. As to whether there was an ageing problem in the civil service, SCS said that while it could be perceived in this way given the large projected number of retirees in the next few years, it could also be perceived as a time of providing good opportunities for young people to join the civil service.

#### **Provision of official language services**

3.26 Dr Margaret NG enquired about the user departments under Head 143 Government Secretariat: Civil Service Bureau: Programme 3 "Translation and Interpretation Services and Use of Official Languages", and the charging policy for the use of these services. Dr NG also enquired about the manpower responsible for setting guidelines and standards for the use of official languages in the civil service. She sought details of the programmes to enhance the capability of the civil service to communicate effectively in the two official languages, and asked whether consideration would be given to conducting random checks of government documents to identify room for improvements in language usage. She further asked whether the reference materials compiled to facilitate the effective use of both official languages were also available to the public.

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3.27        Deputy Secretary for the Civil Service (1) (DS(CS)1) responded that simultaneous interpretation service was provided for B/Ds and statutory bodies such as the Liquor Licensing Board. The Legislative Council was also a major user of the service. Apart from simultaneous interpretation service, translation service was provided for all B/Ds. No charges were imposed on B/Ds for the use of these services. Where necessary and appropriate, B/Ds were also allowed to outsource the interpretation and translation services to private service providers in accordance with a pre-approved list of contractors. DS(CS)1 said that CSB provided civil servants with a wide range of support services and training programmes to help enhance the capability of the civil service to communicate effectively in the two official languages. The support services included giving advice to B/Ds on language usage and compilation of glossaries of terms commonly used in the Government. DS(CS)1 agreed to provide in writing further details including the reference materials on language use which were also available to the public.

## **Chapter IV : Financial Services**

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4.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury (SFST), briefed members on the main initiatives and expenditure on the policy area of financial services in 2011-2012 (Appendix IV-3).

### **Macro-economic issues**

4.2 Dr LAM Tai-fai enquired whether measures were in place to cope with the possible effects of the recent earthquake and nuclear incident in Japan on Hong Kong's financial market, including the withdrawal of capital from Japan for re-construction in their homeland and for meeting insurance claims. Mr Wong Ting-kwong also expressed concern about the effects of the Japan earthquake on Hong Kong. SFST responded that the Financial Secretary had recently convened a meeting with the financial regulators to discuss the matter. A co-ordination mechanism had been in place to monitor the changes in Hong Kong's financial market brought about by the incident, including fluctuations in the exchange rate of the Japanese Yen and changes in capital flow.

### **Promoting market development**

#### Capital formation platform

4.3 Referring to the statement in the Administration's reply no. FSTB(FS)002 that "Any proposed merger between the Hong Kong Exchanges and Clearing Limited (HKEx) and other exchanges has to be considered by the HKEx", Mr CHAN Kam-lam said that given the strategic importance of HKEx in Hong Kong's financial system, the Government should have a pivotal role to play in any merger/acquisition proposal involving HKEx. As no provision was made for conducting a study on the merger of HKEx with other exchanges, he asked whether the Administration had any policy in support of HKEx to pursue merger with other exchanges in order to strengthen Hong Kong's competitiveness.

4.4 SFST responded that the Administration had kept abreast of the various proposals of mergers between exchanges overseas, and the impact on the long term development of Hong Kong as China's Global Financial Centre. HKEx played an important role in promoting Hong Kong as China's Global Financial Centre, as evidenced by the numerous initial public offerings of Mainland enterprises made through the HKEx. The



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Administration had been in co-operation with HKEx on improving the listing platform to attract more enterprises from different places to list in Hong Kong, and would continue to work with HKEx to promote Hong Kong's advantages as a premier capital formation centre.

4.5 Noting that the Administration would continue to work with HKEx to promote the listing of overseas companies in Hong Kong, Mr WONG Ting-kwong enquired about the level of acceptance by the Hong Kong market of overseas companies listed in Hong Kong, and whether the Administration would consider strengthening the listing regime in face of strong competition from the exchanges in other jurisdictions.

4.6 SFST advised that in general, the listing of overseas companies was well received by the Hong Kong market. This might be attributable to the efforts of the overseas companies in understanding the Hong Kong market before applying for listing in Hong Kong. The Administration would not be complacent with the current achievement and would continue to enhance the listing regime in collaboration with HKEx to further facilitate overseas companies to list in Hong Kong, without compromising investor protection. To further improve market quality, the Administration would soon submit a legislative proposal to the Legislative Council on timely disclosure of price sensitive information by listed companies.

4.7 Mr Albert HO enquired whether the Administration had conducted any study or consultation on the impact of the Competition Bill on the financial services sector, in particular the HKEx, and the timeframe for completing these studies or consultation. SFST advised that the Administration had been examining the impact of the Competition Bill, such as that on market development and financial stability, and references would be drawn from overseas experiences. SFST assured members that progress of the examination would tie in with that of the Bills Committee on Competition Bill.

### Asset management services

4.8 Dr LAM Tai-fai expressed concern about the competitiveness of Hong Kong as an asset management centre in face of competition from neighbouring cities such as Singapore and Shanghai. He enquired about the Administration's work in this regard. SFST advised that apart from facilitating market development such as promoting the development of

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Renminbi business, the Administration had also stepped up overseas promotion by conducting visits and roadshows. Initial responses were good as follow-up enquiries were received by Invest Hong Kong and some foreign fund managers had set up offices in Hong Kong. At the request of Dr LAM, the Administration agreed to provide information on details of the overseas promotion activities, the expenditure involved and the feedback/results of the work.

### **Government Bond Programme**

4.9 Mr Albert HO enquired about the interest rate of the inflation-linked retail bonds (i.e. the "iBond") and whether the Estimates of Expenditure had included provision for such interest payments. SFST replied that the iBond would be issued under the Government Bond Programme and that the interest payments of the iBond would be paid from the Bond Fund, which was managed separately from the general revenue and was not treated as part of the fiscal reserves. The Administration was formulating the implementation details of the iBond, including its interest rate which would be determined by reference to the prevailing market conditions.

### **Insurance**

#### **Policyholders' Protection Fund**

4.10 Mr CHAN Kin-por noted that the Government would soon consult the public on proposals to establish a Policyholders' Protection Fund (PPF), and the proposals would include a mechanism to bridge any funding gap in the interim caused by an insurer insolvency before the PPF had reached an adequate size. He enquired whether the Government would charge any interest if PPF borrowed from the Government, and if so, what the interest rate would be. SFST responded that borrowing from the Government was one of the possible options for bridging such funding gap. The Administration was examining the details of the PPF proposal and would provide a paper for the Legislative Council in due course.

#### **Independent Insurance Authority**

4.11 Mr CHAN Kin-por enquired about the existing manpower provision and planned staff recruitment for the Office of the Commissioner of Insurance (OCI). He asked whether the existing staff of OCI would be

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given priority for appointment when the independent Insurance Authority was established.

4.12 Commissioner of Insurance (CI) advised that OCI had about 120 staff at present, and additional contract staff would be recruited where necessary. OCI would review its staffing situation regularly to ensure that adequate resources were available to carry out its regulatory functions. As regards the staffing arrangement upon establishment of the independent Insurance Authority, CI advised that this would be considered in the context of the overall arrangements for the independent Insurance Authority. In reply to Mr CHAN Kin-por's enquiry, SFST advised that there would be further consultation with the insurance industry and other stakeholders in developing the detailed proposals.

### **Mandatory Provident Fund Schemes**

4.13 In relation to the accrued benefits held in Mandatory Provident Fund (MPF) schemes used to offset severance payments and long service payments, Mr WONG Kwok-hing sought information on the number of employees involved under the offsetting arrangement in each of the years from 2006 to 2010. He asked whether the Administration would consider abolishing the offsetting arrangement. SFST advised that at this stage, there was no community consensus on the need to trigger a review of the offsetting arrangement. However, the Administration would continue to work with the Mandatory Provident Fund Schemes Authority (MPFA) to review other aspects of the MPF System and introduce improvements as and when appropriate. He undertook to provide the information requested by Mr WONG. Mr WONG Kwok-hing opined that the Administration should at least kick start the review of the offsetting arrangement, and include this aspect in the overall review of the MPF Schemes. SFST noted Mr WONG's view.

4.14 In reply to Mr WONG Kwok-hing on whether the Employee Choice Arrangement could be implemented within the current term of the Legislative Council, SFST advised that the preparatory work was being undertaken by MPFA, including putting in place the relevant information technology systems. The Administration would soon consult the Panel on Financial Affairs on the legislative proposals for the regulation of MPF intermediaries, and aimed to introduce the relevant Bill into the Legislative Council within 2011.

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4.15 Mr Albert CHAN Wai-yip expressed concern about the transparency and regulation of the fees of MPF funds, and enquired what improvement measures would be taken. In response, SFST acknowledged that there was room to further improve the transparency of the management and administrative fees of MPF funds and to provide more information on the performances of individual funds. Permanent Secretary for Financial Services and the Treasury (Financial Services) (PS(FS)) advised that the MPFA had provided a fee comparative platform on its website setting out the fees and performances of MPF funds. Mr CHAN opined that to prepare for the implementation of the Employee Choice Arrangement, the Administration/MPFA should provide comprehensive information on MPF funds with detailed analyses to facilitate scheme members to make informed choices of MPF funds. SFST said that the Administration would work closely with the regulators and the industries for improvements in this regard.

### **Bankruptcy and insolvency services**

4.16 Mr CHAN Kam-lam noted that there were 18 and 17 complaints against practitioners in the private sector in handling insolvency cases in 2009-2010 and 2010-2011 respectively. He asked whether the Administration would impose sanctions on those practitioners found guilty of misconduct in providing the services. Official Receiver (OR) advised that there had been cases where Official Receiver's Office (ORO) had applied to the Court under the legislation for removal orders against practitioners in the private sector for personal unprofessional misconduct. ORO had also referred some complaint cases against such practitioners to the relevant professional bodies, which had resulted in the revocation of the practising certificates of some of these practitioners. At the Chairman's request, OR agreed to provide information on the number of PIPs who had been granted removal orders by the Court and the number of PIPs whose practicing certificates had been revoked by the relevant professional bodies.

4.17 Mr CHAN Kam-lam expressed concern over ORO's fee charging policy, which allowed cross-subsidization in that the fees charged in some cases were higher than the actual costs so as to defray the costs of administering other cases with no or inadequate assets to recover costs. OR advised that ORO followed the statutory formula in computing its fees for providing insolvency and bankruptcy services. The Administration was preparing a paper on the review of the fees charging mechanism, and

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the paper would be submitted to the Panel on Financial Affairs for discussion in 2011.

4.18 Mr Albert HO enquired about the effect of a disqualification order made by the Court against a practitioner in the private sector on the other cases assigned by ORO to the practitioner. OR advised that as a disqualification order would preclude the practitioner and his firm from further handling the cases of ORO, ORO would arrange for an alternative practitioner to take over the administration of the cases. ORO would also follow up with the disqualified practitioner to pursue any extra costs arising from the arrangement.

### **Market regulation**

#### Market Misconduct Tribunal and Securities and Futures Appeals Tribunal

4.19 Mr Albert HO enquired whether the costs incurred for cases heard in the Market Misconduct Tribunal (MMT) and the Securities and Futures Appeals Tribunal (SFAT) could be recovered from the specified persons/appellants if the case was substantiated/upheld. PS(FS) responded that for MMT cases, the MMT might grant cost orders against the specified persons in substantiated cases for them to pay the cost of inquiry and the investigation expenses. For appeals allowed by the SFAT, generally there would not be any cost orders, and the case would be referred back to the Securities and Futures Commission on the revised penalty or sanction to be imposed.

#### Financial Dispute Resolution Centre

4.20 Mr Albert HO enquired about the resource provision for the establishment of the Financial Dispute Resolution Centre (FDRC), and whether FDRC would report to the Financial Services and the Treasury Bureau or any of the financial regulators.

4.21 SFST and Under Secretary for Financial Services and the Treasury advised that four staff members in the Financial Services Branch were engaged in the preparatory work for the establishment of FDRC. FDRC would be set up as a limited company by guarantee with a Board of Directors, comprising representatives from the Hong Kong Monetary Authority, Securities and Futures Commission, major stakeholders and other

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members who were well-regarded community personalities equipped with knowledge of financial services and consumer protection. The core team would have about 20 professional staff including a few in-house mediators to deal with disputes involving claims of less than HK\$100,000. The first three years of FDRC's operation would be jointly financed by the Government, Hong Kong Monetary Authority and Securities and Futures Commission. Details of the establishment of FDRC would be submitted to the Panel on Financial Affairs for discussion in May 2011 and then to the Finance Committee for funding approval.

### Institutional structure

4.22 Mr CHIM Pui-chung enquired whether the Administration would consider setting up a "Financial Development Authority" to oversee the activities conducted by various public bodies of the financial sector, and co-locate the Authority and these bodies in a single office building.

4.23 SFST responded that the Administration did not consider that there were justifications for setting up an overarching "Financial Development Authority", and the existing institutional arrangements had proved to be effective in carrying out the regulatory and market development functions for the financial services industry. The Administration did not have any plan to co-locate the public bodies of the financial services industry.

### **Census and Statistics**

4.24 Mr WONG Kwok-hing expressed concern that at present different income and asset criteria were applied to the assistance schemes administered by different government departments. Mr WONG enquired whether the Census and Statistics Department would devise a standard set of income and asset criteria for use by government departments. He also enquired whether Census and Statistics Department would conduct any survey on daily travel expenses as a percentage of income of the working populace, as such information would be useful for the future review of the Work Incentive Transport Subsidy Scheme.

4.25 Commissioner for Census and Statistics (CCS) responded that whether a standard set of income and asset criteria would be adopted for various assistance schemes of the Government was a matter to be

## **Chapter IV : Financial Services**

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considered by the Bureaux and departments responsible for the policies and administration of those schemes. His department was prepared to provide support in the collection and analysis of relevant statistical data. As regards statistical information on the travel expenses of the working populace, CCS advised that relevant information was available under the weighting system of the Consumer Price Index, which currently was based on the data of the Household Expenditure Survey conducted in 2004/2005. The information would be updated based on the data of the Household Expenditure Survey conducted in 2009/2010, which would be published in April 2011.

## **Chapter V : Commerce, Industry and Tourism**

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5.1 At the invitation of the Chairman, Mr Gregory SO, Acting Secretary for Commerce and Economic Development (Acting SCED), briefed members on the key areas of work under the Commerce, Industry and Tourism portfolio for the 2011-2012 financial year (Appendix IV-4).

### **Commerce and Industry**

#### Investment promotion

5.2 Mr CHAN Kin-por noted that there were no Government subsidies or other incentives to foreign companies investing in Hong Kong, whilst its neighbouring economies were offering an array of incentives for foreign investors to set up regional bases in their countries. He asked about the measures put in place in attracting inward investment to maintain Hong Kong's competitiveness.

5.3 Acting SCED advised that the Administration attached great importance to attracting foreign investment. Invest Hong Kong (InvestHK) aimed to encourage and assist overseas, Mainland and Taiwan companies, with the potential to contribute to Hong Kong's economic development, to set up and expand their operations in Hong Kong. Director-General of Investment Promotion (DGIP) supplemented that InvestHK had achieved a record result of completing 284 investment projects in 2010. Hong Kong had its advantages in terms of its geographical location and competitive tax regime. Hong Kong was also attractive to foreign companies which wished to set up operations covering the entire East Asian region.

5.4 Mr CHAN Kin-por opined that the Administration should not be complacent as Hong Kong was losing its competitive edge. He urged the Administration to address the problem of air pollution and insufficient international school places which had discouraged senior executives of multinational companies from setting up their operations in Hong Kong.

5.5 DGIP advised that according to the findings of annual surveys on factors attracting overseas executives to Hong Kong, the majority of the executives were more concerned about business costs, geographical location and tax rate of Hong Kong. He added that for overseas and Mainland companies already established in Hong Kong, InvestHK would provide support services to them including assisting the senior executives of these companies in finding school places for their children.



## **Chapter V : Commerce, Industry and Tourism**

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### Promoting businesses related to wine trading

5.6 Noting the success of the policy on zero wine duty, Mr Tommy CHEUNG suggested abolishing wine duty permanently by means of legislation to encourage long term investment by the wine industry. Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2 (DS(CI)2) agreed to relay Mr CHEUNG's proposal to the Financial Services and Treasury Bureau for consideration.

5.7 Responding to Mr Tommy CHEUNG's enquiry about the manpower demand and training needs of the wine industry, DS(CI)2 advised that the number of wine-related courses grew more than two times from 2007 to 2009, and these courses covered a wide scope. Training programmes organized in collaboration with overseas training institutions through the co-operation agreements signed with Hong Kong's trading partners included chef exchange programmes and training courses for sommeliers. Acting SCED added that the Administration maintained close liaison with the relevant stakeholders, and would carry out further surveys on the manpower demand and training needs of the wine industry as necessary. At the request of Mr Tommy CHEUNG, the Administration agreed to provide information on the wine-related businesses training programmes organized in partnership with local and overseas training institutions, including the type of courses provided, the number of attendees, the admission criteria and industry response toward such training programmes.

### Development of exhibition industry in Hong Kong

5.8 As there was no increase in the financial provision for the Hong Kong Trade Development Council (HKTDC) in 2011-2012 despite an increase in trade declaration charges received by the Administration in 2010-2011, Mr Vincent FANG enquired how the financial provision of HKTDC was related to the amount of trade declaration charges received.

5.9 Acting SCED advised that the subvention to HKTDC was determined having regard to a number of factors including the Government's financial position, HKTDC's funding requirements and by way of reference to a ceiling set at 60% of the total amount of trade declaration charges received in the preceding year. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PS(CIT))

## **Chapter V : Commerce, Industry and Tourism**

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added that the trade declaration charges received would be credited to the General Revenue Account for provision of all kinds of government services. At the request of Mr Vincent FANG, PS(CIT) agreed to provide the percentage of the estimated financial provision of HKTDC for 2011-2012 to the total amount of trade declaration charges received in 2010-2011 after the meeting.

5.10 Miss Tanya CHAN enquired about the Administration's stance on the "one show, two venues" approach for staging conventions and exhibitions. PS(CIT) advised that the Administration would facilitate the provision of transport and other logistic arrangements as far as possible to encourage exhibition organizers to adopt the "one show, two venues" approach.

5.11 In response to the Chairman's enquiry, PS(CIT) advised that the proposed phase 3 development of the Hong Kong Convention and Exhibition Centre (HKCEC) was still under consideration and the Administration had not decided on the way forward. Miss Tanya CHAN opined that there was still room for further development of Asia World-Expo before the expansion of HKCEC. PS(CIT) responded that both Phase 3 expansion of HKCEC and Phase 2 expansion of Asia World-Expo would be considered in the light of the demand for exhibition and convention space in future.

5.12 Miss Tanya CHAN asked whether the Administration would review the role and functions of HKTDC which also organized trade exhibitions although its primary responsibilities were to promote Hong Kong's trade overseas. Acting SCED advised that HKTDC had fulfilled its functions of promoting and facilitating Hong Kong's trade with places outside Hong Kong, especially its exports to these places. There was no need to review the roles and functions of HKTDC at this stage.

### Electronic Road Cargo System

5.13 Ms Miriam LAU expressed concern about the slow progress of the registration of using the electronic Road Cargo System as only 4 634 companies and drivers out of tens of thousands of them had registered under the System since its launch in May 2010.

## **Chapter V : Commerce, Industry and Tourism**

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5.14 Commissioner of Customs and Excise (C of C&E) responded that about one-third of the companies and drivers in the logistics and transportation industry had already registered to use the electronic Road Cargo System. Promotional effort would be stepped up to encourage early migration to the System.

### Review of the patent system

5.15 Mr WONG Kwok-hing asked about the latest development of the review of the patent system. Acting SCED advised that the existing patent system, which was in place in 1997, had been working well over the years. The existing system and the related policies such as raising the cap for patent application subsidies were favourable to the development of innovation and technology and creative industries. In order to meet the needs for future economic development, a forum was held on 28 February 2011 with the stakeholders to kick start the review of the patent system. The Administration would analyze the preliminary views of the stakeholders, and then consult the Panel on Commerce and Industry in May 2011 on the scope and direction of the review.

### Competition Commission

5.16 In response to Mr Jeffrey LAM's enquiry about the annual operational cost of the Competition Commission, Deputy Secretary for Commerce and Economic Development (Commerce and Industry)<sup>1</sup> advised that the rough estimate at the initial stage was \$67 million, which was mainly for staff remuneration (over \$30 million), office accommodation and promotional work. Any legal costs which might be incurred by the Commission at a later stage had not been included in the current estimates.

## **Tourism**

### Tourism strategy

5.17 Mr Fred LI enquired about the tourism strategy to cope with the crisis arising from the recent political instability in the Middle East and the earthquake and tsunami in Japan. Sharing a similar concern, Mr Paul TSE enquired whether the Travel Industry Council of Hong Kong (TIC) was provided with sufficient resources to cope with the workload generated as a result of the crisis in Japan.

## **Chapter V : Commerce, Industry and Tourism**

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5.18 Commissioner for Tourism (C for Tourism) replied that in view of the destruction and uncertainty caused by the earthquake and the tsunami in Japan, the trade had decided to cancel all Japan tours scheduled to depart before 15 April 2011. TIC and travel agents were making arrangements for affected customers to switch to other destinations such as Southeast Asia. The Administration believed that TIC would flexibly deploy existing resources to cope with the surge in workload as a result of the crisis in Japan. Executive Director, Hong Kong Tourism Board (HKTb) supplemented that promotion activities for the major markets in Dubai, Saudi Arabia, and Japan had now been suspended, whilst the regular liaison with the local tourism industry would continue. Meanwhile, HKTb would explore other markets in Southeast Asia to cope with the loss of tourism business in Japan.

### Promoting the development of tourism

5.19 Mr IP Wai-ming requested the Administration to provide more information on its plan to upgrade existing tourist attractions and facilities. C for Tourism advised that apart from the major projects listed in the Administration's written replies, a number of improvement programmes were being implemented in a number of districts. For example, the Ngong Ping Piazza project on Lantau Island was completed last year. Improvements were also made to the tourism facilities in Tai O. The Administration maintained close contacts with District Councils and community organizations to gauge the local needs in improving such facilities. At the request of Mr IP Wai-ming, C for Tourism agreed to provide information on the overall programme to upgrade tourist attractions and their facilities in different districts of Hong Kong, and the frequency of reviews on the need for upgrading such facilities.

5.20 Mr Paul TSE enquired about the channels for the public to lodge complaints in relation to facilities or planning of tourist attractions, and the manpower resources for dealing with these complaints. He considered that a coordinated approach should be adopted for handling such complaints.

5.21 C for Tourism advised that views on tourism planning and Government-run tourism facilities could be forwarded directly to the Tourism Commission which was responsible for coordinating with various Government departments on tourism-related complaints. The Tourism Commission would then deal with them in conjunction with the relevant departments or management of tourist facilities. The four teams in the

## **Chapter V : Commerce, Industry and Tourism**

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Tourism Commission were each responsible for different facilities in different districts.

5.22 Ms Miriam LAU considered that there should be more innovative activities and infrastructure works to promote island tourism, for example, constructing cycling trails on outlying islands. C for Tourism advised that the Tourism Commission had reviewed the development potential of island tourism and was formulating an overall plan for tourism on Hong Kong's outlying islands. Special itineraries featuring island tours in collaboration with HKTb would be offered to enrich the visitors' experience.

### Promotional work of Hong Kong Tourism Board

5.23 Mr Vincent FANG enquired if the estimated increase of \$13.5 million in the financial provision for HKTb in 2011-2012 would be sufficient to cover the expenditure of HKTb's various initiatives, including the enhanced promotion efforts in emerging markets and upgrading of its representative office in Taipei.

5.24 Executive Director, HKTb responded that whilst HKTb would deploy its existing resources to undertake the upgrading of its representative office in Taipei, the Administration had reserved sufficient funding for HKTb in 2011-2012.

5.25 Mr Paul TSE opined that HKTb should adopt a more targeted approach and use its resources effectively to avoid organizing activities mainly for the participation of Hong Kong residents, and to avoid scheduling major events only in the traditional high seasons when the need for promotion was relatively low.

5.26 Acting SCED responded that the joint promotion of HKTb's Wine and Dine Month and HKTDC's Hong Kong International Wine and Spirits Fair, which were held in the traditional high season, had achieved synergy and maximized publicity effect in attracting visitors to Hong Kong. The activities had received favourable response from overseas visitors and had further underlined Hong Kong's position as a gourmet and wine centre. C for Tourism supplemented that in order to promote Hong Kong's tourism all year round, it was the Administration's intention to have monthly highlighted activities.

## **Chapter V : Commerce, Industry and Tourism**

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5.27 In reply to Mr TSE, Executive Director, HKTB advised that the provision of \$32.3 million to HKTB in 2011-2012 was roughly the same as that of 2010-2011. Around 30% of the marketing budget of HKTB for visitor source markets would be allocated to the Mainland market, of which 70% would be used for regions outside Guangdong Province. The remaining 70% of the budget would be used for overseas markets. At Mr TSE's request, the Administration undertook to provide the proposed expenditure breakdown on advertising in Hong Kong and visitor source markets respectively in 2011-2012.

### **Mega Events Fund**

5.28 As regards Mr WONG Ting-kwong's enquiry about the effectiveness of the Mega Events Fund in attracting visitors to Hong Kong and in boosting Hong Kong's status as an events capital of Asia, Acting SCED advised that the events supported by the Mega Events Fund in 2011-2012 were expected to attract 135 000 visitors which amounted to over 20% of the total number of 600 000 participants. The latest round of the Mega Events Fund applications had commenced on 21 March 2011.

### **Consumer protection**

5.29 Mr WONG Ting-kwong enquired about the complaint handling work of the Consumer Council in 2011-2012. Acting SCED advised that the Consumer Council would use its existing resources and streamline its procedures in handling consumer complaints. Currently, the Complaints and Advice Division of the Consumer Council was manned by 60 staff.

5.30 Mr WONG Kwok-hing enquired about the reasons for the low prosecution and conviction figures in relation to unfair trade practices under the Trade Descriptions Ordinance (Cap. 362) and the Weights and Measures Ordinance (Cap. 68).

5.31 C of C&E explained that many of the complaints were caused by miscommunication between the buyer and the seller, and were not in breach of the relevant ordinances. Public education had been stepped up via announcements of public interests, whilst communication had been enhanced with trade sectors where complaints were most common.

## **Chapter V : Commerce, Industry and Tourism**

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5.32 Mr Fred LI expressed concern about the recent upsurge of demand and prices for salt and other products which were purported to prevent radiation effects amidst the crisis of the radiation leakage in Japan.

5.33 PS(CIT) advised that the Administration attached great importance to the strengthening of consumer protection measures. Following consultation with the Panel on Economic Development in January 2011 on the proposed legislative amendments to the Trade Descriptions Ordinance, drafting work of the bill was in progress with a view to submitting it to the Legislative Council as soon as possible. He however added that the scope of the upcoming bill or any existing laws would not specifically tackle the recent upsurge of price for salt unless it could be proven to be related to false trade description of goods.

### **Other issues**

5.34 In relation to Ms Miriam LAU's concern about enforcement actions against illicit cigarette activities, C of C&E advised that with the sustained efforts to combat such activities, the smuggling and sale of illicit cigarette had been kept under control and reduced in scale and magnitude.

## **Chapter VI : Communications and Technology**

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6.1 At the invitation of the Chairman, Mr Gregory SO, Acting Secretary for Commerce and Economic Development, briefed members on the key areas of work under the Communications and Technology portfolio for the 2011-2012 financial year (Appendix IV-5).

### **Innovation and Technology**

#### Research and Development Cash Rebate Scheme

6.2 Mr WONG Kwok-hing noted that the lowest amount of cash rebate granted under the Research and Development (R&D) Cash Rebate Scheme was only \$500, and that there were only four staff members administering the Scheme in the Innovation and Technology Commission. He expressed concern about the low amount of cash rebate and the weak staffing support for the Scheme.

6.3 Commissioner for Innovation and Technology (CIT) explained that under the Scheme, the Government would provide a 10% cash rebate to private companies investments in R&D projects under Innovation and Technology Fund (ITF) or conducted in collaboration with local designated R&D institutes. The case involving a cash rebate of \$500 was probably an isolated case in which one of the industry sponsors of a platform project contributed \$5,000 to the R&D project cost. CIT advised that the average amount of cash rebate granted was \$50,000, while the highest rebate was \$814,500. Responding to Mr WONG's comment that the Scheme was of a small scale, CIT said that the lukewarm response to the Scheme might be attributed to a number of factors, including the short history of the Scheme, absence of application deadline, and delay in individual ITF projects. The Administration would review the Scheme, including its scope, level of rebate and improvement measures, and would consult the Panel on Commerce and Industry in due course.

6.4 On the staffing support for the Scheme, CIT said that the four staff members of the Innovation and Technology Commission were deployed to handle the administrative and accounting duties under the Scheme. Staffing support for the Scheme would be strengthened if considered necessary.

6.5 Ms Miriam LAU expressed concern that only \$4.46 million had been approved under the scheme within the first nine months of



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implementation. She urged the Administration to step up efforts in promoting the Scheme. Dr Samson TAM remarked that Hong Kong's neighbouring economies had made considerable efforts in promoting private R&D investment. He urged the Administration to encourage R&D investment by means of tax rebate, and to extend the Scheme to projects undertaken by private enterprises which did not involve designated local public research institutions.

6.6 CIT replied that as at end-December 2010, a total of 153 applications had been approved, involving a total cash rebate of \$4.46 million and benefiting 135 enterprises. So far, all approved applications were related to ITF projects. The Administration had made a provision of \$14.4 million for the non-recurrent expenditure of the Scheme and anticipated that about 310 applications would be approved in 2011. CIT added that the Administration would review the Scheme annually and conduct a comprehensive review in 2013, including the Scheme's coverage and level of cash rebate.

### R&D Centres

6.7 Ms Miriam LAU expressed concern that despite the heavy investment by the Administration, the actual benefits brought to the industry by the R&D Centres were unimpressive, in particular the Automotive Parts and Accessory Systems R&D Centre and the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies.

6.8 CIT acknowledged that the performance of R&D Centres varied. She pointed out that certain Centres, namely the Nano and Advanced Materials Institute and the Hong Kong Applied Science and Technology Research Institute, performed relatively better than the others. However, the performance of some Centres, such as the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies, was far from satisfactory despite their effort. Part of the reason was that the research projects at these Centres tended to be too academic and lacked market angle. The Administration had therefore reminded the management of these Centres of the need for a market focus, coupled with conducting trial of R&D products, so that researchers and product developers could have hands-on experience for fine-tuning their products and enhancing their marketability. In this regard, she cited an example of the use of radio frequency identification technology in projects in collaboration with the

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Hospital Authority. The Automotive Parts and Accessory Systems R&D Centre was also undertaking a project for trial at the Hei Ling Chau Detention Centre of the Correctional Services Department.

### Technological cooperation with the Mainland

6.9 Mr IP Kwok-him asked about the details of the Guangdong-Hong Kong Technology Cooperation Funding Scheme. CIT explained that Projects under the Scheme fell into three categories: Category A projects were funded by the ITF; Category B projects were funded by the relevant Mainland authorities; and Category C projects were jointly funded by the governments of the two places. The funding of projects was mainly to provide for the necessary manpower, consumables and machinery. Apart from enhancing cooperation with the Mainland through the Guangdong-Hong Kong Technology Cooperation Funding Scheme, the Administration had also refined the ITF system in mid-2009 to allow up to 50% of R&D funding to be used in the Mainland.

### Fostering an innovation and technology culture

6.10 Mrs Sophie LEUNG expressed concern about the weak innovation and technology culture in Hong Kong. She opined that the Administration should instill such a culture through a revamp of the education syllabus.

6.11 CIT agreed that although Hong Kong had a good supply of quality science and engineering graduates, not many of the young talent chose to pursue a career in the R&D sector due to the relative lack of job opportunities. There was a need to foster a stronger culture that placed more importance in innovation and technology. In this connection, a new scholarship programme, the Innovation and Technology Scholarship Award Scheme, which was funded by the Hongkong Bank Foundation and ITF, would be launched by the end of April 2011. The private sector would also be encouraged to contribute more to R&D in Hong Kong. The R&D expenditure had only slightly increased from last year, representing 0.79% of the Gross Domestic Product. At present, the ratio of private and public R&D expenditure in Hong Kong was about 5:5 compared to around 7:3 in developed overseas jurisdictions.

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### Testing and certification

6.12 Mr LAU Kong-wah enquired about the progress of developing the testing and certification industry in Hong Kong. CIT advised that the Hong Kong Council for Testing and Certification had set up a panel for each of the four selected trades with good potential in using testing and certification services, namely Chinese medicine, construction materials, food and jewellery. The panels would work with the four trades to develop authenticity testing of Chinese herbal medicine, food safety system certification, product certification of construction materials and standard testing methods for jade respectively. To facilitate access to the Mainland market, the Administration had taken steps to implement Supplement VII to the Mainland and Hong Kong Closer Economic Partnership Arrangement regarding access of Hong Kong's testing and certification services to the Mainland market. Starting from 2011, testing organizations in Hong Kong could undertake product testing for the China Compulsory Certification System on a pilot basis for four types of products processed in Hong Kong (i.e. toys, circuit installations, information technology equipment and lighting apparatus). The Administration would assist the industry in implementing the pilot scheme.

### Cloud computing

6.13 Dr Samson TAM urged the Administration to promote the application of cloud computing technology in e-government and expedite its implementation plan for consolidation of data centres to tie in with the development of cloud computing.

6.14 Government Chief Information Officer advised that the Government had already set a strategy for transition to the cloud computing over the next five years. During this period, the Government would progressively adopt the cloud computing model for reprovisioning of Government's central IT infrastructure and services, including its data centres, to enhance operational efficiency and the overall agility of the Government's IT capabilities and services. The Office of the Government Chief Information Officer had formulated a Pan-Government strategy which set out the major programmes to facilitate transition to cloud computing. The Administration was also working on a concrete plan regarding data centre consolidation opportunities arising from this transition.

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### **Radio Television Hong Kong**

#### Broadcasting services

6.15 Mr LEE Wing-tat enquired about the sharing of investment in digital audio broadcasting by Radio Television Hong Kong (RTHK) and the other three licensed operators. He also enquired about RTHK's plan to develop its digital terrestrial television service and whether a 24-hour news channel would be set up.

6.16 Permanent Secretary for Commerce and Economic Development (Communications and Technology) advised that in accordance with the framework for the development of digital audio broadcasting services in Hong Kong promulgated by the Government, digital audio broadcasting service providers would have to bear the capital costs for establishing the digital audio broadcasting network to achieve territory-wide coverage. RTHK and the three other licensed operators would share the cost with reference to the number of digital audio broadcasting channels each would operate out of the total number of 18 channels.

6.17 Director of Broadcasting (D of B) added that RTHK's digital terrestrial television service was still at the initial stage of development. In the next few years, RTHK would first focus on establishing the digital terrestrial television transmission network, and then proceed to develop the programme content of its digital terrestrial television service progressively according to the resources available, the needs of the community and market condition. No decision on the provision of a 24-hour news channel had been made at this stage.

#### Digitization of programme archives

6.18 Dr Samson TAM enquired about RTHK's plan on digitization of its programme archives, and how the work target of transferring 25% of archived RTHK programmes into digital format within five years was determined. He was of the view that the public should be involved in the selection of materials for digitization and granted the right to reuse the materials, so as to encourage creativity and free flow of information.

6.19 D of B advised that the work target of transferring 25% of archived RTHK programmes into digital format within five years was

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recommended by the findings of a consultancy study carried out in 2009 as part of the development of the Media Asset Management System, which estimated that the most historically valuable materials constituted about 25% of the total pool of archived materials. Items not proposed to be stored in digital formats were mainly programme duplicates and raw versions. RTHK aimed to establish the System in order to preserve the cultural heritage of Hong Kong's public broadcasting and make it accessible by the public. In fact, some materials had already been provided to the public under Creative Commons terms to facilitate sharing.

### **Customer Complaint Settlement Scheme**

6.20 Mr LEE Wing-tat expressed concern about the effectiveness of the pilot Customer Complaint Settlement Scheme as only 18 cases were handled during the 18-month pilot run. Director-General of Telecommunications (DG, OFTA) advised that the Scheme aimed to provide an alternative dispute resolution scheme to resolve contractual disputes between operators and their customers outside the judicial system. The Scheme offered the parties concerned a quick and economical way to resolve disputes without having to resort to the court and obviate the need for expensive legal costs. The pilot programme was purposely operated on a limited scale to test the effectiveness of the scheme under the Hong Kong conditions. Cases involving different communications services that had come to a deadlock and could not be resolved between the customers and the operators through negotiations were referred to the pilot programme for mediation and adjudication by participating operators with the consent of the customers concerned.

6.21 DG, OFTA added that out of the 18 cases referred to the pilot programme, one third of them (i.e. six cases) had been resolved during the mediation stage, and the remaining 12 cases were resolved by adjudication. The Administration was considering comments received during the public consultation exercise on the Scheme and was engaging the industry in the discussion of the viability of setting up a pilot Customer Complaint Settlement Scheme on a sustainable basis in the long run. The Administration would report the outcome of discussion to the Panel on Information Technology and Broadcasting.

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### **Film Development Fund**

6.22 Mr LEE Wing-tat noted that there was a substantial uncommitted balance of over \$28 million of the Film Development Fund for 2010-2011. He urged the Administration to lower the threshold for approving funding support so that more film productions could benefit from the Fund.

6.23 Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DS(CT)) advised that so far, 16 films had received funding support from the Film Development Fund, adding up to a total funding of over \$45 million. To better meet the needs of the film industry, the Government reviewed the Fund in 2009 jointly with representatives from the industry. After submission of a report to the Finance Committee, a series of measures were launched to enhance the operation of the Film Development Fund. The measures included raising the upper limit of the production budget of a film project financed by the Fund from \$12 million to \$15 million and raising the upper limit of the Government's contribution to each approved film project from 30% to 40%. DS(CT) agreed to relay Mr LEE's view to the Film Development Council for consideration.

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7.1 The Chairman welcomed representatives of the Administration, Audit Commission, Chief Executive's Office, Independent Commission Against Corruption, Legislative Council Secretariat and the Office of the Ombudsman to attend this session.

### **Six industries where Hong Kong enjoys clear advantage**

7.2 Referring to the Administration's reply to his question No. CSO010, Mr WONG Kwok-hing asked why the Office of the Chief Secretary for Administration had answered the questions relating to the six industries, which in his view should be the responsibilities of respective bureaux. Director of Administration (D of Admin) explained that the Office of the Chief Secretary for Administration had acted as a coordinator in providing consolidated replies to questions relating to the six industries which straddled different bureaux and departments in order to facilitate members' examination of the Estimates of Expenditure 2011-2012. She assured members that respective policy bureaux and departments would continue to promote the industries under their purviews.

7.3 Mr WONG Kwok-hing enquired about the estimated expenditure for promoting the six industries in 2011-2012, as well as the anticipated returns and additional job opportunities to be created. Government Economist advised that details of the expenditure had been set out in the reply serial no. CSO010. Except for the Medical Services Industry where support was mainly through the provision of land to encourage private hospital development, the Administration would earmark \$250 million for the Government Scholarship Fund and \$100 million for a five-year pilot scheme to subsidize local students to participate in short-term internship or learning programmes in the Mainland under the Education Services Industry. For the Testing and Certification Services Industry, the Administration would continue to provide the industry with accreditation service, calibration service and information on international standards, as well as provide support for the Hong Kong Council for Testing and Certification to implement its three-year industry development plan at an estimated cost of \$82 million. For the Environmental Industry, the Administration would set up a \$300 million Pilot Green Transport Fund in March 2011 to promote green transport technology and employment opportunities. As regards the Innovation and Technology Industry, the Administration had earmarked

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\$1.18 billion for supporting the operation of research and development centres and projects under the Innovation and Technology Fund. On Cultural and Creative Industry, about \$2.8 billion would be allocated for the development of art and cultural software. The Census and Statistics Department would be requested to enhance data collection to facilitate analysis on further room for development of the six industries, particularly in the light of the National 12<sup>th</sup> Five-Year Plan.

### **1823 Call Centre**

7.4 Mr WONG Kwok-hing expressed concern about the heavy workload of the 1823 Call Centre which had referred around 40 000 enquiries and 290 000 complaints to departments for action in 2010. He noted that of the 408 staff in the Call Centre, 401 were non-civil service contract staff of which 101 were part-time staff. Given the importance of the Call Centre and complexity of the enquiries received, he opined that the Administration should consider converting these non-civil contract part-time posts to full-time posts in order to retain experienced staff. He also sought clarification on whether the 40 additional call handling staff to be recruited in 2011-2012 would be part-time staff.

7.5 Head, Efficiency Unit (Head, EU) advised that due to the intensive and demanding work nature of the Call Centre, not many staff would choose to stay long for the job. It would not help retain experienced staff by converting them to civil servants. Training was provided to all staff of the Call Centre to enhance their competence to deal with enquiries efficiently and effectively. Over the last year, 98% of the enquiries received were resolved at the first time of calling by the call handling staff. They had done a good job. The 40 additional call handling staff to be recruited in 2011-12 would be full-time staff. The Administration would also look into the longer term arrangements for the call centre based on operational experiences.

7.6 Dr PAN Pey-chyou noted that some Hong Kong citizens stranded in Japan after the earthquake on 11 March 2011 had complained about not being able to get any help from the 1823 hotline, and they also had to wait for a long time before their calls were answered. Given that \$11.3 million would be allocated to for the 1823 Call Centre in 2011-2012, he asked how



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the additional provision could help achieve the target of answering 80% of calls within 12 seconds. He also asked if Hong Kong citizens who required assistance overseas could call 1823 toll free.

7.7 Head, EU said that in 2010, the target of answering 80% of the calls within 12 seconds was not met because the call volume was higher than what the staff complement could handle. The provision of \$11.3 million would be used mainly for the recruitment of some 40 additional call handling staff in 2011-2012 to enhance the capability of the Call Centre pending the replacement of the existing telephony and computer systems towards the end of 2012. Head, EU also advised that the 1823 service was mainly for dealing with enquiries and complaints about services in Hong Kong. Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>1</sup> added that Hong Kong citizens who required assistance from overseas, such as loss of travel documents, could call the Immigration Department Hotline 1868 toll free. Dr PAN Pey-chyou said that there should be more publicity on the service of the 1868 hotline.

### **Central Policy Unit**

7.8 Mr LEE Wing-tat noted from a media report by a former full-time member of the Central Policy Unit (CPU) that CPU had deviated from its original role of conducting researches to assist formulation of policies by the Government to conducting opinion polls of political nature. Referring to a recent opinion poll commissioned by CPU on whether the Financial Secretary should step down, he asked if CPU had previously conducted polls of a similar nature, and whether the poll results could be released for public inspection. Deputy Head, CPU (DH, CPU) advised that CPU was set up to provide advice to the Chief Executive, the Chief Secretary for the Administration and the Financial Secretary on policy issues. In this connection, CPU carried out researches in various economic, political and social aspects, including those related to the 12<sup>th</sup> National Five-year Plan, youth and family policies as well as Hong Kong's role in the Asia Pacific Region, etc. Seminars on relevant subjects had also been held to facilitate exchange of views with experts, academics and interested parties. While opinion polls were conducted on a need basis, the results of which were prepared for internal reference of the Administration and would not be released to the public. Mr LEE said that CPU had selectively released

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results of opinion polls which were to its advantage. If CPU refused to release the results of its researches and opinion polls for public inspection, he would consider amending the Appropriation Bill to reduce the provision for CPU.

7.9 Mr WONG Yuk-man considered that departments with individual significance should not be grouped into one session of the special meeting of Finance Committee. He questioned the efficacy of CPU which had failed to reflect public views on important issues, such as implementation of Article 23 of the Basic Law and capital injection into the Mandatory Provident Fund. He was also disappointed that Head, CPU did not attend this meeting to answer questions from Members as he considered Head, CPU should apologize to the public for not admitting having made his statement on "tipping point". DH, CPU advised that Head, CPU had already responded to the matter on a number of occasions, and he had nothing further to add.

7.10 Mr Alan LEONG shared Mr WONG's view that Head, CPU should apologize for his self-conflicting statement. Mr LEONG said that Members belonging to the Civic Party were not satisfied with the performance of CPU which was being used as a political tool rather than seriously researching into important social issues such as the study on a universal retirement protection scheme which was said to have commenced in 2003. Members belonging to the Civic Party would consider moving an amendment to the Appropriation Bill to delete the financial provision for CPU in 2011-2012. He also urged CPU to release its research results for resource sharing in the community. DH, CPU responded that the preliminary findings of study on sustainability of the three-pillar approach of retirement protection was expected to be completed in 2012. While results of researches conducted by CPU were for internal reference of the Administration, CPU would upload to its website results of some research studies which might be of interest to the public. In the past year, the results of 11 studies had been released on the website.

7.11 Ms Audrey EU enquired about the funding for studies on public policy and strategic public policy conducted by tertiary institutions. DH, CPU advised that the Public Policy Research (PPR) Funding Scheme was launched by the Administration in 2005 to promote policy research in

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higher education institutions. The scheme was administered by the Research Grants Council (RGC) under the University Grants Committee. To support longer term public policy research projects, the Administration had deployed 50% of the \$20 million annual provision for a Strategic Public Policy Research (SPPR) Funding Scheme since 2008-2009. On the ownership of research results, DH, CPU said that the intellectual property rights of research results of PPR and SPPR projects belonged to the principal investigators of the projects. RGC encouraged researchers to make available research results to the academic community and the general public as far as possible. RGC had uploaded the executive summaries of the research reports on its website, and published a half-yearly Public Policy Digest on completed PPR projects since 2009. A public policy forum, co-organized by RGC and CPU, was held in 2009 to provide an opportunity for academics and think tanks to exchange views with public policy researchers. At members' request, the Administration undertook to provide a list of the consultancy studies commissioned by the offices of the Chief Secretary for Administration and the Financial Secretary, and CPU.

7.12 In response to Ms Audrey EU's further questions on the budget for CPU and the personal emolument for Head, CPU, DH, CPU advised that the provision for 2010-2011 and 2011-2012 were around \$84 million and 85 million respectively. The salary of Head, CPU was pitched at Directorate Pay Scale Point 8, equivalent to a monthly salary of around \$200,000. The Administration would provide a breakdown on the 2011-2012 provisions for CPU with information on the remuneration of Head, CPU and financial provisions for consultancy studies.

### **Independent Commission Against Corruption**

7.13 Mr James TO noted from a media report that the Independent Commission Against Corruption (ICAC) had by way of a single tender engaged a former agent of the Federal Bureau of Investigation of the United States to conduct a consultancy study on ICAC's succession plan. As the Commissioner, ICAC (C, ICAC) should be in a better position than a consultant for formulating the succession plan, he questioned the propriety for engaging the consultancy service which was said to cost HK\$1 million.

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7.14 C, ICAC clarified that the consultancy study aimed at reviewing the human resource management instead of the succession plan of ICAC. Following a review of its human resources in 2006, ICAC decided that the introduction of a common recruitment scheme for the appointment of departmental grade officers would be conducive to recruiting talented anti-corruption officers. Since the implementation of the scheme in 2007, 247 officers were recruited through seven recruitment exercises. ICAC considered it necessary to commence a comprehensive study of its human resource management. The study would entail examining how officers of different capabilities and potential could be deployed to best meet the requirements of the three departments in ICAC, and reviewing the existing mechanisms on training, appraisals, postings, promotions and succession to facilitate the long-term development of individual officers and ICAC as a whole. In June 2010, ICAC invited quotations for the consultancy study from potential suppliers known in the market. Of the 15 companies invited, only four companies submitted proposals. However, their proposals did not fully meet the Commission's requirements. After further exploration, ICAC identified a candidate who had extensive and solid experience and expertise in law enforcement, as well as professional academic qualifications in human resource management. The candidate had also been involved in the ICAC leadership training programmes. In accordance with the established Government procurement procedures, a single quotation from the candidate was accepted.

7.15 Mr James TO requested more information about the consultancy study. Director of Investigation (Private Sector), ICAC said that the study had just commenced in early March 2011 and would take about nine months to complete. She, however, undertook to provide information on justifications for the study, the cost and selection of consultant after the meeting.

### **Government Records Service**

7.16 Mr LEE Wing-tat enquired about the existing procedures and guidelines on management of government records, and whether the public could have access to all these records, including results of researches conducted by CPU.

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7.17 D of Admin advised that the Administration attached great importance to records management, and had put in place administrative arrangements to facilitate the identification, transfer, preservation of and public access to archival records. Government departments were required to draw up a list of records to be kept or disposed of for those which were no longer required for use. The Government Records Service would select records with enduring value for preservation as the archives. Most records would be open for public inspection if they were more than 30 years old, except for those of sensitive nature which would be subject to review before deciding on when such documents could be released for public access. The public could also have access to existing government records under the Code on Access to Information. Mr LEE Wing-tat expressed concern that some records, such as results of researches by CPU, might be destroyed without going to the Government Records Service. D of Admin stressed that the disposal of all government records had to comply with records management procedures and guidelines promulgated by the Government Records Service. DH, CPU reiterated that results of researches conducted by CPU were for internal reference only and would not be released for public inspection.

7.18 Ms Audrey EU noted that of the 185 994 records transferred from government bureaux/departments to the Government Records Service during 2006 - 2010, only 25 321 were open for public inspection. She questioned why only limited records were made available. D of Admin said that 185 994 represented the number of records bureaux/departments had passed to the Government Records Service during the said period for retention but that these records had not yet reached the 30-year rule for opening up. On the other hand, the 25 321 records represented those records which had earlier been transferred to the Government Records Service and which had reached 30 years during the said period and were therefore ready for release to the public for inspection.

### **Internal audit**

7.19 Ms Audrey EU enquired about the audit cost for the 81 Government accounts to be certified by the Audit Commission in 2011-2012. Director of Audit (D of A) explained that the audit cost varied as different ranks of staff were deployed to audit the accounts according to

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the complexity of individual accounts.

7.20 Mr James TO considered that the Audit Commission should also conduct value for money audits on the rewards and special services of the Hong Kong Police Force, the Customs and Excise Department and ICAC. D of A advised that the Audit Commission conducted regularity audit on the rewards and special services of the Hong Kong Police Force, the Customs and Excise Department and ICAC annually and during which also examined whether the internal control rules and procedures on the proper use of public funds on the rewards and special services had been complied with. Mr TO reiterated that it was necessary to conduct value for money audit on the rewards and special services, especially those in the Hong Kong Police Force given the substantial amounts involved. The Chairman added that the Audit Commission should also consider examining the propriety for ICAC to award the consultancy study on human resource management through single quotation.

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8.1 At the invitation of the Chairman, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the financial provisions and Government's major initiatives on housing in the 2011-2012 financial year (Appendix IV-6).

### **Public housing**

#### Public rental housing

8.2 Mr WONG Kwok-hing questioned why Tai Po Area 1 and ex-Homantin Estate site were found not suitable for public rental housing (PRH) development after detailed study by the Administration. He said that the Panel on Housing passed a motion on 7 March 2011 urging the Administration to consider increasing the construction of PRH flats to tie in with the anticipated increase in the number of PRH applicants following the relaxation of the Waiting List (WL) income and asset limits. He cautioned that the pledge for maintaining the average waiting time for general WL applicants at three years could not be achieved if there was insufficient land for PRH development. STH advised that there would be no change in the land use of ex-PRH sites, except for the ex-North Point Estate site and ex-Homantin Estate site which were considered more suitable for private housing development. The Development Bureau and Planning Department would endeavour to identify suitable land for PRH production under the five-year rolling Public Housing Construction Programme with a view to maintaining the average waiting time for general WL applicants at around three years. Meanwhile, there would be close monitoring on the impact of the average waiting time following the rise in the number of eligible PRH households as a result of the increase in WL income and asset limits in April 2011.

8.3 Mr CHEUNG Kwok-che was concerned that eligible PRH applicants on the WL had to pay very high rents for private accommodation for at least three years while awaiting their turn for allocation of PRH units. Some additional 25 000 households would become eligible for PRH after raising the WL income and asset limits from April 2011, he queried how the demand could be met by the annual production of 15 000 PRH flats. STH responded that the 25 000 eligible households might not all apply for PRH. While the total number of PRH flats to be produced over the next five years

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would be about 75 000 (or an average of about 15 000 per year), the actual number produced each year would depend on the availability of land, and the lead time for land planning and housing production. To expedite allocation of PRH flats to those in need of housing, an Express Flat Allocation Scheme was in place to allow fast track access to PRH for WL applicants while Compassionate Rehousing would be considered for cases of genuine hardship upon recommendation of the Social Welfare Department. Mr CHEUNG was of the view that the 25 000 eligible households would most likely apply for PRH, and that the estimated production of 75 000 PRH flats over the next five years would not be able to meet the demand.

8.4 While supporting the relaxation of WL income and asset limits to enable more low-income families to be eligible for PRH, Mr Vincent FANG expressed concern about the low turnover rate of PRH flats. He enquired about the frequency of review of policy on well-off tenants. Deputy Secretary for Transport and Housing (Housing) (DS(H)) said that PRH tenants paying double net rent plus rates under the Housing Subsidy Policy (HSP) had to declare assets two years after the last declaration under HSP if they wished to continue to live in public housing. In reply to Mr FANG's further enquiry on whether the proposal in the Budget to pay two months' rent for PRH tenants would apply to well-off tenants, STH said that the Administration would pay the net rent portion of well-off tenants to uphold the policy on safeguarding rational allocation of public housing resources.

8.5 The Chairman said that the current space allocation standards for PRH might not be able to meet the needs of the elderly, particularly those who were wheelchair-bound. She enquired if the need for additional space had been taken into account in allocating PRH flats to the elderly. STH said that space requirements in PRH were kept under review. Meanwhile, persons with disabilities or chronic diseases would be provided with appropriate ancillary facilities. Elderly tenants were also not required to move to smaller units upon the moving out of their children. Permanent Secretary for Transport and Housing (Housing) (PS(H)) added that if a PRH flat had to be converted to cater for the needs of individual disabled persons, the Housing Department would bear the conversion costs. It would also liaise with other departments, such as the Department of Health and the Social Welfare Department, to provide other support services to households



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having members with disabilities or chronic diseases.

### My Home Purchase Plan

8.6 Ms Miriam LAU noted that under My Home Purchase Plan (MHPP), the Administration would provide land for the Hong Kong Housing Society (HKHS) to build "no-frills" small and medium sized flats for lease to eligible applicants at prevailing market rent. Within the specified time frame, MHPP tenants might purchase the flat they rented or another flat under MHPP at prevailing market price, or a flat in the private market using the Purchase Subsidy equivalent to half of the net rental they had paid during the tenancy period. She enquired how the rentals for MHPP flats would be determined. Professor Patrick LAU also expressed concern that MHPP tenants might not be able to afford rentals at prevailing market rate as HKHS would have to pay full premium for such flats. STH said that the rent levels of MHPP flats would be set taking into account the rentals of flats of similar size and standard in the neighboring areas and the "no-frills" nature of MHPP flats. MHPP tenants who wished to buy flats could use the Purchase Subsidy for part of the down payment. PS(H) added that the Administration was discussing with HKHS on the terms of payment of the land premium for MHPP sites. The land premium might not be necessarily paid upfront but when flats were sold. The Director of Lands would take into account all these factors in setting the land premium.

8.7 Noting that there had been a substantial increase in cost for construction material, Mr Fred LI said that the small and medium sized flats to be built in the Yuen Long site with unit and size restrictions might have to be sold at around \$6,000 to \$7,000 per square feet, taking into account the land cost of around \$3,600 per square feet, the construction costs and the profit margin. It was expected that a 500-square feet flat in the Yuen Long site might cost about \$3 million which would be beyond the affordability of the sandwich class. As the land cost of the two MHPP sites in Tsing Yi and Diamond Hill should be much higher than that in Yuen Long, it was unlikely that sandwich class families would be able to afford MHPP flats in such sites. Mr LI considered that as MHPP could not meet the aspiration for home ownership of the sandwich class, the re-launching of Home Ownership Scheme (HOS) would be the only solution.

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8.8 STH responded that the Administration had adopted a multi-pronged approach to address the housing needs of the community while ensuring a stable and healthy development of the property market. Measures taken included the annual land supply target of making available sufficient land for the construction of about 20 000 private residential flats each year, and relaxing the WL income and asset limits this year hence more households would become eligible for PRH. Past experience had revealed that HOS was not effective in curbing rising property prices as the property prices had soared in 1996-1997 despite the production of 46 000 HOS flats in the same period. As regards the sale prices of MHPP flats, STH said that the location, age and "no frills" nature of MHPP flats would be taken into account in setting the sale prices of these flats, which would not be comparable to that of luxury developments. Besides, MHPP flats might be about five years old by the time they were sold.

8.9 Mr CHAN Kam-lam said that instead of re-launching HOS as repeatedly requested by members, the Administration had introduced MHPP. However, MHPP had been severely criticized by the public given the limited supply and uncertainties associated with the rentals and selling prices of MHPP flats. He enquired if the Administration was prepared to review MHPP to see if there was further room for improvement. For example, consideration could be given to providing an option for eligible MHPP applicants who had sufficient savings for down payment to rent or buy MHPP flats at the time of intake. This would respond in part to the public demand for re-launching of HOS, and also remove the uncertainty that the sale price of MHPP flats might not be affordable to MHPP tenants after five years. Mr CHAN also requested the Administration to address the problem in disposing MHPP flats in the event that tenants declined to buy the flats upon completion of tenancy.

8.10 STH advised that the objective of MHPP was to enable eligible applicants who did not have sufficient savings for down payment to rent a MHPP flat first and then consider buying the flat later using the Purchase Subsidy. Many young families who had not saved enough for down payment had expressed interest in MHPP. Regarding the suggestion of setting sale prices for MHPP flats at the outset, STH said that this would require careful consideration as this might not be necessarily advantageous to tenants. She nevertheless undertook that the Administration would work

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closely with HKHS to improve MHPP as far as possible taking into account views expressed by Members and the public.

### **Re-launching of Home Ownership Scheme**

8.11 Mr LEE Wing-tat expressed grave disappointment that the Administration had not responded to the public aspiration for home ownership. He pointed out that of the over 300 000 households living in non-owner occupied flats, two-thirds were not eligible for PRH. Given the high rents in extended urban areas, such as Shatin and Tsuen Wan which could cost between \$6,000 to \$8,000 per month for a 400-square feet unit, non-eligible households with an average monthly income of around \$20,000 would have to pay 30% to 40% of their total income on rents. Though the Administration planned to increase the supply of small and medium sized private residential units through MHPP and sites with unit and size restrictions, these were not sufficient to address the demand. According to the Administration, MHPP was meant to assist sandwich class families who could not afford the down payment for home purchase. However, as MHPP flats would be sold at market price, it would still take a long time for eligible applicants to save up the required down payment, which could be around \$600,000 to \$800,000. This was much more than the 10% down payment required for HOS flats. Moreover, the limited supply of MHPP flats would mean that only a small number of families could benefit from the Plan. Mr LEE considered that the ultimate solution was for the Administration to re-launch HOS which had been in existence well over the past 20 years. Mr LEE pointed out that the latest survey conducted by the Democratic Party revealed that 85% of interviewees supported the re-launching of HOS. He enquired whether the Administration would entrust the Central Policy Unit to conduct a survey on the re-launching of HOS.

8.12 In response, STH said that while efforts would be made to proceed with the first two phases of MHPP in tandem with a view to expediting the preparatory work, MHPP alone could not resolve the housing problem. In this connection, a package of measures had been introduced to stabilize the property market. These included increasing supply to address the fundamental issue, combating speculative activities through tax measures, enhancing transparency in property transactions, and preventing excessive

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expansion in mortgage lending. She added that the lower amount of down payment for HOS flats was made possible through the guarantee provided by the Hong Kong Housing Authority. Eligible applicants could still purchase surplus HOS flats as well as those flats in the HOS Secondary Market. According to the statistics from November 2010 to January 2011, 60% of HOS flats available for sale in the Secondary Market were below \$2 million. Mr LEE Wing-tat maintained the view that these measures had not been effective in stabilizing the property market. Consideration should be given to using unpopular land under the Application List for production of subsidized housing. STH said that the Administration had pledged a land supply target to provide sufficient land for an annual production of some 20 000 private residential flats. As the Application List was an important source of land for private housing, the use of land for alternative purposes would have impact on the property market.

8.13 Mr Alan LEONG held the view that MHPP was not able to assist genuine home buyers. As different political parties had consensus on the re-launching of HOS, he asked if the Administration would consider reviewing the policy on HOS before the Third Reading of the Appropriation Bill on 13 April 2011. Mr Albert CHAN opined that WL applicants were particularly hard hit by the high rents in the private sector as they had much difficulty in finding affordable accommodation. He also sought elaboration on the Administration's stance on the re-launching of HOS, as the Financial Secretary had earlier indicated that a review of the re-launching of HOS would be carried out but this was not included in the initiatives of Transport and Housing Bureau. STH said that the Financial Secretary had set out a series of measures to address public concerns on housing and other matters which would require a long-term commitment. In gist, the Administration aimed to provide different levels of housing assistance. The first level was PRH for low-income families who could not afford private rental accommodation and the next levels would be subsidized home ownership, MHPP and private housing. Efforts would be made to increase the supply of small and medium sized private residential flats which were more affordable to the general community. The objective of the housing policy was to ensure the healthy and stable development of the property market.

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### **Re-launching of the Tenants Purchase Scheme**

8.14 Mr WONG Kwok-hing urged the Administration to seriously consider re-launching the Tenants Purchase Scheme to meet the aspiration for home ownership of PRH tenants. Tenants Purchase Scheme could allow better-off tenants with grown-up children whose combined income had exceeded the limits to purchase their own PRH flats, so that the extended family could live together without having to pay double rent. STH said that the Administration had no intention to re-launch the Tenants Purchase Scheme, as this would not only give rise to management problems as a result of mixed tenure of owners and tenants within the same estate, but also affect the turnover of PRH flats and lengthen the average waiting time for WL applicants.

### **Private housing**

8.15 While acknowledging that the 2011-2012 Budget had included a series of short, medium and long term measures, including the sale by tender five residential sites in 2011-2012 with unit and size restrictions, to ensure the healthy and stable development of the property market, Ms Miriam LAU noted that the property market still recorded an exuberant rise in both property prices and private rentals following the announcement of the Budget. She questioned the effectiveness of these measures. STH said that the sale of a certain number of flats within a short period of time could not truly reflect the property trend. The effectiveness of the measures could not be easily assessed given the fluctuations in the property market and the adjustments in interest rates. The best way to resolve the housing needs of the general community was to increase the supply of land for housing. With the provision of MHPP and the sale by tender five residential sites in 2011-2012 with unit and size restrictions, there would be a significant increase in the number of small and medium sized flats.

8.16 Mr Alan LEONG opined that apart from restricting the size of flats to be built in certain sites, consideration should be given to restricting the price of flats within a certain range. STH said that the sale by tender of residential sites with unit and size restrictions was meant to increase the supply of small and medium sized flats. The Director of Lands would specify in the land sale conditions the minimum number of flats and the

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minimum and maximum floor area to be built. The Administration would liaise with the MTR Corporation Limited to further increase the supply of these flats. The proposed restriction on flat price would involve a policy change as this might entail restricted sale to a certain category of buyers. Besides, fluctuations of the property market would pose difficulties in setting the selling prices of flats. The same would apply to other forms of subsidized home ownership. Longer term measures, including reclamation and provision of land for housing in new development areas, were being contemplated to increase supply of land for housing.

### Landlord and Tenant (Consolidation) Ordinance (Cap. 7)

8.17 Mr WONG Kwok-hing said that the removal of security of tenure and rent control following the amendments to the Landlord and Tenant (Consolidation) Ordinance had resulted in numerous complaints on tenancy matters and operation of the Ordinance. Given that more people were renting flats as home ownership had become non-affordable amid the rising property trend, he enquired if the Administration was prepared to review the Ordinance and if so, the time-frame for review. He also stressed the need for extensive consultation to collate views from stakeholders. STH said that the amendments to the Landlord and Tenant (Consolidation) Ordinance were implemented after lengthy and thorough discussion. While the Administration had no plans to review the Ordinance at the present stage, it would closely monitor the situation. DS(H) said that the removal of security of tenure and rent control under the Ordinance were made after extensive consultation with a view to striking a balance between the interests of both landlords and tenants. The Rating and Valuation Department had been providing free advisory and mediatory services on tenancy matters to landlords and tenants.

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9.1 At the Chairman's invitation, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the part of the Estimates of Expenditure and the priority areas under the transport portfolio in the 2011-2012 financial year (Appendix IV-7).

### **Traffic congestion and proposal to increase the First Registration Tax of motor vehicles**

9.2 Mr KAM Nai-wai and Mr Andrew CHENG opined that the uneven traffic distribution among the three road harbour crossings (RHCs) was the reason causing the decrease of average car journey speeds on all strategic roads of Hong Kong Island, Kowloon and the New Territories (NT) by over 5 % in 2010. They considered it unfair that instead of tackling the traffic congestion problem at root, the Administration had proposed to increase the First Registration Tax (FRT) for private cars by about 15%.

9.3 STH responded that the proposed increase in FRT was not significant. For example, the rate on the first \$150,000 of taxable value of private vehicles would only be increased by 5%. She explained that as learnt from past experience, increases in FRT could effectively result in a reduction of about 2 to 3 percentage points in the year-on-year growth rate of private cars, or a decrease in the total number of private cars. Moreover, according to overseas experience, if decisive measures were not taken to contain the growth of vehicles, more stringent measures incurring a high price would need to be taken in future to alleviate the congestion problem. She further clarified that the decrease in the average car journey speeds had not been caused by uneven distribution of traffic among the tunnels because congestion was serious not only at the RHCs but also in NT where the average car journey speed on the strategic roads had decreased by 7 % in 2010.

9.4 Mr LEE Wing-tat suspected that the alleged 7% decrease in the average car journey speeds on the strategic roads in NT might have been caused by road maintenance works there, in particular those on Tuen Mun Road. He considered it unfair to restrict ownership of vehicles rather than regulating their usage through charging road and tunnel tolls, especially when the traffic congestion was mainly confined to peak hours and certain areas. In his view, other world cities such as London would take targeted

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actions such as restricting vehicles from going to the congested areas during peak periods, instead of taking measures that would affect all purchasers of new private cars. He opined that the Administration was taking the easy way out because such an approach did not require detailed planning, and owners of private cars would unlikely join hands to challenge the proposal.

9.5 STH reiterated the need for curbing the growth of private cars and that a multi-pronged approach was being taken in tackling traffic congestion. Regarding the feasibility of adopting an Electronic Road Pricing transport system in Hong Kong, she said that the proposal was controversial and might not suit Hong Kong because of the high prices charged. Moreover, the successful implementation of Electronic Road Pricing would hinge on the availability of alternative road links. As such, pending the completion of the Central-Wanchai Bypass for traffic diversion, implementation of Electronic Road Pricing in the Central Business District would unlikely result in effective reduction of traffic within the charging zone. She stressed that early action was required given the significant net growth of private cars in 2010 which was around 20 000.

9.6 Mr Tommy CHEUNG expressed doubt about the accuracy of the average car journey speeds and the net growth rate of private cars. According to his observation, congestion at RHCs was not particularly serious. In fact, congestion had improved during the past five years, particularly during school holidays and the Mainland's labour holidays. He disagreed that traffic congestion was caused by the growth of private cars.

9.7 STH responded that the rates of decrease in the average car journey speeds on strategic roads were objective indicators of congestion gathered from the Transport Department's survey on vehicle speeds. The survey, however, did not produce vehicle speed data during off-peak hours because Transport Department did not conduct separate surveys for this. She highlighted the need to take early action to prevent traffic congestion when the growth rate of private cars reached 3 to 5% since the general public using public transport services would also be affected.

9.8 Mr KAM Nai-wai expressed concern that with the FRT increase more people might turn to keep their old cars or purchase second-hand cars, and this was not conducive to achieving better air quality. Mr WONG



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Sing-chi expressed similar concerns, and enquired about the mitigation measures in this regard.

9.9 STH responded that there was no change to the FRT for other types of vehicles, and the concessions for electric vehicles and environment-friendly petrol private cars would remain to encourage people to change to environment-friendly vehicles. Under the current concessions, electric vehicles would have no FRT, while a 30% reduction in FRT (subject to a cap of HK\$50,000 per car) would apply to newly registered environment-friendly petrol private cars. It was estimated that some 6 000 vehicles had benefited from the concessions in 2010, and over 90% of them did not exceed the HK\$50,000 concession cap. STH stressed that buyers of private cars would not be affected by the FRT increase if they chose to purchase environment-friendly private cars. She further advised that the decision by some private car owners not to replace their old cars would not have adverse impacts on emissions, because some 30% of the existing fleet of private cars could already meet Euro III emission standard, while another one-third could meet Euro IV standard.

9.10 Mr WONG Sing-chi suggested introducing incentives to encourage replacement of vehicles that had been used for over ten years as a measure to reduce air pollution. STH responded that as Hong Kong's FRT system was very different from those of countries that offered such incentives, the proposal would require careful consideration.

9.11 In response to the Chairman, STH confirmed that the Transport and Housing Bureau had already discussed with the Environment Bureau the FRT increase and the concessions for environment-friendly vehicles. In this regard, The Bureau had noted that around 20% of the new vehicles purchased in 2010 were environment-friendly vehicles, and that over 40 private car models could meet the qualifying standards for environment-friendly petrol private cars to benefit from the 30% FRT reduction.

### **Ferry service**

9.12 Dr Priscilla LEUNG expressed concern about the pending cessation of the "Hung Hom – Central" and "Hung Hom – Wan Chai"

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licensed ferry services upon expiry of the current licenses on 31 March 2011 as no tender submissions had been received for their continued operation in the two tender exercises. She opined that these ferry services would help alleviate the pressure on other public transport services and the ferry service was also a tourist attraction. As the relocation of the ferry pier in Central might have affected the financial viability of the ferry services and hence operators' interest in their operation, she urged the Administration to work out helping measures to retain the services.

9.13 STH responded that Transport Department had already relaxed certain tender requirements for the ferry services so as to attract more potential operators. However, due to the enhancement of the public transport network and the substantial operating costs incurred, no tender submissions were received even after the second tender exercise. While the Government was keen to facilitate the continued operation of the ferry services, it was inappropriate for the Government to provide direct subsidy to the services because many alternative public transport services were available for crossing the harbour.

9.14 Regarding the relaxations to the tender requirements, Commissioner for Transport (C for T) advised that these included allowing a lower service frequency to better match service level with passenger demand pattern, allowing deployment of vessels with smaller seating capacity to save costs, and allowing the offer of a lower rate of concessionary fare to elderly passengers to reduce the revenue foregone, etc. These relaxations were made on top of the various helping measures already available. The fact that no tender submission was received despite such concessions might reflect market's assessment that such ferry services were not financially viable.

9.15 Mr WONG Sing-chi suggested that instead of pre-determining the tender requirements for these ferry services, the Administration might invite interested operators to submit proposals for the Administration's consideration. This could attract more innovative ideas of ferry operation. STH advised that for safety considerations, Transport Department had to ensure that only qualified ferry operators could tender for the operation of the ferry services. Dr Priscilla LEUNG expressed agreement that only professional ferry operators should be allowed to operate ferry services.

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9.16 Mr WONG Sing-chi said that some ferry operators had relayed to him that bidders could not propose operational details other than those specified in the tender requirements for the ferry services. STH explained that the operators could in fact propose to discuss with Transport Department any operational details, such as the control of operating costs and increase of non-fare box revenue. C for T added that the two relevant tender exercises aimed to identify an operator to continue the services, and operational details could be negotiated as long as certain basic conditions could be met. The Chairman requested the Administration to maintain flexibility in recognition of the public's wish to continue the ferry services.

9.17 Dr Priscilla LEUNG requested the Administration to consider conducting the third tender exercise for the ferry services in response to calls from the Kowloon City District Council and Legislative Council Members. In her view, the licensed services were important because they could help relieve road traffic and the burden on cross-harbour tunnel buses, as more serious traffic congestion was expected with the traffic diversion to make way for the construction of the Shatin to Central Link in the coming three years.

9.18 STH reiterated that relaxations of tender requirements had been made in the second tender exercise but still no tender had been received. The crux of the problem was the absence of interested operators. Nevertheless, Transport Department could now directly negotiate with any operator for operation of the ferry services, and any interested operator could approach Transport Department with their operation proposals.

9.19 Dr Priscilla LEUNG opined that the Administration should consider allowing ferry operators to conduct other businesses to cross-subsidize the operation of ferry service. STH responded that the Administration had been assisting ferry operators to sublet ferry pier areas for commercial concession or advertising to generate non-fare box revenue. One example was the planned construction of 1.5 additional floors at each of Central Piers Nos. 4 to 6 for subletting for commercial or retail activities.

9.20 Ms Miriam LAU expressed concern about the progress of the provision of the additional floors at Central Piers Nos. 4, 5 and 6 as the design would only complete in 2011-2012. She expressed concern that the

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Administration failed to actively assist ferry service to survive, and that the fares of the six major outlying island ferry routes might need to increase in the near future to maintain the existing service levels despite the \$120 million Government subsidy. She urged the Administration to review if better assistance could be provided to ferry operators in recognition of the operational difficulties they faced.

9.21 STH responded that it was in recognition of the operational difficulties of ferry service that the Government had provided the six major outlying island ferry routes a subsidy of about \$120 million for the three-year licensing period. The Government had also extended the special ad hoc helping measures to two more major trunk routes, and would reimburse to the operators the vessel maintenance cost incurred in order to reduce the magnitude of fare increases. As the operators were facing challenges of the escalating fuel and maintenance costs as well as the implementation of the minimum wage requirement, they might still need to increase the ferry fares although the rate of increase would be reduced because of the Government subsidy. As to the progress of the works to construct the additional pier floors, STH explained that it was necessary to go through relevant statutory procedures before construction could commence. These procedures included compliance with the fire regulations, seeking Town Planning Board's approval to relax land uses, and consulting various stakeholders such as the Harbourfront Commission. It was hoped that with the improved environment at the piers, more people would be attracted there to boost up patronage of the ferry routes.

9.22 The Chairman said that many people valued ferry service for its environmental benefits, low fares and comfort. She requested the Administration to further explore providing more assistance for ferry operators in order to make ferry operation more viable.

### **Land transport**

9.23 Mr WONG Kwok-hing said that given the substantial fiscal surplus, the Administration should actively pursue the option of buying back the Eastern Harbour Crossing and the Western Harbour Crossing, in order to rationalize the utilization of the three RHCs by downward adjustment of tunnel tolls and alleviate the burden of travelling expenses on the general

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public. STH responded that the Administration had been in contact with the tunnel operators on the buy-back proposal. While the buy-back option was an important step in adjusting tolls, the Administration still had to consider the optimal toll level required to rationalize the utilization of the three RHCs and how to take forward the toll adjustments.

9.24 Mr Andrew CHENG considered it unacceptable that despite the completion of the consultancy study on how to improve the distribution of traffic among the three RHCs, the Administration had still not found a solution to the long-existing problem of uneven distribution of traffic among the three RHCs. It seemed that the Administration was unwilling to consider the proposal of buying back the Western Harbour Crossing and the Eastern Harbour Crossing.

9.25 STH responded that public consultation on the findings and recommendations of the Consultancy Study had just completed in February 2011, and the Administration was in the course of examining the various views collected during the exercise. While most respondents, in particular professional bodies and academics, saw a need to consider toll adjustments to improve the traffic distribution among the three RHCs, there were diverse views on the proposal of increasing the toll of the Cross Harbour Tunnel and requesting the Eastern Harbour Crossing franchisee to provide a corresponding reduction in the Eastern Harbour Crossing toll. The transport trade, in particular, did not support the approach and had expressed concerns about the increase of tolls for commercial vehicles under the proposal. These views would need to be carefully analyzed. She assured members that the Administration would maintain an open mind on all proposals which would improve the distribution of traffic among the RHCs without affecting the reasonable and equitable utilization of public resources.

9.26 Mr CHAN Kin-por expressed concern about the high number of accidents and casualties involving bicycles in the past three years. Highlighting the consequences of speeding and non-compliance with the relevant traffic regulations by cyclists, he considered education and publicity efforts insufficient, and urged the Administration to step up enforcement at cycling accident blackspots. C for T responded that a multi-pronged approach in collaboration with a number of departments had

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been adopted to ensure cycling safety. Apart from strengthening education, improvements had also been made to the design and ancillary facilities of cycle tracks, the signage, road markings and channelization bollards on cycle tracks. The Police were also taking actions, including prosecution actions, against unsafe and/or illegal use of cycle tracks. C for T agreed to provide the statistics on the above actions taken in the past three years.

9.27 Mr CHAN Kin-por noted that about 1 800 and 2 000 professional drivers received free medical checks in 2009-2010 and 2010-2011 respectively under the Safe Driving and Health Campaign for Professional Drivers. He enquired whether the medical check results were analyzed and followed up, for example, identifying the most common illness and tracking changes in professional drivers' health in general, in order to ensure that the health conditions of professional drivers would not affect road safety.

9.28 C for T responded that the Campaign had served to enhance health awareness among professional drivers by disseminating to them health information leaflets and booklets and organizing health related seminars and workshops for them. While the drivers would be encouraged to follow up with more detailed health checks if any health problem was identified during the medical checks provided under the Campaign, the results of their medical checks would not be disclosed to their employers or followed up due to privacy considerations. STH added that the health checks under the campaign only aimed to enhance their health awareness but not to replace the need for detailed medical examinations.

9.29 Mr Andrew CHENG expressed regrets that although MTR Corporation Limited (MTRCL) had made substantial profits, it still planned to increase its fares under the Fare Adjustment Mechanism. He and Members belonging to the Democratic Party had long advocated that the Government should consider using the dividends it received as the majority shareholder of MTRCL to set up a fare stabilization fund to moderate the fare increase.

9.30 STH responded that the Fare Adjustment Mechanism had been adopted as a result of the rail merger and, having been written into MTRCL's Operating Agreement, was contractually binding. The Fare

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Adjustment Mechanism took into account the year-on-year percentage change in the Composite Consumer Price Index which had reflected the macro-economic environment and public affordability to a certain extent, as well as the year-on-year percentage change in Wage Index which had reflected staff costs. As such, it could be said that the economy and wage had preceded the activation of any fare adjustment. On the proposal to set up a fare stabilization fund, the proposal would have implications of subsidizing the travelling public by public revenue and would require careful consideration.

9.31 Mr CHEUNG Hok-ming enquired about the progress of implementing the ad hoc quota trial scheme for cross-boundary private cars at the Shenzhen Bay Port. STH responded that as the trial scheme involved Hong Kong vehicles going into the Mainland, discussions were being held with various Mainland authorities on issues such as customs clearance, cross-boundary motor vehicle insurance. There were difficulties in simplifying the relevant procedures as planned, as a one-stop shop approach was preferred. The Administration would endeavour to finalize the details with the Guangdong authorities within 2011.

### **Transport infrastructure**

9.32 Mr WONG Kwok-hing enquired about the progress of the study and design of the Tuen Mun Western Bypass. Director of Highways (D of Hy) responded that a consultant had been commissioned in August 2008 to conduct an investigation and preliminary design study on it. A series of public engagement exercises on ten alignment options were conducted during the period from October 2008 to January 2011. The Tuen Mun District Council and the Heung Yee Kuk were then consulted on the option so identified and with their support, the Highways Department had been proceeding with the traffic impact assessment, environmental impact assessment, ground investigation, and preliminary design of the recommended option.

9.33 Responding to Mr WONG Kwok-hing's enquiry on the progress of the Northern Link, STH advised that development of the railway network, including the Northern Link, would be covered by the consultancy study to be conducted in the second quarter of 2011 to review and update the

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### Railway Development Strategy 2000.

9.34 Mr Albert CHAN said that Tuen Mun District Council and Tsuen Wan District Council had repeatedly urged for the construction of a rail line to link up the Tsuen Wan Line and the Light Rail in Tuen Mun, and had commissioned a consultancy study on the rail link. Mr CHAN asked whether the Administration had set aside any provisions to study the link to cater for the needs of NT West as well.

9.35 STH responded that the above rail link would be examined in the context of the review and update of the Railway Development Strategy 2000. Notwithstanding, as the West Rail was already available to serve the Northwest NT, it might not be desirable to construct the rail link lest there would be duplication of service. Moreover, since the link would inevitably run along the coastline, it would need to be enclosed in an underground tunnel to minimize its visual impacts, and the construction costs would be significant.

9.36 Mr CHEUNG Hok-ming expressed concern about the progress of the Hong Kong-Shenzhen Western Express Line (WEL), having regard that Hong Kong had only just commenced a study on the planning of the Hung Shui Kiu New Development Area, which WEL would serve. He said that Hong Kong had been lagging behind Mainland cities in taking forward cross-boundary transport infrastructure projects. STH explained that since one of the major functions of WEL was to promote the development of Qianhai and Northwest NT, it was important for the design of WEL to take into consideration the planning of these two areas. The timetable for WEL therefore would hinge on the planning parameters for Qianhai. Nevertheless, the Railway Development Strategy 2000 would also investigate the functionality, preliminary alignment options and patronage forecast of WEL.

### **Barrier-free access**

9.37 Ms LI Fung-ying opined that apart from retrofitting barrier-free access facilities at public footbridges and subways, there should be provisions and plans for improving the barrier-free status of pedestrian walkways in old districts, such as Willow Street in Tai Kok Tsui and streets



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in Sham Shui Po, where fire hydrants and street signs often obstructed the way of wheelchairs, shopping carts and baby cars. She asked whether there were any standards for erecting road signs/fire hydrants on pedestrian walkways and whether any department was responsible for co-ordinating relevant works.

9.38 In response, D of Hy explained that the current policy was to provide barrier-free access facilities for all new public footbridges and subways. For existing structures, a study on how to retrofit such facilities to public footbridges and subways presently not so provided was already underway, and over \$280 million would be sought to take forward the design work at about 180 public footbridges and subways and the first phase of the retrofitting works at ten public footbridges and subways. As to pedestrian footways, efforts had also been made to provide more dropped-kerb access, tactile guide routes, and tactile warnings strips for the physically impaired as soon as practicable. With regard to road signs, Highways Department and Transport Department made joint efforts to ensure accessibility of footways, and pilot schemes would continue to be carried out to merge road signs to reduce the number of sign poles on roads.

9.39 Referring to the recent motion debate on "Equal Opportunities Commission's Formal Investigation Report on Accessibility in Publicly Accessible Premises", the Chairman urged the Administration to make greater coordinated efforts and provide more funding to introduce improvements in this respect. STH responded that the Administration would examine the improvements required in each district in the light of the views of Members and the District Councils. Depending on the availability of manpower and resources, the improvement works would be taken forward by phases. She advised that there were already standards governing the design of streets and provision of barrier-free access facilities. When retrofitting such facilities, Highways Department would be invited to advise on the additional improvements that should be introduced at the same time. The relevant District Councils would also be consulted on the retrofitting projects.

9.40 Mr WONG Sing-chi enquired about the efforts made to encourage the introduction of wheelchair accessible taxis to Hong Kong. C for T responded that Transport Department had been assisting the taxi trade to

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identify suitable vehicle models for use, and helping vehicle suppliers to better understand the relevant standards and approval procedures for introduction of new vehicle types. As a result of such efforts, a petrol-powered wheelchair accessible vehicle model had been introduced for use as taxis in Hong Kong in 2011. Transport Department would continue to play a middle-man role to help introduce more wheelchair accessible taxis to Hong Kong.

9.41 Mr WONG Sing-chi opined that the Administration should actively promote the introduction of wheelchair accessible taxis to Hong Kong. C for T responded that apart from wheelchair accessible taxis, persons with disabilities could also use the service of rehabuses. The Administration had also been making efforts to facilitate access of persons with disabilities to public transport services. It was hoped that if the recently introduced wheelchair accessible taxis could operate successfully, more such taxis would go into service. STH added that if there was a market demand for wheelchair accessible taxis, more efforts would be made to promote the service.

9.42 Ms Miriam LAU expressed concern that despite the high operating cost of the petrol-powered wheelchair accessible taxis, such taxis could only charge fares similar to ordinary taxis. She considered that the Administration should help ascertain the market demand in order to encourage potential operators to invest in such taxi service. The Administration noted her views.

### **Air transport**

9.43 Noting that Hong Kong was positioned as an aviation centre under the Mainland's National 12th Five-Year Plan, Mr CHAN Hak-kan expressed concern about the rising percentage of delays exceeding 15 minutes of passenger flights to and from the Hong Kong International Airport (HKIA) over the past three years. He enquired about the reasons for such delays and whether there were plans to expedite the construction of the third runway.

9.44 STH responded that Hong Kong alone could not tackle the problem of flight delays because Hong Kong shared the use of air space

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with neighbouring airports. Director-General of Civil Aviation (DG of CA) supplemented that some causes of flight delays were beyond Hong Kong's control, for example, inclement weather, busy air traffic in the neighbourhood during peak periods, or restrictions on aircraft activities out of military considerations. He advised that flight delays at HKIA was less serious when compared to other international airports such as the Heathrow Airport in London. There were also plans to further improve HKIA's facilities, including introduction of the satellite-based navigation technology, which could minimize delays by maximizing utilization of air space, to enhance operational efficiency. Pending final arrangements with the Mainland authorities, a new transfer point between Hong Kong and the Mainland would be added in 2011 to further improve traffic flow.

9.45 Regarding the third runway, STH advised that the HKIA could cope with air traffic demand up to the year 2020 after the implementation of various measures, including increasing the capacity of the existing two runways to 68 movements per hour, implementing a new air traffic control system, pursuing the midfield expansion project to increase the handling capacity of the airport to 70 million passengers and 6 million tonnes of cargo per annum. STH further advised that the Airport Authority had commissioned the Hong Kong International Airport Master Plan 2030 Study, which sought to explore different development strategies and options for HKIA in the following twenty years, including the feasibility of building a third runway. Public consultation on the Master Plan 2030 was expected to begin in the first half of 2011.

9.46 Concerned that there might be a shortage of air traffic controllers, Mr CHAN Hak-kan enquired about plans to recruit or train up more air traffic controllers. DG of CA responded that 38 candidates had been selected after the recruitment exercise conducted last year, to fill vacancies in the Air Traffic Control Officer grade. The first batch of 12 Student Air Traffic Control Officers had already reported for duty at the end of February 2011, while 26 would report for duty in 2011-2012. It was therefore estimated that there would be sufficient manpower to cope with increased workload arising from the new Air Traffic Control Centre.

9.47 Mr Albert CHAN expressed concern about the lack of progress since 1999 to solve the aircraft noise problem. He asked about the new

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measures taken for mitigating the aircraft noise problem during the period from 12:00 midnight to 7:00 am in the morning. He suggested that aircraft producing noise impacts beyond a prescribed decibel level should be prohibited from taking off or landing in Hong Kong.

9.48 DG of CA advised that the Aircraft Noise and Flight Track Monitoring System had been used to compile aircraft noise and flight operations data for noise monitoring purpose. Since July 2002, subsonic jet aircraft operating to/from HKIA had also been required to meet the noise standards in Chapter 3, Volume I, Annex 16 to the Convention on International Civil Aviation. Aircraft that could not meet the noise standards in Chapter 3 would not be allowed to operate to/from HKIA. The Council of the International Civil Aviation Organization had also considered the more stringent new Chapter 4 noise standard. In addition, following the introduction of the above-mentioned satellite-based navigation technology, the Civil Aviation Department had recently conducted a consultancy study which recommended the use of the technology to help reduce aircraft noise impacts on Ma Wan residents. Civil Aviation Department was at present actively pursuing the recommendation, and expected to promulgate the relevant flight procedure before end 2011 for adoption by airlines which had the capability.

### **Logistics development**

9.49 Ms Miriam LAU expressed concern about the slow progress in developing both the hardware and software in support of the switch of Hong Kong's logistics industry to high-value goods and services in keeping with the Mainland's National 12th Five-Year Plan. Although the relevant policy had been announced as early as 2009, only one site in Tsing Yi had been granted for the development of a logistics cluster in Kwai Tsing. Moreover, no decision was taken on the construction of the third runway after years of discussion, and the construction of the Hong Kong-Zhuhai-Macao Bridge (HZMB) and WEL had also been delayed. Ms LAU further pointed out that the Digital Trade and Transportation Network and the On-board Trucker Information System (OBTIS) had also made little progress. She expressed concern that Hong Kong would be taken over by its neighbouring cities if the planned projects were not taken forward expeditiously.

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9.50 STH advised that construction of the HZMB Main Bridge had already commenced, and public consultation on the third runway would be conducted in mid 2011. OBTIS was also well-received by the trade in recognition of the assistance it could give to individual truckers. She assured members that the Administration would make efforts to tie in Hong Kong's logistics development with the Mainland's support for Hong Kong to develop into a high-value goods inventory management and regional distribution centre under the Mainland's National 12th Five-Year Plan. Deputy Secretary for Transport and Housing (Transport) 5 (DS(T)5) added that the Administration had also been encouraging wider use of information technology in the daily operations of small and medium-sized enterprises in the logistics sector, such as warehouse management, cargo tracking or cross docking system, through the "Sponsorship Programme to Support Small and Medium Logistics Service Providers in Information Technology Applications" organized by the Hong Kong Logistics Development Council. A seminar would also be organized during the International ICT Expo, to be held from 13 to 16 April 2011, to enable the small and medium-sized enterprises which had participated in the Sponsorship Programme to showcase the results of the above information technology applications, and share the benefits and experience so gained.

9.51 On the provision of land for logistics development, STH and DS(T)5 elaborated that with the commissioning of Route 8 in late 2009, land held up for conduct of the above road works totalling some 30 hectares had already been released to the market in phases for port back-up use since late 2010 in consultation with the Lands Department. Response to the tendering of a permanent logistics site in Tsing Yi was satisfactory. In the land lease, the Administration had stipulated terms restricting its use to logistics and freight forwarding purposes in order to facilitate the anchoring of professional third party logistics service providers in Hong Kong. Tenders for another logistics site, also in Tsing Yi, would be invited in the second half of 2011. Meanwhile, traffic impact assessment was being conducted to ensure the developments would not adversely affect the local traffic condition.

9.52 Regarding the progress of HZMB, the Chairman remarked that Legislative Council Members would like to witness the progress of cross-boundary transport infrastructure projects.

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9.53 Mr Albert CHAN opined that Hong Kong should plan its own developments instead of only responding to the National 12th Five-Year Plan. He also expressed concern about the impacts of the dredging works for the Kwai Tsing Container Basin and its approach channels on Ma Wan's fishermen, and the delay in constructing a breakwater along the beach of Peng Chau. As the various developments in Hong Kong should aim to improve the living and environment of Hong Kong people, the Administration should pay special attention to the possible adverse impacts, such as noise and air pollution, brought about by the various development projects, on the local communities. The Administration noted his views.

## **Chapter X : Constitutional and Mainland Affairs**

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10.1 At the invitation of the Chairman, Mr Stephen LAM, Secretary for Constitutional and Mainland Affairs (SCMA), briefed members on the financial estimates of the Constitutional and Mainland Affairs Bureau (CMAB) in 2011-2012 and its work priorities in the coming year. (Appendix IV-8).

### **Constitutional and election matters**

10.2 Regarding the existing vacant posts of Under Secretaries and Political Assistants, Mr LEE Wing-tat considered that the Administration should not fill these posts for the remaining term of the Administration. He also requested the Administration to terminate the appointment of some of these political appointees who had under-performed as reflected by some recent surveys.

10.3 SCMA advised that the Government had earmarked provision for the appointment to the few vacant posts of Under Secretaries and Political Assistants, if suitable candidates were identified. However, he acknowledged that there was an appreciable degree of difficulty in making appointments, as there were only 15 months left in the current term of the Government. SCMA further advised that the Government had completed the mid-term review of the remuneration for Under Secretaries and Political Assistants in August 2010. Having considered the appraisal and review reports, the Appointment Committee had considered that Under Secretaries and Political Assistants generally met the requirements, and on that basis decided that their remuneration should remain unchanged.

10.4 Mr WONG Yuk-man said that he had all along opposed the appointment of Under Secretaries and Political Assistants, especially the Political Assistant to SCMA. In his opinion, with the passage of Chief Executive Election (Amendment) Bill 2010 and Legislative Council (Amendment) Bill 2010 which determined the constitutional development in Hong Kong for the next ten years, the Political Assistant to SCMA and even CMAB had no further role to play. He would therefore propose to delete the position of the Political Assistant to SCMA from the Estimates of Expenditure 2011-2012. Mr LEUNG Kwok-hung commented that the salary for SCMA should also be adjusted downward given his unsatisfactory performance.

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10.5 SCMA responded that it was natural for members to have different opinions on constitutional and electoral matters. He advised that the Standing Committee of the National People's Congress had made a decision on 29 December 2007 that universal suffrage for electing the Chief Executive and for election of all the Members of the Legislative Council by universal suffrage might respectively take place in 2017 and thereafter. Following the passage of the two Amendment Bills on the elections of the Chief Executive and the Legislative Council in 2012, CMAB would focus its efforts on the implementation of the arrangements for these elections. Responding to Mr WONG Yuk-man's further enquiry, SCMA said that a provision of about \$20 million was made for the 2012 Chief Executive election vis-à-vis \$13 million for the 2007 Chief Executive election. The increase in provision was mainly due to the enlarged Election Committee which would be increased from 800 in 2007 to 1 200 in 2012.

10.6 Regarding the provision of \$412 million for the upcoming four elections in 2011 and 2012, Mr Paul TSE enquired whether there were provisions for studies on the election methods and whether the use of electoral vouchers would be adopted.

10.7 SCMA advised that the provisions for the 2011 District Council election, the 2011 Election Committee subsectors elections, and the 2012 Chief Executive election were \$195 million, \$93 million and \$20 million respectively. While candidates were currently provided with free mailing service, the Registration and Electoral Office would continue to promote the use of electronic means for election purpose among the political parties, candidates and registered voters, and if necessary, the Administration would consider amending existing electoral guidelines and legislation for this purpose. SCMA added that the Administration would continue to seek views on the election arrangements and would make adjustments as necessary.

10.8 Dr Priscilla LEUNG said that with the addition of five new "super District Council Functional Constituency" seats for the 2012 LegCo election, the five LegCo Members so returned would have to serve Hong Kong's 7 million population. She asked whether more resources would be provided for these five Members. SCMA advised he understood that the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment



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System of the Hong Kong Special Administrative Region (the Independent Commission) would start the review of the remuneration for the Fifth-Term Legislative Council Members in 2011. Members were welcomed to give their views to the Independent Commission for consideration.

10.9 Dr LAM Tai-fai enquired whether the Administration would consult the District Councils and the public regarding the abolition of the District Council appointed seats. SCMA advised that the Administration planned to put forth proposals on the issue of the abolition of the District Council appointment system by around mid-2011. Regarding Mr Paul TSE's enquiry about conducting a study on the retention of functional constituencies for LegCo or otherwise, SCMA advised that CMAB would continue to consider the issue.

10.10 Dr Priscilla LEUNG enquired about the details of the legislative proposals to impose restriction on the resignation of Legislative Council Members.

10.11 SCMA said that the community had expressed strong views against the resignation of five Legislative Council Members for the purpose of initiating the so-called "referendum campaign" via the by-election. As many people considered that the by-election arrangements necessitated by the resignation of the five Members was a waste of public money, the Administration would consider arrangements which would be in line with the Basic Law with regard to the formation of the legislature and the right to vote and to stand for election for Hong Kong permanent residents. The Administration would brief the Panel on Constitutional Affairs on the legislative amendments before these were introduced into the Legislative Council.

### **Rights of the individual**

#### Personal data privacy and equal opportunities

10.12 Mr WONG Kwok-hing expressed concern that there was only a 6% increase in the provision for the Office of Privacy Commission for Personal Data (PCPD) in 2011-2012 and only a 2% increase for Equal Opportunities Commission (EOC). Noting that four additional posts would be created for PCPD in 2011-2012, Mr WONG asked whether the additional

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manpower support was sufficient to cope with the increasing workload such as those given rise by the sale of personal data in the Octopus incident. He considered that more resources should be allocated to PCPD to strengthen the enforcement of Personal Data (Privacy) Ordinance (Cap. 406).

10.13 SCMA advised that the Government attached great importance to the protection of human rights, and had increased the provisions to PCPD and EOC over the years. For PCPD, there was an increase of 46% in its provision, i.e. from \$36 million in 2007-2008 when CMAB took over the policy responsibility for rights of the individual, to the proposed \$52.7 million for 2011-2012, which was a 46% increase. Such percentage increase was one of the highest among Government departments and statutory bodies. Despite the heavy workload of PCPD arising from the increasing number of complaints, PCPD had been able to meet its service pledges.

10.14 Mr WONG Kwok-hing said that both the former and current Privacy Commissioners had indicated that there were manpower constraints in PCPD. He considered that more resources should be provided for coping with the rising number of complaint cases and the review of Personal Data (Privacy) Ordinance. The Chairman remarked that the Administration should seriously consider providing more funding to PCPD and EOC to enable them to effectively discharge their statutory responsibilities.

10.15 SCMA responded that the upcoming proposed amendments to the Personal Data (Privacy) Ordinance would include provision of legal assistance to complainants, and additional resources would be provided for this purpose if the proposal was supported by the Legislative Council.

10.16 Mr CHAN Kin-por noted that PCPD had organized 26 major promotional activities, 124 talks and seminars but only one industry specific privacy campaign with the insurance industry. In this connection, he enquired whether PCPD would host more privacy campaigns for the banking and insurance industries to prevent the trades from inadvertently contravening the existing provisions, and to save the Office's effort on investigation and prosecution in the long run.

10.17 SCMA advised that PCPD was very concerned about data handling by those trades which were involved in direct marketing activities.

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He undertook to relay Mr CHAN's views to PCPD. The Administration would also discuss with the relevant stakeholders on the legislative amendments to Personal Data (Privacy) Ordinance.

10.18 Mr Paul TSE declared that he was a member of EOC. Noting that there was only a 2% increase in provision for EOC in 2011-2012, he asked whether there would be sufficient resources for EOC to deal with potential litigations from ethnic minorities and marginalized groups following the enactment of Race Discrimination Ordinance (Cap. 602) and Minimum Wage Ordinance (Cap. 608), and the proposal of giving a sum of \$6,000 to holders of Hong Kong permanent identity card.

10.19 SCMA and Under Secretary for Constitutional and Mainland Affairs (USCMA) advised that an annual provision of \$1.5 million was earmarked by EOC to deal with legal proceedings in justified cases. If the amount was deemed insufficient, EOC could draw fund from its reserve which amounted to around \$20 million or 25% of its annual recurrent subvention. As regards the implementation of the statutory minimum wage, EOC would liaise with the Labour Department and the Census and Statistics Department to keep track of the employment situation of people with disabilities, and deal with any relevant complaints of discrimination, harassment and vilification under the anti-discrimination ordinances.

### Support services for ethnic minorities

10.20 Mr LEE Wing-tat expressed concern about the low patronage of the support service centres for ethnic minorities which had come into operation from May to September 2009. As only 5 800 people had participated in the services at the centre in Wan Chai (up to end February 2011) i.e. an average of only 10 to 20 people visiting the centre each day, he urged the Administration to actively promote the services of these centres to the ethnic minorities. The Chairman also requested the Administration to actively promote voter registration among the ethnic minorities at the support centres.

10.21 USCMA explained that the usage of the services was much higher as the reported number of participants at these centres was, for example, in the case of courses, based on the number of course participants who would visit the centres a number of times throughout the courses and not the

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number of visits. Moreover, participants of large-scale activities were excluded. SCMA added that based on his observations, the centre in Wan Chai was easily accessible by different modes of transportation, and had attracted many people to visit the centre and participate in the language classes especially in the afternoons. The Administration would continue to monitor the operation of these centres and assist ethnic minorities to integrate into the community.

### **Mainland affairs**

#### Assistance to Hong Kong residents detained in the Mainland

10.22 Mr CHAN Kin-por noted a drop in the percentage of detainees successfully returned to Hong Kong from the Mainland, from 26% and 31% in 2008 and 2009 respectively to 7% in 2010. In particular, no detainees involved in commercial disputes in 2010 were able to return to Hong Kong, as compared to the return rate of 75% in 2008 and 2009. He asked the Administration to allocate sufficient resources to provide assistance to Hong Kong residents in distress in the Mainland, and to ensure that they would be treated fairly.

10.23 SCMA advised that the Mainland Offices would liaise with the relevant authorities upon receipt of such cases and provide assistance where necessary in accordance with the Mainland laws. The current manpower level of these Mainland Offices could cope with the level of workload. Director of the Office of the Government of the Hong Kong Special Administrative Region in Beijing (DBO) added that the total number of assistance cases received in 2010 was 27, which was less than that of previous years. As regards cases involving commercial disputes, the Beijing Office and the Economic and Trade Office (ETO) in Guangdong only received two such cases in 2010.

10.24 In response to the Chairman, DBO and Director, Guangdong ETO said that the Mainland Offices had spared no effort in assisting Hong Kong residents in need. However, according to the laws of the Mainland, they had no right to visit Hong Kong residents detained in the Mainland.

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10.25 Mr LEUNG Kwok-hung requested the Administration to provide the following statistics:

- (a) assistance cases received from Hong Kong residents and cases handled.
- (b) assistance cases received involving the small and medium enterprises and cases handled.
- (c) Hong Kong residents arrested and sentenced in the Mainland.

10.26 In response, Deputy Secretary for Constitutional and Mainland Affairs (2) advised that some of the information requested by Mr LEUNG were already provided in the Administration's replies, as follows:

- (a) a total of 283 assistance cases were handled by GDETO during 2010 as set out in the Administration's reply CMAB081.
- (b) the number of detention cases handled by the Beijing Office and GDETO from 2008 to 2010 and the number of detainees returned to Hong Kong were given in the Administration's replies CMAB098 and CMAB105.
- (c) the statistics on general enquiries and requests for general assistance cases handled by the Mainland Offices (other than cases relating to immigration and personal safety matters) from 2008 to 2010 were set out in CMAB104.

### **Trade promotion activities in the Mainland**

10.27 Mr WONG Ting-kwong enquired about the details of the trade promotion activities to be organized in the Mainland, including provinces/municipalities for visits, and the trade fairs, exhibitions and forums that Hong Kong would participate.

10.28 SCMA advised that the Administration had strived to enhance Hong Kong's status as an international centre for financial services and to

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support the development of modern service industries in Qianhai to complement the implementation of the National 12<sup>th</sup> Five-Year Plan. The Central Authorities had also expressed support for gradually extending the "early and pilot measures" in Guangdong Province to other regions in the Mainland. In light of the above, an additional provision of \$5 million had been earmarked for the relevant ETOs to promote the development of Hong Kong's service industries in Guangdong Province and Pan-Pearl River Delta Region. Similar trade promotion activities would also be organized by the Beijing Office and Shanghai ETO.

10.29 Director, Guangdong ETO advised that GDETO had organized a number of activities to promote the business development of Hong Kong enterprises, including various trade events in Guangdong and Fujian Provinces. Furthermore, GDETO also assisted in arranging visits by Government officials to take part in certain Mainland events, such as the Boao Forum for Asia Annual Conference 2010 attended by the Chief Executive in April 2010. GDETO would also assist in the participation of the Government of the Hong Kong Special Administrative Region in the upcoming 7<sup>th</sup> Pan-Pearl River Delta Regional Cooperation and Development Forum in Jiangxi.

10.30 Director, Shanghai ETO advised that, apart from trade fairs and events, one of the trade activities that her office undertook was to support Hong Kong enterprises/associations to conduct study visits to the Municipality of Shanghai and the four provinces of Jiangsu, Zhejiang, Anhui and Hubei. The office would continue to undertake and support trade activities to facilitate cooperation between Hong Kong and these places.

10.31 Director, Chengdu ETO advised that every year, his office would participate in various large-scale trade fairs, including the China Western Region International Economic Cooperation Fair held in Shaanxi Province in April, the China Import and Export Fair held in Yunnan Province in June, and the Western China International Economy and Trade Fair held in Sichuan Province in October. During these events, his office would set up booths and invite Hong Kong trade and industry organizations to participate in the trade fairs. Furthermore, two trade delegation tours were being planned for the Hong Kong logistics industry to study logistics development in Chengdu and Chongqing in May 2011, and for the finance sector to

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explore opportunities in the finance sector in the Western China in the second half of 2011.

10.32 DBO advised that the Beijing Office was responsible for promoting Hong Kong in general and particularly over economic and trade relations with the 15 provinces/municipalities/autonomous regions to complement the policy initiatives of the Central People's Government, such as the revitalization of old industrial areas in Northeast China, and the development of the areas surrounding the Bohai region. DBO added that the Beijing Office endeavoured to hold and participate in various trade activities in different cities to attract Mainland enterprises to establish and invest in Hong Kong.

10.33 To promote the business development of Hong Kong enterprises and strengthen the cooperation between Hong Kong and the Mainland, the Chairman requested the Administration to disseminate information to Legislative Council Members, preferably by electronic means, on trade activities to be held or participated by the Mainland Offices in the Mainland.

10.34 Dr LAM Tai-fai declared that he was a Standing Committee Member of the Henan Provincial Committee of the Chinese People's Political Consultative Conference. With the implementation of the Closer Economic Partnership Arrangement and the restructuring and upgrading of Hong Kong-invested enterprises to tie in with the national policies, Mr LAM enquired whether there would be sufficient manpower in the Mainland Offices to handle the increasing workload.

10.35 SCMA advised that the Administration had strived to allocate sufficient resources for the Mainland Offices. For instance, GDETO had established a liaison unit in Shenzhen which was headed by a Principal Trade Officer to enhance the liaison with the Shenzhen authorities and to provide support to Hong Kong residents and businesses in Shenzhen. The Mainland Offices would be allocated a provision of \$124.2 million, representing an increase of 5.8% as compared with the revised estimates for 2010-2011. Some of the key initiatives of the Mainland Offices included providing support to the HKSAR's efforts in complementing the National 12<sup>th</sup> Five-Year Plan, the development of service industries in Qianhai and the implementation of the Framework Agreement on Hong Kong/Guangdong Cooperation. Director, Guangdong ETO added that

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GDETO comprised more than 30 staff at present and would continue its effort to facilitate the business development of Hong Kong enterprises in the region.

10.36 Dr LAM Tai-fai doubted whether the four Mainland Offices together with the Shenzhen Liaison Unit could efficiently and effectively handle all Hong Kong-related economical and trade matters in the Mainland. He urged the Administration to set up more Mainland Offices in the Mainland to address the needs of SMEs. Ir Dr Raymond HO agreed with Dr LAM and pointed out the vibrant and rapid development of second and third-tiered cities in the Mainland. He urged the Administration to deploy more resources to deal with Mainland affairs.

10.37 SCMA replied that one of the major duties of the Mainland Offices was to promote Hong Kong brands and products. In particular, Hong Kong enterprises had achieved sterling results in the Mainland markets, with more than 100 000 enterprises employing 10 million workers in Southern China. The Administration also attached great importance to the promotion activities in second and third-tiered Mainland cities. The Mainland Offices would continue to make full use of their resources in facilitating and promoting Hong Kong businesses and professionals in developing their businesses in the Mainland. DBO supplemented that his office had been liaising with the Hong Kong trade associations in various cities and the Hong Kong Trade Development Council to enhance commercial relations and promote investment opportunities.

10.38 Mr IP Kwok-him pointed out that the Hong Kong-registered trademarks were often infringed in the Mainland and the Mainland courts could hardly offer any help to the affected Hong Kong merchants. He enquired what concrete measures would be taken to assist Hong Kong businesses in this regard.

10.39 On protection of Hong Kong-registered trademarks, SCMA said that apart from taking follow-up actions on individual complaint cases, the Mainland Offices also gathered the trade's views relating to domestic sales for the consideration of the relevant Mainland authorities. The Mainland Offices would strive to protect the interest of Hong Kong businesses and assist their development in the Mainland's domestic market.



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### Support to post-earthquake reconstruction works in Sichuan Province

10.40 Mr IP Kwok-him noted that the Finance Committee had approved a total of \$9 billion for injection into the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas (Trust Fund) in three stages, and the Trust Fund had so far transferred \$5.9 billion to Sichuan's Dedicated Account for the HKSAR Government-led reconstruction projects. He enquired whether there was any unspent balance in the Trust Fund upon the completion of the reconstruction projects undertaken by the Government. Mr LEUNG Kwok-hung considered that the Administration should provide a report on the reconstruction work in the earthquake stricken areas of Sichuan.

10.41 SCMA advised that the Government had been closely monitoring the implementation of the reconstruction projects in Sichuan, and also supervising the progress and quality of the projects. It had been agreed that the funding of \$9 billion would be the upper limit of the Government's commitment and the Sichuan authorities would be responsible for overruns, if any, and accountable for the expenditure for each project. Permanent Secretary for the Constitutional and Mainland Affairs supplemented that a rigorous mechanism had been set up to ensure that the funding was deployed properly and effectively in accordance with the works progress and the agreement signed between the Government and the Sichuan authorities. The two sides had held Annual Review Meetings to review project milestones completed in the past year, and assessed the anticipated project milestones completion in the following year, and hence the funding for the year. Prior to each Annual Review Meeting, the Government would conduct site inspection to verify the actual progress of selected projects. The Government would also closely monitor the progress of two infrastructure projects, the construction of which had been disrupted by the flooding and mudslide in Sichuan in August 2010. The Administration would continue to provide periodic progress reports to the relevant Panel.

### **Taiwan-related matters**

10.42 Mr WONG Ting-kwong asked about the timetable and details for setting up a Taiwan office as agreed during the Financial Secretary's visit to Taiwan in August 2010. Dr LAM Tai-fai also asked about the scale and mode of operation of the office.

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10.43 SCMA advised that the establishment of the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council and the Taiwan-Hong Kong Economic and Cultural Cooperation Council had provided a platform for the Administration to foster exchanges between Hong Kong and Taiwan. While the detailed arrangement of the multi-functional office in Taiwan would be subject to further liaison between the two sides, SCMA anticipated that it would be comparable to the establishment and functions of ETOs in the Mainland, which would be headed by a senior officer at the directorate level, and the scale of the office would be similar to that of the ETOs in Shanghai and Chengdu with about 10 to 20 headcounts. The Administration had earmarked \$13 million to take forward the initiative and it was expected that there would be some progress in establishing the multi-functional office in 2011-2012.

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11.1 At the Chairman's invitation, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy areas of works for the coming year (Appendix IV-9).

### **Water mains bursts and leakages**

11.2 Referring to water mains burst incidents in Happy Valley and Tsing Yi, Mr WONG Kwok-hing expressed grave concern about wastage of water and the great inconvenience caused to business operators and residents in the affected areas. He urged the Administration to increase resources for inspection and maintenance of water mains, and enquired whether it would consider expediting works of the Replacement and Rehabilitation Programme of Water Mains (R&R Programme). As the Water Supplies Department (WSD) only had five water wagons, Mr WONG suggested purchasing more water wagons for supplying fresh water to affected areas in emergency situations. Dr PAN Pey-Chyou expressed similar concerns and urged WSD to expedite the works for replacement and maintenance of water mains.

11.3 Director of Water Supplies (DWS) advised that there had been considerable reduction in the number of water mains burst cases in the past few years, i.e. from 1 817 in 2007-2008, 1 323 in 2008-2009, 988 in 2009-2010, to 576 in 2010-2011 (up to end of February 2011). Moreover, the leakage rate of water mains had been reduced from 22.5% in 2007 to 20% in 2010. WSD would continue to expedite the works including proactive leakage detection using advanced detection devices, implementing water pressure management, and carried out efficient repairs to water mains. As regards the R&R Programme, which commenced in 2000 and entered into Stage 4 in March 2011, was targeted to complete by the end of 2015. Given the need to undertake extensive roadwork co-ordination in order to minimize traffic impacts arising from the works, and to sort out the congested underground public utilities and pipes for the water mains replacement works, implementation of the R&R Programme had presented a great challenge for WSD and it would be difficult to further advance the completion date of the programme. Nonetheless, WSD had been monitoring the progress closely and would adjust the work schedules taking into account the conditions of water mains of different districts. Where

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necessary, higher priority would be accorded to replacement works for problematic water mains sections. As for water-wagons, WSD was reviewing the number and mobilization of the vehicles for more effective and efficient provision and deployment, with a view to improving emergency water supply service to affected areas. He added that before the use of water-wagons, WSD would arrange to shift the supply zone of the nearby areas and where possible install stand-pipes at fire hydrants to supply water to the affected areas. Water tanks would also be deployed as another means of temporary water supply.

11.4 Mr KAM Nai-wai expressed disappointment that WSD had taken a very long time to resume water supply to the affected areas in the water mains burst incidents in Happy Valley, Lam Tin and Gloucester Road. For instance, the longest time taken by WSD to resume water supply for fresh water mains burst cases in 2010-2011 (up to February 2011) was 23.3 hours. Mr KAM queried whether there were problems in the management of WSD, and whether WSD had set performance pledges for dealing with water leakage and water mains bursts.

11.5 SDEV said that the Administration fully appreciated the concern about the inconvenience that had caused by water mains bursts to affected residents and business operators. While Hong Kong was facing the problem of aging water mains, she assured Members that WSD would continue to step up efforts to replace aging water mains and she had every confidence in both the management and the frontline staff of WSD in carrying out their work. Following the water mains burst incident in Happy Valley, she had asked WSD to review the existing measures to identify areas for improvement in the prevention of water leakage and handling of water mains bursts. DWS advised that the service pledges were to resume fresh water supply to 70% of the affected areas in not more than seven hours, and 85% in not more than eight hours after suspension. WSD had been able to meet the pledges over the years, and the average time for resuming water supply were 4.2 hours and 1.7 hours respectively for fresh water mains burst and leakage cases in 2010-2011 (up to February 2011).

### Manpower in the construction industry

11.6 Mr IP Kwok-him considered it necessary for the Administration to implement measures, including enhancing the image of construction workers, in order to attract young people to join the industry. SDEV said that the Finance Committee had approved a one-off funding of \$100 million in 2010 to support the Construction Industry Council to enhance training and trade testing for prospective new blood and local in-service construction personnel. With the support of the construction sector, the Construction Industry Council had launched various initiatives to attract the young generation to join the industry, and encouraging results were seen. To address the aging and skill mismatch problem of construction workers, the Administration would continue to collaborate with the industry to promote safety and improve working conditions in construction sites, as well as uplift image of the industry. On improvement of the remuneration for construction workers, SDEV said that employers in the industry had been responsive to the Administration's appeal and was implementing plans in this regard.

11.7 Ir Dr Raymond HO noted that in the 2011-2012 Estimates, a provision of \$8.36 billion was earmarked for implementing minor works projects. Given that minor works projects were more labour intensive, he urged the Administration to consider increasing the provisions for these projects so as to create more employment opportunities for construction workers. Permanent Secretary for Development (Works) (PS(W)) advised that with the major infrastructure projects forging ahead, employment opportunities in the construction sector had been on the rise, and minor works workers would also benefit.

11.8 Mr WONG Kwok-hing said that currently construction workers were required to apply for various registration cards in order to work in construction sites. In order to relieve the financial burden on workers, he suggested that the Administration should combine the various registration cards and waive the fees on workers, or encourage employers to pay the fees. He added that the Administration should step up enforcement action against the employment of illegal workers in construction sites to protect the interest of local workers.

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11.9 SDEV explained that the requirement on construction workers to have registration cards was stipulated in the relevant legislation. The Administration would see if the various cards could be merged when reviewing the legislation relating to the amalgamation of the Construction Workers Registration Authority and the Construction Industry Council. As for the registration fees, she advised that it was the established policy to recover costs in the provision of services. Regarding the concern about illegal workers, the Labour Department would step up inspection to construction sites to strengthen enforcement actions against illegal workers.

### **Measures to increase land supply**

11.10 Mr WONG Kwok-hing and Mr IP Kwok-hing enquired about plans to take forward the initiative to explore new ways to increase land supply through appropriate reclamation outside the Victoria Harbour and rock cavern development. Mr KAM Nai-wai asked if rock caverns would be used for the provision of community facilities.

11.11 PS(W) advised that as announced by the Financial Secretary in his Budget Speech, \$300 million had been earmarked for undertaking relevant studies and public engagement exercises in relation to the initiative. On reclamation, he said that apart from reviewing the proposed sites in Western New Territories and Northern Lantau, the Administration would conduct a comprehensive site search outside the Victoria Harbour to identify other suitable locations for reclamation. As regards the development of rock caverns, he advised that there were successful experiences overseas using rock caverns for development of public facilities, while caverns in Hong Kong, such as those in Stanley and Hong Kong Island West, had been used for storage purpose since the early 1990s. To explore the feasibility of constructing major rock caverns for developments, the Civil Engineering and Development Department commenced a strategic planning and technical study in 2010, which was expected to complete by end of March 2011. The Administration would consult the Panel on Development and the public on the study findings before commencing further planning and engineering studies.

11.12 SDEV supplemented that reclamation outside the Victoria Harbour and rock cavern development were possible ways to be explored for

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increasing land supply in the long run. As relevant studies and public discussion would be conducted on the subject in the next few years, it was premature to provide any time-table or comment on the possible uses of the identified caverns and reclaimed sites. The studies would explore the feasibility of relocating certain existing government facilities to rock caverns, and using caverns for providing unpopular public facilities. It was most unlikely that the identified caverns would be used for residential purpose.

11.13 Professor Patrick LAU stressed the importance to conserve the nature when exploring new ways to increase the supply of land. He suggested the Administration conduct studies first to identify sites with high ecological value for conservation, to avoid future disputes in processing land development proposals.

11.14 SDEV advised that the Environment Bureau was responsible for policies relating to nature conservation, and the Development Bureau was involved in the planning and land use policies. She said that the most ideal planning approach would be to draw up outline zoning plans covering the entire territory of Hong Kong, specifying the different uses and restrictions on development for specific areas. However, this could not be done all at one time due to resource constraints. Prompted by the controversial development project in Tai Long Sai Wan which had given rise to public concern about possible damage caused to the nearby natural environment, the Planning Department had expedited work in relation to the drawing up of outline zoning plans so as to impose appropriate planning control on developments.

### **Dongjiang water**

11.15 Mr CHAN Kin-por noted that annual expenditure on Dongjiang water had increased from about \$2.9 billion in 2009 to about \$3.3 billion in 2011. As the current Dongjiang water supply agreement would expire at the end of 2011, and given the continuing appreciation of renminbi, he was concerned whether the Administration would be able to negotiate with the Mainland authorities for a reasonable price for Dongjiang water. He also asked if WSD had any contingency measures to prevent contamination of Dongjiang water in the event of a nuclear accident at the Daya Bay Nuclear

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Plant.

11.16 DWS said that Dongjiang water accounted for 70-80% of water supply in Hong Kong. Due to soaring exchange rate and rising inflation in both the Mainland and Hong Kong, there was pressure for the purchase price of Dongjiang water to rise. He added that the Administration had formulated a Total Water Management Strategy as a long-term strategy up to 2030. Apart from measures to promote water conservation and reduce bursts of water mains, the Strategy also covered long-term measures including exploring seawater desalination and water reclamation as additional sources of water supply. While WSD would continue to contain the growth of water demand through conservation, WSD would not resort to seawater desalination and water reclamation at the moment due to the substantial price difference between such measures and the purchase of Dongjiang water. DWS further said that according to the Daya Bay Contingency Plan, besides strengthening monitoring of Dongjiang water, WSD would immediately suspend the supply of Dongjiang water if the water was found contaminated with radionuclides exceeding acceptable standard. The water supply in Hong Kong would then be switched to local reservoirs, the total storage capacity of which would be able to meet the water demand for about six months.

### **Tree management**

11.17 Mr CHAN Kin-por noted that eight major government departments were involved in tree management work but the number of staff responsible for the duties varied greatly among the departments. He enquired about the reasons for such variations.

11.18 Deputy Secretary for Development (Works)1 (DS(W)1) advised that the Administration adopted an integrated approach for tree management on government land. Tree management work was carried out by eight major government departments within their respective purviews. The Tree Management Office formed under the Greening, Landscape and Tree Management Section of the Development Bureau was underpinned by a centralized tree support team which provided assistance in tasks requiring specialist input, such as formulation of tree management guidelines and promotion of good practices for tree management. While departmental



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staff were deployed to undertake tree management duties, the eight departments also hired contractors in their work. The numbers of tree management staff shown in the Administration's reply (DEVB(W)024) only covered those government staff directly engaged in tree management. At the request of the Hon CHAN Kin-por, the Administration would ascertain if details of the manpower of contractors engaged by the various departments for tree management work, with a breakdown on the numbers of professional and non-professional staff hired by the contractors, were available.

11.19 Miss Tanya CHAN stressed the importance for the Administration to ensure the service quality of tree management contractors. She enquired if there were guidelines for contractors in carrying out their work, and whether contractors with unsatisfactory performance would be blacklisted.

11.20 DS(W)1 said that the service requirements and standards of tree management work were specified in the service contracts. She agreed that there was room for further improvement in the services of tree management contractors. To this end, relevant training courses organized for departments concerned were extended to the staff of the contractors to enhance their understanding of the various tasks and requirements in the departments' tree management work. Moreover, when departments noticed any unsatisfactory work of the contractors, such as inappropriate treepruning, they would require the contractors to make improvement. The performance of contractors providing tree care service to departments was currently subject to assessment. The Administration would conduct a review of the system in 2010-2011 to identify areas for further improvement.

11.21 Referring to a case in which a car owner was unable to get compensation for the damage done to his vehicle by a fallen tree within a vacant government site, Mr James TO enquired about the responsibility for tree management on unleased government land. He said that the responsible government departments should inspect trees on unleased government land to ensure public safety. SDEV advised that Lands Department was responsible for tree management work on unleased government sites. However, given the substantial numbers of trees on such sites, it was very difficult, if not possible, for Lands Department to

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undertake regular inspection. In view of resource constraints, the Administration also considered it more cost-effective for Lands Department to act on complaints. To complement the Government's tree management efforts, the Administration had recently launched a programme to engage the public in a community-wide surveillance scheme with the aim to bring problematic trees to the attention of the Tree Management Office.

### **Relocation of the regional office of the Water Services Department**

11.22 Expressing support for the initiative to revitalize industrial buildings for provision of additional office space to meet the needs of the economy, Mr CHAN Kam-lam enquired about the details of the Administration's plan to acquire an industrial building for relocation of the New Territories West Regional Office of WSD. He also asked if there were other plans to relocate government offices to industrial buildings. He considered that the Administration should consider revitalizing the old industrial areas, rather than the buildings alone, in a comprehensive manner.

11.23 SDEV advised that WSD had completed the study to relocate its New Territories West Regional Office in Mongkok to an industrial building to be acquired by the Administration. The allocation plan demonstrated the Administration's support to revitalize industrial buildings and this would inject new impetus into old industrial areas. The Panel on Development would be consulted on the plan before seeking funds from the Finance Committee. The acquisition exercise would be conducted by a private property agent and envisaged to be completed in 2011. The Administration would adopt environment-friendly and green design as well as water conservation measures for the conversion works as far as possible in line with the policy of promoting green buildings.

11.24 SDEV further advised that in pursuing the initiative of revitalizing industrial buildings, consideration would be given to improving the environment and connectivity of the old industrial areas and the land use planning as well. Revitalization of old industrial areas such as Kwun Tong would also create synergy for economic development in the vicinity areas, including the Kai Tak Development (KTD). In support of the revitalization of the industrial areas in Kowloon East, the Administration would put up for sale two commercial sites within 2011, one in Kwun Tong and the other in

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Kowloon Bay.

11.25 Professor Patrick LAU expressed support for relocating New Territories West Regional Office, and enquired about plans for improving the environment and land use in Mongkok with the land released. SDEV advised that as the existing site of WSD office was in the central commercial area of Mongkok, its relocation would allow implementation of a Mongkok area improvement plan completed by the Planning Department. To improve the traffic flow and facilitate operation of public light buses in the district, the preliminary plan was to provide a major traffic concourse at the present site of New Territories West Regional Office and the adjacent depot of Food and Environmental Hygiene Department upon their relocation.

### **Greening initiatives**

11.26 Professor Patrick LAU noted that the actual expenditure for implementing works relating to the greening master plans for Kowloon West, Kowloon East and Hong Kong Island was only \$42 million up to end of March 2010 against the provision of \$466 million. He urged the Administration to expedite the work progress to improve greening in the urban areas. He said that some schools had encountered difficulties in implementing rooftop greening, and requested the Administration to assist schools in this aspect.

11.27 Director of Civil Engineering and Development (DCED) advised that the greening project referred to by Professor LAU would substantially complete by mid-2011. The low spending figure was mainly due to lower tendered prices. Whilst difficulties were met during the greening implementation process, the objective was to achieve the planned total number of plants as far as practicable. As regards assistance to schools for implementing rooftop greening, the Administration would look into the matter and provide the relevant information in due course.

11.28 While appreciating the Administration's efforts in implementing greening to improve the urban landscape of Hong Kong, Dr PAN Pye-chyau expressed concern that watering of plants along the roadsides, including slow-down in traffic and wastage of water. He asked if the Administration

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would consider adopting advanced watering techniques.

11.29 PS(W) explained that due to limited space and site constraints, there were difficulties in installing automatic watering systems for plants in some greening areas. Nonetheless, the Administration would consider using advanced watering devices in new greening areas and when undertaking large scale retrofitting works on existing greening areas.

11.30 Dr PAN enquired about the work in promoting rooftop and vertical greening in government buildings and the new Government Headquarters in Tamar. Director of Architectural Services advised that it was an established practice of the Architectural Services Department to promote greening on rooftop and external walls of government buildings. Roof greening would be included in new government buildings which had usable roof area, and for the existing some 8 000 government buildings, the Architectural Services Department would encourage the management departments of the buildings to consider including green roofs where possible when conducting major works involving the roofs. The Architectural Services Department would also continue to promote vertical greening on the external walls of the buildings. Regarding the new Government Headquarters in Tamar, greening initiatives would be implemented mainly through provision of large green open space and green landscapes, and vertical greening would be brought in where practicable.

### **Kai Tai Development**

11.31 Professor Patrick LAU expressed concern about progress of the works projects in KTD. Noting the low expenditure in 2010-2011 and low estimated expenditure in 2011-2012 on infrastructure works undertaken/to be undertaken by Civil Engineering and Development Department at north apron area of the Kai Tak Airport and the southern part of the former runway, he considered that the Administration should speed up the works. DCED advised that progress of the stage 1 infrastructure works in KTD was satisfactory, and the Administration envisaged no problem in their delivery to meet the development in the north apron area and the timely commissioning of the first cruise terminal berth in the southern part of the former runway.

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11.32 Mr Alan LEONG enquired about the progress of the provision of the helipad in KTD. SDEV advised that the project was taken forward by the Transport and Housing Bureau. The Development Bureau would convey to the Transport and Housing Bureau members' request for information on the latest progress of the project.

### **Work to promote slope safety**

11.33 Miss Tanya CHAN expressed concern about resource allocation for the Community Advisory Unit for promotion of slope safety which was supported by only one geotechnical engineer and one technical officer. On the maintenance of private slopes, Ms CHAN opined that the Administration should encourage private owners to carry out greening work and refrain from using shotcrete on their slopes in order to promote a green environment.

11.34 DCED responded that Community Advisory Unit had sufficient manpower for providing advice to private slope owners on slope safety issues and organizing seminars and talks to property management companies and owners' corporations. The Civil Engineering and Development Department also had an on-going public education programme to promote safe and green slopes through measures such as operating a public enquiry hotline, uploading information at the department's website, and publishing education materials, etc. On the maintenance of private slopes, DCED advised that there were guidelines which included the methods and requirements of slope maintenance works for reference by private slope owners. Vegetated cover was adopted for greening the slopes as far as practicable having regard to the views of the local district, and shotcrete would only be used as a last resort.

### **Lift and escalator safety**

11.35 Ir Dr Raymond HO enquired about the timetable for introducing the Lift and Escalator Safety Bill into the Legislative Council. While expressing support for early introduction of the Bill, Mr Andrew CHENG stressed the need for the Administration to strengthen the manpower support, manpower training and the enforcement measures for ensuring lift and escalator safety.

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11.36 SDEV advised that the Lift and Escalator Safety Bill aimed to enhance the regulation of lift and escalator safety, and would replace the existing Lifts and Escalator (Safety) Ordinance (Cap. 327) which would be repealed. The law drafting work was near completion and the Bill would be introduced within the 2010-2011 session. She further advised that a multi-pronged approach was adopted to enhance lift and escalator safety. On one hand, the Electrical and Mechanical Services Department had stepped up lift inspection work, strengthened requirements on training of professionals and workers involved in maintenance work, and enhanced publicity and public education in order to raise the safety standard of lifts of private buildings. At the same time, statutory regulation and more stringent control on maintenance contractors would be introduced to enhance lift and escalator safety. Director of Electrical and Mechanical Services added that ensuring lift and escalator safety was the joint responsibility of the Administration, building owners and contractors. To strengthen the enforcement capacity of Electrical and Mechanical Services Department, eight new posts comprising one engineer and seven inspectors had been created in 2010-2011 to step up lift inspection and other enforcement actions. In addition, other measures such as improving the code of practice, disclosing lift contractors' performance, and issuing guidelines for building owners in the selection of maintenance contractors were also taken to enhance lift and escalator safety in Hong Kong.

### **Heritage conservation**

11.37 Ir Dr Raymond HO enquired about the reasons for conserving the Central Market. He said that there were public views that the Central Market was of low historic value, and the site which situated at the heart of Central should be put to other uses. He enquired about the reasons for conserving the Central Market.

11.38 SDEV responded that the decision to conserve the Central Market, a Grade III historic building, was based on urban planning justifications. Given that the Central District was already crowded with high-rise buildings, preservation of the Central Market would provide a valuable "breathing space" in Central and help mitigate the urban heat island effect. She added that conserving the Central Market would also help improve the air quality of the area and it had the support of many people in Hong Kong.

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### **Road excavation works**

11.39 Mr Alan LEONG expressed concern about the frequent road excavation works undertaken by utilities companies as these had caused inconvenience and nuisance to the public. He asked whether there was co-ordination in the issuance of road excavation permits.

11.40 Director of Highways advised that the Highways Department was responsible for co-ordinating road excavation works of government departments and public utilities. The Highways Department administered an application system for road excavation permits and had built in appropriate control procedures for co-ordination. Public utilities were required to submit applications through a computer system operated by the department. The system would automatically identify potentially conflicting applications involving excavation works at nearly the same time and in the same or nearby segments of a road, and it would require the utilities companies concerned to co-ordinate their works so as to avoid frequent excavation works and reduce inconvenience caused to the public. There were other measures to encourage co-ordinated road excavation works of utilities companies, including disallowing excavation works on new segments of roads within the first five years after their commissioning, and on existing segments of roads within three months after completion of an excavation works.

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12.1 At the invitation of the Chairman, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and the policy areas of planning and lands for the coming year (Appendix IV-10).

### **Unauthorized building works**

12.2 While welcoming the Administration's plan to step up enforcement actions against unauthorized building works (UBWs), Mr CHAN Kam-lam expressed concern about the resources for the Buildings Department (BD) to cope with the increased workload. He was also concerned about strong resistance from building owners against BD's enforcement actions.

12.3 SDEV advised that by the end of March 2011, BD would complete its ten-year enforcement programme against UBWs with priority given to those posing imminent danger to life or property, new UBWs and UBWs under construction. With effect from 1 April 2011, BD would step up its enforcement against all actionable UBWs in identified target buildings. To tie in with enhanced enforcement, the establishment of BD would be increased from the existing 996 posts to 1 173 posts in 2011-2012, representing an increase of about 18%. In clearing UBWs involving residents, SDEV advised that the Housing Department would make necessary housing arrangement for eligible clearances and BD would co-ordinate with the Housing Department before conducting clearance operations. Where necessary, social workers would be deployed to render assistance on site.

12.4 Mr CHAN Kin-por enquired whether BD would set a target for clearance of UBWs in 2011-2012. Director of Buildings (DB) advised that as BD's enforcement action for clearance of UBWs were mainly taken on building basis in the form of large scale operations, BD had set its target by the number of buildings targeted for such large scale operations each year. While it was estimated that there were some 400 000 outstanding UBWs in Hong Kong, it was only a projected figure. BD would engage private consultants to conduct a stock-taking exercise for all UBWs on the exteriors of private buildings in 2011. The exercise would provide information on the number and types of UBWs to facilitate BD's enforcement work.

12.5 Noting that BD had instigated 2 609 prosecutions against failure to comply with removal orders on UBWs in 2010 but the number of



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convictions was only 1 544, Mr CHAN Kam-lam enquired about the reasons for the low conviction figures. DB explained that in the enforcement programmes to remove UBWs, BD would take enforcement actions on building basis. While a large number of removal orders were issued, the compliance rate was generally high. Prosecution would not proceed for cases where owners subsequently complied with the removal orders, and conviction on a case would not result if the owner could provide "reasonable excuse" for not complying with the order.

12.6 Dr PAN Pey-chyou welcomed the Administration's plan to strengthen the manpower of BD for enhancing work on building safety. He enquired whether the Administration would consider appointing the non civil service contract staff currently serving in BD to these new posts. SDEV responded that according to the existing recruitment policy of the Government, the non civil service contract staff would have to go through the same recruitment procedures as outsiders, but candidates with relevant experience would naturally had advantage over the others.

### **Urban renewal**

12.7 Mr WONG Kwok-hing noted that affected property owners in renewal projects in To Kwa Wan were provided with the "flat-for-flat" option under which they could opt to exchange their existing property with flats to be provided by the Urban Renewal Authority (URA) in KTD. He asked whether the Administration would consider extending the "flat-for-flat" scheme to property owners in all redevelopment projects.

12.8 SDEV advised that the "flat-for-flat" scheme, which was an initiative under the new Urban Renewal Strategy promulgated on 24 February 2011, would be available to all owner-occupiers in URA's redevelopment projects commenced after that date. The scheme would be an alternative for property owners to the existing cash compensation which was calculated on the basis of notional value per square foot of a seven-year-old replacement unit within the same district. She understood that URA had recently announced the details of the scheme. She added that the Administration had earmarked a site in KTD for URA to provide flats under the scheme. About 500 flats with sizes ranging from 400 to 600 square feet would be built and be available in around 2016. Owners who opted for the "flat-for-flat" scheme would have a choice of "in-situ"

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flats in the new development or flats in KTD.

12.9 While he welcomed the introduction of "flat-for-flat" scheme, Mr Frederick FUNG considered that URA should consider providing "foot-for-foot" compensation for owners to supplement the "flat-for-flat" arrangement. He suggested that for owners who had opted for the "flat-for-flat" scheme, URA should pay them the difference, if any, between the market value of a "comparable" flat within the same district and the new flat to be provided under the scheme. Moreover, for those owners who opted for flats under the "flat-for-flat" scheme and had to pay for the difference in cost involved, in order to relieve financial burden on the owners, URA should allow them to defer the payment. He said that such arrangement had been provided to buyers of Home Ownership Scheme flats. He opined that URA, with its large fiscal reserve, should undertake more redevelopment projects. It was also necessary for URA to increase transparency in its financial position, in particular, the profits and loss in respect of each of the redevelopment projects.

12.10 SDEV clarified that through the direct injection of \$10 billion and the exemption of land premium for sites for URA redevelopment projects, the Administration had in effect invested huge public resources in support of urban renewal. It would be inappropriate for the Administration to increase resources to subsidize property owners in URA projects in the form of enhanced compensation. The suggestions of "foot-for-foot" arrangement and allowing deferred payment from owners would deviate from the existing compensation policy. On the transparency of URA's financial position, SDEV said that in the light of rising public aspiration, URA had taken steps to improve transparency in its operation. Apart from providing information on its financial position in the annual report, URA also disclosed information on the profit and loss of each redevelopment projects after their completion.

### **Assistance to owners in cases of compulsory sale of land for redevelopment**

12.11 Mr WONG Kwok-hing enquired about the latest progress of the Pilot Mediation Scheme launched on 27 January 2011 to assist parties stranded in cases of compulsory sale of land for redevelopment. He urged the Administration to enhance publicity to increase awareness of property

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owners to the service.

12.12 SDEV advised that since the Pilot Mediation Scheme had been in operation for only two months, it would take some time for the scheme to run before the Administration would assess its effectiveness. So far, feedback from major stakeholders had shown support for the Pilot Mediation Scheme. In 2011-2012, the Administration would allocate \$1.6 million for the operating cost of Pilot Mediation Scheme, and another \$0.5 million to support eligible elderly minority owners in paying the mediator fees. SDEV further advised that in response to the Administration's request, members of the Real Estate Developers Association had agreed to pay for the minority owners' share of the mediator fees for cases which they were involved where the owners were not eligible for the assistance from the Government.

12.13 Dr PAN Pey-chyou expressed concern that redevelopment companies had forced or threatened property owners in compulsory land sale cases to move out of the buildings. In some cases, the developers had deliberately damaged the windows in the buildings to create non-liveable conditions for owners. Miss Tanya CHAN and Dr Priscilla LEUNG expressed similar concerns and remarked that in some cases the developers, after acquiring substantial ownership of the buildings, took action to dissolve the owners' corporations and leave the buildings in poor conditions. They considered that the Administration should assist owners and residents who suffered in compulsory land sale cases. Mr James TO asked whether the Administration would consider extending the coverage of the Supplementary Legal Aid Scheme (SLAS) to minority owners in need of legal assistance in compulsory land sale cases.

12.14 SDEV said that property owners should approach the Police immediately for assistance if their personal safety was under threat. If the malpractices involved property agents, the complaints would be followed up by the Estate Agents Authority. The Development Bureau had also reminded redevelopment companies of the need to take heed of the interest of remaining property owners and residents of the buildings. Regarding the suggestion of extending the scope of SLAS for the minority owners in compulsory land sale cases, SDEV said that policy relating to SLAS was under the purview of Home Affairs Bureau. However, SLAS might not be an appropriate tool for the minority owners in compulsory land sale disputes

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as these would be dealt with by the Land Tribunal. However, issues related to the expanded SLAS could be discussed by the relevant Panels.

12.15 On the assistance for minority property owners in compulsory land sale cases, Permanent Secretary for Development (Planning and Lands) supplemented that the Development Bureau also launched the "Pilot Scheme on Outreach Support Service for Elderly Owners" under which social workers would proactively approach elderly minority owners to provide them with assistance. Where necessary, relevant departments would also provide assistance to owners to help resolve building management problems arising from compulsory land sale cases. The Administration would step up publicity on the assistance available to minority owners in compulsory land sale cases.

### **Problem of inflated buildings**

12.16 On the Administration's package of measures to enhance the design standard of new buildings to foster a quality and sustainable built environment which would come into effect on 1 April 2011, Mr LEE Wing-tat noted that the measure to tighten gross floor area (GFA) concessions could help address the problem of "inflated buildings". However, he was disappointed that the Administration had decided to allow developers to re-submit revised building plans after 1 April 2011 which would be processed under the existing GFA concession policy. He pointed out that the new arrangement was tantamount to providing developers the last opportunity to make profits from "inflated buildings". He also expressed reservation about the Administration's decision to revise the measure which aimed to tighten up GFA concessions for car parks, and the requirement for submission of BEAM Plus Assessment result at the building plan submission stage. He stressed that the Administration should stand firm in addressing public concerns about "inflated buildings" and dismissing suspicion about collusion between the Government and developers.

12.17 SDEV advised that the Chief Executive announced the initiative to implement the new building design standard in his Policy Address 2010-2011 in response to increasing public aspirations for improving the living environment and pursuing a sustainable built environment, and as a means to address public concern about "inflated buildings". Implementation of the new building design standard required the

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development of new or revision to existing practice notes for building professionals. A total of 15 sets of new or revised practice notes had been drawn up by BD and other relevant departments. It was the established arrangement for the Administration to conduct consultation on the draft practice notes with the relevant stakeholders in the building industry, including building professionals and developers. After careful consideration of the views and suggestions made by concerned parties during the consultation, the Administration had decided to refine the draft practice notes in order to address concerns raised and practical operational problems. She did not agree that making refinements to the draft practice notes was to give favours to the developers. She considered that the refinements had reflected the Administration's efforts to strike a proper balance among the stakeholders' different interests including achieving a sustainable built environment, continuous provision of green features and amenity facilities in developments, concern over "inflated buildings", and implementation problems of the new measures. The relevant issues would be discussed at the coming meeting of the Panel on Development.

12.18 Professor Patrick LAU remarked that changes to the practice notes were necessary and justifiable from the perspective of building professionals to address operational problems. He said that there were concerns from building professionals about BD's requirements for approval of building plans, including proof of ownership of the concerned sites and commencement of building works within two years after granting of the approval.

12.19 DB advised that BD had recently issued a practice note to clarify the matters referred to by Professor LAU. It had always been the Building Authority's position, with reference to a previous court judgment relating to the definition of 'site' under the Buildings Ordinance, that the land forming the site on which a proposed building was situated should be owned by the applicant or within his realistic prospect of control. On the other hand, the two-year validity period for exemptions granted under the Buildings Ordinance was to enable the special circumstances under which the exemptions were granted in the approval of the building plans could be reviewed if construction of the proposed building was not commenced within a reasonable period.

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### **Revitalizing industrial buildings**

12.20 Noting that the Lands Department had only approved 12 applications for wholesale conversion of industrial buildings and five applications for redevelopment of such buildings by the end of February 2011, Mr Alan LEONG enquired about the reasons for the slow progress. He asked whether the Administration would consider introducing more incentives for building owners to improve the attractiveness of the scheme. Mr Tommy CHEUNG expressed similar concern and urged the Administration to expedite processing of the applications and provide more assistance to applicants. He noted that three out of the 12 approved cases for wholesale conversion had been withdrawn by the applicants and enquired about the reasons involved.

12.21 SDEV advised that as revitalization of industrial buildings was a new policy initiative and related measures had only been implemented for about a year, she was satisfied with the progress. The major obstacle faced by building owners in converting industrial buildings in multiple ownership including obtaining the consent of all building owners, which would be difficult given the fragmented ownership in the buildings; and ascertaining the future direction of development in a local area. The Administration was aware of the need to ensure that the measures were attractive to building owners and had already commenced a mid-term review of the new measures to identify areas for improvement, including feasibility of relaxing certain requirements such as retaining the existing building frame after conversion and provision in loading/unloading facilities in converted buildings. The Development Bureau would brief the Panel on Development on the details in due course.

12.22 Regarding processing of the applications under the new measures, Director of Lands (D of L) advised that the processing time for applications varied from case to case, depending on the nature and complexity of the cases as well as provision of complete information from applicants to facilitate vetting. For the four approved cases which had been executed, the processing time was within a few months. The Lands Department had set up a dedicated team for processing the applications, and clear guidelines on application requirements including a checklist were provided through the website. The dedicated team had adequate resources in carrying out its work. As regards the three approved cases which had been withdrawn by

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the applicants, Lands Department noted that some cases could involve land title issues.

### **Measures to enhance building safety**

12.23 Mr IP Kwok-him asked about the Administration's plan to integrate the various financial assistance schemes to facilitate property owners in carrying out building maintenance and repair works. SDEV advised that in order to optimize utilization of resources and to provide greater convenience to building owners in need, starting from 1 April 2011, the five existing schemes administered by the Hong Kong Housing Society (HKHS) and URA would be amalgamated into a single scheme known as the "Integrated Building Maintenance Assistance Scheme". In addition, while BD would continue to manage the Government-funded Building Safety Loan Scheme providing financial assistance to property owners, in line with the spirit of providing "one-stop service" to owners, HKHS and URA would also accept applications for the BD's scheme. Hence, through completion of one set of application forms, building owners would be able to obtain the following range of assistance through a single interface, i.e. subsidy for formation of OCs; grants/loans for works in common areas; grants/loans for works in individual units; and special assistance for individuals in need (e.g. elderly owner-occupiers).

12.24 In view of the recent severe earthquake occurred in Japan, Mr IP Kwok-him asked whether the Administration would consider enhancing the building design standard in Hong Kong to safeguard against earthquakes.

12.25 DB advised that as Hong Kong was not located at the edge of the Eurasian plate, the chance of it coming under a major earthquake attack was slim. Furthermore, as buildings in Hong Kong were required to withstand wind gusts of 250 kilometres per hour, they should be able to withstand an earthquake of Intensity VI to VII on the Modified Mercalli Scale. SDEV added that BD had commissioned a consultancy study on seismic effects on buildings in Hong Kong. The Administration planned to consult the Panel on Development on the results of the study within the current legislative session.

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### **Lands matters in the New Territories**

12.26 Mr CHEUNG Hok-ming enquired whether the Administration would give special consideration on the arrangements for the forthcoming squatter clearance operations relating to the development of Liantang/Heung Yuen Wai Boundary Control Point and the New Development Areas in Kwu Tong North and Hung Shui Kiu making reference to the special arrangements for affected residents in the clearance operations in Tsoi Yuen Tsuen and Area 54 in Tuen Mun, and whether necessary provisions had been earmarked for this purpose.

12.27 SDEV advised that the Administration had encountered increasing difficulties in resuming land in the New Territories for undertaking public works projects in recent years, including disputes on compensation for affected residents. She stressed that while some cases warranted special consideration and arrangements, the majority of cases were handled in accordance with established policies. She advised that the Administration was currently reviewing the special arrangements on compensation for Chuk Yuen Tsuen affected by the Boundary Control Point project.

12.28 Mr CHEUNG Hok-ming noted that some 53 hectares of land out of a total of 95.9 hectares let out in 2010 through short-term tenancies (STTs) had been granted for scout activities. Pointing out that there were a large number of vacant school premises and government sites in the New Territories, he enquired whether the Administration would consider granting STTs for such sites to non-profit making bodies for providing community and social services for the benefit of residents in NT.

12.29 SDEV responded that Mr CHEUNG's suggestion was in line with the Government policy to maximize and better utilize land in the New Territories. D of L advised that with the support of relevant policy bureaux, LandsD would continue with the existing practice of letting out vacant government sites with no imminent development plans through STTs. For vacant school premises on Government land which was under the management of Lands Department, the department would process applications for STTs according to the applicable policy.



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### **Handling of water seepage cases**

12.30 Mr CHAN Kin-por noted that a large number of water seepage cases with investigation conducted by the Joint Office of the Food and Environmental Hygiene Department and BD in 2009 and 2010 had failed to identify the source of the seepage. He enquired how the Administration would assist affected property owners and residents in such cases.

12.31 DB said that water seepage in private premises could be caused by many reasons, and identification on the possible sources of seepage was not an easy task. Notwithstanding the efforts made by the Joint Office, there were cases where the sources of water seepage could not be identified. In some other cases, water seepage simply stopped during the course of investigation and the nuisance had ceased. Under such circumstances, there would be no basis for the Joint Office to take enforcement action. He added that water seepage was primarily a matter of building management and maintenance for property owners, and often involved disputes between owners. Owners could engage professionals to undertake investigation on the sources of seepage and such results could serve as the basis of mediation for resolving the disputes, or taking civil action against the owners causing the nuisance.

### **Planning and control on developments**

12.32 Miss Tanya CHAN enquired about the progress of the Administration's work on reviewing the Outline Zoning Plans (OZPs). SDEV advised that the Administration had been reviewing OZPs of different districts in a progressive manner. Given its scale and complexity, the task presented a great challenge for the Administration. The process involved complicated technical issues and undertaking statutory consultation. It was the Administration's target to amend 58 OZPs out of a total of 109 OZPs to incorporate building height and other development restrictions in order to meet public aspirations for enhancing the built environment. So far, a total of 31 OZPs had been reviewed, the work on the remaining OZPs was in progress.

12.33 Mr James TO, Mr Frederick FUNG, Dr Priscilla LEUNG, Mr Alan LEONG, and Mr Albert CHAN expressed concern about a residential development project of over 20 storeys to be built next to Phase 8

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of Mei Foo Sun Chuen which had sparked off wide concern from nearby property owners and residents. They considered that the problem had stemmed from poor town planning and building control on developments, and urged the Administration to address concerns of the affected owners and residents, including exploring the feasibility of a land exchange with the developer.

12.34 SDEV remarked that land and building development projects involved complicated legal and non-legal issues, including land title and protection of interests of owners of private properties. It was necessary for the Administration to handle these matters in a prudent manner respecting private ownership on properties and spirit of contracts on the one hand, and taking into account public aspirations and changing needs of society. As regards the residential development in question in Mei Foo Sun Chuen, she would provide further information on the case. However, she did not consider the suggestion of providing a land exchange an appropriate solution to the problem.

12.35 Dr Priscilla LEUNG urged the Administration to review the land use in the North West Kowloon Reclamation Site 6 (Site 6) to provide a civic centre and other community facilities which residents of Sham Shui Po District had longed for. SDEV advised that Site 6 had been designated to the Transport and Housing Bureau for development of public housing. Planning and provision of related facilities in the site would be worked out by Transport and Housing Bureau. On the broader issues relating to town planning and land development, SDEV commented that as the supply of land was limited in Hong Kong, it would be difficult for the Administration to meet all the needs of concerned parties in taking forward public development projects. She hoped that members of the public would appreciate the difficulties involved and took note of the public interest of the entire society.

## **Chapter XIII : Administration of Justice and Legal Administration**

13.1 At the invitation of the Chairman, Mr WONG Yan-lung, Secretary for Justice (SJ), and Miss Emma LAU, Judiciary Administrator (JA) highlighted the key programme areas and major expenditures under their respective portfolios in 2011 - 2012 (Appendices IV-11-a and IV-11-b).

### **Promoting the development of mediation services**

13.2 Mr WONG Kwok-hing enquired about the plans and measures to promote the development of mediation services in Hong Kong. SJ said that the cross-sector Working Group on Mediation chaired by him had published its Report in February 2011 for public consultation. Subject to modifications in the light of public feedback, those recommendations that had received broad public support would be implemented, while continued efforts would be made to build consensus on other recommendations where views were divided. To facilitate more effective use of mediation as an alternative means of dispute resolution in both commercial disputes and at the community level, the Mediation Task Force would work out the details of the proposed mediation legislation to provide a framework for the conduct of mediation, including laying down a clear definition and scope of mediation service, and drawing up rules governing confidentiality and privilege. The Task Force would also work with stakeholders on the development of the accreditation for mediators, and to monitor the operation of the Hong Kong Mediation Code by mediators. Public education and publicity would be launched to raise public awareness and foster the wider use of mediation. SJ further said that Government bureaux and departments had been actively exploring the use of mediation in dispute resolution under their respective policy areas. Examples included the proposal to set up a Financial Dispute Resolution Centre to handle monetary disputes between consumers and financial institutions, and the Pilot Mediation Scheme and Outreach Support Service for Elderly Owners for cases involving compulsory sale for private redevelopment.

13.3 While expressing support for the development of mediation for commercial disputes, Dr Priscilla LEUNG considered that publicity should be stepped up to foster wider use of mediation in civil litigation and at community level. SJ said that the Public Education and Publicity Sub-group of the Working Group had stepped up publicity and public education. In addition to TV announcements of public interest, pamphlets and seminars were organized for potential users of mediation services. Pilot schemes

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were also launched to build up familiarity and confidence generally, for example, the "Mediate First" pledge campaign had encouraged more than 100 companies and trade organizations to pledge to consider the use of mediation first in resolving disputes. A pilot project on Community Venues for Mediation had also been conducted, and Joint Mediation Helpline Office Limited was formed by professional institutions and major service providers to offer professional services for potential users of mediation services. There were also other mediation schemes in areas such as family law and building management.

### **Training and remuneration of legal practitioners**

13.4 While welcoming the Judiciary's initiative to enhance professional training of new and serving Court Prosecutors in the Department of Justice (DoJ), Dr Margaret NG expressed concern that only a one-day training course followed by a two-week supervised engagement to prosecute in the Magistrates' Courts were provided to new lawyers interested to join DoJ's list of fiat lawyers. She considered that the training and opportunities for court work should be provided for both serving prosecutors and fiat lawyers, so that they could compete on a level-playing field.

13.5 SJ responded that continuous efforts were being made to enhance the professional competence of Court Prosecutors. He did not agree that the training programme provided to Court Prosecutors vis-à-vis training for fiat lawyers would result in unfair competition. He said that the one-day training course followed by the two-week supervised engagement in Magistrates' Courts were the first-ever major training initiative for fiat counsels, which was launched in conjunction with the Hong Kong Bar Association (HKBA) and the Law Society of Hong Kong (LSHK) to help train young lawyers to discharge their duties professionally.

13.6 Mr Paul TSE enquired about the qualification and experience requirements for lawyers receiving such training, and how they were paid and assessed during the training period. Director of Public Prosecutions (DPP) advised that the new training package was targeted at new counsels and solicitors with not more than five years of post-admission experience. They would be paid \$40,000 and supervised by the Government Counsels and Court Prosecutors. Flexibility was allowed for more experienced lawyers to attend the one-day training programmes only. Fiat lawyers would be

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assessed by DoJ staff in accordance with a proforma agreed with the LSHK and the HKBA.

13.7 Dr Margaret NG referred to the pilot administrative screening scheme under which duty lawyers would provide legal representation for torture claimants. As the remuneration of these duty lawyers was much less than that of the Government counsels, she expressed concern that this might compromise the quality of the administration of justice. SJ said that the 12-month duty-lawyer pilot scheme had operated smoothly and would be extended for two more years. The success of the scheme had reflected that the remuneration level was appropriate. Nonetheless, the Administration would keep in view the operation of the scheme as necessary.

### **Promoting Hong Kong's legal services in the Mainland**

13.8 Mr TAM Yiu-chung noted that DoJ had been working closely with the LSHK and the HKBA to promote Hong Kong's legal services in the Mainland under the Closer Economic Partnership Arrangement (CEPA). He enquired about the problems encountered and the solutions identified to address the problems.

13.9 SJ said that while Hong Kong lawyers had been provided with certain liberalization measures under CEPA, they had to face competition from Mainland and foreign lawyers. In the light of views received from the Hong Kong's legal profession, continued efforts would be made to explore further liberalization measures under CEPA and to address the issues and problems encountered during implementation. He said that the Framework Agreement on Hong Kong and Guangdong Co-operation and the Qianhai development had opened up new service opportunities for Hong Kong's legal profession. In collaboration with the legal profession in Hong Kong and the Mainland authorities, DoJ would continue to make vigorous efforts to actively promote Hong Kong's legal services in the Mainland, strengthen co-operation between the legal professions in Hong Kong and the Mainland, facilitate Hong Kong lawyers to access the Mainland legal services market through the introduction of pilot schemes, and identify ways/measures to optimize opportunities arising from the development of Qianhai.

13.10 Dr Priscilla LEUNG requested the Administration to review and extend the scope of the arrangement with the Mainland on reciprocal

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enforcement of judgments in civil and commercial litigation. SJ said that continued efforts would be made to enhance legal co-operation with the Mainland on civil and commercial matters. In view of the increasing number of cross-boundary marriages, DoJ had been actively discussing with the Mainland authorities a possible arrangement for mutual recognition and enforcement of matrimonial orders. He assured Members that DoJ would work through the challenges presented by the differences in the two legal systems and proactively identify areas for improvement.

### **Legal assistance for unrepresented litigants**

13.11 Ms Audrey EU said she had received feedback that the Judiciary's Resource Centre for Unrepresented Litigants was not very useful. She asked whether the Judiciary had reviewed the service, and introduced improvement measures to enhance the service. Mr Paul TSE considered that the court could save a lot of time if unrepresented litigants in criminal cases were provided with basic knowledge and more detailed briefing on trial procedures and court proceedings.

13.12 JA explained that to maintain impartiality of the Judiciary, the Resource Centre would not provide any legal advice in respect of court proceedings. Pamphlets, leaflets and guides had been produced to provide general information on court rules and procedures in relation to civil proceedings in the High Court and the District Court. The Resource Centre did not cover cases concerning matrimonial, lands, employees' compensation and probate matters. Currently, the Duty Lawyer Scheme provided legal representation by qualified lawyers in private practice to eligible defendants appearing in Magistrates' Courts. A user survey had been conducted last summer under the auspices of a monitoring committee chaired by a High Court judge, which found that users were generally satisfied with the service. The Judiciary would continue to keep in view developments and make recommendations for improvement as appropriate.

13.13 Referring to the increasing trend of defendants electing to act in person in criminal cases, Mr TAM Yiu-chung said that some defendants, though eligible for legal aid, might still have difficulty in sharing the legal costs. He asked what measures would be taken to assist these unrepresented litigants. SJ said the Home Affairs Bureau had put forward proposals to improve and widen the scope of the legal aid service. Continued efforts

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would be made to facilitate and enhance access to legal services.

### **Manpower shortage**

13.14 Referring to the recruitment and staff retention problem in DoJ, Dr Margaret NG asked what measures would be implemented to improve the situation and enhance the professional competence of Counsel and Court Prosecutors in DoJ.

13.15 SJ advised that the Finance Committee had approved the upgrading of 15 Senior Government Counsel posts to the DL1 level to enhance professional support at the directorate level in the Department. Efforts were also made to improve the overall structure of the Government Counsel grade subject to the overall policy on civil service employment terms and conditions. There would also be enhanced training and development programmes in all aspects of prosecutorial responsibility and continuing legal education on current trends and issues in criminal law for counsel in the Prosecutions Division. In relation to Court Prosecutors, unless legally qualified, the new recruits would generally concentrate on general court and administrative duties, releasing the more experienced Court Prosecutors to take on more court work. DoJ would continue to engage lawyers in the private practice to do prosecution work.

13.16 Ms Audrey EU asked about the reasons for the shortfall of Bailiffs and Bailiff's Assistants in the past three years and whether such staff shortfall would affect the court's operation as there was an increase in court cases. Dr Margaret NG expressed concern that the shortage of Bailiffs who were responsible for executing court orders would affect the work in this respect.

13.17 JA advised that following a review of the management structure and the workflow, measures including enhanced staff training had been introduced to improve productivity. Recruitment exercise had been conducted in 2010 to fill the vacancies arising from the retirement of Bailiff. As the workload in the delivery of summons and court orders was fluctuating, the Judiciary would closely monitor the workload and manpower situation.

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### **Waiting times in courts and tribunals**

13.18 Dr Margaret NG expressed concern about the long waiting times at the various levels of courts and at the tribunals. She commented that it was undesirable to engage Deputy High Court Judges to help reduce waiting times in the High Court. She asked about the measures contemplated to reduce the waiting times of courts. She considered that if there were manpower shortage, the Judiciary should seek additional resources.

13.19 JA responded that the average waiting times in the High Court, District Court and the Family Court had exceeded the targets mainly due to more complex and lengthy cases and increase in caseload. Arising from the retirement and elevation of a number of judges and judicial officers at different levels of court, the Chief Justice was finalizing the succession plans for all levels of court. The Judiciary was also reviewing the judicial staff manpower position at all levels of court. A series of open recruitment exercises had been conducted to fill the individual vacancies and another round of recruitment would be launched in 2011-2012 to enhance the individual manpower position of the Judiciary. Efforts were also made to optimize deployment of resources including the provision of additional three courtrooms in the High Court Building, and the deployment of civil courtrooms in the Lands Tribunal and Labour Tribunal premises to hear District Court cases. She assured Members that the Judiciary would continue to keep a close watch on the waiting times and review the waiting times targets.

13.20 The Chairman asked JA to convey members' concern to the Chief Justice. She hoped that the Judiciary, with a 9.6% increase in provision in 2011-2012, would be able to introduce measures to ensure that the waiting times were reasonable and that the Judiciary was sufficiently staffed to cope with the service demand.

### **Provision of transcripts of court proceedings and judgments**

13.21 Mr Albert HO asked if the Judiciary had studied the feasibility of providing simultaneous transcription service, as in the district courts of Taiwan and many of the Mainland courts, to improve the efficiency and accuracy of trials.



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13.22 JA advised that subject to the consent of the court, simultaneous transcription services could be provided for certain special, complex or long cases. For criminal proceedings, an interested party could generally apply to have access to a copy of the record of proceedings in the form of audio tape, CD or DVD produced from the Digital Audio Recording and Transcription Services without charge. Live notes could also be arranged if both parties of a litigated case agreed to share the cost. On the application of information technology to enhance court services, work was being done in the Judiciary to review current practices, including the provision of recording and transcription services. At the Chairman's request, JA agreed to provide a written response on measures to speed up the provision of transcripts of court proceedings, and the feasibility of providing simultaneous transcription services.

13.23 Mr LEUNG Kwok-hung commented that the long waiting times required for transcripts and judgments had affected the lodging of appeals. JA responded that the time required for the production of transcript depended on the length of proceedings concerned. The Judiciary would monitor the timing for issuing judgments and transcripts.

13.24 Dr Margaret NG said that while an appellant who was unrepresented or receiving legal aid could obtain transcripts free of charge, those with legal representation and not provided with legal aid had to pay \$17 per page of the transcript. She considered such arrangement unreasonable and should be reviewed. JA responded that for criminal appeals from District Court and the Court of First Instance to the Court of Appeal, the court registry would prepare the appeal bundle which would include relevant documents such as the transcript of the reasons for verdict and sentence as considered necessary by the court. If the appellant or his solicitor considered that additional transcripts were necessary, he could apply in writing to the Registrar, High Court for approval. She pointed out that about 90% of appellants of criminal cases had obtained transcripts free of charge. Nonetheless, the Judiciary was reviewing the fee-charging arrangements to consider whether changes were necessary.

### **Provision of accommodation for court operation**

13.25 Mr Albert HO commented that apart from Court No. 1, the courtrooms in the Eastern Law Courts Building were small and crowded, and

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the lifts there were very slow. Ms Audrey EU added that the staircases could not conveniently connect waiting areas with the courtrooms in the Building. JA replied that more space would become available in the Building after the relocation of the Coroner's Court and the Obscene Articles Tribunal out of the Eastern Magistrates' Courts to the West Kowloon Law Courts Building upon its completion. She explained that renovation and other minor works being carried out in the Eastern Law Courts Building might cause some inconvenience to users temporarily. Crowd control measures had been implemented as necessary to reduce delays in access to different court floors. JA agreed to provide a paper on the accommodation and access constraints in relation to the Eastern Law Courts Building, and outlined the improvement measures taken.

13.26 Mr WONG Kwok-hing enquired about the intended use of the present Legislative Council Building at Jackson Road after the relocation of Legislative Council to the new Legislative Council complex in Tamar. JA said that the vacated Legislative Council Building had been designated for the use of the Court of Final Appeal. An additional courtroom would be provided to help relieve the shortage of courtrooms.

### **Role of the Secretary for Justice in initiating criminal prosecutions**

13.27 Referring to the former DPP's comment at a recent media interview that criminal prosecution policy should be politically neutral, Mr LEE Wing-tat questioned whether SJ should be personally involved in prosecution decisions, given that he was a political appointee and a member of the Executive Council. Mr LEE asked how SJ could demonstrate to the public that his decision of whether or not to take prosecution action was neutral and free from any political consideration.

13.28 SJ responded that the issue of SJ's participation in prosecution decisions had been discussed by Legislative Council during the deliberation on the political appointment system in 2001-2002, and reference had been made to the practice in various overseas jurisdictions. He said that article 63 of the Basic Law stipulated that "the Department of Justice of the Hong Kong Special Administrative Region shall control criminal prosecutions free from any interference". As the head of DoJ, SJ was ultimately responsible for all criminal prosecution matters, and such responsibility mirrored the role of the Attorney General before 1997. There were also established procedures to

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deal with situations involving possible conflict of interest. SJ added that given the transparency of the Hong Kong judicial system and the established accountability mechanism, any prosecution decisions had to be made in accordance with the prosecution policy and were subject to close public scrutiny. Officials would be held accountable for any decisions that were inconsistent with prevailing prosecution policies.

### **Domestic violence cases**

13.29 Regarding Ms Audrey EU's request for the number of reports of criminal cases involving domestic violence, JA said while the Judiciary did not have such statistics, she undertook to provide information on the number of applications for injunctions under the Domestic and Cohabitation Relationships Violence Ordinance in the past three years, if available.

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14.1 At the invitation of the Chairman, Mr Ambrose LEE, Secretary for Security (S for S), briefed members on the financial provisions and main initiatives of the programmes in the security policy area for 2011-2012 (Appendix IV-12).

### **Comprehensive emergency drill and contingency plan for nuclear incident**

14.2 Ms Audrey EU noted that the Electrical and Mechanical Services Department had participated in technical co-operation and exchanges with the Guangdong Provincial authorities on Daya Bay Nuclear Power Station, and in the monthly crisis communication drill. She questioned why Electrical and Mechanical Services Department had made no plans or provisions to increase its participation in technical co-operation and exchanges in 2011 in the face of the recent nuclear incident in Fukushima in Japan.

14.3 S for S said the responsible Government bureaux and departments, including Electrical and Mechanical Services Department, and relevant stakeholders had regularly reviewed the emergency notification mechanism and carried out monthly communication tests to ensure prompt response to radiation related incidents. In view of the recent nuclear incident in Fukushima in Japan, the Government was reviewing the Daya Bay Contingency Plan and the current notification and monitoring mechanisms, with a view to enhancing the transparency of the operation of the nuclear power station, and identifying areas for further improvement to facilitate coordinated and proactive response to nuclear incidents.

14.4 Mr KAM Nai-wai said that according to the Daya Bay Contingency Plan, comprehensive large-scale emergency exercise should be conducted every three years to test the communication and notification mechanisms as well as the emergency response capability of the responsible bureaux/departments and relevant stakeholders in the event of a nuclear incident. He pointed out that no such emergency drills had been conducted in the past 10 years, the latest ones being those carried out in 1990, 1993, 1996 and 2001. Mr KAM questioned why S for S had not conducted the requisite drills during his past five years in office.

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14.5 Mr James TO said that members of the Democratic Party were gravely concerned that large-scale emergency drills had not been conducted according to the scheduled timetable. As many of those who took part in the comprehensive emergency drill in 2001 would have left their posts or retired, it was imperative to carry out emergency drills at least once every three years to regularly test capability and co-ordination in the event of a nuclear incident. He considered that the Chief Executive and the S for S should be held accountable for failing to conduct the required emergency exercises in accordance with the Daya Bay Contingency Plan.

14.6 S for S responded that the Government kept a close watch on any incidents relating to the Daya Bay Nuclear Power Station, and was always mindful of the safety of the power plant. The Daya Bay Contingency Plan to deal with nuclear incidents had been tested on four separate occasions under the observation of the International Atomic Energy Agency and international experts. S for S further said that although comprehensive emergency drills for nuclear incidents had not been conducted since 2001, large-scale inter-departmental field operational exercises and table-top exercises had been conducted in connection with the Sixth Ministerial Conference of the World Trade Organization held in 2005, the 2008 Olympics Equestrian Events and the 2009 East Asian Games. He pointed out that with the exception of mass evacuation, the scale of the drills conducted was similar to that of an emergency drill for a nuclear incident.

14.7 Mr KAM Nai-wai said it was insufficient and unacceptable to conduct only emergency drills for major international events held in Hong Kong. Mr KAM queried whether the Government had deliberately avoided such drills for fear of arousing public panic and anti-nuclear sentiments. Sharing a similar view, Mr LEUNG Kwok-hung considered it necessary to include evacuation of people from areas affected by a nuclear incident in the comprehensive emergency drill.

14.8 S for S took note of members' views. He said that given the recent nuclear incident in Fukushima and the public concern about the risk of nuclear leak, a large-scale comprehensive drill including mass evacuation would be conducted in 2012.

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14.9 Ms Audrey EU enquired whether, other than emergency plans for nuclear and terrorist attack incidents, the Government had drawn up any contingency plans for dealing with major incidents involving mass evacuation. Ms EU said that the emergency plans should be publicized and the public should be involved in the drills.

14.10 Commissioner of Police (CP) said that contingency plans covering rescue, recovery and restoration arrangements had been drawn up to deal with major disasters, such as natural catastrophes, nuclear incidents, and major transport accidents. The contingency plans of the police were reviewed on an annual basis, and emergency drills were conducted from time to time in high risk areas such as the airport, the underground railways, and oil depots. S for S said that volunteers had been recruited to participate in some drills carried out in the past. The Government would consider carrying out large-scale comprehensive emergency drills involving evacuation in future with reference to international practices and taking into account the resource requirements.

14.11 Mr James TO noted that according to the Contingency Plan, the S for S should play a pivotal role in directing and coordinating the Government's response to nuclear incidents and was responsible for determining the appropriate level of activation of the Contingency Plan. He asked about S for S's involvement in previous exercises. S for S replied that he had personally supervised a number of large-scale field operational exercise on chemical, radiological and nuclear agent attack incidents, and also commanded inter-departmental table-top exercise on the operation of the command and control centres. He would provide information on the number and types of large-scale emergency exercises conducted under his direction and supervision in the past four to five years.

14.12 Mr James TO said that according to the Daya Bay Contingency Plan, only people within a radius of 20 kilometres of the Daya Bay Nuclear Power Station (i.e. people on Tung Ping Chau) should be evacuated in the event of a serious nuclear incident. Mr TO enquired about the latest international standard, and whether the evacuation zone in Hong Kong would be reviewed.

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14.13 S for S said that according to the information posted on the website of the World Health Organization and the International Atomic Energy Agency, evacuation of people within a radius of 20 kilometers was considered reasonable. Where evacuation was not feasible, people should stay in sheltered places and take iodine tablets. During the Three Mile nuclear incident in the United States, only people within a radius of 10 kilometers of the nuclear plant were evacuated. S for S said that the Government would discuss and review the evacuation zone with experts on nuclear incidents.

14.14 Dr Priscilla LEUNG referred to the recent visit by news media to the Daya Bay Nuclear Power Station, and suggested that a visit should also be arranged for Legislative Council Members to facilitate a better understanding of the operation of the plant. S for S undertook to discuss the matter with the Secretary for the Environment.

### **The Philippines hostage incident**

14.15 Dr Priscilla LEUNG enquired about the assistance for victims of the Manila hostage incident and their relatives. She requested the Government to consider providing legal aid services or financial assistance, as an exceptional arrangement under extra-ordinary circumstances, to assist the victims and their relatives to seek compensation from the Philippines government through civil proceedings. Mr LEUNG Kwok-hung asked whether the Chief Executive had followed up with the Philippines government regarding the Panel on Security's request for more witnesses to come to Hong Kong to give evidence in the death inquest.

14.16 S for S said that the Chief Executive had met with the relatives of the victims to express his condolence. The Government was very concerned and had, through various channels, including the Office of Commissioner of Ministry of Foreign Affairs of the People's Republic of China, the Chinese Embassy in the Philippines and the Consulate General of the Philippines in Hong Kong, urged the Philippines authorities to render every assistance to facilitate the Coroner's inquest. The Chief Executive had also sought the assistance of the Minister for Foreign Affairs to ask the Philippines authorities to send more witnesses to attend the death inquest, and he himself had personally made a similar request to the Philippines

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Consulate General. While the Consulate General had advised that four more witnesses were prepared to come to Hong Kong to give evidence, the presiding Coronor however, decided that the appearance of these four witnesses would not be necessary as the hearing had reached the conclusion stage. As regards legal aid services, S for S said that he understood that the Legal Aid Department would provide legal aid for cases heard in Hong Kong courts only.

### **Anti-drug initiatives to combat youth drug abuse**

14.17 Mr CHAN Hak-kan expressed concern that the participation rate in the Trial Scheme on School Drug Testing in Tai Po District had dropped from 61% in 2009-2010 to 55% in 2010-2011, and about 25% of students selected had declined to take the drug testing. Mr CHAN asked what measures would be implemented to sustain the anti-drug efforts.

14.18 S for S responded that drug testing in schools was only part of the overall anti-drug initiatives implemented under the five strategic directions (namely, community mobilization, community support, drug testing, rehabilitation, and law enforcement) promulgated by the Chief Executive as a community-wide campaign to fight drug abuse in a comprehensive manner. The consultancy study conducted on the Trial Scheme had confirmed that the Scheme generally achieved its dual objectives of preventive and rendering support for students troubled by drugs and there had been signs of easing in the youth drug abuse problem recently. At the request of the school principals, the Trial Scheme had been extended for another school year in Tai Po District. In collaboration with the Hong Kong Catholic Diocesan Schools Council, the Narcotics Bureau of Hong Kong Police Force would launch a two-year online anti-drug programme for students of participating schools. Continued efforts would be made to encourage more schools, non-governmental organizations (NGOs), parents and students to participate in the drug testing scheme.

14.19 Mr Albert HO enquired about the use of the Beat Drugs Fund (the Fund) and the authority for approving the allocation of funds. S for S replied that the Fund was established in 1996 and its investment return was used to finance anti-drug projects on preventive education and publicity, research, treatment and rehabilitation services, etc. With the injection of



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\$3 billion in 2010, the capital of the Fund had increased to \$3.35 billion. Applications for funding from schools and anti-drug organizations were considered and approved by the Governing Committee of the Beat Drugs Fund Association, in consultation with the Action Committee Against Narcotics.

14.20 Dr LAM Tai-fai doubted whether there was sufficient Police manpower to deal with juvenile crimes, including drug abuse in schools, as there were only 94 Police School Liaison Officers who had to deal with over 1 000 schools across the territory. Given the enhanced vigilance against drug abuse in schools, students might turn to taking drugs outside school campus, such as in parks and in public housing estates, where the Leisure and Cultural Services Department and the Housing Authority might not have sufficient manpower resources to detect and report such cases.

14.21 S for S said that the Police School Liaison Officers played an important role in anti-drug abuse education and publicity work. The number of Police School Liaison Officers had been increased by 27 officers in 2008-2009 and by a further nine officers in 2010-2011. A multi-agency approach had been adopted to prevent and reduce drug abuse among juveniles and young persons through publicity, education and the joint efforts of the enforcement agencies, schools, social workers and parents. In addition to the Police School Liaison Programme, the school social work service would be strengthened by a 20% increase in manpower in 2011-2012.

14.22 Mr CHAN Kin-por noted the substantial increase in the quantity of cocaine seized by the Police in 2010. He enquired whether this indicated a change in the demand of local drug abusers, and asked what actions would be taken to tackle the drug problem. S for S said that investigations showed that some of the cocaine was supplied to the local market, Mainland, and neighbouring Asian countries. The Government would step up co-operation with overseas and Mainland law enforcement agencies to strengthen actions against drug trafficking and to curb the inflow of drugs to the local market. CP added that the substantial increase in the quantity of cocaine seized in 2010 were mainly due to two large seizures made in the year.

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### **Manpower for counter-terrorism work**

14.23 Referring to the creation of 104 counter-terrorism posts in 2011-2012, Mr Albert HO enquired about the reasons for the continued increase in manpower for counter-terrorism work in the past few years, and the overall risk of terrorism in Hong Kong.

14.24 CP replied that apart from the four civilian posts created to provide support for front-line operations, 100 disciplined posts were created mainly to strengthen the Counter Terrorism Response Unit and establish a 60-man Critical Infrastructure Security Co-ordination Centre to enhance the Police Force's overall counter-terrorism capabilities and extend the scope of protection. The Co-ordination Centre would provide professional advice to stakeholders on security improvement and help formulate effective security plans as well as protecting critical infrastructure, landmark buildings and port facilities. Although the risk of terrorism in Hong Kong was "moderate", given the escalation of terrorist attacks world-wide, Hong Kong as an international metropolis needed to take proactive steps to strengthen its overall counter-terrorism capabilities.

14.25 In response to Mr IP Kwok-him's enquiry, CP gave a detailed account of the 100 counter-terrorism posts created each year since 2008-2009 to implement terrorism prevention and protection operations, and to undertake risk assessment and intelligence analysis under the counter-terrorism strategies.

14.26 Ms Audrey EU enquired whether additional manpower would be deployed to protect senior Government officials in view of the recent incident in which Chief Executive was alleged to be hurt during a public demonstration. CP said that the deployment of manpower for the protection of senior Government officials was based on an assessment of the risk involved. The increase in manpower for VIP protection was mainly due to the significant increase by about 50% in the number of overseas celebrities visiting Hong Kong in recent years.

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### **The Police**

#### Police handling of public rallies

14.27 Mr LEUNG Kwok-hung criticized the Police Force for using pepper spray unnecessarily to disperse participants in a recent anti-budget protest rally. Mr LEUNG opined that the Police should respect the public's right for civil disobedience, and should not treat the demonstrators like common criminals.

14.28 S for S disagreed that the Police had misused the pepper spray. He said that during the public rally in question, some demonstrators had occupied the main thoroughfare in Central and caused traffic congestions in several areas. There were complaints that the Police should have taken early actions to clear up the protests and re-open the roads. After repeated warnings, the Police used limited force to clear up the scene. S for S said that to his understanding, the spray was not aimed directly at the demonstrators but was sprayed into the air.

14.29 Ms Audrey EU enquired whether Police surveillance and video-recording of demonstrations and assemblies had increased over the years, and how long would the video records be retained before destruction.

14.30 CP responded that in general, video recording of large scale public processions which the Police had received prior notification, such as those held on 1 January, 4 June and 1 July, would be taken on a need basis to facilitate internal review and strategy evaluation with a view to improving the management and response capabilities of the Police Force in dealing with public order events. Video-recording was usually taken from a high angle for the sake of protection of privacy, and would be retained for three months before destruction in compliance with the requirement of the Personal Data (Privacy) Ordinance (Cap. 486).

#### Enforcement of liquor licensing

14.31 Referring to the increasing complaints about noise as well as law and order concerns in relation to bars in Tsim Sha Tsui and Wan Chai districts, Mr KAM Nai-wai asked whether additional manpower would be

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provided to enhance enforcement in this respect.

14.32 CP said that in view of the increased number of bars situated above street levels in high-rise buildings and the increased number of complaints about noise and disturbances arising, the police station in the respective districts had maintained records of the licensed establishments to facilitate enforcement actions. Inspections of the licensed premises were carried out to enforce compliance with the licensing conditions. The Police officers on beat patrol and in the district would also help to maintain law and order and take enforcement actions against any disturbances occurring inside and outside the licensed premises.

### Enforcement of traffic offences

14.33 Noting the increase of 8 291 summonses against traffic offences issued by the Police and the increase in bicycle-related offences in 2010, Mr CHAN Kin-por enquired about the measures to be taken to enhance road safety. CP replied that publicity and education programme would be launched to enhance awareness of road safety. Measures such as the mandatory use of protective gear were being considered to enhance the safety of cyclists. Efforts would also be made to separate the paths for cyclists and pedestrians with a view to minimizing the number of accidents. In response to Mr IP Kwok-hing's enquiry, CP clarified that the 72 117 traffic summonses did not include Fixed Penalty Tickets issued against traffic offences in 2010.

### Student crimes

14.34 Mr CHEUNG Man-kwong expressed grave concern about the significant increase in the number of indecent assault cases involving students, both on school campus and in places such as home of classmates or friends, or places where young people would gather. He asked what measures would be taken to combat such crimes.

14.35 CP said that apart from law enforcement, the Police had stepped up liaison with schools, parents, and teachers to enhance education for young persons, including publicity on the Internet teaching them how to protect themselves. The Police would continue to work closely with the

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Education Bureau, school authorities and NGOs to launch preventive education programme in this respect.

### **Staff Opinion Survey conducted by the Police**

14.36 Ms Audrey EU enquired about the outcome of the Staff Opinion Survey conducted by the Police Force, and whether the survey results would be disclosed to the public. CP said that according to the Staff Opinion Survey conducted in 2007, the level of satisfaction among Police officers was considerably high. As the Staff Opinion Survey involved details of internal work arrangements and was mainly for internal reference only, the results of the surveys would not be published. He would consider disclosing the overall findings or certain parts of the survey for general information.

### **Image of the Police Force**

14.37 Mr WONG Kwok-hing referred to the repeated occurrence of crimes committed in police stations and incidents involving police officers. He asked what measures would be taken to ensure that police officers were law abiding to enhance public confidence in the Force.

14.38 CP replied that following a review of the security arrangements covering, among other things, the visits of members of the public and the movement records of police officers in particular areas of the police premises, security within the police premises had been tightened. The new arrangements had proved to be satisfactory in the past two years. The Panel on Security would be informed of the outcome of investigation of a recent traffic accident involving a police officer in due course.

### **Ambulance service**

14.39 Ms Audrey EU expressed concern that ambulances had refused to take patients to private hospitals despite prior arrangements made by patients with doctors in private hospitals. She said that patient's life might be endangered during the subsequent transfer from public to private hospitals.

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14.40 S for S said that ambulance services were emergency services and in principle, patients would normally be taken to the nearest emergency units in public hospitals. The Government was discussing with the relevant medical associations on the provision of emergency ambulance services for patients who had made arrangement for medical treatment in private hospitals. The outcome would be reported to the Panel on Security in due course.

14.41 Mr WONG Kwok-hing referred to the frequent break-down of ambulances when attending emergency calls which might pose dangers to patients. He was concerned that while the average life span of buses of the Kowloon Motor Bus Company (1933) Limited was around ten years, that of the fire engines and ambulances to be replaced was as long as about 14 years.

14.42 S for S said that a number of ambulances had broken down in 2009 due to the exceptionally hot and humid weather. To address the aging problem of emergency vehicles, a total of 196 ambulances had been replaced in the past two years before the expiry of their average life span. The average age of ambulances had decreased to 4.7 years in 2009 and to 2.2 years in 2010. The life span of emergency vehicles under the new replacement policy would be reduced to seven years.

### **Government Flying Service**

14.43 Mr James TO noted that the US Government had in the past refused to approve the sale of some radar and infra-red equipment for use in aircraft purchased by the Government Flying Service. He was concerned about possible waste of public money in buying the aircraft recently approved by the Finance Committee if US Government's approval had not been obtained for exporting the necessary equipment.

14.44 Controller, Government Flying Service said that the tender document would cover both the purchase of the aircraft and the related equipment. The successful bidder would be required to produce an in-principle approval from the relevant authorities stating that the equipment concerned could be exported to Hong Kong before the contract was awarded. If the supplier could not provide the required export licence for those

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equipment after the contract was awarded, the contract could be cancelled and any monies paid would have to be returned to the Government.

### **Customs and Excise Department**

14.45 Mr WONG Kwok-hing noted that the expenditure on outsourcing of services of the Customs and Excise Department in 2011-2012 would increase by nearly five folds to about \$67 million, and enquired about the reasons for the increase.

14.46 Commissioner of Customs and Excise replied that the increase was due to the service contract for cleaning, maintenance and security services for the new Headquarters Building in North Point, as such services were previously arranged by the Government Property Agency when the Headquarters was located in a Government building.

### **Political Assistant of Security Bureau**

14.47 Mr WONG Yuk-man referred to the survey findings of the University of Hong Kong in July 2009 that 95% of the respondents could not recall the names of Political Assistants. Citing the public functions attended recently by the Political Assistant of Security Bureau as an example, Mr WONG said that the Political Assistants had not performed the duties of the post which were to provide input to the Policy Secretary on matters of strategic and political nature, and to undertake liaison work with political parties on politically sensitive issues etc.

14.48 S for S responded that apart from attending public functions as part of his duties, the Political Assistants of Security Bureau had assisted in the planning and implementation of important policy issues, such as anti-drug and anti-crime initiatives, liaison with Heung Yee Kuk and relevant organizations on the plan to re-delineate and develop the restricted areas, and receiving the Hong Kong citizens returning from Japan after the earthquake in Japan and the Fukushima nuclear incident, etc.

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### **Immigration Department**

14.49 Ms Audrey EU enquired about the effectiveness of the measures to facilitate non-local students to stay and work in Hong Kong after graduation from tertiary education institutions. Director of Immigration (D of Imm) said that under the new Immigration Arrangements for Non-local Graduates introduced in May 2008, all non-local graduates who had obtained a degree or higher qualification in a full-time and locally accredited programmes in Hong Kong, upon application, might be granted 12 months' stay without any restriction to take up employment. Since then, the number of non-local graduates who stayed to work in Hong Kong had increased year by year, averaging 3 000 to 4 000 a year. D of Imm undertook to provide statistics on the number of overseas and Mainland graduates who had been granted permission to stay to work in Hong Kong after graduation from tertiary education institutions.

### **Handouts for new arrivals**

14.50 Mr KAM Nai-wai enquired whether funding had been provided for the Immigration Department to verify the information of new arrivals if they were eligible for the proposed \$6,000 cash payment. D of Imm replied that the detailed arrangement for handing out the cash payment had yet to be worked out. If the Immigration Department was required to help verify the authenticity of the Hong Kong Identity Cards of the applicants, its existing manpower resources would be deployed for this purpose.

### **Civil Aviation**

14.51 Mr KAM Nai-wai enquired whether provision had been included in the 2011-2012 Budget for conducting a consultancy study on the development of a third runway at the Hong Kong International Airport. Director-General of Civil Aviation said that the Airport Authority would roll out the master plan 2030 for the development of the Hong Kong International Airport which included the proposal for a third runway for public consultation in mid-2011. Civil Aviation Department would make use of its existing resources to deal with the coordination with the Airport Authority.



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15.1 At the Chairman's invitation, Mr Michael SUEN, Secretary for Education (SED), briefed members on the financial provisions and major initiatives on education for 2011-2012 (Appendix IV-13).

### **Pre-primary education**

15.2 Pointing out that the maximum remission amount under the Pre-primary Education Voucher Scheme covered only 63% and 77% of the tuition fees of whole-day classes and half-day classes respectively, Mr WONG Kwok-hing requested the Administration to consider implementing 15-year free education to include the pre-primary.

15.3 SED responded that he had explained at a recent motion debate on "Striving for 15-year free education" that kindergartens in Hong Kong had all along operated as private undertakings with a variety of modes of operation and school fees. If 15-year free education was to be implemented, the student admission and fee levels might need to be standardized. If the school fee was set at a low level, some kindergartens might have to close down. Currently, parents could make use of the vouchers and fee remission to arrange for their children to attend kindergartens best suited to their needs.

15.4 Mr CHEUNG Man-kwong said that contrary to the Administration's claim that the Government had been investing heavily in education, the estimated recurrent expenditure on education had declined from 24.4% in 2007 to the present 22.5% of recurrent Government expenditure. Mr CHEUNG considered that the decline was not commensurate with the huge fiscal reserves and the enormous fiscal surplus this year. He said that the Macao SAR Government had already announced the implementation of 15-year free education and small-class teaching in secondary schools, and 15-year free education was also implemented in Taiwan. Pointing out that the majority of kindergartens in Hong Kong were non-profit making, Mr CHEUNG did not subscribe to SED's views about the difficulties in subsidizing kindergartens.

15.5 SED pointed out that there was a steady increase in the Government's recurrent expenditure on pre-primary education, from \$1.71 billion in 2007-2008 to \$2.49 billion in 2010-2011. The percentage

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decrease in the proportion to the overall recurrent Government expenditure was because of an overall increase in the recurrent expenditures in other policy areas. SED further advised that financial considerations were not the only reasons for not providing free kindergarten education in Hong Kong. The Administration also had to carefully consider the possible impact of stifling the diversified development of kindergartens. Education Bureau would continue to consult the education sector and would be willing to review its position on the implementation of 15-year free education if the relevant technical issues could be resolved.

15.6 Ms Audrey EU asked why the gross enrolment ratio of participation in kindergarten education in the 2009/2010 academic year was 100.6%. Permanent Secretary for Education (PS(Ed)) explained that gross enrolment ratio was defined as total enrolment in kindergartens (including kindergartens, kindergarten-cum-child care centres and Special Child Care Centres) regardless of age, expressed as a percentage of the school-age-population corresponding to the same level of education in a given school year. The percentage exceeding 100% because some children attended kindergartens before the normal age of entry (i.e. age of 3) and these children had been taken into account in calculating the gross enrolment ratio.

### **Primary and secondary education**

#### Class reduction in primary schools

15.7 In response to Mr WONG Kwok-hing's enquiry about the estimated number of government and aided primary schools that were going to reduce the number of classes in the 2011/2012 academic year, SED explained that the numbers of operating classes in the 2011/2012 academic year depended on factors such as parental choice and student movement in the summer, which could only be ascertained after the headcount exercise in September 2011.

#### Small class teaching in secondary schools

15.8 Dr Priscilla LEUNG considered that popular secondary schools such as King's College should not be forced to join the Voluntary

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Optimization of Class Structure Scheme as alleged by the relevant bodies. She asked whether these quality schools could be given special consideration. SED explained that in the face of the continuous decrease in the number of students progressing to Secondary one, the Education Bureau had to implement a number of measures including Voluntary Optimization of Class Structure Scheme to alleviate the pressure of student enrolment in schools and the impact of declining secondary student population.

15.9 The Chairman asked whether consideration would be given to implementing small class teaching in secondary schools at this time. SED advised that according to the current projection, a slight rebound of student enrolment might appear after the 2016/2017 school year. The Administration would need to be careful in taking any such decision to implement small class teaching, given the recurrent financial implications and the impact on the provision of school places to meet long term increase in demand.

15.10 Noting that Education Bureau would seize the opportunity of the introduction of the new senior secondary academic structure and the decline in Secondary 1 student population and consider ways to enhance the learning and teaching effectiveness in secondary schools, Ms Audrey EU requested for details of such measures. SED advised that small class teaching was not the only way to enhance education quality. Other options such as enhancing the teacher-to-student ratio for subjects such as languages which required more interactions between teachers and students could also enhance the learning and teaching effectiveness. PS(Ed) supplemented that the teacher-to-student ratio of public secondary schools had been reduced from 1:18 in 2005 to 1:15.4 in 2010, and to 1:14.9 in the 2011/2012 school year. That the education sector would be consulted on how to optimize the use of resources released with the decline in Secondary 1 student population.

15.11 In reply to Ms Audrey EU, PS(Ed) advised that Education Bureau had not reduced the allocation of resources for these schools which had taken the initiative to implement small class teaching starting from the 2011/2012 school year.

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### **Post-secondary education**

#### Research funding

15.12 Ms Audrey EU expressed concern that in 2009-2010, the total research expenditure of University Grants Committee-funded (UGC-funded) institutions accounted for only 0.42% of Hong Kong's Gross Domestic Product. Moreover, Hong Kong ranked the lowest in total expenditure on research and development (R&D), and the second lowest in total amount of public funding for R&D, when compared with other economies. Ms EU considered that the Administration should encourage investment in R&D to foster Hong Kong's economic restructuring.

15.13 SED and PS(Ed) advised that the Government had launched a series of initiatives to strengthen the software and hardware support to promote innovation and technology. Some public bodies such as the Innovation and Technology Commission had also increased investment in R&D. PS(Ed) further advised that the amount of private funding for R&D might have been underreported. In addition, in many places, defence-related industries constituted one of the important drivers of research spendings but such were absent in Hong Kong. Ms EU suggested that to encourage investment in R&D, donations made to UGC-funded institutions should be tax deductible. SED agreed to give thought to the suggestion.

15.14 Prof Patrick LAU expressed reservations about the recommendations in the Report on the Higher Education Review 2010 (the Report) that the research funding and resources for UGC-funded institutions should be allocated increasingly on a competitive basis, and that 50% of the research funding received by each institution should be competitively allocated. PS(Ed) advised that Education Bureau was currently examining the recommendations in the Report and would consult stakeholders in the post-secondary education sector before coming to a view for implementation.

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### Student hostels

15.15 Mr TAM Yiu-chung asked how the shortfall of 8 229 publicly-funded hostel places in the UGC-funded institutions in the 2010/2011 academic year and the demand for 6 000 additional places by the 2015/2016 academic year would be met. SED responded that six student hostels were under construction and they would provide over 6 900 additional hostel places. Given the scarcity of land in Hong Kong and opposition from District Councils to the construction of student hostels in their districts on some occasions, it had become more difficult to increase the provision of hostel places. Nevertheless, the Administration would make sustained efforts in identifying suitable sites for provision of additional places.

15.16 Ms Audrey EU asked about the reasons for the large difference in the unit costs for different UGC-funded institutions' hostel projects, citing the example that the unit cost of the University of Hong Kong hostel project was about \$360,000 whereas that of the Lingnan University's hostel project was about \$150,000 only. Secretary General, UGC explained that the difference in costs was due to the different site conditions of the projects. As the University of Hong Kong hostel was built on a slope, the construction work was more complicated and hence higher costs.

15.17 Dr PAN Pey-chyou asked why the scale of capital works projects undertaken by the Lingnan University to support implementation of the "3+3+4" reform was the smallest amongst the UGC-funded institutions. SED explained that the Lingnan University had a relatively smaller student enrolment of around 2 000 to 3 000, and its existing facilities were quite adequate to meet students' needs.

### New programme based on Project Yi Jin model

15.18 Miss Tanya CHAN asked about the development of the new programme based on the Project Yi Jin model, which was expected to be in place from the 2012/13 academic year as an alternative pathway for students under the new senior secondary academic structure. Deputy Secretary for Education (1) advised that the design work of the new programme was at its final stage, and validation by the Hong Kong Council for Accreditation of

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Academic & Vocational Qualifications would be arranged. The Panel on Education would be consulted and funding approval would be sought from the Finance Committee in early 2012.

### Vocational Training Council

15.19 Mr CHEUNG Man-kwong expressed concern about the great disparity in salaries and employment conditions amongst Vocational Training Council (VTC) staff members and the serious impact on staff morale, which might in turn affect the teaching quality of VTC. Executive Director, VTC (ED,VTC) explained the background to the variations in the terms of employment for staff joining VTC at different times, and advised that arrangements were being made to transfer some staff on short-term contracts to the new fixed term contracts. The management of VTC would maintain close communication with the staff side and discuss with them the possible options of refining their terms of employment.

15.20 Noting that the unemployment rate of the graduates of some of the member institutions of VTC was around 13% in the 2009/2010 academic year, Mr IP Wai-ming asked whether VTC had looked into the difficulties encountered by its graduates in seeking employment. He requested VTC to provide information on its plan to expand its career development advisory and support services during 2011-2012, which included developing the career web platform into a more interactive career portal.

15.21 ED,VTC responded that VTC conducted annual employment surveys on the graduates of its full-time courses six months after graduation, and noted that some graduates pursued further studies while some were still seeking employment. Any graduates who required career support service could approach the counselling unit of VTC. ED,VTC advised that VTC had all along provided a wide range of career advisory and support services, including a Job Information System, a dedicated career web platform, career advisory training and personalized career clinics, to its students and graduates. VTC was also planning to further refine the career web platform to enhance its interactive feature.

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### **Promoting national education**

15.22 Referring to the five-year pilot scheme to subsidize tertiary students' participation in internship or learning programmes in the Mainland, and the plan to enable every primary and secondary school student to participate in Mainland learning and exchange activities by providing subsidy, Mr LEE Cheuk-yan asked about the purpose of these programmes/activities. Mr LEE also asked about the financial provisions for organizing these Mainland learning and exchange activities in 2010-2011 and in 2011-2012, the respective numbers of places offered, and the cost-effectiveness of such activities.

15.23 SED explained that after Hong Kong's reunification with the motherland for 13 years, the Government considered it necessary to enhance students' knowledge and understanding of the Mainland and its latest developments. The community in general also agreed to the direction taken by the Government to strengthen its efforts in national education. He agreed to provide information on the provisions as requested by Mr LEE.

15.24 Mr WONG Yuk-man enquired about the criteria for selecting non-government organizations (NGOs) to organize the Mainland learning and exchange activities, and the amounts of funding provided to these NGOs including the administrative costs involved. PS(Ed) advised that Education Bureau invited non-profit making NGOs with relevant experience in organizing educational trips to the Mainland to submit quotations for operating these projects jointly with schools. The actual provision made to those NGOs which had paired up with schools would depend on the satisfactory completion of the exchange programmes. PS(Ed) added that the two National Education Services Centres also organized Mainland exchange programmes and provided assistance to schools in arranging such learning activities. She agreed to provide further details in writing.

15.25 Dr PAN Pey-chyou asked about the decline in the targeted participation rate of primary school students in Mainland study trips and exchange programmes would decline from 45% in 2011-2012 to 41% in 2015-2016, while an increase for secondary school students from 55% to 59% was expected. SED advised that there was an overall increase for both primary and secondary school students but more emphasis was placed

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on secondary school students as they would benefit more from such programmes.

### **Establishment of Incorporated Management Committees**

15.26 Noting that as at 1 March 2011, 42.5%, 39.9% and 28.3% of aided primary, secondary and special schools respectively had yet to apply for the establishment of Incorporated Management Committees (IMCs), Mr TAM Yiu-chung asked whether the Administration had looked into the reasons behind. PS(Ed) explained that given the appeal by the Catholic Diocese of Hong Kong against the establishment of IMCs in its aided schools had yet to be heard, some schools adopted a wait-and-see attitude and deferred taking action on establishing IMCs. Also, some school sponsoring bodies operating a large number of aided schools would need to take into account their own circumstances and plan for the establishment of IMCs by phases. Education Bureau maintained close contact with these school sponsoring bodies and had reminded them to observe the deadline of 1 July 2011.

15.27 Mr CHAN Kin-por said that under the existing policy, the Administration took out an insurance policy to protect IMC schools and their managers from claims against any wrongful acts in school management. Mr CHAN was concerned whether the current amount of insurance coverage of \$10 million was adequate, and why an IMC was required to pay for the additional premium if it wanted to have a greater coverage. Deputy Secretary for Education (3) advised that the amount of \$10 million was set pursuant to the recommendations made by an independent consultant after conducting a study on the situations of schools. So far, there was no single claim exceeding \$10 million. When the insurance policy was due to expire, consultancy advice would be sought on the insurance coverage before inviting tenders.

### **Supporting students from low-income families**

#### After-school homework guidance

15.28 Noting the Administration's plan to earmark \$110 million for a 3-year pilot programme to provide after-school homework guidance for



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primary school students from low-income families, Prof Patrick LAU commented that the funding could be better deployed for providing better education as there were already too many tuition classes. PS(Ed) advised that in order to meet demands for provision of after-school homework guidance, many primary schools had transferred the funding allocated for extra-curricular activities to organize after-school homework guidance service for their students. The purpose of this pilot programme was to meet the service demands for homework guidance and enable the primary schools concerned to release the relevant funding back for organizing extra-curricular activities. It was planned that around 1 000 tertiary students would be engaged as the tutors of this pilot programme, and priority would be given to the 4 000 teacher trainees, and it would also help broaden the teaching experience of these teacher trainees.

15.29 Mr Paul TSE asked whether the Administration had looked into the reasons for the great popularity of private tutorial schools in Hong Kong and whether this reflected failure of the education policy. SED responded that private tutorial schools had become popular because they claimed to teach the technique to gain high marks in examinations. Prof Patrick LAU enquired whether Education Bureau had exercised regulatory control of the curricula of private tutorial schools. PS(Ed) explained that for these schools, registration was granted, subject to their being able to meet the relevant registration requirements in respect of fire and building safety. On curriculum, Education Bureau's core task under the existing regulatory framework was to monitor the formal curricula of schools, not the non-formal curricula of private tutorial schools.

### Student financial assistance schemes

15.30 Mr WONG Kwok-hing expressed concern that there were 778 bankruptcy applications under the student financial assistance schemes in the past three school years and over 60 such bankruptcy applications in the last six months. He suggested that for those post-secondary students who had been granted loans under the student financial assistance schemes, the calculation of loan interest should start only after their graduation or even be waived, in order to alleviate the financial burden on these students and in consideration of the low salary level of fresh graduates in general. Mr WONG Yuk-man also pointed out that there was a need to review and

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adjust downward the risk adjusted factor applied across-the-board to the three non-means-tested student loan schemes. Speaking from his own experience of acting as a guarantor for a young person obtaining loans from the Student Financial Assistance Agency (SFAA), Mr WONG Yuk-man considered that there were problems with SFAA in handling loan repayment from defaulters. SED advised that a review of the non-means-tested loan schemes administered by SFAA was underway and Phase II public consultation of the review was expected to commence in the second quarter of 2011. The review covered the interest rate and repayment terms and the various concerns expressed by Members.

15.31 Mr LEE Cheuk-yan welcomed the Administration's proposal to relax the income ceiling for the full assistance under the existing means test mechanism of SFAA from the 2011/2012 academic year. He asked about the extent of relaxation as the current level of income ceiling of applicants for full assistance was at a very low level of a monthly income of \$8,300 for a four-member household. SED responded that the Administration was still studying the details of the proposal, and would consult the Panel on Education as soon as possible.

15.32 Mr CHEUNG Man-kwong expressed concern that a total of 17 374 default cases under various loan schemes administered by SFAA had been recorded in the 2009/2010 academic year. He pointed out that about 78% of them involved non-means-tested loan schemes, among which the Extended Non-means-tested Loan Scheme had the highest default rate involving the largest amount of default payment and also the largest number of defaulters. Mr CHEUNG was dismayed to note that there was a default case involving a large loan amount of \$790,000. He considered it necessary to tackle the high default rates of the non-means-tested loan schemes and urged the Administration to plug existing loopholes to prevent abuses and frauds.

15.33 Controller, SFAA advised that at present, eligible applicants under the Extended Non-means-tested Loan Scheme were granted loans to pay their tuition fees without subject to a ceiling. The loan amount of \$790,000 was granted to a loan applicant who had to pay the fee of a post-graduate course fee of this amount. The review of the non-means-tested loan schemes would cover, among other issues, whether or not a ceiling should

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be set for such loans, as well as other effective measures of tackling the high default rates of the loan schemes.

### **Special education**

15.34 Regarding the Administration's plan to launch a three-year pilot project on enhancement of support services for students with autism spectrum disorders, Miss Tanya CHAN asked how the Administration could ensure that the funding for the project would be used by schools entirely for providing support services for students with autism spectrum disorders.

15.35 Deputy Secretary for Education (4) advised that the project comprised structured on-top group training for students with autism spectrum disorders and development of a comprehensive school support model for early intervention of students with autism spectrum disorders. Education Bureau would commission NGOs to provide training service for students with autism spectrum disorders, and the funding to meet relevant expenses would be centrally handled by Education Bureau. While government educational psychologists would be deployed to schools for development of the school support model, some funding would be allocated to participating schools for employing teaching assistants to assist in the necessary preparation work.

### **Arts and sport education**

15.36 Referring to the proposals of setting up a \$7 billion "Elite Athletes Development Fund" and injecting \$1.5 million into the sports portion of the Arts and Sport Development Fund in the 2011-2012 Budget, Dr Priscilla LEUNG enquired whether secondary schools could make use of the funding to employ more coaches and organize activities to promote students' interest in sports. She also considered that the teaching resources should be strengthened in promoting arts education at school.

15.37 Deputy Secretary for Education (5) (DS(Ed)5) advised that the Administration had all along promoted arts and sports activities at school and outside the formal curriculum. The Administration and the Jockey Club had made available funds for secondary schools to hire additional coaches where necessary. As for the proposed Elite Athletes Development

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Fund and funding injection, DS(Ed)5 advised that Education Bureau would provide professional advice to the managers of the funds on the appropriate use of the funding to nurture students with potential and talents in sports. Dr Priscilla LEUNG, however, considered that the Administration should adopt a more proactive approach for enhancing arts and sport education and ensure that adequate resources were provided for primary and secondary schools for strengthening their teaching resources.

### **Others**

15.38 Dr PAN Pey-chyou expressed concern about the monitoring of courses registered under the Continuing Education Fund as he had received complaints about the course quality. PS(Ed) advised that Continuing Education Fund and related issues were under the policy purview of Labour and Welfare Bureau.

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16.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the major initiatives and expenditure concerning welfare and women for the 2011-2012 financial year (Appendix IV-14).

### **Social security**

16.2 Mr WONG Kwok-kin expressed concern about the 36 669 Comprehensive Social Security Assistance (CSSA) cases in Kwun Tong, which is the highest among the 18 districts. Director of Social Welfare (DSW) advised that there were a relatively larger number of elderly households in Kwun Tong, and about 70% of CSSA recipients were elders or persons with disabilities.

16.3 Mr Albert HO noted that some elderly singletons had encountered difficulties when applying for CSSA as they could not obtain the "declaration of not providing support to parents" from their children. He queried why the elderly singletons were required to provide such declaration when applying for CSSA.

16.4 DSW explained that all applicants for CSSA were required to pass both income and assets tests. As such, elderly singletons who applied for CSSA on their own were required to provide the declaration to prove that they did not receive any financial support from their children.

16.5 Mr WONG Kwok-hing and Mr WONG Kwok-kin enquired about the study on the proposed provision of maintenance allowance for elders who chose to retire in Guangdong. SLW advised that the Administration was examining the merits and feasibility of the proposal. The legal, financial and technical implications of the proposal were complex issues which required careful consideration. The Administration aimed to complete the study by the end of 2011.

### **Commission on Poverty**

16.6 Mr CHAN Kin-por opined that despite the establishment of the Community Care Fund (CCF) to provide assistance to people facing economic difficulties, the Administration should consider re-establishing the Commission on Poverty (CoP) to focus on inter-departmental and inter-disciplinary issues as well as to enhance policy coordination and

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integration of poverty alleviation.

16.7 SLW advised that after the CoP concluded its work in 2007, the Administration had set up the Task Force on Poverty, headed by SLW and comprising representatives from the relevant bureaux/departments, to follow up CoP's recommendations and coordinate the Administration's efforts in alleviating poverty. Most of the recommendations made by CoP had been or were being implemented. In 2011-2012, the Task Force on Poverty would continue to monitor the implementation of the recommendations of CoP and the poverty situation in Hong Kong, and explore new initiative/measure to help alleviate poverty as appropriate. The Administration had no intention to re-establish CoP at this stage.

### **Subsidized residential care places for the elderly and persons with disabilities**

16.8 Mr WONG Sing-chi expressed concern about the long average waiting time for subsidized residential care places for the elderly. To address the growing demand, he suggested the Administration set up a development fund to finance non-governmental organizations for providing residential care homes for the elderly (RCHEs) and persons with disabilities, or offer financial assistance from the Community Care Fund to the elders for utilizing private RCHE services while waiting for subsidized places. Mr WONG said that in connection with the proposed provision of a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, some families with elders or members with disabilities had suggested that the Government should set up a "civil development fund" with their shares of \$6,000 and matching grants from the Government, in order to increase the number of RCH places.

16.9 SLW responded that the Lotteries Fund had been set up to help finance social welfare projects, including projects for the provision of residential care services for the elderly and the disabled. Non-governmental organizations providing residential care services could apply for funding from the Lotteries Fund to construct or expand RCHs. As regards providing financial assistance to the elderly for them to use private RCH services, two public consultation sessions were held in January 2011 to gauge public views on the scope and operation of the Community Care Fund, such as the target beneficiaries and assistance programmes. The Welfare Sub-committee of the Community Care Fund was examining

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proposals for such programmes, and would work out a recommendation to the Executive Committee and Steering Committee of the Community Care Fund for consideration. SLW said that relevant suggestions could be considered in that context.

16.10 Mr CHEUNG Kwok-che opined that the planned provision of about 2 300 additional residential care places for frail elders within four years was far from adequate, since there were currently 26 000 elders on the waiting list. Mr Albert HO, Mr Albert CHAN and Mr LEUNG Kwok-hung also expressed concern about the long waiting time for subsidized residential care places for the elderly. Mr Albert HO urged the Administration to conduct long-term planning on the provision of residential care services for the elderly and to set a target waiting time for subsidized RCHEs places. Mr Albert CHAN asked about the financial provisions and new initiatives to improve the situation.

16.11 SLW advised that in order to address the growing demand for subsidized residential and community care services arising from an ageing population, the Administration would allocate additional resources for implementing a series of new initiatives to raise both the quality and quantity of elderly care services. Apart from the commitment to supply the additional 2 300 subsidized residential care places by the end of 2014-2015, the Administration would also increase recurrent funding by about \$40 million in 2011-2012 to raise the unit subsidy of higher-quality care-and-attention places under the Enhanced Bought Place Scheme. With the additional subsidy, the private RCHEs could provide physiotherapy treatment and rehabilitation training for frail elders. The new initiative would also benefit more than 3 600 elders who were occupying such places, and encourage more quality private homes to join the Enhanced Bought Place Scheme. Mr Albert CHAN urged the Administration to ensure that these RCHEs would actually enhance their service with the subsidy.

16.12 Regarding the identification of sites, DSW advised that the Social Welfare Department (SWD) had been maintaining close liaison with the Education Bureau, Planning Department, Lands Department and Housing Department which would regularly update SWD on vacant premises or sites available for welfare purposes under their purview. SWD would continue to closely liaise with these bureaux and departments to identify suitable sites for elderly service facilities under the present mechanism.

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16.13 On Mr Albert HO's suggestion of setting a target waiting time for subsidized RCHE places, SLW advised that the waiting time was affected by a number of factors such as the applicants' preference of particular RCHEs or locations. It was therefore not practicable to set a target waiting time for all applications.

16.14 Mr CHEUNG Kwok-che enquired whether the Administration would consider setting up a working group to examine the competing demands for welfare services, such as the priority for the use of sites for various welfare services including residential care places for the elderly. Mr Alan LEONG and Mr LEE Cheuk-yan referred to a public letter of The Hong Kong Council of Social Service which suggested the Administration provide residential and community services to 10 000 elders and persons with disabilities requiring long-term care within the coming five years. Mr Alan LEONG remarked that there should also be manpower planning to support the operations of the additional RCHEs.

16.15 SLW advised that it would be more flexible to review and update the targets annually instead of formulating a five-year plan. Currently, ten sites had already been earmarked for the construction of contract RCHEs, and he agreed to provide the details and location of the ten contract RCHEs planned to start operation in the coming years.

16.16 Mr TAM Yiu-chung anticipated that the cost of residential care services would increase with the impending implementation of the statutory minimum wage (SMW). He asked whether the Administration had assessed the impact of SMW on the service quality of the subsidized RCHEs, as the monthly average cost per place of the subsidized residential care services remained largely unchanged.

16.17 DSW advised that the estimated provisions had already taken into account the implementation of SMW. SWD was assessing the impact of the SMW on all services subvented by SWD, including RCHEs. SWD would consider, in the light of the assessment, whether there was a need to provide additional resources for non-governmental organizations to comply with the SMW requirement in respect of subvented welfare services. SWD aimed to finalize the assessment and necessary arrangements before the SMW came into force on 1 May 2011.



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16.18 Mr CHEUNG Kwok-che remarked that subsidized residential care places for persons with disabilities were far from adequate, reflecting an imbalance in the planning of residential care places for different categories of people in need. DSW advised that in tandem with the introduction of the Residential Care Homes (Persons with Disabilities) Bill into the Legislative Council in June 2010, SWD had launched a four-year pilot Bought Place Scheme for private residential care homes for persons with disabilities in October 2010. It aimed at encouraging private operators to upgrade their service standard, shortening the waiting time for services by providing more subsidized residential care places, and helping the market develop more service options. A two-phase approach would be adopted in purchasing places, with an initial purchase of some 100 places in the first year, and an increase to a total of about 300 places from the second year onwards.

### **Day care and home care service places for the elderly**

16.19 Referring to the 1 500 additional places for Enhanced Home and Community Care Services and the 185 places for day care service for the elderly which would come into operation within two years, Mr IP Wai-ming opined that the increased supply could hardly meet the demand. He asked how the extra places could help reduce the waiting time for the service, and whether the Administration would consider providing allowances to the carers of the elders, as many carers had to give up their jobs in order to take care of the elders in their families. Noting that the number of cases served by the operators of integrated home care services had been maintained at 29 344 with no increase for several years, Mr CHEUNG Kwok-che asked whether the Administration would increase the integrated home care services places to meet the growing demand.

16.20 SLW advised that in addition to integrated home care services, SWD also provided Enhanced Home and Community Care Services to serve frail elders living in the community. There would be an additional provision of \$63 million per annum for increasing the number of Enhanced Home and Community Care Services places by 1 500 commencing from 2011-2012, representing a significant 32% increase over the existing provision of 4 699 places. The Administration had no plan to introduce an allowance to the carers of the elders at this stage, but would continue to increase the provision of day care and home care service places to meet the service demand.

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16.21 Mr TAM Yiu-chung enquired about the Administration's plan to provide additional space for District Elderly Community Centres, Neighbourhood Elderly Centres and other centres to meet the enhanced space standards for these centres. DSW advised that since the re-engineering exercise for elderly services was launched in 2003, SWD had increased the standard internal floor area provision of District Elderly Community Centres and Neighbourhood Elderly Centres by 83 square metres and 156 square metres respectively to cope with the enhanced functions of the centres. At present, about 60% of District Elderly Community Centres and 43% of Neighbourhood Elderly Centres had attained the enhanced standard space provision. SWD would continue to help the remaining centres follow the prescribed schedule of accommodation by relocation or setting up sub-bases, depending on the availability of vacant premises suitable for setting up the centres.

### **Rehabilitation and support services for persons with disabilities and their carers**

16.22 In response to Mr CHEUNG KWOK-che's enquiry about the rehabilitation services for autistic children, DSW advised that at present, there were 5 845 places for pre-school services which provided early training and support for children with disabilities (including autistic children) and their families. An additional provision of 842 pre-school places would be provided in 2011-2012 to further enhance the support for these children. The Hospital Authority would strengthen the professional team comprising healthcare practitioners in various disciplines to provide early identification, assessment and treatment services for autistic children. To dovetail with the initiative of the Hospital Authority, SWD would provide five additional medical social workers to strengthen psychiatric medical social services for autistic children and their families.

16.23 Mr CHEUNG Kwok-che expressed concern about the long waiting time for places in sheltered workshops and day activity centres, given that there was low turnover rate for the users of these services. He enquired whether the provision for day training and vocational rehabilitation services to persons with disabilities would be increased.

16.24 SLW advised that an additional funding of \$17.54 million would be allocated for providing 251 new places for day training and vocational rehabilitation services in 2011-2012. Coupled with the allocation for

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recurrent expenditure already earmarked, the Administration would provide a total of 986 places for day training and vocational rehabilitation services in 2010-2011 and 2011-2012. DSW supplemented that SWD would maintain liaison with the parties concerned to address the growing demand for day training and vocational rehabilitation services when necessary.

16.25 Mr CHEUNG remarked that the provision of residential places and welfare services for the disabled and the elderly had been restricted by the limited supply of suitable sites. He considered that the matter should be followed up by the Panel on Welfare Services.

### **Services for children and youth**

16.26 As regards Mr LEE Cheuk-yan's comment on the meagre incentive payment for home-based child carers of the Neighbourhood Support Child Care Project, SLW advised that the project aimed to provide parents with more flexible child care services in addition to regular ones, and at the same time promote community participation and mutual assistance in the neighbourhood. During the sharing and focus group meetings, feedback from the home-based child carers was generally positive. They generally understood that the project was meant to be a mutual help support child care project rather than an employment project, and were happy to be able to contribute to the community.

### **Services for offenders**

16.27 Noting that the occupancy rate of hostel places for male discharged prisoners had risen from 92% in 2007-2008 to 97% and 99% in 2008-2009 and 2009-2010 respectively, Mr CHAN Kin-por enquired whether the Administration would consider allocating new resources for providing more hostels places for discharged prisoners.

16.28 DSW advised that in the past three years, the total number of discharged prisoners was rather stable showing a downward trend. The Administration considered that the present provision of hostel places for the target groups could generally meet the service need. The Administration would continue to monitor the situation and would allocate more resources for the services if necessary.

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### **Women's interests**

16.29 Mr WONG Kwok-hing considered that the Administration should require the provision of babycare facilities in government premises and at public places such as the Mass Transit Railway (MTR) stations. Deputy Secretary for Labour and Welfare (Welfare) 1 advised that the Administration had already issued the Advisory Guidelines on Babycare Facilities in August 2008 for reference by government departments and public organizations to encourage the incorporation of desirable babycare facilities in government buildings and public areas. SLW also advised that breast-feeding facilities would be provided in new public buildings such as the Tamar Development Project. Commissioner for Transport (C for T) supplemented that there could be substantial technical difficulties in retrofitting toilets and babycare rooms at existing MTR stations. The Administration had however provided babycare rooms in some bus termini where possible.

16.30 Mr WONG Kwok-hing considered that there was insufficient protection for women on maternity leave, for example, the maternity leave pay was equal to only four-fifths of the average wages, and some women employees were dismissed on resumption of duty after maternity leave. Mr WONG also opined that there should be paid paternity leave so that the fathers could help take care of and provide support to the mothers who had just given births. He asked when the study on the feasibility of introducing legislation for paternity leave in Hong Kong would be completed.

16.31 SLW advised that the Administration had been promoting family-friendly employment practices in the workplace, and measures such as flexi-hours were gaining acceptance in the private sector. The Administration was conducting a study on paternity leave with reference to the relevant policies, social backdrop and legislation in other economies. Taking into account the actual circumstances of Hong Kong, the Administration had to carefully assess the possible impacts of introducing statutory paternity leave for employees, examine whether there would be any implementation difficulties especially among the small and medium sized enterprises, and consider whether the community had a general consensus on the matter. It was expected that the study would be completed in about six months.

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16.32 Ms LI Fung-ying expressed concern that female employees generally received relatively lower wages than their male counterparts, and that women who acted as family carers did not have any income nor retirement protection. She asked about the measures to promote equal pay for equal work for men and women, and to safeguard the interests and well-being of the female family carers.

16.33 SLW advised that the lower median income of female employees could be attributed to their relatively lower educational attainment, and the fact that there were relatively more women engaged in part-time jobs. However, with the Government's heavy investment in education, and as more women attained tertiary education nowadays, there had been improvement in the income among women. The CSSA Scheme also provided a safety net for those who could not support themselves financially, including women without income. The Labour Department would keep in view the situation and promote the welfare of women employees to keep pace with social development.

### **Universal retirement protection**

16.34 Noting that the Central Policy Unit was refining its study on the sustainability of the three-pillar model of retirement protection in Hong Kong, Mr CHAN Kin-por called on the Administration to give serious consideration to implementing universal retirement protection. He also suggested conducting a public engagement exercise to collect public views on the issue and release the study findings for public information.

16.35 SLW advised that the Central Policy Unit would, in refining its study, take into account the latest opinions in the community on retirement protection for the elderly, and gauge the views of academics, professionals, think tanks and interested parties as appropriate through its established channels.

### **Accessibility in publicly accessible premises**

16.36 Mr WONG Kwok-hing expressed concern about the accessibility of the bus termini in public rental housing estates for persons with disabilities, especially those wheelchair-bound. C for T advised that following the release of the Formal Investigation Report on Accessibility in Publicly Accessible Premises by the Equal Opportunities Commission in

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June 2010, the Transport Department had explored practical ways to improve accessibility of its facilities, including the 158 public transport interchanges/Public Light Bus termini, for persons with disabilities. The Transport Department would schedule the programme of providing barrier-free facilities, including tactile guide paths, dropped kerbs, tactile warning strips, for these termini. In tandem, the Housing Department had also devised a retrofitting programme to improve the accessibility of the properties, including the public transport interchanges, under its management. Most of these retrofitting or improvement works would be implemented by 30 June 2012.

16.37 Mr WONG Kwok-hing enquired about the provision of lift and pedestrian walkway system between Wo Tong Tsui Street and Kwai Hing Road as requested by the residents of Kwai Chung Estate. C for T advised that the requested system ranked eleventh among a total of 20 proposed systems according to the assessment system on the proposal for the provision of hillside escalator links and elevator systems. Given the manpower and resource constraints, these proposals could only be taken forward in stages. The Administration would first conduct feasibility studies for the ten priority proposals, and would seek to complete such studies within 24 to 48 months. Proposals not selected for feasibility studies in the current stage would remain on the waiting list, which would be re-assessed in due course, depending on the progress of the implementation of the ten priority proposals and the availability of manpower and resources.

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17.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the main initiatives and expenditure on the policy area of labour and manpower development for the coming year (Appendix IV-15).

### **Statutory minimum wage**

#### Employment contract

17.2 Mr WONG Kwok-hing said that with the impending implementation of the Statutory Minimum Wage (SMW) on 1 May 2011, some employers were using unscrupulous means to reduce their staff costs. The common practices include: changing the employment contract terms to reduce the monthly salary of employees, laying off long service employee; eliminating paid meal breaks and paid rest days, reducing the number of employees, and changing the work schedule to extend the duration of work shifts. Mr WONG cited a case that a cleaning worker who was hired under a service contract of the Housing Department and used to work on an eight-hour shift was recently required to work three hours in the morning, three hours in the afternoon and three hours at night, and was told to go home during the two shift breaks. He said that the new arrangement was tantamount to a 10-hour shift and was exploitative.

17.3 Mr WONG Kwok-hing further said that as a large number of low-pay workers were hired by government service contractors, the Government should set a good example by making appropriate arrangements to afford protection to employees, such as drawing up a sample employment contract to tie in with the implementation of the SMW.

17.4 SLW advised that there were already standard employment contracts for the Government's outsourced cleaning and security services. Since the Financial Services and the Treasury Bureau was responsible for coordinating general issues concerning government service contracts, he would convey members' concerns to the Financial Services and the Treasury Bureau. As regards the problems observed by Mr WONG Kwok-hing regarding the service contracts of Housing Department, SLW requested Mr WONG to provide relevant information for him to follow up the matter with the Housing Department.

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17.5 The Chairman requested the Administration to provide the sample employment contract(s) for government service contracts to be awarded after the implementation of the SMW.

### Rest days and meal breaks

17.6 Mr LEE Cheuk-yan referred to an advertisement posted by the Employers' Federation of Hong Kong (EFHK) in local press on 23 March 2011, and expressed grave concern that EFHK's advertisement might lead employers to change the existing paid meal breaks and rest days of their employees to those without pay. Mr LEE recalled that during the discussions on SMW, the Administration had advised against legislating for paid rest days and paid meal breaks, and had advocated that existing employment terms in these respects should remain unchanged with the implementation of SMW. Mr LEE commented that there were "three wrongs" in EFHK's advertisement. First, EFHK had ignored existing employment terms on paid rest days and paid meal breaks. Second, the example it cited in the advertisement was flawed. Third, by calling on employers to "take the necessary steps before 1 May in order to avoid potentially serious consequences", EFHK was in fact suggesting to employers to amend existing employment contracts. Mr LEE asked SLW to clarify the "three wrongs" in EFHK's advertisement and reprimand EFHK for its action. Mr LEE also urged for early issuance of the reference guidelines on SMW for employers and employees.

17.7 Mr WONG Sing-chi commented that EFHK's advertisement had exposed the loopholes of the Minimum Wage Ordinance (Cap. 608) (MWO) and challenged the legislation. He asked SLW whether he considered the example cited by EFHK misleading, and whether any follow-up actions would be taken by the Administration.

17.8 In response, SLW advised that the reference guidelines on SMW, which would not have legislative effect, would be promulgated on 28 March 2011. He stressed that the objective of the SMW was to strike a balance between forestalling excessively low wages and minimizing the loss of low-paid jobs while sustaining Hong Kong's economic growth and competitiveness. SLW added that as MWO was to protect the wages of grassroots workers, the most low-paid workers would have their wages raised with the implementation of the SMW. As neither MWO nor the Employment Ordinance (Cap. 57) prescribed that meal breaks and rest days should be paid, they would be matters to be agreed between employers and



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employees. Where there were ambiguities in the current employment contracts, the employers and employees concerned should resolve their differences through communication, and the Labour Department stood ready to provide assistance.

17.9 Mr IP Wai-ming said that the Hong Kong Federation of Trade Unions had previously requested the inclusion of paid meal breaks together with the implementation of SMW, and the Administration had undertaken to ensure that the existing arrangement on meal breaks would remain unchanged after the implementation of SMW. He considered that the EFHK's advertisement had an adverse effect on labour relations by advocating that employers should exploit the loopholes of the law. He was concerned that workers were in a disadvantageous position in negotiating with employers, and he urged SLW to clarify the issue and publish the reference guidelines on SMW as soon as possible.

17.10 SLW said that if the existing employment terms were unclear about meal breaks and rest days, these should be sorted out or updated by the employers in consultation with the employees. SLW appealed to employers to treat their employees fairly and that the employment terms and conditions should not be changed unilaterally. He stressed that there should not be any pay loss to the employees if there was no change to their working hours. The Labour Department would actively follow up complaints received.

17.11 Commissioner for Labour (C for L) supplemented that Labour Department was finalizing the reference guidelines on SMW having regard to the responses received from more than 300 organizations during the third quarter of 2010. The reference guidelines would be available by 28 March 2011. As regards the specific guidelines for the nine industries of which the working hours were non-standard, the drafts of the guidelines for four to five of these industries would be available by the end of March 2011.

17.12 Mr LEE Cheuk-yan expressed disappointment with SLW's response on EFHK's advertisement. He opined that SLW should at least call on employers not to change the employment contract to take out paid meal breaks and paid rest days, and to explicitly spell out the legislative intent of MWO. Mr LEUNG Kwok-hung opined that implementation of SMW should go with the standardization of working hours.

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17.13 In response, SLW advised that the reference guidelines would clarify the application of MWO with examples of different scenarios. Upon the implementation of SMW, employees working eight hours per day and six days per week should at least receive \$5,824 (\$28 per hour x 8 hours x 26 days) per month. He explained that while the existing labour law did not prescribe that meal breaks and rest days must be paid, an employment contract could include these as part of the employment conditions. SLW stressed that employers should treat their employees well and should not unilaterally vary employment terms. He urged both employers and employees to communicate and reach agreement on any unclear terms.

### Unemployment arising from the implementation of SMW

17.14 Mr WONG Yuk-man said that according to the Report of the Provisional Minimum Wage Commission issued in October 2010, it was estimated that the number of employees potentially to be laid off would be around 40 000 at the SMW level of \$28, and low-skilled workers would be among the vulnerable groups. In view that there were currently more than 120 000 unemployed persons, together with an additional 40 000 unemployed after the implementation of SMW, the unemployment rate would likely rise over 4%. He considered that the Government should assess the impacts of the implementation of SMW on low-skilled workers and other vulnerable groups, and formulate concrete measures to assist them. In this connection, he remarked that the Hong Kong Council of Social Service and the Democratic Alliance for the Betterment and Progress of Hong Kong had suggested providing financial assistance for those who lost their jobs as a result of the implementation of SMW.

17.15 In response, SLW advised that the number of employees who might be laid off as set out in the Report of the Provisional Minimum Wage Commission was based on a stress test model for illustration only. At present, the labour market was buoyant with about 100 000 jobs created during the past nine months. SLW further said that the Employees Retraining Board had planned to increase the number of training places to 130 000 in 2011-2012 to tie in with the economic situation and meet market needs. According to the latest figures, there were 8 300 and 10 000 vacancies in the retail industry and catering industry respectively at present. The Pilot Employment Navigator Programme, launched in December 2010, would also provide a one-stop centre to further enhance support to job seekers.

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17.16 Mr LEUNG Kwok-hung queried that the implementation of SMW would lead to frictional unemployment or structural unemployment in the community. SLW responded that the Administration had not under-estimated the possibility of unemployment arising from the implementation of SMW and would closely monitor the situation.

17.17 Mr CHAN Kin-por noted that according to the surveys on new arrivals from the Mainland conducted by the Home Affairs Department in 2010, 83% of the respondents had reported that wages constituted their major source of income, 70% wished for supporting services, among which 63% wished for assistance in seeking employment, and 85% aged 15 and over attained only secondary education or below. Mr CHAN enquired what measures Administration would adopt to assist the low-education and low-skilled people in dealing with possible unemployment after the implementation of SMW.

17.18 SLW responded that Labour Department had been providing services to assist new arrivals in seeking employment. The Employees Retraining Board also provided courses to help new arrivals and ethnic minorities to integrate into the communities and adapt to the labour market. The Administration would closely monitor the labour market situation, especially the employment situation of those groups which might be seriously affected by the implementation of SMW.

17.19 C for L said that to mitigate the impact of SMW on the low-paying sectors, Labour Department would host two large-scale job fairs in May and July 2011. Furthermore, the Employment Services Job Centre of the Employment Services Division organized regional job fairs regularly, and the Recruitment Centre for the Retail Industry and the Recruitment Centre for the Catering Industry of Labour Department also provided on-the-spot job interviews for job seekers. Workers in need of assistance could also contact Labour Department's employment hotline at 2127 4916 which would operate starting from 1 April 2011 to provide job matching services.

### Impact of the implementation of the statutory minimum wage on local communities

17.20 Mr IP Kwok-him pointed out that the local communities, including Owners' Corporations and the District Councils, were concerned about the implementation of SMW, in particular the impact on management fees. As

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the Administration had previously indicated that it might not have enough resources to provide briefing sessions for District Councils, he enquired whether the Administration would consider allocating more resources to assist the local communities in the transition to the implementation of SMW.

17.21 SLW replied that the Administration was working at full steam to prepare for the implementation of SMW. The reference guidelines on SMW would be uploaded onto the Internet with details provided in the form of "Frequently Asked Questions". The enquiry hotline (2717-1771) would be manned round-the-clock to answer enquiries related to SMW. Television and radio announcements of public interest would also be broadcast. Labour Department also planned to host eight briefings sessions for the public at venues such as the Hong Kong Central Library and the Hong Kong City Hall. C for L added that the upcoming reference guidelines would contain more than 30 detailed examples. Since the passage of MWO, about 10 000 participants attended more than 50 briefings on the Ordinance conducted by Labour Department. SLW and C for L undertook to address the concerns of District Councils and would allocate resources accordingly.

17.22 Mr IP Kwok-him opined that the enquiry hotline could not resolve all the issues arising from the implementation of SMW. He urged LD to liaise with Home Affairs Department to respond to District Councils' requests for more briefing sessions on SMW. The Chairman requested the Administration to provide supplementary information on its work plan and resource provision to address the concerns of the local communities about the issues arising from the implementation of SMW.

### **Promoting employment**

17.23 Mr FUNG Kin-kee declared that he was a member of the Equal Opportunities Commission (EOC). Noting that there were 2 215 and 1 234 ethnic minority job seekers registered with Labour Department for employment service in 2009 and 2010, Mr FUNG requested the Administration to provide the respective numbers and success rates of ethnic minority job seekers registered with Labour Department for these years, and to document whether culture, religion, customs and/or Chinese literacy was/were the reason(s) for unemployment among the ethnic minorities. He said that he did not agree with the Administration's view that the placement rate could not serve as an indicator of the effectiveness of

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the employment services for the ethnic minorities.

17.24 Assistant Commissioner for Labour (Employment Services) explained that as it was not necessary for job seekers who secured employment through direct application to those employers who advertised their vacancies via Labour Department to report to Labour Department, the department did not have the placement rate figures. Furthermore, whether a job seeker could successfully find work was affected by many factors, including his employability and the employment market situation. SLW added that Employees Retraining Board was conducting a study on the employment and retraining needs of ethnic minorities, and he would explore whether the study could also cover the employment situation of the ethnic minorities. The Chairman urged SLW to liaise with EOC to understand its concerns regarding the employment situation of ethnic minorities.

### **Labour relations**

17.25 Referring to LD's efforts to promote family-friendly employment practices in partnership with the business community and relevant organizations, Mr CHAN Kin-por enquired whether the Administration had assessed the extent of implementation of such practices, such as flexible working hours and special leave, in the commercial sector. He also asked whether the Government would consider providing economic incentives such as taxation concessions to encourage enterprises to adopt family-friendly employment practices.

17.26 SLW responded that more Hong Kong enterprises had implemented more family-friendly employment practices such as paternity leave, and the number for implementing the latter had increased from about 10% to 20%-30%. Labour Department was also studying the feasibility of introducing legislation on paternity leave.

### **Protecting employee's rights and benefits**

17.27 Mr Alan LEONG noted that Labour Department planned to conduct 142 000 inspections in workplaces to check compliance with labour laws including MWO in 2011, but only 25 new posts of Labour Inspectors would be created in Labour Department. He expressed concern about the adequacy of manpower resources for protecting employees' rights as provided for in the legislation including the MWO.

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17.28 SLW and C for L clarified that there were 12 teams of Labour Inspectors to enforce labour laws at present, and the total number of inspections conducted in 2010 was 140 000. In 2011-2012, 25 new Labour Inspector posts would be created to strengthen the manpower mainly for enforcing labour laws. With the implementation of SMW, the time required for each inspection would be longer as the inspection would be more thorough and comprehensive. With the 25 new posts, the number of inspection teams would be increased to 15. Mr Alan LEONG asked whether Labour Department would review the manpower requirement after the implementation of SMW. C for L responded that if an increase in breaches of law was observed, Labour Department would consider allocating more resources in the ensuing financial year as necessary.

17.29 Mr Alan LEONG noted that in 2010 there were 476 summonses where company directors or responsible persons were convicted of wage offences, representing an increase of 37.2% compared with 347 summonses issued in 2009. He enquired about the number of convictions that was attributed to the passage of the Employment (Amendment) Ordinance 2010 (EAO 2010). SLW advised that as the EAO 2010 only came into operation on 29 October 2010 and the prosecution process took time, the information requested by Mr LEONG would only be available in late 2011.

17.30 Mr WONG Kwok-hing enquired about the number of successful convictions of wage offences in 2010, and the penalties imposed in the convicted cases. SLW advised that the Administration had successfully secured a total of 1 481 convictions against wage offences, a rise of 12.7% over that of 1 314 convictions in 2009. Deputy Commissioner for Labour (Labour Administration) supplemented that the Administration had spared no effort in combating wage offences and other breaches of labour laws. For instance, there was a total of 4 109 convictions in 2010, a rise of 22% over that of 3 365 convictions in 2009. C for L further advised that in 2010, three company directors and one employer were imprisoned due to wage offences with imprisonment terms ranging from six weeks to four months. From 1 January 2011 to 28 February 2011, one company director was sentenced to imprisonment of two months with 18 months' suspension. The highest fine imposed on convicted cases of wage offences in 2010 was \$320,000. At the request of Mr WONG Kwok-hing, the Administration agreed to provide more detailed information on the penalties imposed including the maximum, average and minimum fine levels and imprisonment terms.

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### **Resource provision and deployment**

17.31 Ms LI Fung-ying noted that the recurrent spending on labour and manpower development in 2011-2012 would be increased by \$250 million (or 22%) over the revised estimate of \$1,120 million in 2010-2011, and that the Labour and Welfare Bureau's related recurrent subvention to the Vocational Training Council would reach \$160.7 million. She enquired about the deployment of the increased provision and manpower resources for the various work areas and initiatives, in particular the implementation of SMW, the tackling of wage offences and defaults, and the implementation of the Work Incentive Transport Subsidy Scheme.

17.32 SLW undertook to provide the information requested by Ms LI. He also clarified that the recurrent subvention of Vocational Training Council was not part of the \$250 million increased provision. As regards the \$250 million increased provision, most of it would be allocated to Labour Department for recruiting 326 new staff to handle the implementation of SMW, Pilot Employment Navigator Programme, Work Incentive Transport Subsidy Scheme, EAO 2010 and the work inspections by the Occupational Safety and Health Council.

17.33 Mr IP Wai-ming enquired about the number and posts of new staff to be deployed for implementing MWO and EAO 2010, and for safeguarding employees' entitlements following the implementation of the two Ordinances. C for L advised that 26 posts of the Labour Inspector grade, including one Chief Labour Inspector, would be added to Labour Department in 2011-2012 for the purposes.

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18.1 Mr John TSANG, Financial Secretary (FS) thanked the Chairman for inviting him to attend this session of the special Finance Committee meetings. He remarked that he was pleased to answer members' questions on the adjustments to the proposed measures in the 2011-2012 Budget. Prof K C CHAN, Secretary for Financial Services and the Treasury (SFST) then highlighted major initiatives in public finance under his purview in 2011-2012 (Appendix IV-16).

### **Adjustments to the 2011-2012 Budget**

18.2 Mr Jeffrey LAM said that the proposed measure of giving a sum of \$6,000 to eligible residents involved complicated implementation issues. The Administration should work out the details carefully to ensure smooth implementation of the measure. Noting that the Administration would allow eligible residents to keep the sum of \$6,000 as savings and thereby receive bonus, he suggested that eligible residents be provided the option of keeping the sum as a time deposit for one to four years at specified interest rates. He enquired about the major implementation issues, including privacy protection, that was yet to be resolved.

18.3 In response, SFST said that the implementation issues were highly complex, and the details were being worked out. The main challenge was to establish a platform which would facilitate registration for and collection of the payment. The Administration was discussing with banks to see if the existing banking network could be utilized to establish the platform. As some six million residents might be eligible for the payment, to avoid confusion and overloading the system, some batching arrangements might be considered. The Administration would provide eligible residents with the option to keep the sum as savings and receive bonus for doing so. SFST assured members that in implementing the proposed measure, the Administration would comply with the requirements stipulated in the Personal Data (Privacy) Ordinance (Cap. 486) and would live up to public expectation on privacy protection.

18.4 Mr WONG Kwok-hing said that the majority of views in the local communities was in favour of the proposed measure, anticipating its early implementation and that more people could benefit. There were also views that the Administration should have long-term planning on certain



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livelihood issues such as universal retirement protection, improvement of medical services and housing issues. Mr WONG suggested that all holders of Hong Kong Permanent Identity Cards reaching the age of 18 in 2011 should be eligible for receiving the sum of \$6,000. For those who were working and were under the age of 18, they should also be eligible for the payment as they were originally covered under the previous proposal of injecting funds into Mandatory Provident Fund accounts. He further suggested that people could donate the sum of \$6,000 for charity if they so wished. As for the Community Care Fund, a lenient approach should be adopted to offer assistance to the new arrivals.

18.5 In response, FS said that the Administration aimed to implement the proposed measure as soon as possible, and would devise a payment mechanism convenient to the eligible persons. He appealed to members for their support of the Appropriation Bill 2011, so that the proposed measure could be taken forward. Regarding long-term planning in the areas mentioned by Mr WONG Kwok-hing, FS advised that those issues were not the subject of the 2011-2012 Budget. He considered that Members and the public could continue to discuss these policy issues at other appropriate forums.

18.6 Mr IP Wai-ming expressed support for the suggestion that all Hong Kong Permanent Identity Card holders reaching the age of 18 on any date in 2011 should be eligible for receiving the sum of \$6,000. While he agreed that the banking network was a good platform for distribution of the sum of \$6,000, he urged the Administration to take precautionary measures against possible duplication of payments to eligible persons who had more than one bank account, and possible swindling of funds by unscrupulous persons acting on behalf of the incapacitated such as those in aged homes. He added that the payment methods should be user-friendly especially for those without bank accounts.

18.7 SFST took note of the views and suggestions of Members. He said that the banking network was chosen because it could reach most members of the public. While the implementation details were being formulated, the initial thinking was that persons with more than one bank account should specify the bank account for receiving the sum of \$6,000. Convenient registration procedures would also be devised for those without a bank account.

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18.8 In response to the Chairman and Mr IP Wai-ming's enquiries, SFST said that the Administration was still considering the implementation details and could not provide the timetable yet. The details would be available when the approval of the Finance Committee was sought for the relevant funding proposal.

18.9 Mr WONG Sing-chi said that although the Democratic Party supported the proposed measure and considered that it should be implemented as soon as possible, the Party was of the view that the 2011-2012 Budget lacked long-term planning and commitments. He pointed out that some people, including new arrivals and people below the age of 18 in the workforce who could have benefited under the original proposal of injecting funds into MPF accounts would be excluded from the proposed measure. He commented that it was unfair to these people and also to the Steering Committee on the Community Care Fund which was not originally tasked to formulate measures to assist the new arrivals through Community Care Fund.

18.10 Ms LI Fung-ying declared that she was a member of the Steering Committee on the Community Care Fund. Ms LI remarked that while the Administration had announced that it would inject funds into Community Care Fund to provide assistance to those who could not benefit from the proposed measure but who faced financial hardship, relevant details such as the amount of injection and the criteria for determining "financial hardship" were not provided. She suggested that the Administration should not confine the use of the funds to be injected into the Community Care Fund to providing assistance to persons with financial hardship, and should let the Steering Committee have a free hand in deciding the use of the funds. Ms LI also remarked that excluding those with less than seven years of residence in Hong Kong from the proposed measure and requiring these people to subject to a means test in order to be eligible for financial assistance under the Community Care Fund would lead to social differentiation.

18.11 FS said that the adjustments to the 2011-2012 Budget were made in response to public demands. As the original proposal of injecting funds into Mandatory Provident Fund accounts was not well received by the public, he had subsequently proposed the one-off payment of \$6,000 to each

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holder of Hong Kong Permanent Resident Identity Card aged 18 and above. The Administration would also inject funds into the Community Care Fund to provide assistance to those who faced financial hardship, including new arrivals. FS explained that the proposed measure and the injection of funds into the Community Care Fund were two different schemes. The former aimed at leaving wealth with the people while the latter aimed at providing assistance to people in need. He would earmark \$1.5 billion for the proposed injection to Community Care Fund. The Steering Committee would have much flexibility in deciding the details.

18.12 Mr Albert HO said that while the 2011-2012 Budget consultation had taken at least four months, the adjustments to the 2011-2012 Budget, being significant changes, were made just a week after the presentation of the Budget. He asked whether FS considered the Budget consultation a failure and how the consultation could be improved next year so that its credibility could be restored. Mr HO further said that the Democratic Party had made a number of proposals for the 2011-2012 Budget. In particular, the Party had proposed to increase recurrent government expenditure so as to improve government services in areas closely related to people's livelihood, such as services for the elderly, enhancement of the Work Incentive Transport Subsidy Scheme, extending free education to 15 years and enhancing public health services. He asked whether the Administration had plans to increase recurrent expenditure in these areas.

18.13 Mr Fred LI said that while nobody would reject the proposed measure, the Administration had made the decision in an irrational manner. Mr LI considered that FS should amend his Budget speech to reflect the adjustments made. He opined that the major drawback of the adjustments to the 2011-2012 Budget was that they would lead to social differentiation, particularly with respect to new arrivals. He enquired how the Administration would tackle this problem. He also opined that the Administration should give special consideration to enable working persons under the age of 18 to be eligible for the sum of \$6,000. As regards the payment method, he would support payments into the bank accounts.

18.14 In response, FS said that the 2011-2012 Budget consultation had been conducted seriously, and the views received had been carefully considered. Some measures proposed in the 2011-2012 Budget, such as

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paying two months' rent for public housing tenants and increasing the tax allowance for maintaining dependent parents/grandparents, were based on suggestions from political parties. The Administration would consolidate experience from the current exercise for improvement in the future.

18.15 FS further said that the various measures of the 2011-2012 Budget had respective target beneficiaries, and it would not be realistic for each measure of the Budget to benefit all people. He reiterated that the original proposal of injecting funds into Mandatory Provident Fund accounts and the proposed measure both aimed at leaving wealth with the people, but adopted different approaches. The adjustment was made in response to public demands. He did not consider it necessary to amend his Budget speech. He stressed that the Government had long-term commitments to the society, as evidenced by the fact that the budgeted total government expenditure in 2011-2012 increased by 25% and 61% compared to the 2010-2011 revised estimate and 2007-2008 actual expenditure respectively, while the recurrent government expenditure in 2011-2012 increased by 8% and over 20% compared to 2010-2011 and 2007-2008 respectively. In 2011-2012, government expenditure in the policy areas of education, social welfare and health together accounted for 56.4% of the recurrent government expenditure.

18.16 Mr IP Kwok-him expressed appreciation of the adjustments to the 2011-2012 Budget as it reflected the Administration's willingness to respond to public demands. As the policy objective of the proposed measure was to leave wealth with the people, he asked why including holders of non-permanent identity cards in the new measure could not fulfill the policy objective. Mr IP also enquired about the details of the proposed "savings bonus".

18.17 SFST replied that Article 24 of the Basic Law only classified residents of the Hong Kong Special Administrative Region into permanent residents and non-permanent residents. As the category of non-permanent residents comprised different groups of people, extending the proposed measure to cover non-permanent residents might not be concordant with the objective of leaving wealth with the people. As regards the provision of savings bonus under the proposed measure, SFST said that the purpose was to provide an additional choice for eligible residents to keep the \$6,000 as

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savings, and the implementation details were being devised.

18.18 Mr Alan LEONG commented that both the 2011-2012 Budget and the abrupt changes subsequently made to it showed that the Administration was unwilling to make long-term commitments. He said that many people had reflected to him their dissatisfaction about the Budget measures that despite the huge fiscal reserves, the Administration still refrained from tackling many important livelihood problems, and only made the "cash-handout" which could not address the social problems in Hong Kong. He quoted Premier Wen Jiabao's remark that Hong Kong should use its reserves to solve its deep-rooted conflicts and problems. He requested FS to respond to the three proposals advocated by the Hong Kong pan-democracy camp, namely implementing universal retirement protection, re-launching the Home Ownership Scheme and raising the recurrent government expenditure by \$20 billion.

18.19 Mr LEE Wing-tat said that the 2011-2012 Budget was the most controversial one in his political career. Although he would not oppose the proposed measure, he considered that the measure had many adverse effects. It would lead to social differentiation and create an expectation among the public that "cash handout" would become a recurrent measure in future budgets. Mr LEE considered that the Government should focus on solving social problems, and utilize its reserves to help the vulnerable groups. During Budget consultation, FS should lead the society to discuss how resources should be utilized to solve social problems, such as disparity between the rich and the poor, and not just refer Members to discuss the long-term policy issues with the respective Departments or Bureaux.

18.20 In response, FS said that the 2011-2012 Budget had included a large number of measures, both one-off and recurrent, to meet the needs of the community, and he hoped Members would also discuss those measures. He reiterated that the proposed measure was a one-off measure, aiming to leave wealth with the people, having regard to the surplus accumulated over the past years. This one-off measure would have little impact on the fiscal position in the medium term and the long term. The Administration had long-term commitments for the society as evidenced by the fact that it had increased the expenditure substantially to enhance the various social services in the past years. The budgeted total government expenditure in 2011-2012 increased by 25% over the 2010-2011 revised estimate, with the

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majority of the recurrent expenditure allocated to the policy areas of education, social welfare and health services.

18.21 Mr LAU Kong-wah expressed support for the adjustments to the 2011-2012 Budget as these were made in response to public demands. He suggested that the Administration should formulate the implementation plan carefully to ensure that the cash handouts would be made in an orderly manner.

18.22 Mrs Regina IP opined that if the objective of the proposed measure was to leave wealth with the people, there should not be too many restrictions, and all residents should be eligible for the cash payment of \$6,000. She did not consider it necessary to apply the definition of "Hong Kong Permanent Identify Card holders" to the new measure. She suggested adopting the concept of "admitted for settlement" instead in determining the eligibility for receiving the sum of \$6,000.

18.23 FS responded that the proposed measure aimed to leave wealth with the people, and it was considered reasonable for the measure to apply to Hong Kong Permanent Identity Card holders aged 18 on above. To provide assistance to people in need, the Administration would inject funds into CCF separately for the propose. He emphasized that different measures were adopted to serve different policy objectives.

18.24 Mr CHEUNG Kwok-che said that he had previously expressed his view that the Administration should focus on long-term measures rather than one-off cash handouts. In adopting the eligibility criterion of "Hong Kong Permanent Identity Card holders", the proposed measure would lead to social differentiation. He considered that the Administration should follow up on the various proposals which already had the consensus of LegCo Members, such as increasing the number of residential places for persons with disabilities, universal retirement protection, re-launch of the Home Ownership Scheme, increasing the supply of public housing, extending free education to 15 years, implementation of small class teaching and strengthening the provision of medical services. He expressed disappointment that FS had not set out in his Budget the direction for long-term planning, and requested FS to explain his financial management philosophy.

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18.25 FS responded that the proposed measure formed only a small part of the 2011-2012 Budget which outlined a variety of measures to address the different needs of the community. There had also been continued increase in recurrent government expenditure on social services in recent years, with \$42.2 billion (17.4%) allocated to the social welfare portfolio in 2011-2012. Mr CHEUNG Kwok-che remarked that the Budget measures had not adequately addressed the needs of the community despite the increase in financial provisions.

18.26 Mr CHAN Kin-por said that many people would welcome the cash handout of \$6,000 but the measure had also raised the public expectation that similar measures would be implemented in future. In response, FS remarked that the Administration would consider the fiscal position and the prevailing economic situation in drawing up each year's Budget. There was still uncertainty in the macro-economy in the latter half of 2011, and the Administration would keep a close watch on the economic situation for drawing up next year's Budget.

18.27 Mr Albert CHAN said that he supported the proposed measure but considered that it should not discriminate against non-permanent residents, as this would lead to social differentiation. He also considered it inappropriate to extend the scope of Community Care Fund to provide assistance to those who could not benefit from the cash handout. He suggested adopting the cash payout arrangements of Macao in that new immigrants could receive half of the amount. He also asked whether the Administration had considered scenarios such as payment to persons subject to a bankruptcy order, and measures to protect the elderly from being cheated of the money.

18.28 Mr CHAN Kam-lam said that the adjustments to the 2011-2012 Budget had responded to public demands and were generally well received by the community despite different views expressed on the approach. He considered that the measure of giving a sum of \$6,000 to eligible residents was a means of wealth redistribution. However, he would not expect such cash handouts to become a regular measure in subsequent years, and he hoped the Administration would make more efforts to deal with longer term social problems through a more reasonable distribution of resources.

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18.29 Mr Frederick FUNG said that the Hong Kong Association for Democracy and People's Livelihood had submitted proposals on a number of short-term and long-term measures to FS, but FS had only included some of the short-term measures in the 2011-2012 Budget. He questioned whether the governance philosophy of the present Administration was to focus on short-term measures and refrain from long-term planning. Mr FUNG commented that the adjustments to the 2011-2012 Budget would lead to social differentiation and FS should refine the measure to include all those who settled in Hong Kong and aged 18 or above. He further said that he disagreed to distributing \$6,000 to those who had emigrated overseas.

18.30 FS responded that apart from Mr FUNG's proposed measures, there were many other measures proposed in the society. He pointed out that the Administration's major decisions were always policy-led, with resources allocated accordingly. As he had already explained, the policy objective of the proposed measure was clear, simple and reasonable, and was supported by the society. SFST added that any scheme would inevitably be subject to some criticisms. The Administration had made careful consideration in deciding the eligibility criteria for the proposed measure, and believed that the present proposal was reasonable and supported by the public at large.

18.31 Mr Abraham SHEK said that the proposed measure was a bold measure concordant with public expectation. He remarked that many people did not understand that it was the Policy Address rather than the Budget that dealt with long-term planning, and the Budget was to allocate resources for the respective policy measures.

18.32 At the request of Mr Abraham SHEK, FS explained that the principle he adopted for public finance management was to address the needs of the community through various measures, and such measures should be conducive to the further development of Hong Kong. The proposal to give a sum of \$6,000 to eligible persons was introduced because it responded to public demands, was within the Administration's resource capacity and would have little impact on our overall fiscal position in the medium term.



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18.33 Dr Margaret NG commented that "leaving wealth with the people" was not a policy, because a policy must be backed by a philosophy and had predictability. However, the adjustments currently made to the 2011-2012 Budget represented a drastic change resulting in an estimated deficit of \$8.5 billion in 2011-2012, instead of an estimated surplus of \$3.9 billion under the original Budget. She queried that the adjustments had deviated from the original measure of injecting a sum of \$6,000 into the Mandatory Provident Fund accounts of the working population. She considered that the abrupt change to handout cash an arbitrary decision which had affected the governance and credibility of the Government. Pointing out that the Chief Executive and FS had on previous occasions expressed disagreement to the idea of handing out cash, Dr NG asked FS to explain the reasons for making an abrupt change to the Government position.

18.34 FS stressed that the adjustments to the 2011-2012 Budget were made in response to public demands and were supported by the public. The underlying premise for the proposed measure and the original proposal of injecting funds into Mandatory Provident Fund accounts was the same although the approach was different. The adjustment was made to enable recipients to withdraw the money much sooner than that under the Mandatory Provident Fund injection proposal.

18.35 Mr LEE Cheuk-yan commented that the Administration lacked governance philosophies and long term commitments. He criticized the Government for not taking heed of the public demands for universal retirement protection, re-launch of the Home Ownership Scheme, extending free education to 15 years and improving the medical services. He queried the inconsistency in the Budget measures as stringent eligibility criteria were imposed for the "Work Incentive Transport Subsidy Scheme", while a substantial amount of some \$30 billion was to be earmarked for the cash handout. He did not understand why the cash handout was only a one-off measure if it was considered to be a good policy. He questioned whether the traditional public finance concepts had collapsed.

18.36 FS disagreed and stated that there was a significant increase in the provisions for the livelihood policy areas in the 2011-2012 Budget, reflecting the Government's long-term commitment to improving people's livelihood. Regarding the "Work Incentive Transport Subsidy Scheme", FS said that the proposal had been discussed by the Legislative Council at

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length and funding approval had been obtained from the Finance Committee for implementation.

18.37 Ms Miriam LAU commented that while the adjustments to the 2011-2012 Budget had generally responded to public demands, there were still controversies about adopting two approaches for providing cash handouts or financial assistance to the people. As the Community Care Fund had its own remit, it did not appear to be the appropriate forum for providing assistance to those who could not benefit from the cash handout. However, she hoped that a lenient approach would be adopted for the financial assistance under the Community Care Fund. She also commented that there were insufficient measures in the Budget to support local industries. Since the Mainland had indicated support for Hong Kong to develop the six industries where it enjoyed clear advantages, Ms LAU urged the Administration to step up the support for local industries, in particular for the small and medium sized enterprises.

18.38 FS clarified that the proposed measure and the provision of assistance through the Community Care Fund were to serve two different policy objectives. For the latter scheme, the detailed arrangements would be determined by its Steering Committee, and Members could provide their views to it. Regarding support for local industries, FS advised that the 2011-2012 Budget had already set out a number of measures to support the four pillar industries and the six industries where Hong Kong enjoyed clear advantages.

18.39 Mr CHEUNG Man-kwong considered that the adjustments to the 2011-2012 Budget were tantamount to a swift U-turn and violated the long established principles of public finance management. The changes were expedient in nature and the underlying consideration was to avoid a possible governance crisis that the 2011-2012 Budget might not be passed by the Legislative Council. Quoting Premier Wen Jiabao's remark that Hong Kong should make gainful use of its strong reserves to solve its deep-rooted conflicts and problems, Mr CHEUNG suggested that the Administration conduct a thorough review of existing policies, and draw up a comprehensive plan for gainful deployment of the fiscal reserves. In this regard, he opined that the Administration should utilize the reserves to increase recurrent government expenditure to effectively address deep-rooted social conflicts and problems.

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18.40 Mr LEUNG Kwok-hung commented that according to Article 73(4) of the Basic Law, the Legislative Council would receive and debate the Policy Addresses of the Chief Executive. However, the Policy Addresses of the incumbent Chief Executive had not provided good bases for discussion of long-term planning. Since the Basic Law also empowered the Legislative Council to examine and approve the budgets introduced by the Government, Members should make use of the present meeting to discuss with FS issues requiring long-term planning. In this connection, Mr LEUNG opined that the Administration should take forward universal retirement protection, which was supported by almost all Members.

18.41 Dr PAN Pey-chyou said that while the public generally welcomed the cash handout, there were also views that many other aspects of the society required more resources for improvement. He considered that the Administration should review the need to increase recurrent government expenditure to address pressing needs as reflected by Members and the community. In this regard, he requested the Administration to consider: -

- (a) replacing the old equipment in schools, hospitals and social organizations.
- (b) injecting money into the Samaritan Fund so that more people could afford more expensive drugs and medical equipment.
- (c) stepping up the financial assistance for the repair and maintenance of old buildings.
- (d) accelerating the replacement of old public facilities such as old watermains.

The Administration noted the views of Members.

### **Transport fares**

18.42 Mr LAU Kong-wah said that despite its huge profits, the MTR Corporation Limited (MTRCL) had recently announced that it would increase its fares. The soaring inflation would likely induce fare increases

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of other public transport services such as ferry services in the near future. The increases in public transport fares would aggravate the financial burden on the local workforce. He requested SFST, who was a member of the board of directors of MTRCL, to exercise his influence to make MTRCL cancel the fare increase. He also asked FS to consider establishing a fund for stabilization of public transport fares, as advocated by the Democratic Alliance for the Betterment and Progress of Hong Kong.

18.43 In response, FS remarked that the Administration had studied the proposal of establishing a transport fare stabilization fund and decided not to include the proposal in the 2011-2012 Budget. However, the Administration fully understood the financial impact of transport fare increases and the inflation pressure on the public, and thus had proposed various relief measures in the Budget. Regarding the issue of MTR fare increase, SFST advised that it was a transport policy issue and could be further discussed at other appropriate forums.

### **Combating illicit cigarettes**

18.44 Noting that the Anti-Illicit-Cigarette Investigation Division of the Customs and Excise Department had an establishment of 35 officers, Mr CHAN Kin-por asked whether the manpower provision was sufficient for combating illicit cigarettes. He also asked whether the Administration had found evidence that the increase in tobacco duty would result in more rampant illicit cigarette activities.

18.45 In response, Commissioner of Customs and Excise (C of C&E) advised that apart from the Anti-Illicit-Cigarette Investigation Division, other sections of the Customs and Excise Department were also involved in combating illicit cigarettes. C of C&E further advised that according to past experience, an increase in tobacco duty would not necessarily result in more rampant illicit cigarette activities, as the numbers of illicit cigarette cases, illicit cigarettes seized and reports on illicit cigarette activities did not show any substantial increase in those years with an increase in tobacco duty.

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### **Environmental-friendly vehicles**

18.46 Mr CHAN Kin-por enquired why the number of environmental-friendly vehicles procured by the Administration for replacement of the government vehicle fleet dropped from 242 in 2010 to 148 in 2011. In response, Director of Government Logistics clarified that the vehicle types of a number of government vehicles to be replaced, like the cross country vehicles and motorcycles used by the Police, were not covered by the "Tax Incentives Scheme for Environment-friendly Petrol Private Cars" administered by the Environmental Protection Department, and thus the replacement vehicles were not classified as environmental-friendly vehicles.

### **Relocation of government offices**

18.47 Mr CHAN Kam-lam enquired about the details and progress of the Kai Tak Government Offices project, and the timeframe for the relocation of the three government office buildings at the Wan Chai waterfront.

18.48 In response, Government Property Administrator (GPA) advised that the Architectural Services Department had decided to adopt the design-and-build approach for constructing the Kai Tak Government Offices. The Administration would seek funding approval from the Legislative Council in 2011 or early 2012 and more details would be provided at that time. GPA undertook to provide more information on the Kai Tak Government Offices, including the total floor area of the offices, the bureaux/departments to be accommodated in the offices, and the planned usage of land freed from the relocation of the bureaux/departments concerned. As for the relocation of the three government office buildings at the Wan Chai waterfront, GPA advised that the Government Property Agency had conducted a preliminary assessment and was working with the Planning Department to identify suitable replacement sites to facilitate the relocation.

### **Motor vehicles first registration tax**

18.49 Referring to the Administration's reasons for the proposed increase in the first registration tax for private cars, Mr Abraham SHEK said that the

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policy objective to control the growth in the number of vehicles using the road system should be achieved by traffic management measures. He queried why the Administration chose to use a taxation measure to achieve the objective. SFST advised that the Administration was concerned about the growth in the number of vehicles using the road system, and considered that an increase in the first registration tax for private cars was an effective and appropriate means to curb the growth and relieve traffic congestion.

## **Chapter XIX : Home Affairs**

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19.1 At the invitation of the Chairman, Mr TSANG Tak-sing, Secretary for Home Affairs (SHA), briefed members on the major initiatives and expenditure on the policy area of home affairs in the new financial year (Appendix IV-17).

### **Youth development**

#### Commission on Youth

19.2 Mr CHEUNG Kwok-che expressed concern about the representation of youth in the Commission on Youth (COY), and whether there was a mechanism for the 18 District Councils to gauge the views of young people in the formulation of district-related policies, so that the youngsters would not need to resort to undesirable means to express their views.

19.3 SHA responded that there was a higher proportion of young members in COY than in other Government advisory bodies. The 18 districts had also set up youth committees comprising, among others, youth members to reach out to young people and listen to their views on various policies on a regular basis. COY would continue to organize exchange sessions to provide a platform for direct communication between young people and government officials on topics of common concern.

#### Youth Square

19.4 Miss Tanya CHAN noted that the Youth Square would be allocated a provision of over \$71.04 million in 2011-2012. Since over 50% of the tenants of the Youth Square were tutorial schools for academic or arts/music subjects instead of youth or uniform groups, Miss CHAN queried whether the Youth Square Management Advisory Committee (MAC) was still monitoring the effective use of the Youth Square as a focal point for youth development activities. Given the convenient location of the Youth Square, Miss CHAN expected to see a synergy effect between the performance groups and youth groups in the Youth Square.

19.5 Permanent Secretary for Home Affairs (PSHA) advised that under his chairmanship, MAC met regularly to monitor the operation of the Youth Square. Although the Youth Square had only been operating for a year and needed more time to improve the operation, the patronage and occupancy

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rates of both commercial premises and hostel facilities at the Youth Square were very satisfactory. At present, some tenancies were granted concessionary rate, and the ultimate objective was to operate the Youth Square on a self-financing basis. Miss Tanya CHAN urged that the Youth Square should be used for youth development activities and there should be a greater variety of youth programmes in the Square.

### **Service Corps**

19.6 On the initiative of establishing the Service Corps, Mr LEE Wing-tat expressed concern about making use of about \$100,000 to subsidize one young person to serve in underprivileged areas in the Mainland for six to 12 months. He opined that non-government organization(s) would be commissioned instead to operate the Service Corps and formulate selection criteria.

19.7 PSHA explained that under the initiative, about 100 young people aged between 18 and 29 would be selected, and the subsidy would cover transport and accommodation as well as a token of stipend for their work and services. Whilst the exact amount of the stipend had not yet been fixed, it would be around several thousands dollars per month. The total expenditure was estimated to be \$9 million for the scheme to operate for two years. Currently, the Administration was discussing with relevant Mainland authorities the detailed arrangements of the programme which would likely be launched in the Guangdong Province. An outside agency would be engaged through tender to operate the programme.

### **Proposed expansion of the scope of the Supplementary Legal Aid Scheme**

19.8 Mr James TO Kun-sun considered that the expansion of the scope of the Supplementary Legal Aid Scheme (SLAS) should cover not only claims against developers in the sale of new flats, but also monetary claims from minority owners under the compulsory land sale policy as they could not afford to take legal action and the Government should raise the financial eligibility limit for legal aid and provide them with legal aid services. Regarding the suggestion of extending the scheme to cover financial and insurance products, Mr TO said that he did not subscribe to the Administration's view that extending legal aid services to these categories would significantly increase the number of litigations, since representative



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action could be taken on a few typical cases.

19.9 SHA advised that the Legal Aid Services Council and the Director of Legal Aid had been prudent in assessing whether SLAS, which was a self-financing scheme, should expand to cover new categories of cases having regard to its financial viability and the success rate of the cases. Mr James TO opined that extending SLAS to cover compulsory land sale and financial products disputes would not adversely affect the financial viability of the scheme, since only those cases with a reasonable chance of success would be granted assistance under the scheme.

19.10 Dr Margaret NG welcomed the implementation of the expansion of SLAS in 2011. She requested the Administration to consider extending the free legal advice or legal aid services also to those who could not afford to have legal representation in the court.

19.11 PSHA said that the Administration had studied the practice of the United Kingdom and was considering providing free legal advice on procedural matters on a pilot basis to the litigants in person.

19.12 Mr IP Wai-ming said that as he had raised at the meeting of the Panel on Administration of Justice and Legal Services in January 2011, the advanced contribution required to be paid by the aided person under SLAS would be a deterrent to potential applicants, as the contributions might outweigh the damages which could be recovered. He suggested linking the contribution rate to the claim sought and allowing Director of Legal Aid to have the discretion to demand a lesser amount of advanced contribution for justified cases.

19.13 Director of Legal Aid advised that based on the self-financing principle, applicants for legal aid had to share the litigation costs. The interim contribution payable by the applicant under SLAS less the costs of the proceedings not recoverable from the opposite party would be refunded to the aided person if he was successful in the proceedings.

### **Building management**

19.14 Miss Tanya CHAN said that some elderly people who were forced to sell their flats under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) had sought assistance from the respective District

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Offices of the Home Affairs Department, but the scope of services provided was rather limited. As many of these cases involved building management issues, Miss CHAN asked whether Home Affairs Department or the Department of Justice was responsible for collecting evidence and taking prosecution on issues relating to building management.

19.15 Director of Home Affairs (DHA) explained that the role of Home Affairs Department was mainly to provide advice on procedural matters under the Building Management Ordinance (Cap. 344) (BMO) and sometimes also involved in mediation. As cases relating to acquisition of old building flats often involved several Government departments, Home Affairs Department would co-ordinate the efforts of other departments in providing support to those in need. Where litigation was contemplated, Home Affairs Department would provide the evidence collected to Department of Justice for a decision on whether or not a prosecution should be taken.

19.16 Dr PAN Pey-chyou commented that the Government provided little assistance to property owners on building management disputes. Dr PAN said that there were cases in which chairmen of owners' corporations (OCs) refused to convene meetings as required under the BMO even when there was sufficient number of owners requesting for such meetings. Sometimes, the OCs even manipulated a meeting by presenting proxies signed by property owners years ago, and abused the OC's fiscal reserve to initiate litigation against individual property owners. He was very concerned that Home Affairs Department had not effectively enforced the BMO and he urged the Administration to take serious actions to protect the interests of individual owners, pending the interim report on the review of BMO which would be ready by the end of 2011 or early 2012.

19.17 SHA advised that the BMO review sought to examine if the legislation could be amended to strengthen the management of buildings and tackle the existing problems commonly found. Meanwhile, the Administration would continue to take enforcement actions against breaches of the BMO. DHA supplemented that where a breach of the BMO requirements was suspected, the OC concerned would be advised of the irregularities found, and in many cases, such irregularities were rectified. Home Affairs Department would follow up on those cases where no improvements were made. She welcomed members to relay specific cases to Home Affairs Department for follow-up.

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19.18 Mr IP Kwok-him noted that there would be an additional annual provision of \$16 million involving five Liaison Officer posts for promoting building care culture and implementation of the Building Management Professional Advisory Service Scheme in the next three years. He enquired whether the Liaison Officers would also offer assistance to OCs to facilitate their compliance with the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme. DHA replied that the provision would be used to recruit Housing Managers to provide professional advice on building management, including compliance with the legal requirements under the two mandatory schemes.

19.19 Mr IP Kwok-him also expressed concern that many OCs were not familiar with legislative requirements of the statutory minimum wage (SMW). As there was shortage of manpower in the Labour Department, Mr IP asked whether Home Affairs Department would assist in educating the OCs about the SMW at the district level. DHA responded that Home Affairs Department would help distribute the promotion materials prepared by Labour Department to OCs, and relay their enquiries to Labour Department for advice.

### **Support for District Council members**

19.20 Mr IP Kwok-him appreciated the Administration's effort in reviewing the remuneration package for District Council members. He enquired whether the Administration would also assist District Council members by providing offices for them since offices rented in non-public housing area was rather unaffordable.

19.21 SHA said that he would consider identifying suitable offices in community or government buildings for use by the District Council members. DHA added that as government buildings might not locate in every election constituency, Home Affairs Department would also explore the alternative of raising the rate of allowances for District Council members to rent private premises as work offices. Regarding Mr IP's suggestion of setting up work offices at vacant public market stalls for District Council members, SHA agreed to convey it to the Food and Health Bureau for consideration, if District Council members wished to pursue the suggestion.

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### **Enhanced support to new arrivals and ethnic minorities**

#### New arrivals

19.22 Mr KAM Nai-wai welcomed an additional provision of \$9.6 million in 2011-2012 for implementing three major initiatives to enhance support to new arrivals from the Mainland. However, Mr KAM expressed concern that the proposal of giving \$6,000 to all holders of Hong Kong permanent identity cards aged 18 or above except the new arrivals went against the policy of integrating the new arrivals into the society and damaged community harmony.

19.23 SHA advised that it was the policy objective to promote integration of the new arrivals and ethnic minorities into the community. He also said that additional resources would be injected into the Community Care Fund to help those who were in need of financial assistance, including the new arrivals. Concrete details of implementation were being worked out at the moment. Mr KAM Nai-wai commented that the proposal of injecting funds into Community Care Fund to supplement the handing out of \$6,000 had departed from its original objectives of providing support to those outside the safety net of the Comprehensive Social Security Assistance Scheme.

#### Ethnic minorities

19.24 Dr Margaret NG expressed concern about measures to help the ethnic minorities integrate into the society, especially the development of the culture and sports of the ethnic minorities. As cricket was a popular sport among many South Asians, she considered that the Administration should support and promote the development of cricket in Hong Kong, thereby integrating the ethnic minorities into the local community and providing them with an arena for development.

19.25 SHA responded that the Administration was making more efforts in integrating the culture and sports of the ethnic minorities into the mainstream. For example, there were performances by the ethnic minorities in the Yau Tsim Mong District Festival recently, and an international cricket event would be held in Hong Kong later this year.

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19.26 Mr CHEUNG Kwok-che asked whether comprehensive surveys were conducted on the needs of the South Asians who regarded Hong Kong as their permanent place of residence, and whether any South Asians were appointed to Government advisory bodies. SHA replied that the Administration had all along been providing services to the ethnic minorities, and would continue to make use of the network in the 18 districts to reach out and provide support to them.

19.27 Mr Frederick FUNG said that some religious organizations had difficulties in finding places for organizing religious activities and he asked whether the Administration could help the ethnic minorities to locate suitable venues for holding their events. SHA responded that the Administration had provided support to the ethnic minorities as far as practicable and assist them to integrate into the society. In this connection, Home Affairs Department mainly played a liaison role to provide one-stop services in assisting the ethnic minorities or religious bodies to find venues for holding activities. DHA added that the existing social resources would be mobilized to assist in this regard, for example, publicly-funded secondary schools had been used by community groups to organize activities.

### **Arts and cultural development**

#### Support for local Arts Groups

19.28 Referring to the allocation of over \$2.8 billion for the development of arts and cultural software in 2011-2012, Mr LEE Wing-tat sought information on the staff costs, the provisions for supporting local arts groups, and the expected participation rate of young people in cultural activities. PSHA advised that the allocation was to support arts programmes and arts groups, and the details of the estimated funding would be provided after the meeting.

#### Library services

19.29 Noting that the Leisure and Cultural Services Department planned to provide book-drop facilities at three major MTR interchange stations, namely Central, Kowloon Tong and Nam Cheong, on a trial basis starting from the fourth quarter of 2011, Mr WONG Kwok-hing enquired whether the Administration would consider providing such facilities at more MTR stations.

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19.30 SHA advised that it would take time for Leisure and Cultural Services Department to consider and arrange for book-drop service at MTR stations, such as liaising with MTR Corporation on the construction of book collection boxes and the book collection schedules. In the meantime, it would be more desirable to launch the trial scheme in the three aforementioned MTR stations first and consider expanding it to other stations after a review of the trial scheme.

19.31 Mr WONG Kwok-hing said that some public libraries in less well-off districts, such as the Tung Chung Public Library, were very popular among local residents. He asked if the Administration would consider increasing the provision of newspapers and periodicals in those libraries where the demand was high.

19.32 SHA advised that in the newly opened Tung Chung Public Library, there were new facilities like leisure reading area and coffee corner for district residents and elderly to read newspapers. He also took note of Mr WONG's suggestion of providing more newspapers in these libraries.

### Street arts performances

19.33 Pointing out that street arts performances could attract tourists and enrich the cultural life of the community, Mr Paul TSE urged the Administration to extend the "Open Stage" pilot scheme, which would come to an end in June 2011, and earmark more resources to sustain the administration and publicity of the scheme. Mr Paul TSE also proposed to open up more venues apart from the three designated outdoor locations (i.e. the Hong Kong Cultural Centre piazza, the Shatin Town Hall plaza and the Kwai Tsing Theatre plaza) for street arts performances, so long as the performances did not affect public safety, traffic and pedestrian flow.

19.34 In response to Mr TSE's suggestions, PSHA advised that the "Open Stage" pilot scheme was drawn up with reference to similar programmes overseas, but the scheme only received lukewarm response with less than expected applications, in particular the Kwai Tsing Theatre plaza. The Administration would review the scheme and consider its way forward.

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### Leisure and Cultural Services Department

19.35 Ms LI Fung-ying expressed concern about proportion of Non-Civil Service Contract (NCSC) staff in Leisure and Cultural Services Department and enquired whether there was plan to gradually replace these contract staff with civil servants.

19.36 Deputy Director of Leisure and Cultural Services (Culture) replied that the department had proactively reviewed the staff establishment to see if the NCSC posts could be converted to civil service posts. As at January 2011, there was a year-on-year reduction of 5% of over 1 300 in the total number of NCSC staff. It was expected that more NCSC posts in museums and libraries would be converted to civil service posts in the coming four years.

19.37 Ms LI Fung-ying noted that some 6 000 out-sourced workers in Leisure and Cultural Services Department were earning below the SMW i.e. \$5,824 per month. Given that SMW would come into effect in May 2011, Ms LI enquired about the measures to be taken by the department to protect the right of these workers. Deputy Director of Leisure and Cultural Services (Leisure Services) (DDLCS(LS)) responded that in managing out-sourcing work, the contractors were advised to adopt Government standard employment contract and that the wages of their workers should be no less than the level specified by the Government. The service contractor had the responsibility to comply with the SMW upon its coming into operation on 1 May 2011.

### **Sports development**

#### Sports venues

19.38 Mr WONG Kwok-hing said that he was returned by the New Territories West geographical constituency and he was concerned about the latest progress of the re-development of the Yuen Long Stadium.

19.39 DDLCS(LS) advised that there were 15 sports facilities involving \$9 billion being constructed, of which three projects were located in Yuen Long, i.e. the Tin Shui Wai Library and Sports Complex, the Community Town Hall and Sports Complex in Tin Shui Wai Area 101 and the public library and sports complex in Yuen Long Area 3. The Administration had

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been in discussion with the Yuen Long District Council on the re-development of the Yuen Long Stadium which would have to be closed during re-construction. The proposal of constructing a new soccer pitch in Yuen Long was also under discussion.

### **Elite Athletes Development Fund**

19.40 Regarding the proposal of setting up a \$7 billion Elite Athletes Development Fund to provide returns for subvention to the Hong Kong Sports Institute (HKSI), Mr KAM Nai-wai pointed out that the annual return would be in the region of \$280 - \$350 million assuming an average annual investment return of about 4% - 5%. He asked whether the Government would make up for the shortfall should the annual investment return fall below the estimation.

19.41 SHA advised that the Fund was set up with the objective of ensuring sustainable development of HKSI. The details of the operation of the Fund were being discussed with HKSI, the sports sector and athletes.

19.42 Dr LAM Tai-fai declared that he was a director of HKSI. Referring to the achievement of Mr Marco Kwok, an alumnus of Lam Tai Fai College, who had won a gold medal in the Men's 15 kilometres Scratch event in the 2011 UCI Track Cycling World Championships, Dr LAM said that the aim of making HKSI a world-class training centre was no longer unrealistic. On the subvention to HKSI, Dr LAM asked whether the Government would underwrite the annual subvention to HKSI should the annual investment return of the Fund fall below 4% or 5%. SHA stressed that the Fund would cater for the long-term development needs of HKSI, and the investment strategy would be carefully worked out. In the event that the investment return fell short of the target return, part of the \$7 billion capital could still be used to cover the shortfall.

### **Development of social enterprises**

19.43 As the Chief Executive had pledged in his election platform in 2007 that he would proactively promote and develop social enterprises (SEs), Mr Frederick FUNG expressed disappointment that no major initiatives were put forward in this regard since 2007. It appeared that the Social Enterprise Advisory Committee was rather inactive in promoting the development of SEs, though \$13 million had been earmarked to support and



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promote SEs in 2011-2012.

19.44 SHA advised that the Financial Secretary had set aside \$1.5 billion for the continued implementation of the Enhancing Self-Reliance Through District Partnership Programme in the coming five years to promote the development of more SEs. In fact, the concept of SEs had taken root in the community and the development of SEs was making good progress over the past few years.

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20.1 At the Chairman's invitation, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the policy priorities and work progress in the policy portfolio of "Food Safety and Environmental Hygiene" in the 2011-2012 financial year (Appendix IV-18).

### **Food Safety**

#### Impacts of Fukushima nuclear incident

20.2 Mr CHAN Kin-por noted that the number of urgent tests conducted by the Government Laboratory had significantly increased by 315% in 2010. Pointing out that the number might increase even more significantly because of the recent Fukushima nuclear incident, he expressed concern whether the Government Laboratory would have sufficient resources and manpower to cope with the increased work to safeguard food safety and public health.

20.3 SFH responded that there was difficulty in ascertaining the extra manpower and resources required to cope with the additional workload arising from the Fukushima nuclear incident at this stage, because its scale and impacts were yet uncertain. However, additional resources had already been made available to the Customs and Excise Department and the Government Laboratory to enable the former to gear up inspection of sea and air cargoes from Japan, and to enhance the latter's testing efficiency with the procurement of the latest equipment for radiological testing. Government Chemist (GC) supplemented that there were sufficient manpower and resources to cope with these anticipated testing work.

20.4 Dr PAN Pey-chyau pointed out that the Fukushima nuclear incident was expected to pose great risks to a lot of people especially when such risks were not yet under control. As the resultant radioactive contamination was spreading through the natural environment into the food chain, food so contaminated might have already arrived in Hong Kong. Highlighting the long retention period of radioactive elements in the food chain, he enquired what measures were taken to prevent radioactive contaminated food from entering Hong Kong, and whether additional resources would be provided for the purpose.

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20.5 In response, SFH made the following points –

- (a) The Administration had requested the Japanese Government to keep Hong Kong posted of the developments of the Fukushima nuclear incident. The Food and Environmental Hygiene Department (FEHD) was closely monitoring news released in this regard, including those in Japanese and on Japanese websites. The Administration would also seek advice from the Expert Committee on Food Safety in ascertaining the impacts of the nuclear incident and the measures required to prepare for the worst scenario.
- (b) As of 25 March 2011, three Senior Health Inspectors, 17 Health Inspectors and 13 other staff had already been deployed to conduct round-the-clock monitoring for food imported from Japan by air, and all air consignments of food from Japan would be inspected for radiation. Another four Senior Health Inspectors and 20 Health Inspectors were engaged in monitoring food imported by sea, and of these a special eight-member team headed by a Senior Health Inspector had been designated to handle food imports from Japan. If necessary, more food tests would be conducted by the Government Laboratory. Additional manpower would be deployed to enhance these efforts as necessary.
- (c) Similar to the measures taken by neighboring countries, Hong Kong had announced prohibition of specified food imports from five prefectures in Japan. The Administration well recognized that the nuclear incident would continue for a certain period and its impacts could spread to other places as well, and more long-term monitoring would be required for food entering Hong Kong from other places.

20.6 Regarding the food safety of fish caught locally, Director of Food and Environmental Hygiene (DFEH) explained that since Hong Kong fishermen would not operate near Fukushima, and the radioactive substances released would be diluted by sea water, it was highly unlikely

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that the fish caught by fishermen in Hong Kong waters would be contaminated by radioactive substances.

20.7 Dr PAN Pey-chyou was unconvinced of the response pointing out that there was no boundary of fishes which could be brought to Hong Kong waters through currents. SFH responded that currents in the Sea of Japan mainly went in the northeast direction rather than towards Hong Kong. Apart from Hong Kong, the Mainland, South Korea and Taiwan had also stepped up checks for radioactive contamination in seafood imported from Japan. The Expert Committee on Food Safety would examine the food risks brought about by the Fukushima nuclear incident, so that measures could be formulated on the basis of scientific analysis.

20.8 Director of Agriculture, Fisheries and Conservation (DAFC) advised that fresh marine fish caught outside Hong Kong waters were landed at the fish wholesale markets under the Fish Marketing Organization, before distribution to the retail market stalls for sale. Since the occurrence of the nuclear incident in Japan, surveillance on locally cultured and captured fish had been stepped up, and samples were collected from local fish culture zones and the markets under Fish Marketing Organization for radiological testing on a daily basis. So far the results of all collected samples did not show any signs of radioactive contamination. The enhanced surveillance efforts would continue until further notice.

20.9 Noting the Administration's manpower deployment for monitoring food safety following the Fukushima nuclear incident, Mr KAM Nai-wai expressed concern about the adequacy of such manpower resources, as the radioactive contamination of food might spread far and wide. In particular, he enquired whether manpower resources of the Government Laboratory would be increased in 2011-2012 to conduct more radiological testing not normally conducted in the past. He also sought details on how long radiological testing was expected to continue, the manpower redeployment so necessitated, and the types of food that required testing.

20.10 SFH responded that radiological tests would in principle continue to be conducted as long as the food safety risks arising from the nuclear incident still existed. As the timeframe and coverage of the tests would hinge on the development of the nuclear incident, it would be premature to

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provide an estimate of resources required. However, in recognition of the far-reaching impacts of the nuclear incident, it would be necessary to maintain the monitoring efforts for a fairly long time. At present, six professional staff members of the Government Laboratory had been designated for conducting radiological tests, and there were also plans to provide additional equipment and testing reagents. The above arrangements should suffice to meet the increase in workload in the short term, by using funds available in FEHD and the Food and Health Bureau. Where necessary, additional resources would be sought.

20.11 Mr KAM Nai-wai and Dr PAN Pey-chyou considered that the existing provisions might not be sufficient to cope with the significant increase of food tests resulting from the nuclear incident. SFH advised that samples were already taken from every batch of food from Japan for testing irrespective of whether radiation had been detected from the types of food concerned. For food from sources other than Japan, tests would be conducted based on the risk assessment. He further advised that FEHD did conduct regular surveillance on radiation contamination, albeit on a smaller scale. Moreover, new equipment would be procured to enhance its testing efficiency.

20.12 Noting that radioactive substance in excess of the relevant standards was detected in three samples of imported Japanese food, namely, a white radish sample and a turnip sample from one consignment, and a spinach sample from a second consignment, Mr Fred LI asked whether other imports of food from the same batch/consignment would also be contaminated and if so, how they would be handled. Controller, Centre for Food Safety, FEHD (C, CFS) responded that the Administration was already making arrangement to destroy all imports of food in the same batch and consignments.

20.13 As substantial resources would be required for inspecting each and every air consignment of Japanese food, Mr Fred LI opined that it might be more cost-effective to prohibit all imports of food from the five prefectures affected by the Fukushima nuclear incident.

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20.14 C, CFS responded that imports of vegetables and milk from the five prefectures of Japan had already been prohibited because contamination of such foodstuffs had been detected in Japan and/or Hong Kong. However, since no excessive radioactive substance had been detected in meat and aquatic products either in Japan or in other places despite close monitoring, these kinds of food would be excluded from the ban if they were certified by Japan that the radiation levels did not exceed the standards laid down by the Codex Alimentarius Commission. Notwithstanding, the Administration would strengthen food surveillance, and would adjust the prohibition order as necessary.

20.15 On the disposal of food contaminated by radioactive materials, C, CFS advised that there was an established mechanism. And contaminated food would be properly sealed and sent to the landfills for disposal according to the Environmental Protection Department's relevant guidelines.

### Food tests

20.16 Mr CHAN Kin-por enquired about the reason for the significant increase in the proportion of tests outsourced to commercial testing laboratories in 2010-2011, which had grown to 70% as compared to 15% in 2008-2009. SFH advised that it was the ultimate aim that all routine testing work would be outsourced to enable the Government Laboratory to focus on more important testing work, in particular statutory testing, and development of new test methods in response to world developments in food safety. GC supplemented that the resources released after outsourcing would be deployed to cope with new testing work arising from amendments to food legislation, and to perform other duties including urgent tests following food incidents.

20.17 As there were 527 Mainland farms exporting food animals to Hong Kong, Mr TAM Yiu-chung queried why FEHD only planned to conduct inspections for 50 of them in 2011. SFH responded that the inspection figure represented only the routine inspections. As agreed with the Mainland authorities, FEHD staff could also conduct inspections of the farms at any time whenever there were food incidents. In addition, regular farm inspections were conducted on poultry farms in recognition of the

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prevailing threat of avian influenza. DFEH advised that other than following a risk-based approach, priority would also be given to inspecting new farms exporting food animals to Hong Kong to ensure they could meet the relevant standards. The number of planned inspections of Mainland farms already exceeded the target of previous years.

20.18 Mr TAM Yiu-chung enquired whether Mainland farms exporting food animals to Hong Kong would be notified before FEHD conducted inspections on them. SFH responded that while the farms would be notified of the routine inspections, FEHD would inspect the farms at very short notice whenever there were food incidents.

### **Hawker control**

20.19 Mr CHAN Kin-por asked whether the estimated increase in the number of "raids by Hawker Control Teams" in 2011 was because the Administration anticipated a growth in illegal hawking. DFEH responded that the projected number was based on the past trend of hawker raids, which was determined mainly by the number of complaints against illegal hawking activities from the public and District Councils. Joint operations were also coordinated by the Home Affairs Department.

20.20 Mr WONG Kwok-hing urged FEHD to provide concessions to or freeze the hawker licence fees and the rentals for stalls in public markets, in the face of rising inflation and its impact on prices of goods and the livelihood of the general public. SFH responded that there had not been any adjustments to the hawker license fees and public market rentals for years. In considering whether such fees and rentals should be adjusted in 2011-2012, the Administration would take into account a number of factors, including the plight of the low-income class.

20.21 Highlighting the significant increase in the number of fixed pitch hawkers from 6 513 in 2009 to 6 649 in 2010, Mr Vincent FANG questioned why only a modest increase of 51 was projected in 2011. He considered that more vacant pitches should be allocated to these hawkers, following the passing of a motion at a meeting of the Panel on Food Safety and Environmental Hygiene urging the Administration to expedite the allocation of vacant pitches to boost employment. Pointing out that there was a large

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number of vacant pitches in Jardine's Crescent and this had affected the business of the hawkers there, he enquired whether the District Council had opposed to the allocation of vacant pitches.

20.22 DFEH responded that following a review of the hawker licensing policy in 2009 and subsequent consultation with stakeholders, some 600 vacant pitches were taken up by adjacent/front row fixed pitch hawkers. Another 218 vacant fixed hawker pitches were available for application by eligible registered assistants of licensed hawkers and members of the public, and 216 of them were successfully allocated. As such, the number of new pitches allocated would decrease with time. Unallocated pitches which blocked the fire escapes of single-staircase buildings would be left vacant.

20.23 Regarding Mr Vincent FANG's concern about illegal hawking activities, DFEH advised that enforcement actions were taken against illegal hawking activities in Hawker Permitted Areas.

20.24 Noting that the hawker control teams had conducted 123 877 raids in 2010 in addition to 1 561 joint operations with other departments against illegal hawking, Mr Vincent FANG sought details on these operations. In particular, highlighting complaints from hawkers that hawker control teams were always checking their licences, he asked whether this was a routine practice and if so, the purpose. DFEH responded that raids against illegal hawking were conducted in response to complaints from the public and District Councils. The checking of licences was only one of many routine duties undertaken by hawker control teams, the purpose of which was to ensure that the pitch had not been sublet to others in contravention of the licence conditions. Other duties included patrolling Hawker Permitted Areas to ensure that hawkers were operating in an orderly manner, and enforcement action would be taken as necessary if such hawking activities caused obstruction or other environmental hygiene problems.

### **Animal welfare**

20.25 Mr WONG Kwok-hing expressed concern about the problem of stray animals, in particular the stray cattle in New Territories (NT) West, which might hurt people if left unmanaged. He considered that more resources should be provided for tackling the stray cattle problem, such as



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by providing neutering service or shelters for them. Mr Albert CHAN expressed similar concerns.

20.26 DAFC responded that to minimize the disruptions caused by stray cattle to traffic or nuisance to residents, the Agriculture, Fisheries and Conservation Department (AFCD) deployed its animal management teams to remove the cattle concerned as and when complaints were received. AFCD had also launched a Trap-Neuter-Return pilot scheme in collaboration with the Society for the Prevention of Cruelty to Animals on Lantau Island. The pilot scheme would assess the feasibility of the neuter approach in managing and controlling the growth of stray cattle population.

20.27 As regards stray dogs and cats, DAFC said that AFCD's education and publicity programmes had been stepped up to promote animal welfare and responsible pet ownership. It also intensified the programme for re-homing stray animals if their health and temperament were found to be suitable. Besides, AFCD was working with two animal welfare organizations on the implementation of a Trap-Neuter-Return pilot scheme for stray dogs. It was hoped that these measures would be effective in progressively reducing the number of stray dogs and cats in the long run. The progress made in this regard would be reported to the Panel on Food Safety and Environmental Hygiene later.

20.28 Referring to the study of the Faculty of Law, University of Hong Kong to look into the legal issues of the above stray dog pilot scheme, Mr Alan LEONG enquired how the findings of the report would be taken forward. He also enquired about the use of the \$1.7 million provision for the pilot scheme.

20.29 In response, DAFC made the following points –

- (a) The study was conducted by the University of Hong Kong as an academic study covering animal welfare legislation in general. The legal liability issues arising from the pilot scheme, however, would require more detailed investigation such as the conditions under which the animal welfare organizations involved were to be exempted from the criminal liabilities concerned, civil liability issues and

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insurance cover, etc.

- (b) It was necessary to ascertain public acceptance of the pilot scheme, especially the reaction of the residents of the sites identified, through civic education and local consultation. Other issues such as the noise, health and traffic impacts caused by stray dogs in the areas concerned would also need to be addressed.
- (c) The \$1.7 million provision would be used for employing additional AFCD staff to take care of the dogs returned under the pilot scheme. The operating costs relating to the animal management centres and the veterinary officers involved in the scheme would be absorbed by AFCD within its existing resources.
- (d) A number of potential sites had been identified for the pilot scheme, and two to three sites had already been shortlisted. The major considerations included the likely reaction of the communities concerned and the ability of the animal welfare organizations involved to recruit enough volunteers for the scheme.

20.30 In reply to Mr Alan LEONG about the difference in numbers for stray animals as shown in the Administration's reply (Annex to FHB(FE)120) DAFC explained that the difference of 3 489 animals was attributed to those animals that had been caught or received by AFCD but subsequently claimed back by their owners.

### **Scattering of cremated human ashes in Hong Kong waters**

20.31 Referring to recent media reports about fishermen netting cremation urns when catching fish in Hong Kong waters, Mr Fred LI urged the Administration to ensure that only the ashes and not the urns could be put into the sea. He also considered it unnecessary to impose too many restrictions on the times and areas for scattering cremated human ashes in Hong Kong waters. In response, SFH and DFEH made the following points –

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- (a) Under the current policy, scattering of cremated human ashes in Hong Kong waters was subject to the approval of FEHD upon application. Other than the cremated ashes of the deceased and a handful of natural flower petals, any person who threw other substances into the sea had contravened the relevant legislation.
- (b) Cremated human ashes were scattered mainly to the east of Tung Lung Chau rather than near Lamma Island where the urns were found. FEHD would follow-up and investigate the case if details were provided.
- (c) Family members of the deceased who chose not to use FEHD's free ferry service for scattering cremains were required to inform FEHD of the dates and locations of the scattering ceremonies. Relevant departments would be informed so that they could step up monitoring and enforcement actions if necessary.

20.32 Mr WONG Yung-kan said that the cremation urns netted in the case was thrown from private vessels providing ash scattering service. FEHD should explain the current requirements for scattering of cremated human ashes at sea to these service operators. DFEH responded that some 80% applicants for scattering of cremated human ashes at sea used FEHD's free ferry service. FEHD would remind the families of the deceased and licensed undertakers of the legal requirements.

20.33 Mr WONG Yung-kan called upon the Administration to ensure that the ash scattering ceremonies were conducted at a distance from fish farms, and to provide some flexibility for free ferry service instead of scheduling such service only on Saturday mornings. He pointed out that sometimes the journey out to the sea was too rough and taxing during inclement weather.

20.34 DFEH responded that in response to views that the sea was rough east of Tung Lung Chau during winter, the ferry engaged by FEHD would go to the designated sea area at the West Lamma Channel for the scattering ceremonies during winter months. With this adjustment, there was a

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significant decrease of seasickness among those who used the free ferry service. The Administration would continue to review the ferry service and arrange additional trips if it was well-received by the public.

### **Concerns related to the trawl ban and the fisheries industry**

20.35 While indicating support for the trawl ban in Hong Kong waters, Mr Albert CHAN urged the Administration to address the concern of the fishermen who were adversely affected. He suggested the Administration provide assistance to those fishermen who wished to switch to operations outside Hong Kong waters or sustainable fisheries operation such as aquaculture and recreational fishing. Without these support measures, he envisaged great difficulties in securing public support for the trawl ban.

20.36 SFH advised that it was Government policy to foster sustainable development of the fisheries industry for the conservation of fishery resources. Ex-gratia allowance and other assistance would be provided to those fishermen affected by the trawl ban. The Administration had been maintaining communication with the fishermen to understand their needs and assistance preferred. These fishermen could also obtain low-interest loans from the Fisheries Development Loan Fund for switching to sustainable fisheries operations using selective fishing methods and other fisheries-related operations.

20.37 Mr Albert CHAN asked whether restrictions would be imposed on the mesh size of fishing nets, as in other overseas jurisdictions. SFH responded that the legislation on trawl ban would be introduced into the Legislative Council to set up a registration system for local fishing vessels, and designate fisheries protection areas to protect important fish spawning and nursery grounds. Members could give views on the mesh size of fishing nets when examining the relevant legislation.

20.38 Mr WONG Yung-kan expressed concern about the proliferation of oyster culture beds in Deep Bay in recent years which would pose risk to marine safety. He called upon the Administration to take regulatory measures against such oyster culture operations. DAFC responded that while oyster farming was not subject to licensing, the Administration was closely monitoring the growth of oyster beds in Deep Bay to ensure that

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they would not affect navigation safety. AFCD would liaise with the Marine Department if actions were required.

20.39 Mr WONG Yung-kan stressed the need for the Administration to take serious actions against the increase of oyster beds in Deep Bay as the problem had long existed and would pose risk to both navigation safety and environmental hygiene.

### **Bird problem in Long Valley**

20.40 Mr WONG Yung-kan relayed the concerns of farmers and fish farm operators in the wetlands of Long Valley, as their farm products and fish had been eaten by birds. He urged for actions to protect the agricultural and fisheries products of these farmers. AFCD should also remind bird watchers not to step on the crop fields.

20.41 DAFC responded that since migrant birds foraged in wetlands, damage of crops by wild birds was a problem faced by farmers everywhere including those in the Northwest NT where wetlands were widespread which attracted a relatively large number of migratory birds in winter. AFCD had in fact received requests from some farmers in September 2010 and early 2011 for compensation of crops damaged by birds. The Department had conducted a detailed investigation and found that the situation was not different from the previous years, and in fact the number of migrant birds had remained stable in recent years. It was considered that the most effective measure to protect crops from birds was to build bird netting, and AFCD had offered to help the farmers concerned to install bird nets or to adopt other bird prevention and control techniques, such as the use of scarecrows and the hanging of CDs on strings to act as bird scarers. Loans could be provided for farmers to install the bird nets where necessary. The Administration would also remind the bird watchers through the Hong Kong Bird Watching Society and other bodies organizing bird watching activities that bird watchers should not walk into farmlands or do anything that might damage crops.

20.42 With regard to a case cited by Mr WONG Yung-kan that fish farm operators were being prosecuted for catching birds on their farms, DAFC explained that these operators had breached the Wild Animals Protection

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Ordinance (Cap. 170) for using vertical nets to catch birds. He said that these operators should use bird netting methods that would not harm the birds, and AFCD would be prepared to provide them with technical and design advice.

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21.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the financial provision for public healthcare services and key policy initiatives for the 2011-2012 financial year (Appendix IV-19).

### **Financial provision for service enhancement**

21.2 Dr LEUNG Ka-Lau noted that the 2011-2012 financial provision for the Hospital Authority (HA), as compared to that of 2010-2011, would be increased by about \$2.6 billion for implementing various service improvements as outlined in SFH's opening remarks. Dr LEUNG requested the Administration to provide a detailed breakdown on the distribution of the increased allocation among the targeted service improvement areas. The information should include the estimated patient attendance rates of such services, the anticipated service demand, the manpower requirements and the total number of working hours of the staff of each rank for each services so as to reflect the cost effectiveness of the allocations.

21.3 SFH explained that the additional provision would be deployed mainly for implementing a number of healthcare reform related initiatives and various initiatives to meet the growth in service demand and the needs of the community for particular areas of services, having regard to such factors as ageing population and population growth. The increase also reflected the change in the cost of services and to address service shortfall in certain hospital clusters. Chief Executive of the Hospital Authority (CE, HA) undertook to provide the information requested by Dr LEUNG.

### **Manpower shortage and training of healthcare professionals**

21.4 Dr PAN Pey-chyou expressed concern that new hospital projects and the expansion of medical services amid severe manpower shortage would add pressure on medical staff who already had to work long hours. He asked whether the Administration would provide additional staffing resources to a level sufficient to implement the new initiatives and service enhancement. Dr PAN said that SFH's recent remarks that public doctors were petty-minded in demanding standard working hours, and the HA management's suggestion of recruiting overseas doctors without requiring

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them to pass the qualifying licensing examination had touched off strong reaction from public doctors. He urged the Administration to seriously review the workload of frontline doctors and make long-term manpower planning. He also called on the Administration to improve communication with frontline staff and to strike a proper balance between service expansion and overstretching the capacity limits of existing medical staff.

21.5 SFH said that HA highly valued its medical doctors and healthcare professionals as they were the major service providers. HA had always attached great importance to the training and development of the medical profession to maintain the quality of medical and specialties services in Hong Kong. To complete such training, medical interns were required to perform a given number of operations and a certain amount of medical cases. It was not the intention to over-burden these medical staff. The Administration was working with HA and medical staff on ways to improve the situation with suitable manpower deployment. CE, HA added that HA would continue to monitor the manpower situation and make suitable manpower deployment to cope with service needs.

21.6 Dr Joseph LEE expressed concern about the acute shortage of professional healthcare staff to support the planned service expansion. He asked whether any additional resources had been set aside for improving promotion prospects of the healthcare staff and providing incentives for staff retention. SFH responded that there was provision for recruiting additional nurses and the number of nurses graduating each year was increased to 1 400 nurses. CE, HA supplemented that HA planned to recruit an additional workforce of 800 nurses and 59 doctors, and would continue to employ part-time doctors to ease manpower shortage in certain specialties. Resources were also available for enhancing professional training of staff, boosting staff morale and improving promotion prospects. HA would engage medical staff in working out the implementation details for these improvement initiatives.

### **Waiting times for specialist services**

21.7 Citing the big differences in waiting times for ophthalmology service in Kowloon East and Hong Kong West as an example, Mr Alan LEONG observed that the waiting times for different specialist



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consultation appointments varied significantly across different HA hospital clusters. He enquired about the Administration's plan to improve the situation.

21.8 CE, HA said that the specialties services in different hospital clusters were developed at different times and it took time for such services to develop to meet the service demands. He advised that the waiting times for cataract surgery in Hong Kong West was much shortened with the recent commissioning of the Grantham Cataract Centre, and the service would be strengthened in Tseung Kwan O Hospital with the setting up of a new cataract centre there. In the meantime, HA would monitor the waiting times for cataract surgery and would try to reduce the waiting time by providing more surgery sessions and arranging cross-cluster referrals for patients.

21.9 Mr LEONG said that though the quota of chemotherapy/radiotherapy treatment at the United Christian Hospital (UCH) had been increased by 1 000 in the first quarter of 2011, the additional quota was still not sufficient to meet the demand. As there were some 3 000 cancer patients in the Kowloon East cluster, patients often had to seek treatment and palliative care from hospitals in other clusters such as the Queen Elizabeth Hospital (QEH). Referring to the commitment of \$600 million earmarked in 2010-2011 for the extension of UCH, he enquired about the progress of the extension project and the timetable for setting up an oncology treatment centre at UCH.

21.10 SFH explained that the capacities of the clinical oncology treatment facilities at QEH were designed to serve cancer patients in Kowloon East. With the population growth and the rising number of cancer patients in Kowloon East over the years, the Administration saw the need for the provision of oncology treatment services at UCH and would actively pursue the initiative as part of the UCH extension project.

### **Hospital Authority Drug Formulary**

21.11 Dr LEUNG Ka-lau welcomed expanding the HA Drug Formulary in 2011-2012 to include a new cancer drug and extending the clinical applications of eight drug classes. However, he expressed concern that a

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certain oral medication listed in the Drug Formulary for treating thalassaemia major would be administered only to young patients between two to six years of age. He enquired about the reason for the age restriction. CE, HA clarified that the oral medication, if proven to be clinically indicated, would also be prescribed to patients over six years of age.

### **Financial provision for Department of Health**

21.12 Dr Joseph LEE noted that the financial provision for the Department of Health (DH) was much less than that for HA. He questioned why DH was not provided with more resources to enhance its services such as outpatient dermatology service for which the waiting time was as long as twelve weeks for new cases. SFH explained that DH was mainly involved in monitoring the standard and provision of healthcare services as well as enforcement of relevant public health legislation. As DH operated less direct services, it had a relatively lower amount of resources compared to HA. Nonetheless, a provision of \$31 million was earmarked in 2011-2012 for DH to strengthen the regulation of pharmaceutical products so as to enhance drug safety to bring it on par with international standards. As regards dermatology service, Director of Health (D of Health) said that patients with skin problems usually required long term follow up. The long waiting time for new dermatology appointment was mainly due to the increasing demand for service and the high turnover rate of dermatology specialists caused by the high demand in the private sector. DH had endeavoured to fill the vacancies arising from staff departure through recruitment, internal deployment, and staff training to maintain the current level of service.

### **Mainland mothers giving birth in Hong Kong**

21.13 Mr Albert HO referred to the surge in the number of Mainland mothers giving birth in Hong Kong in the past few years. He asked if the Administration had assessed the impact on the public healthcare system, such as the drain of obstetricians and gynaecologists from the public to private sector, the quality of such services in public hospitals for local women, and the impact on paediatric and neonatal services. He asked how the Administration would tackle the problem.

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21.14 SFH said that there had been a significant increase in the number of births in Hong Kong, from about 46 000 and 49 000 in 2003 and 2004 respectively to around 82 000 in 2009. The provisional figure of new births in 2010 was 88 490, of which about 45% were born of Mainland women and most of them were delivered in private hospitals. SFH expected that the demand for obstetrics and gynaecology services would continue to rise and it was necessary to increase training and provision of facilities to meet the increasing demand.

21.15 As regards the impact on pediatric service, SFH said that with the number of births doubling over the years, cases of congenital anomalies, disabilities or serious medical conditions among infants were likely to go up as well. It would put pressure on public paediatric and neonatal intensive care services and have impact on the overall healthcare system. Relevant statistics were being collected from HA, relevant departments and organizations for a more in-depth assessment on the long-term impact.

21.16 SFH said that based on humanitarian considerations, nobody would be denied of medical services in Hong Kong. However, the continuous growing number of Mainland women giving births in Hong Kong had put pressure on the public healthcare system and caused much public concern. To effectively manage the use of obstetric services by non-local women (including Mainland women), revised arrangements had been implemented under which only those who had made prior booking and attended antenatal examinations at a public hospital would be admitted to give birth in public hospitals. The Administration was closely monitoring the situation and would work in collaboration with the relevant professionals in the public and private sectors to implement suitable measures to tackle the problem.

### **Services for children with autism and developmental problems**

21.17 Mr CHEUNG Kwok-che noted that the Chief Executive had announced in his 2010-2011 Policy Address that the Administration would "provide early identification, assessment and treatment for autistic children to ensure that they receive appropriate care and support during their development". He quoted a study in the United States which estimated that one out of 110 persons in the population might be autistic. Applying the

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same ratio to the population of Hong Kong, there would be about 60 000 to 70 000 persons with autism. Mr CHEUNG asked whether the Administration would consider conducting a survey to ascertain the number of autistic persons in Hong Kong and assess the service needs. He also urged the Administration to set up a multi-disciplinary task force to co-ordinate the provision of services for autistic persons.

21.18 SFH said that the working group on mental health under his chairmanship was examining the service needs for autistic children as part of the rehabilitation policy. As autism covered a wide spectrum of symptoms, it was difficult to have an accurate estimate of the total number of persons with autism in the community. Director (Cluster Services), HA (D(CS), HA) supplemented that about 7 000 persons diagnosed with autism were recorded in HA. An additional recurrent expenditure of about \$45 million had been earmarked in 2011-2012 for HA to expand its multi-disciplinary professional teams with a view to shortening the waiting times for service. Professional treatment services would be provided to help autistic patients to improve their speech, social skills, and emotional management as well as providing support for parents and caregivers of autistic children. The initiative was expected to benefit around an additional 3 000 children each year, including about 2 000 children with autism and about 1 000 children with hyperactivity disorder. In response to the Chairman's enquiry, D(CS), HA clarified that about 3 500 were receiving services from HA, and an additional 2 000 children diagnosed with autism would benefit from the initiative in 2011-12.

21.19 Mr CHEUNG commented that the Administration should also step up community education especially for teachers and parents of autistic children. In this connection, HA should work with parent groups, concern groups and non-governmental organizations (NGOs) to develop service models to better serve the needs of autistic children, so as to alleviate the pressure on the public healthcare service.

21.20 SFH agreed that apart from early detection and intervention to provide appropriate support and treatment for autistic children, community education, training and support for family members and caregivers of these children were also important. He added that autistic children required long-term multi-disciplinary services including early identification and

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assessment through Maternal and Child Health Centres (MCHCs) and Child Assessment Centres, as well as special education support in primary schools and cross-discipline professional treatment services. The Administration would continue to co-ordinate resources and efforts across departments and collaborate with NGOs to enhance the support services for children suffering from autism and hyperactivity disorders.

21.21 Ms Audrey EU enquired about the reasons for the significant increase in the number of children diagnosed with developmental anomalies in 2010-2011 as compared with previous years. She also asked whether sufficient professional staff and resources were available to cope with the rising demand. D of Health said that the Comprehensive Child Development Service implemented in 13 MCHCs in eight districts had facilitated early identification of children with developmental anomalies who required follow up. With the growing public awareness of child developmental problems, the six Child Assessment Centres had received more referrals from MCHCs and private medical practitioners. At present, the staffing level could cope with the service needs. So far, nearly all new cases were seen within three weeks and assessment was completed within six months for over 90% of newly registered cases over the past three years.

### **Development of private hospitals**

21.22 Ms Audrey EU noted that the Government had reserved four sites for development of private hospitals. She enquired about the scope of medical services to be provided and whether these private hospitals would benefit the public at large. SFH said that the Administration had invited local and overseas institutions from December 2009 to March 2010 to express interest in developing private hospitals at the reserved sites. Most of the submissions received had proposed to provide comprehensive general hospital services. The Administration expected that these private hospitals would mainly serve the local population including middle-income families, in line with the continued growth of private health insurance in Hong Kong. The Administration was in the process of preparing the tendering documents, formulating the land disposal arrangements and drawing up a set of special requirements for development of the sites, covering such aspects as scope of service, service standards, etc.

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21.23 Ms EU urged the Administration to consult the public and the Legislative Council on the tendering conditions. She said that the community and Legislative Council Members had legitimate interest in the tendering terms as the commissioning of these private hospitals would have impact on the manpower situation of the healthcare professions. SFH responded that the Panel on Health Services had discussed the subject matter, and members' views would be taken into account in drawing up the tender requirements and conditions.

### **Elderly Health Care Voucher pilot scheme**

21.24 Mr WONG Kwok-hing welcomed the Administration's initiatives to double the value of the Elderly Health Care Vouchers from \$250 to \$500 per year per eligible elderly person and to extend the Elderly Health Care Vouchers pilot scheme by another three years starting from 1 January 2012. He asked whether the vouchers could be used for seeking treatment from Chinese medicine practitioners, and whether consideration would be given to further raising the voucher amount to say \$1,000 per year.

21.25 SFH replied that Elderly Health Care Vouchers could be used for private primary healthcare services, including treatment by those Chinese medicine practitioners who had enrolled in the scheme. Currently, a few hundred Chinese medicine practitioners had so enrolled. The Administration would continue to encourage more healthcare professionals to participate in the scheme, and would make necessary changes to the scheme in the light of operational experience and review findings.

### **Oral health and dental services**

21.26 Mr WONG Kwok-hing referred to the pilot project under which elderly people residing in residential care homes or receiving services in the Day Care Centres were provided with primary dental care and oral health care services free of charge. He asked whether the Administration had any timetable to extend dental care service to all elderly in the territory, and to extend the present School Dental Care service to secondary school students.

21.27 SFH advised that the present policy was to accord priority to improving oral health of and dental care for needy elderly. Under the

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Elderly Health Care Vouchers pilot scheme, all elderly people aged 70 or above could make use of the vouchers to access dental services in private dental clinics and dental clinics run by NGOs. In addition, a three-year pilot project, in partnership with NGOs, would be launched in mid-2011 whereby about 27 outreach teams would provide elderly people in residential care homes or Day Care Centres for the Elderly with primary dental care and oral health care services free of charge, including dental check-up, scaling and polishing, etc. The Administration would further consider the dental care needs of different population groups including secondary school students. While there was no concrete plan and timetable at present, the Administration had initiated discussion with the Hong Kong Dental Association Ltd. on the provision of basic dental care and oral health schemes for secondary school students by the private dental sector.

### **Smoking Cessation Service**

21.28 Ms Audrey EU noted that the smoking cessation rate at one year after treatment at DH clinics was 36.7% in 2008 and 29.2% in 2009, while the cessation rate for clients treated in Tung Wah Group of Hospitals (TWGHs) in 2009 was 40.3%. She asked why the smoking cessation programme of TWGHs appeared to be more successful than that of the DH clinics, and how did the cessation rates in Hong Kong compare with those in overseas countries. D of Health responded that cessation rates would vary depending on the age and the smoking history of the clients. The cessation rates in Hong Kong were on the whole comparable to those in overseas countries which was around 30%. He commended the smoking cessation programme of TWGHs which was subvented by the Government, and overseas experts had been engaged to provide training to the staff. As part of the Government's tobacco control efforts, additional funding had been earmarked in 2011-2012 to enhance smoking prevention and cessation services to encourage and assist smokers from all age groups and social strata to take proactive steps to quit smoking.

### **Measures to deal with nuclear radiation leak**

21.29 Referring to the recent incident of nuclear radiation leak from Fukushima nuclear power plants in Japan, Dr Joseph LEE asked if

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additional funding and manpower would be provided for DH and HA to step up radiation screening at port entry points and to handle any medical cases of radiation contamination.

21.30 SFH responded that DH and HA had sufficient resources to deal with any emergency radiation hazards in connection with the Daya Bay Nuclear Power Plant in the short term. Standing arrangements were in place for patients exposed to radiation contamination to be given medical attention in designated hospitals. The Administration would keep in view the development and assess long-term resource implications should the situation so warrant.



## Appendix I

### Programme of special meetings of Finance Committee to examine the Estimates 2011-2012 from 21 to 25 March 2011

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Environment	21 March	8:30 am - 9:45 am
2.	Secretary for the Civil Service	21 March	9:50 am - 10:50 am
3.	Secretary for Financial Services and the Treasury • Financial Services	21 March	10:55 am - 11:55 am
5.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	21 March	2:30 pm - 4:00 pm
6.	Secretary for Commerce and Economic Development • Communications and Technology	21 March	4:05 pm - 4:55 pm
7.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	21 March	5:00 pm - 6:00 pm
8.	Secretary for Transport and Housing • Housing	22 March	2:15 pm - 3:35 pm
9.	Secretary for Transport and Housing • Transport	22 March	3:40 pm - 5:10 pm
10.	Secretary for Constitutional and Mainland Affairs	22 March	5:15 pm - 6:45 pm

<b><u>Session No.</u></b>	<b><u>Government Representative</u></b>	<b><u>Date</u></b>	<b><u>Time</u></b>
11.	Secretary for Development • Works	23 March	8:30 am - 10:00 am
12.	Secretary for Development • Planning and Lands	23 March	10:05 am - 11:20 am
13.	(i) Judiciary Administrator (ii) Secretary for Justice	23 March	11:25 am - 12:55 pm
14.	Secretary for Security	23 March	2:30 pm - 4:30 pm
15.	Secretary for Education	23 March	4:35 pm - 6:25 pm
16.	Secretary for Labour and Welfare • Welfare and Women	24 March	2:30 pm - 4:30 pm
17.	Secretary for Labour and Welfare • Labour	24 March	4:35 pm - 6:00 pm
4*.	Secretary for Financial Services and the Treasury • Public Finance	25 March	11:30 am - 1:30 pm
18.	Secretary for Home Affairs	25 March	2:15 pm - 3:45 pm
19.	Secretary for Food and Health • Food Safety and Environmental Hygiene	25 March	4:00 pm - 5:30 pm
20.	Secretary for Food and Health • Health	25 March	5:35 pm - 7:20 pm

\* Note: Session 4 was rescheduled to 25 March 2011.

## Appendix II

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

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Environment	244	13	2
2.	Secretary for the Civil Service	52	1	5
3.	Secretary for Financial Services and the Treasury • Financial Services	95	4	3
5.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	227	14	4
6.	Secretary for Commerce and Economic Development • Communications and Technology	147	1	—
7.	Director of Administration	28	13	1
	Director of Audit	4	—	—
	Permanent Secretary to Chief Executive	7	—	—
	Commissioner, Independent Commission Against Corruption	13	—	1
	Secretary General, Legislative Council Secretariat	—	—	—
	The Ombudsman	2	—	—

<b><u>Session No.</u></b>	<b><u>Director of Bureau/ Controlling Officer</u></b>	<b><u>No. of written questions</u></b>	<b><u>No. of supplementary questions</u></b>	<b><u>No. of requests for additional information (verbal)</u></b>
8.	Secretary for Transport and Housing • Housing	59	9	1
9.	Secretary for Transport and Housing • Transport	231	3	1
10.	Secretary for Constitutional and Mainland Affairs	187	12	1
11.	Secretary for Development • Works	147	6	2
12.	Secretary for Development • Planning and Lands	213	8	1
13.	(i) Judiciary Administrator (ii) Secretary for Justice	32 26	— 4	3 —
14.	Secretary for Security	212	4	4
15.	Secretary for Education	438	7	2
16.	Secretary for Labour and Welfare • Welfare and Women	451	6	1
17.	Secretary for Labour and Welfare • Labour	195	1	4
4*.	Secretary for Financial Services and the Treasury • Public Finance	161	11	1
18.	Secretary for Home Affairs	337	7	1

<b><u>Session No.</u></b>	<b><u>Director of Bureau/ Controlling Officer</u></b>	<b><u>No. of written questions</u></b>	<b><u>No. of supplementary questions</u></b>	<b><u>No. of requests for additional information (verbal)</u></b>
19.	Secretary for Food and Health • Food Safety and Environmental Hygiene	150	5	—
20.	Secretary for Food and Health • Health	270	27	—
	<b>Total :</b>	3928	156	38

\* Note: Session 4 was rescheduled to 25 March 2011.

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the morning of 21 March 2011 (Sessions 1 - 3)  
8:30 am to 11:55 am  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Dr Hon Margaret NG  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon CHAN Kin-por, JP  
Hon IP Wai-ming, MH  
Dr Hon PAN Pey-chyou  
Hon Tanya CHAN

Hon Albert CHAN Wai-yip  
Hon WONG Yuk-man

**Public officers attending:**

Ms Alice LAU, JP

Deputy Secretary for Financial Services  
and the Treasury (Treasury)<sup>1</sup>

Ms Elsie YUEN

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

Session 1 - Environment

Mr Edward YAU, JP

Secretary for the Environment

Ms Anissa WONG, JP

Permanent Secretary for the  
Environment/Director of Environmental  
Protection

Miss Vivian LAU, JP

Deputy Secretary for the Environment

Mr Eric CHAN

Administrative Assistant to Secretary for  
the Environment

Mr Benny WONG, JP

Deputy Director of Environmental  
Protection (1)

Mr Albert LAM, JP

Deputy Director of Environmental  
Protection (2)

Mr Carlson CHAN, JP

Deputy Director of Environmental  
Protection (3)

Mr Alan WONG, JP

Director of Agriculture, Fisheries and  
Conservation

Mr HON Chi-keung, JP

Director of Civil Engineering and  
Development

Mr CHAN Chi-chiu, JP

Director of Drainage Services

Mr Stephen CHAN, JP

Director of Electrical and Mechanical  
Services

Session 2 – Civil Service

Miss Denise YUE, GBS, JP

Secretary for the Civil Service

Mr Raymond WONG, JP

Permanent Secretary for the Civil  
Service

Mrs Ingrid YEUNG, JP

Deputy Secretary for the Civil  
Service (1)

Miss Charmaine LEE

Acting Deputy Secretary for the Civil  
Service (2)

Ms Shirley LAM	Deputy Secretary for the Civil Service (3)
Mr Patrick CHAN, JP	Director of General Grades
Mrs Angel CHOI	Principal Executive Officer (Management), Civil Service Bureau
Mrs Lesley WONG, JP	Director of Accounting Services
Mr Patrick LI	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Gloria TAM, JP	Deputy Director of Health
Mrs Margaret CHAN, JP	Secretary, Public Service Commission

### Session 3 – Financial Services

Prof K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Ms Julia LEUNG, JP	Under Secretary for Financial Services and the Treasury
Miss AU King-chi, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Mr CHENG Yan-chee, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 1
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 2
Mr John LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 3
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury
Miss Terie TAM	Chief Executive Officer (Financial Services), Financial Services and the Treasury Bureau
Mr FUNG Hing-wang, JP	Commissioner for Census and Statistics
Ms Annie CHOI, JP	Commissioner of Insurance
Ms Ada CHUNG, JP	Registrar of Companies
Mr Edward Thomas O'CONNELL	Official Receiver
Mr Edmond LAU, JP	Executive Director (Monetary Management), Hong Kong Monetary Authority
Mr James LAU, Jr, JP	Chief Executive Officer, Hong Kong Mortgage Corporation Limited



**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Miss Becky YU  
Ms Joanne MAK  
Ms Anita SIT  
Ms Annette LAM  
Mrs Mary TANG  
Mr Noel SUNG  
Mr Daniel SIN  
Ms Anki NG

Chief Council Secretary (1)1  
Chief Council Secretary (1)2  
Chief Council Secretary (1)5  
Chief Council Secretary (1)7  
Senior Council Secretary (1)1  
Senior Council Secretary (1)5  
Senior Council Secretary (1)7  
Council Secretary (Subcommittee)1

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the afternoon of 21 March 2011 (Sessions 5 - 7)  
2:30 pm to 6:00 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon Fred LI Wah-ming, SBS, JP  
Hon James TO Kun-sun  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Kin-por, JP  
Hon CHEUNG Kwok-che  
Hon WONG Kwok-kin, BBS  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP  
Hon Alan LEONG Kah-kit, SC  
Hon Tanya CHAN  
Hon WONG Yuk-man

**Public officers attending:**

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

Session 5 – Commerce, Industry and Tourism

Mr Gregory SO, JP	Acting Secretary for Commerce and Economic Development
Mr Andrew WONG, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Linda LAI, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 1
Mr Christopher WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2
Mrs Alice CHEUNG	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 3
Mr Philip YUNG, JP	Commissioner for Tourism
Mr Simon Kennedy GALPIN	Director-General of Investment Promotion
Ms Maria KWAN, JP	Director-General of Trade and Industry
Mr Stephen SELBY, JP	Director of Intellectual Property
Dr LEE Boon-ying, JP	Director of the Hong Kong Observatory
Mr Clement CHEUNG, JP	Postmaster General
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

Session 6 – Communications and Technology

Mr Gregory SO, JP	Acting Secretary for Commerce and Economic Development
Miss Elizabeth TSE, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)

Mr Alan SIU, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Mr Stephen MAK, JP	Acting Government Chief Information Officer
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Miss Eliza LEE, JP	Director-General of Telecommunications
Mr Gordon LEUNG, JP	Acting Director of Broadcasting
Mr Vincent LIU, JP	Commissioner for Television and Entertainment Licensing

### Session 7 – Central Administration and Other Services

Miss Jennifer MAK, JP	Director of Administration
Mr Robin IP, JP	Deputy Head, Central Policy Unit
Mrs Helen CHAN, JP	Government Economist
Mr Kim SALKELD, JP	Head, Efficiency Unit
Mrs Vivian TAM	Principal Executive Officer (Administration), Administration Wing
Mrs Josephine NG, JP	Acting Director of Audit
Ms Harriet WONG	Departmental Secretary, Audit Commission
Mr Kenneth MAK, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mr Timothy TONG	Commissioner, Independent Commission Against Corruption
Ms Rebecca LI, IDS	Director of Investigation (Private Sector), Independent Commission Against Corruption
Mrs WONG CHEUK Wai-kuen	Assistant Director (Administration), Independent Commission Against Corruption
Ms Pauline NG	Secretary General, Legislative Council Secretariat
Mr Andy LAU	Principal Council Secretary (Administration), Legislative Council Secretariat
Mr Alan LAI, GBS, JP	The Ombudsman
Mr MOK Yun-chuen	Chief Manager, Office of The Ombudsman

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Miss Becky YU

Ms YUE Tin-po

Ms Annette LAM

Mr Joey LO

Mr Simon CHEUNG

Miss Lilian MOK

Chief Council Secretary (1)1

Chief Council Secretary (1)3

Chief Council Secretary (1)7

Senior Council Secretary (1)3

Senior Council Secretary (1)9

Council Secretary (1)7

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the afternoon of 22 March 2011 (Sessions 8 - 10)  
2:15 pm to 6:45 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi

Hon WONG Kwok-kin, BBS  
 Hon IP Wai-ming, MH  
 Hon IP Kwok-him, GBS, JP  
 Dr Hon PAN Pey-chyou  
 Hon Paul TSE Wai-chun  
 Dr Hon Samson TAM Wai-ho, JP  
 Hon Alan LEONG Kah-kit, SC  
 Hon LEUNG Kwok-hung  
 Hon Albert CHAN Wai-yip  
 Hon WONG Yuk-man

**Public officers attending:**

Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>1</sup>
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 8 - Housing

Ms Eva CHENG, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Duncan Warren PESCOD, JP	Permanent Secretary for Transport and Housing (Housing)
Ms Annette LEE, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Joe WONG, JP	Deputy Director of Housing (Corporate Services)
Ms Ada FUNG, JP	Deputy Director of Housing (Development and Construction)
Mr Albert LEE, JP	Deputy Director of Housing (Estate Management)
Mr CHAN Nap-ming, JP	Assistant Director of Housing (Independent Checking Unit)
Miss Annie TAM, JP	Director of Lands
Mr AU Choi-kai, JP	Director of Buildings

### Session 9 - Transport

Ms Eva CHENG, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Francis HO, JP	Permanent Secretary for Transport and Housing (Transport)
Ms Maisie CHENG, JP	Deputy Secretary for Transport and Housing (Transport) 1
Ms Rebecca PUN, JP	Deputy Secretary for Transport and Housing (Transport) 2
Mr Alan CHU	Deputy Secretary for Transport and Housing (Transport) 3
Mr Esmond LEE, JP	Deputy Secretary for Transport and Housing (Transport) 4
Ms Doris CHEUNG, JP	Deputy Secretary for Transport and Housing (Transport) 5
Mr Joseph LAI, JP	Commissioner for Transport
Mr Peter LAU, JP	Director of Highways
Mr Norman LO, AE, JP	Director-General of Civil Aviation
Mr Roger TUPPER, JP	Director of Marine

### Session 10 – Constitutional and Mainland Affairs

Mr Stephen LAM, GBS, JP	Secretary for Constitutional and Mainland Affairs
Miss Adeline WONG, JP	Under Secretary for Constitutional and Mainland Affairs
Mr Joshua LAW, JP	Permanent Secretary for Constitutional and Mainland Affairs
Mr Arthur HO, JP	Deputy Secretary for Constitutional and Mainland Affairs (1)
Mr Howard CHAN, JP	Deputy Secretary for Constitutional and Mainland Affairs (2)
Mr Daniel CHENG	Deputy Secretary for Constitutional and Mainland Affairs (3)
Mr Ivanhoe CHANG	Administrative Assistant to Secretary for Constitutional and Mainland Affairs
Ms Angela HO	Chief Executive Officer (Constitutional and Mainland Affairs)
Mrs Vivian TING	Chief Electoral Officer
Mr Thomas TSO, JP	Director, Beijing Office
Mr Rex CHANG	Director, Hong Kong Economic and Trade Affairs, Guangdong



Ms Joyce TAM  
Mr Eddie POON  
Mr William W L CHAN

Director, Hong Kong Economic and  
Trade Affairs, Shanghai  
Director, Hong Kong Economic and  
Trade Affairs, Chengdu  
Chief Executive Officer (Licensing),  
Television and Entertainment Licensing  
Authority

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Miss Becky YU  
Ms Joanne MAK  
Ms Debbie YAU  
Mrs Mary TANG  
Ms Sarah YUEN  
Mr Daniel SIN  
Ms Diana WONG  
Miss Lilian MOK

Chief Council Secretary (1)1  
Chief Council Secretary (1)2  
Chief Council Secretary (1)6  
Senior Council Secretary (1)1  
Senior Council Secretary (1)2  
Senior Council Secretary (1)7  
Research Officer 2  
Council Secretary (1)7

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the morning of 23 March 2011 (Sessions 11 - 13)  
8:30 am to 12:55 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon KAM Nai-wai, MH  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun

Dr Hon Samson TAM Wai-ho, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip

**Public officers attending:**

Ms Alice LAU, JP

Ms Elsie YUEN

Deputy Secretary for Financial Services  
and the Treasury (Treasury)1  
Principal Executive Officer (General),  
Financial Services and the Treasury  
Bureau (The Treasury Branch)

Session 11 – Works

Mrs Carrie LAM, GBS, JP  
Mr WAI Chi-sing, JP

Mrs Jessie TING, JP

Mr Enoch LAM, JP

Mr HON Chi-keung, JP

Mr Peter LAU, JP  
Mr MA Lee-tak, JP  
Mrs Betty FUNG, JP

Mrs Marigold LAU, JP  
Mr Stephen CHAN, JP

Mr CHAN Chi-chiu, JP

Secretary for Development  
Permanent Secretary for Development  
(Works)  
Deputy Secretary for Development  
(Works) 1  
Deputy Secretary for Development  
(Works) 2  
Director of Civil Engineering and  
Development  
Director of Highways  
Director of Water Supplies  
Director of Leisure and Cultural  
Services  
Director of Architectural Services  
Director of Electrical and Mechanical  
Services  
Director of Drainage Services

Session 12 – Planning and Lands

Mrs Carrie LAM, GBS, JP  
Mr Thomas CHOW, JP

Ms Gracie FOO, JP

Secretary for Development  
Permanent Secretary for Development  
(Planning and Lands)  
Deputy Secretary for Development  
(Planning and Lands) 1

Mr Tommy YUEN, JP	Deputy Secretary for Development (Planning and Lands) 2
Miss Annie TAM, JP	Director of Lands
Mr Jimmy LEUNG, JP	Director of Planning
Mr AU Choi-kai, JP	Director of Buildings
Mr Laurie LO, JP	Head, Development Opportunities Office

### Session 13 - Judiciary Administration and Legal Administration

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

### **Clerk in attendance:**

Mrs Constance LI	Assistant Secretary General 1
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### **Staff in attendance:**

Ms Connie SZETO	Chief Council Secretary (1)4
Ms Annette LAM	Chief Council Secretary (1)7
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Simon CHEUNG	Senior Council Secretary (1)9
Miss Lilian MOK	Council Secretary (1)7

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the afternoon of 23 March 2011 (Sessions 14 - 15)  
2:30 pm to 6:25 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LAU Kong-wah, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Hon CHEUNG Kwok-che  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP  
Hon LEUNG Kwok-hung

Hon Tanya CHAN  
Hon WONG Yuk-man

**Public officers attending:**

Ms Alice LAU, JP

Ms Elsie YUEN

Deputy Secretary for Financial Services  
and the Treasury (Treasury)<sup>1</sup>

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

Session 14 – Security

Mr Ambrose LEE, GBS, IDSM, JP

Ms CHANG King-yiu, JP

Mr David WONG

Mr YUE Fung-lin

Secretary for Security

Permanent Secretary for Security

Acting Commissioner for Narcotics

Principal Management Services Officer  
(Security), Security Bureau

Commissioner of Police

Director of Immigration

Director of Fire Services

Commissioner of Correctional Services

Commissioner of Customs and Excise

Director-General of Civil Aviation

Controller, Government Flying Service

Mr TSANG Wai-hung, PDSM

Mr PEH Yun-lu, IDSM

Mr Gregory LO, FSDSM

Mr SIN Yat-kin, CSDSM

Mr Richard YUEN, JP

Mr Norman LO, AE, JP

Captain Michael CHAN, MBS,  
GMSM, AE

Mr LAM Kwok-wah

Mr Ricky CHU

Chief Staff Officer, Civil Aid Service

Secretary-General, Independent Police  
Complaints Council

Chief Staff Officer, Auxiliary Medical  
Service

Dr CHAN Yiu-wing

Miss CHENG Wai-fung

Secretary, Secretariat, Commissioner on  
Interception of Communications and  
Surveillance

Session 15 - Education

Mr Michael SUEN, GBS, JP

Mr Kenneth CHEN, JP

Mrs Cherry TSE, JP

Ms Michelle LI, JP

Ms Mable CHAN, JP

Mrs Betty IP

Mrs Michelle WONG

Secretary for Education

Under Secretary for Education

Permanent Secretary for Education

Deputy Secretary for Education (1)

Deputy Secretary for Education (2)

Deputy Secretary for Education (3)

Deputy Secretary for Education (4)

Dr Catherine CHAN  
Ms Esther LEUNG, JP  
Mr Jeremy YOUNG

Mrs Lily TSANG, JP

Mr Michael STONE, JP

Ms Nancy SO

Dr Carrie WILLIS, SBS, JP

Deputy Secretary for Education (5)  
Deputy Secretary for Education (6)  
Political Assistant to the Secretary for  
Education  
Principal Assistant Secretary for  
Education (Finance)  
Secretary-General, University Grants  
Committee  
Controller, Student Financial Assistance  
Agency  
Executive Director, Vocational Training  
Council

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Ms Joanne MAK  
Ms Annette LAM  
Mr Noel SUNG  
Mr Daniel SIN  
Mr Franco KWONG

Chief Council Secretary (1)2  
Chief Council Secretary (1)7  
Senior Council Secretary (1)5  
Senior Council Secretary (1)7  
Council Secretary (1)2

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the afternoon of 24 March 2011 (Sessions 16 - 17)  
2:30 pm to 6:00 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LAU Kong-wah, JP  
Hon Andrew CHENG Kar-foo  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon KAM Nai-wai, MH  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Kin-por, JP  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon WONG Yuk-man



**Public officers attending:**

Ms Alice LAU, JP

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

Ms Elsie YUEN

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

Session 16 - Welfare and Women

Mr Matthew CHEUNG, GBS, JP

Secretary for Labour and Welfare

Mr Paul TANG, JP

Permanent Secretary for Labour and  
Welfare

Mr Roy TANG, JP

Deputy Secretary for Labour and  
Welfare (Welfare) 1

Ms Irene YOUNG, JP

Deputy Secretary for Labour and  
Welfare (Welfare) 2

Mr Tony LI

Administrative Assistant to the Secretary  
for Labour and Welfare

Ms Zandra MOK

Political Assistant to the Secretary for  
Labour and Welfare

Mr Patrick NIP, JP

Director of Social Welfare

Mr CHEUNG Hing-wah

Deputy Director of Social Welfare  
(Services)

Mr FUNG Pak-yan, JP

Deputy Director of Social Welfare  
(Administration)

Mr Joseph LAI, JP

Commissioner for Transport

Mr Albert YUEN, JP

Assistant Commissioner for Transport  
(Management and Paratransit)

Session 17 - Labour

Mr Matthew CHEUNG, GBS, JP

Secretary for Labour and Welfare

Mr Paul TANG, JP

Permanent Secretary for Labour and  
Welfare

Mr Tony LI

Administrative Assistant to the Secretary  
for Labour and Welfare

Ms Zandra MOK

Political Assistant to the Secretary for  
Labour and Welfare

Mr CHEUK Wing-hing, JP

Commissioner for Labour

Mr Alan WONG, JP

Deputy Commissioner for Labour  
(Labour Administration)

Mrs Erika HUI, JP

Mrs Tonia LEUNG

Deputy Commissioner for Labour  
(Occupational Safety and Health)

Assistant Commissioner for Labour  
(Employment Services)

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Ms YUE Tin-po

Ms Anita SIT

Ms Annette LAM

Ms Diana WONG

Miss Rita YUNG

Miss Lilian MOK

Chief Council Secretary (1)3

Chief Council Secretary (1)5

Chief Council Secretary (1)7

Research Officer 2

Council Secretary (1)3

Council Secretary (1)7

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the morning of 25 March 2011 (Session 4)  
11:30 am to 1:30 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon WONG Yung-kan, SBS, JP  
Hon LAU Kong-wah, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun

Hon CHEUNG Kwok-che  
 Hon WONG Sing-chi  
 Hon WONG Kwok-kin, BBS  
 Hon IP Wai-ming, MH  
 Hon IP Kwok-him, GBS, JP  
 Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
 Dr Hon PAN Pey-chyou  
 Hon Paul TSE Wai-chun  
 Hon Alan LEONG Kah-kit, SC  
 Hon LEUNG Kwok-hung  
 Hon Albert CHAN Wai-yip

**Public officers attending:**

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

Session 4 – Public Finance

Mr John TSANG Chun-wah, GBM, JP	Financial Secretary
Prof K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Arthur AU	Administrative Assistant to Financial Secretary
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Cathy CHU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 2
Ms Doris HO	Deputy Secretary for Financial Services and the Treasury (Treasury) 3
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury
Ms Shirley LAU, JP	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr CHU Yam-yuen, JP	Commissioner of Inland Revenue
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Mrs Lesley WONG, JP	Director of Accounting Services
Mrs Mimi BROWN, JP	Commissioner of Rating and Valuation
Miss CHEUNG Siu-hing, JP	Director of Government Logistics
Mr KWOK Ka-keung, JP	Government Property Administrator

Mrs Marigold LAU, JP  
Mr FONG Siu-wai

Director of Architectural Services  
Assistant Director of Architectural  
Services (Property Services)

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Ms Anita SIT  
Ms Annette LAM  
Mr Daniel SIN  
Mr Hugo CHIU

Chief Council Secretary (1)5  
Chief Council Secretary (1)7  
Senior Council Secretary (1)7  
Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 21 to 25 March 2011**

**Meeting held in the afternoon of 25 March 2011 (Sessions 18 - 20)  
2:15 pm to 7:20 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon WONG Yung-kan, SBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon CHAN Kin-por, JP  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi

Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Hon Alan LEONG Kah-kit, SC  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip

**Public officers attending:**

Ms Alice LAU, JP

Deputy Secretary for Financial Services  
and the Treasury (Treasury)<sup>1</sup>

Ms Elsie YUEN

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

Session 18 – Home Affairs

Mr TSANG Tak-sing, GBS, JP

Secretary for Home Affairs

Ms Florence HUI, JP

Under Secretary for Home Affairs

Mr Raymond YOUNG, JP

Permanent Secretary for Home Affairs

Mr Jonathan McKINLEY, JP

Deputy Secretary for Home Affairs (2)

Mrs Pamela TAN, JP

Director of Home Affairs

Mr Michael WONG, JP

Director of Information Services

Mr William H P CHAN

Director of Legal Aid

Mr Stephen CHAN, JP

Director of Electrical and Mechanical  
Services

Mr Bobby CHENG, JP

Deputy Director of Leisure and Cultural  
Services (Leisure Services)

Mr CHUNG Ling-hoi, JP

Deputy Director of Leisure and Cultural  
Services (Culture)

Mr FUNG Man-lok

Assistant Director of Social Welfare  
(Youth and Corrections)

Mr William W L CHAN

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

Session 19 – Food Safety and Environmental Hygiene

Dr York CHOW, GBS, JP

Secretary for Food and Health

Prof Gabriel LEUNG, JP

Under Secretary for Food and Health

Mrs Marion LAI, JP

Permanent Secretary for Food and  
Health (Food)

Mr KONG Kai-wah

Mr Clement LEUNG, JP

Dr Constance CHAN, JP

Mr Alan WONG, JP

Dr LAU Chau-ming, JP

Head, Resource Management and  
Administration, Food and Health Bureau  
Director of Food and Environmental  
Hygiene

Controller, Centre for Food Safety, Food  
and Environmental Hygiene Department  
Director of Agriculture, Fisheries and  
Conservation

Government Chemist

### Session 20 - Health

Dr York CHOW, GBS, JP

Prof Gabriel LEUNG, JP

Ms Sandra LEE, JP

Mr KONG Kai-wah

Dr LAM Ping-yan, JP

Dr Gloria TAM, JP

Dr LAU Chau-ming, JP

Dr LEUNG Pak-yin, JP

Dr CHEUNG Wai-lun, JP

Secretary for Food and Health

Under Secretary for Food and Health

Permanent Secretary for Food and  
Health (Health)

Head, Resource Management and  
Administration, Food and Health Bureau  
Director of Health

Deputy Director of Health

Government Chemist

Chief Executive, Hospital Authority

Director (Cluster Services), Hospital  
Authority

### **Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

### **Staff in attendance:**

Ms Debbie YAU

Ms Annette LAM

Ms Sarah YUEN

Mr Daniel SIN

Miss Lilian MOK

Chief Council Secretary (1)6

Chief Council Secretary (1)7

Senior Council Secretary (1)2

Senior Council Secretary (1)7

Council Secretary (1)7



**Presentation by Secretary for the Environment  
at the Special Meeting of the Finance Committee  
on Monday, 21 March 2011**

Chairman,

I am delighted to attend the Special Meeting of the Finance Committee today to brief Members on the part of the 2011-12 Estimates which relates to the expenditure on environmental protection, conservation, power and sustainable development.

2. In the 2011-12 financial year, the Environment Bureau (ENB) and departments under my portfolio are allocated with about \$12.8 billion, representing a net increase of about \$2.9 billion or 29.8% over the revised estimate for 2010-11.

3. Of the total allocation of \$12.8 billion, the operating expenditure accounts for about \$6.3 billion, up \$1.2 billion net or 23.1% as compared with the revised estimate for 2010-11. The additional allocation is mainly for injection into the Environment and Conservation Fund, handling the additional public fill arising from major infrastructure projects, continuing with the scheme on cross-boundary delivery of surplus public fill, implementing the Pilot Green Transport Fund, as well as paying for the increasing operation fees of waste facilities. As regards the number of posts, there will be a net increase of 26 posts in the Environmental Protection Department (EPD) in 2011-12, but no change for ENB.

4. The provision for capital expenditure in 2011-12 is about \$6.5 billion, representing a net increase of \$1.8 billion or 36.9% as compared with the revised estimate for 2010-11. This is mainly due to the increased cash flow requirements and commencement of some capital works projects, in particular the sludge treatment facilities and the Harbour Area Treatment Scheme (HATS) – stage 2A.

5. I will now give a brief outline of the work priorities under ENB's portfolio in the coming year.

**Improving Air Quality**

6. Improving air quality will continue to be EPD's work priority. We are making progress in controlling emissions from the power sector, which is the largest emission source in Hong Kong. To further reduce emissions, we promulgated a new Technical Memorandum of the Air Pollution Control

Ordinance in December 2010 to further tighten current emission caps for three types of pollutants of the power sector by 34% to 50% from 2015 onwards. Our collaboration with Guangdong (GD) in pursuing control and reduction measures has produced positive results. The average annual concentration of sulphur dioxide, nitrogen dioxide and respirable suspended particulates in the PRD region decreased by 38%, 9% and 7% respectively in 2009 as compared to the 2006 levels.

7. I would like to thank Members again for supporting the Motor Vehicle Idling (Fixed Penalty) Bill. Together with public education efforts, the Bill will help change driving habits, thereby reducing environmental nuisance caused by idling motor vehicles.

8. For this year, we will carry out a number of new initiatives to further reduce emissions from major pollutant sources.

### ***Reducing Vehicular Emissions***

9. Franchised buses are a major cause of roadside air pollution on busy corridors. Reducing emissions from franchised buses has been a priority of the Government in improving roadside air quality. This year we propose the following new initiatives to further reduce emissions from the franchised buses –

- (i) to conduct a trial with the franchised bus companies to retrofit Euro II and Euro III buses with “selective catalytic reduction devices” to reduce nitrogen oxides emission, thereby meeting the Euro IV standard. Subject to satisfactory trial results, the Government proposes to fully fund the retrofit of the devices on all Euro II and Euro III buses. The bus companies would bear the subsequent operational and maintenance costs. We anticipate that emissions of the existing franchised bus fleet would then be further reduced.
- (ii) in order to achieve the Government’s ultimate policy objective of having zero emission buses running across the territory, we propose to fund the full cost of procuring six hybrid buses for trial by the franchised bus companies along busy corridors at Causeway Bay, Central and Mongkok to test the operational efficiency and performance of these buses under local conditions as well as to collect operational data. If the bus companies wish to test other more environment-friendly buses such as electric buses, the Government would provide them with the same financial support.
- (iii) to designate pilot low emission zones at busy corridors in Causeway Bay, Central and Mong Kok. Our target is to increase as far as possible the ratio of low emission franchised buses (i.e. Euro IV or above buses) running in these zones from 2011-12, and to have only low-emission buses in these zones by 2015.

10. Moreover, to encourage the transport sector to test out green and low-carbon transport and relevant technology, approval has been given by the Finance Committee of the Legislative Council to set up a \$300 million Pilot Green Transport Fund. The Fund will be deployed to support the testing of green and innovative technologies applicable to the public transport sector and goods vehicles. This will help to improve roadside air quality, promote a low-carbon economy and nurture the development of green technologies in Hong Kong. The Fund will start accepting applications before the end of this month (i.e. March).

### ***AQO Review***

11. On reviewing Hong Kong's Air Quality Objectives (AQOs) and formulating a long term air quality management strategy, we reported in June 2010 the findings of the public consultation exercise to Legislative Council's Panel on Environmental Affairs. We also reported in July 2010 to the Panel's Subcommittee on Improving Air Quality about the key considerations in taking forward the recommended measures and the progress made on those measures for which concrete implementation programmes have been drawn up. We are now carefully considering the relevant policy aspects and implementation details, with an aim to work out the best way forward that is acceptable to the community for updating AQOs and implementing the recommended measures. In parallel, we are also introducing measures that have the support of the community for early improvement of air quality.

### **Strengthen Cross-boundary Cooperation**

12. In addition to taking forward local legislation and other measures, Hong Kong will continue to join hands with Guangdong with a view to effectively tackling the environment pollution problems that we face. Hong Kong and Guangdong Province signed the Framework Agreement on Hong Kong / Guangdong co-operation in April last year, which provides for concrete co-operation on environmental protection and ecology conservation. The Framework Agreement and the National 12<sup>th</sup> Five Year Plan also support us to work with Guangdong and Macao to jointly formulate a Regional Cooperation Plan on Quality Living Area (the Regional Cooperation Plan). Amongst others, enhanced co-operation will be pursued in the areas of environmental protection, ecological conservation as well as low-carbon development so as to raise the quality of the living environment in the region.

13. In the meantime, the two governments will continue to press ahead with the emission reduction measures contained in the Regional Air Quality Management Plan. Both governments will embark upon a final assessment of the achievement of the 2010 emission reduction targets in this year. We are also striving to complete the study on the post-2010 arrangements for emission reduction in the PRD region as soon as possible.

14. In addition, we will continue to take forward the Cleaner Production Partnership Programme, and support Hong Kong-owned factories in the Pearl River Delta region in reducing emissions and enhancing energy efficiency, thereby improving our regional environment.

### **Solid Waste Management**

15. We announced early this year our latest action plan for the management of Municipal Solid Waste (MSW). We adopt a three-pronged strategy of waste avoidance and minimization; reuse, recovery and recycling; and bulk waste treatment and disposal to tackle the waste problem.

16. In the area of waste recycling, through the Source Separation of Domestic Waste programme, some 80% of the population can participate in separation of waste at source. The recovery rate of domestic waste has increased significantly from 14% in 2004 to 35% in 2009, with the amount of domestic waste disposed of at landfills dropped by around 14% in the same period. For source separation at commercial and industrial buildings, more than 600 buildings have signed up to the programme. Overall, we achieved a recovery rate of 49% for MSW in 2009, which overshot the intermediate target as laid down in the 2005 Policy Framework (i.e. 45% recovery by 2009). The Government will enhance its efforts on waste recycling, and we are committed to raise our MSW recovery target, i.e. to reach a recovery rate of 55% by 2015. This target is above the current recovery rate of other developed cities like Tokyo, London and Sydney. We will introduce a series of complementary measures involving government departments and different sectors of the community in order to broaden the participation in waste reduction and recycling.

17. Our study of overseas experiences shows that any further attempts to significantly raise the MSW recovery level would not be possible in the absence of economic means. MSW charging is an effective and direct economic means to reduce waste. As charging will have wide implications for all sectors of the community, and to put it into practice would hinge on the implementation of various associated measures in monitoring the effectiveness of waste charging, we therefore need to study the subject carefully. A framework on the principles, pros and cons of MSW charging options will be presented for public engagement later this year.

18. In parallel, in line with the “Polluter Pays Principle”, we need to expedite legislative proposals to introduce new Producer Responsibility Scheme (PRS) and extend current PRS to encourage recycling and waste reduction. We will roll out a consultation exercise in this year on extension of the PRS on Plastic Shopping Bags. Furthermore, following the public consultation on a new PRS on Waste Electrical and Electronic Equipment in 2010, there will be engagement with the relevant trades to discuss the implementation plan.

19. In implementing various waste reduction initiatives, there will inevitably be large quantity of non-recyclable waste that will require proper treatment. Therefore, we prefer to develop the first modern Integrated Waste Management Facilities (IWMF) on an artificial island off Shek Kwu Chau which will adopt modern incineration technology to substantially reduce the volume of the municipal solid waste and to recover energy from the waste to generate electricity. The facility can treat about 3,000 tonnes of waste every day. The related Environmental Impact Assessment (EIA) study has been completed and was released for public inspection. Subject to the approval of the EIA report, the Government plans to seek funding from the Finance Committee of the Legislative Council in the first half of 2012 with a view to building the IWMF for commissioning by 2018.

### **Harbour Area Treatment Scheme**

20. The total sum of contracts that have been awarded so far under the HATS Stage 2A amounts to \$11.8 billion. The remaining major works will commence around mid-2011. The HATS Stage 2A will be completed in 2014 as scheduled. The above works will create a total of some 3,500 jobs. Last year, we completed the tendering work of the Sludge Treatment Facilities and awarded a design and construction contract with a total capital value of \$4.96 billion. The Facilities are now at the detailed design and construction stage. We expect that the Facilities will commence operation by end of 2013. We commenced in June 2010 a review of the HATS Stage 2B. Based on the review findings, we will determine the timing of the HATS Stage 2B implementation. Also, we will complete within 2011 the rezoning procedures to amend the Stonecutters Island Outline Zoning Plan to secure a site for development of the biological treatment plant under Stage 2B.

### **Combating Climate Change and Enhancing Energy Efficiency**

21. Climate change is an important environmental issue, and we carried out a public consultation on Hong Kong's Climate Change Strategy and Action Agenda last year. We are now analysing responses received during the consultation period. In the meantime, we are continuing with our efforts in enhancing Hong Kong's overall energy efficiency (in particular at buildings), reducing electricity consumption, as well as greening our road transport system to reduce local greenhouse gas (GHG) emissions.

#### ***Fuel Mix Revamp***

22. We completed the public consultation on "Hong Kong's Climate Change Strategy and Action Agenda" last year. Power generation is the largest source of greenhouse gas (GHG) emissions in Hong Kong, and accounts for 67% of our total GHG emissions. Coal is also one of the primary sources of air pollution and assumes the highest carbon emission factor. Our direction of revamping fuel mix for power generation is to reduce the use of coal and increase

the share of non-fossil, low carbon fuel. We are now consolidating views obtained in the public consultation, with a view to planning the way forward to revamp our fuel mix for power generation. We acknowledge concerns on the safety of nuclear power arising from the Fukushima incident. We will take account of the impact of the incident, in particular on the future development of nuclear industry, in considering our way forward.

### **Promoting wider use of Electric Vehicles**

23. In this year's Budget, we will continue to promote the wider adoption of electric vehicles (EVs) in Hong Kong. In the past two years, we have already rolled out a series of measures, including tax incentives for car users to buy EVs, encouraging EV manufacturers around the world to supply their EVs to Hong Kong, and expanding the EV charging infrastructure. We propose in this year's Budget that we will give priority to EVs when replacing cars for the Government fleet, subject to the availability of suitable models in the market and the operational needs of bureaux and departments. We expect to have an initial intake of about 200 EVs of various types in the two financial years of 2011-12 and 2012-13.

24. As regards the development of EV charging infrastructure, we are glad to have the support from both the public and private sectors. So far, the two power companies and property development and management sectors have already installed more than 300 charging points, and even more will gradually be put into service. We will continue to work closely with our partners in the community, including the property development sector and non-government organisations in expanding the charging network. In order to meet the increasing demand for EV charging service, we also plan to install more charging facilities in government car parks for public use.

### **Green Economy**

25. As regards the promotion of local environmental industry, I am delighted to find there has been considerable growth. The value added and employment of environmental industries recorded growth of 12.4% and 3.6% respectively in 2009. With more facilitating policies and measures rolled out, I am confident that there will continue to be robust development in local environment industry.

26. We will continue our heavy investment in environmental infrastructures, thereby creating jobs and generating business opportunities for the green sector as well as the engineering industries. Besides, various policies and legislation will also bring about new opportunities for the sector. Apart from introducing measures and legislation to enhance energy efficiency, as pointed out earlier, we have also secured funding support from the Legislative Council to set up a \$300 million Pilot Green Transport Fund, which will encourage the transport sector to test out green and low-carbon transport technology. Besides stepping

up our efforts on the promotion of green procurement, we have been actively piloting the use of new green materials in public works. With these measures in place, the Government will continue to set a role model in promoting environmental protection.

### **Environment and Conservation Fund and Council for Sustainable Development**

27. Since the injection of \$1 billion in 2008, the Environment and Conservation Fund (ECF) has expanded its funding scope to encourage more organizations of diverse background (including non-government organizations, district bodies, green groups, schools, universities, residents' organizations etc.) to draw on the Fund to support local, regional and international activities on environmental issues, to further engage the community in carbon reduction and raise Hong Kong's leading position as a green city.

28. Since the expansion in funding scope in 2008, the ECF has received many applications from different types of organizations. With the ECF's committed efforts in pursuing its various programme areas, the number of projects supported by the ECF has risen substantially to over 1,600 projects since funding injection in 2008. This surpasses the total number of some 1,000 projects approved in the 14 years from 1994, when the ECF was set up, to 2008. Since the 2008 injection till end February 2011, the total amount of approved funding is over \$880 million.

29. For 2011-12, the Government proposes to further inject \$500 million to ECF to continue providing funding support to educational, research and technology demonstration projects on environmental protection and nature conservation, and to sustain the momentum of ECF programmes. The Government will, in consultation with the ECF Committee, constantly review the ECF programmes with a view to rolling out new programmes that can meet policy priorities and public expectations.

30. ENB will continue to provide support to the Council for Sustainable Development in implementing its work and activities. Noting climate change is a current global sustainable development issue, the Council has decided to focus on climate change-related issues in its next round of public engagement process, to be rolled out in mid-2011. The Council will also promote a better understanding in the community of climate change and sustainable development through its education and publicity programmes.

### **Conclusion**

31. Chairman, the Government's policies have been gearing towards building a city of low pollution, low carbon and sustainable development. There will be plenty of challenges ahead as we continue to strive for a better environment. I look forward to receiving the LegCo's continued support in

pursuit of our policies and measures in the coming financial year. Chairman, I welcome Members to put forward their questions on this part of the Estimates and, together with the Permanent Secretary and other colleagues, I would be pleased to answer Members' questions.

**Environment Bureau**  
**March 2011**



**Presentation by Secretary for the Civil Service  
at the Special Meeting of the Finance Committee  
on Monday, 21 March 2011**

Madam Chairman and Honourable Members,

Of the items relating to civil service expenses in the 2011-12 Draft Estimates of Expenditure, I would like to brief Members on two of them.

2. First, **civil service establishment**. In keeping with the principles of “big market – small government” and prudent management of public resources, the Government will continue to keep the civil service establishment under control in order to maintain a lean and efficient civil service. New civil service posts will only be created when the operational need is fully justified, when the work involved cannot be undertaken by re-deployment of existing staff, and when alternative modes of service delivery are considered inappropriate.

3. The 2011-12 Draft Estimates of Expenditure project an around 1% increase (1 680 posts) in the civil service establishment. Subject to the approval of the 2011-12 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 168 249 posts by end-March 2012.

4. Second, **financial provisions**. In the 2011-12 Draft Estimates of Expenditure, there are some financial provisions under various Heads of Expenditure which are directly related to the policy area of central management of the civil service. I would like to say a few words about the following items:

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: A financial provision of \$886.5 million is proposed for providing medical and dental services for serving and retired civil servants and their eligible dependants at government families clinics and dental clinics, as well as for reimbursement of medical fees and hospital charges. For the former, an allocation of \$506.5 million is proposed, representing an increase of \$31.9 million or 6.7% over the 2010-11 Revised Estimates. The additional provision is mainly for setting up additional dental surgeries and procuring specialist dental equipment. For the latter, an allocation of \$380.0 million is proposed, representing an increase of \$90 million or 31% over the 2010-11 Revised Estimates.

- (b) Head 143 “Civil Service Bureau: Programme 4 “Civil Service Training and Development”: A financial provision of \$107.9 million is proposed for civil service training and development. This represents an increase of \$7.6 million or 7.6% over the 2010-11 Revised Estimates. The increase is mainly to strengthen the national studies training programmes for civil servants. In brief, we will incorporate a new module on national studies in the induction programme for new recruits of degree or professional grades. We will increase the capacity of the national studies programmes for middle and senior civil servants. We will also organise more in-depth seminars on topical subjects relating to developments in the Mainland; and further enhance the current e-learning platform with new on-line courses on national studies for civil servants at all levels.

5. Madam Chairman, the civil service is the backbone of the Government. It contributes to the effective governance and stability of Hong Kong. In the face of the future challenges, the Civil Service Bureau will continue to maintain a civil service with high standards of integrity, efficiency and performance to serve the community of Hong Kong.

6. Madam Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Financial Services and the Treasury  
at the Special Meeting of the Finance Committee  
on Monday, 21 March 2011**

Chairman,

I will briefly introduce the estimates of expenditure for financial services and our key initiatives in 2011-12.

**Estimates of Expenditure**

2. For 2011-12, I have allocated about \$1.07 billion from my operating expenditure envelope to the Financial Services Branch and the departments under its purview. The amount represents an increase of more than \$200 million over last year.

**Key Areas of Work in the Coming Year**

3. The National 12<sup>th</sup> Five-Year Plan unveiled recently has reaffirmed its continued support to Hong Kong in developing its financial services, consolidating and enhancing Hong Kong's status as an international financial centre of greater significance in the world, and in particular backing the city's development into an offshore Renminbi (RMB) centre and international asset management centre.

4. In response to the 12<sup>th</sup> Five-Year Plan and with a view to catering for the development needs of the State and Hong Kong, we will focus our work in respect of financial services in the coming year on two key areas, namely promoting market development and improving market quality.

**(I) Promoting Market Development**

5. On promoting market development, we will put emphasis on four areas, namely further developing offshore RMB business, improving our listing platform to attract more enterprises from different places to list in Hong Kong, fostering the growth of our asset management industry and promoting the development of the bond market.

**(a) Offshore RMB Business**

6. With the support of the Central Government, we will continue to take forward the development of Hong Kong into an offshore RMB centre. Our next steps are to attract more foreign enterprises to use Hong Kong's RMB settlement

services, encourage more Hong Kong, foreign and Mainland enterprises to issue RMB bonds in Hong Kong, and seek channels for enterprises to remit RMB funds raised in Hong Kong for use, say, as foreign direct investment.

**(b) Capital Formation Platform**

7. Hong Kong was the most active market for initial public offerings (IPOs) globally last year, raising a total of \$449.5 billion, more than any bourse in the world. Enterprises from Russia, France and Brazil came last year to list in Hong Kong for the first time. We will continue to work with the Stock Exchange of Hong Kong to promote Hong Kong's advantages as the premier capital formation centre.

**(c) Asset Management Industry**

8. We have been taking multi-prong measures to further enhance the competitiveness of our asset management industry. For example, we are seeking to enter into agreements on the avoidance of double taxation with more trading and investment partners. We will continue to develop an Islamic financial platform in Hong Kong. We will also step up efforts in the Mainland and overseas markets to promote the strategic position of our asset management industry. In addition, we will strengthen the role of InvestHK in promoting our financial services industry.

**(d) Bond Market**

9. The local bond market can provide another efficient platform for capital-raising, investment and financial intermediation. We will issue inflation-linked retail bonds, or "iBond", to initiate the retail bond issuance under the Government Bond Programme and promote the development of the retail bond market in Hong Kong. The issuance of iBond will provide retail investors with one more investment option for maintaining their purchasing power in a low-interest rate environment with an inflationary trend.

**(2) Improving Market Quality**

10. Our second focus is to improve market quality by optimizing the regulatory regime. I would like to highlight a few key areas of work.

**(a) Rewrite of the Companies Ordinance**

11. We introduced the Companies Bill into the Legislative Council (LegCo) for deliberation in January this year with a view to enhancing Hong Kong's status as a major international business and financial centre. In view of the multitude of provisions and the fairly tight schedule for deliberation, we will work closely with the Bills Committee for the passage of the Bill by July next year.

(b) Statutory Requirements on Disclosure of Price Sensitive Information by Listed Companies

12. Regarding the securities industry, the cultivation of a continuous disclosure culture among listed companies is vital to Hong Kong as a capital formation platform. In February this year, we published the consultation conclusions on the proposed statutory requirements for the timely disclosure of price sensitive information (PSI) by listed companies. The proposed regime revised after the consultation will encourage market compliance without stifling market development. We aim to introduce the revised bill into the LegCo within this legislative session.

(c) Establishment of an Independent Insurance Authority

13. The public consultation on the proposed establishment of an Independent Insurance Authority (IIA) was completed in October 2010. Our target is to publish the consultation conclusions in the first half of this year. The public generally support the proposed establishment of the IIA. Having regard to the views received, we will consult the industry and other stakeholders in developing the detailed proposals to ensure that they meet public expectations and market development needs.

(d) Establishment of a Policyholders' Protection Fund

14. We are taking forward the proposal to establish a Policyholders' Protection Fund at full swing. We will soon brief the LegCo Panel on Financial Affairs on various aspects of the proposal, including the coverage, level of compensation, funding mechanism and governance arrangements. We will conduct a consultation exercise to receive views and comments from the industry and members of the public.

(e) Enhancement of the Mandatory Provident Fund System

15. On the Mandatory Provident Fund (MPF) System, we are working at full speed in conjunction with the Mandatory Provident Fund Schemes Authority (MPFA) in preparing the legislative proposals on MPF intermediaries regulation. We will brief the LegCo Panel on Financial Affairs on the proposals in April. We aim to introduce the bill into LegCo within this year with a view to implementing the Employee Choice Arrangement as soon as possible next year.

16. On the other hand, we are also following up on the review of MPF minimum and maximum relevant income levels. I understand that the Panel on Financial Affairs is considering a public hearing on this subject. We will facilitate the process with a view to identifying a mainstream proposal and commence the legislative amendment process as soon as possible.

17. I understand that the community has high expectations of MPF. Yet,

the MPF System has only been implemented for 10 years and would need continuous improvement to better meet public needs. A number of major aspects of the MPF system are already under review, including the minimum and maximum relevant income levels for MPF contribution, and the restrictions for withdrawal of accrued benefits, etc. We are following up closely on these reviews in conjunction with MPFA.

18. Overall speaking, the MPF System has accumulated assets of over \$365.4 billion for more than 2.52 million employees and self-employed persons. It is thus a fact that the MPF System has helped accumulate retirement savings for employees during the past decade. There are also promising developments on the question of MPF fees. Through measures such as enhancement of market transparency and competition, the Government and the MPFA have been facilitating adjustments of MPF fee levels by means of market forces. We continue to notice trustees proactively reducing the fees of individual schemes or introducing schemes of low fees, e.g. some MPF trustees introduced new schemes with fees below 1%. The Government and the MPFA will continue to work closely in this regard.

19. To conclude, we will continue to work closely with the regulators and the industry to implement the above-mentioned work plan, and seize the opportunity presented by the National 12<sup>th</sup> Five-Year Plan to foster the sustained development of our financial services. Chairman, my colleagues and I are happy to answer any inquiries from Members.

**Presentation by Acting Secretary for Commerce and Economic Development  
at the Special Meeting of the Finance Committee  
on Monday, 21 March 2011**

- Chairman, the Budget has included matters within the policy areas of commerce, industry and tourism. I would like to set out the progress and content of the key policies.

**Support for SMEs**

- SMEs are the pillar of Hong Kong's economy. The Government is committed to providing appropriate assistance to them having regard to the prevailing economic situation.
- Under the Special Loan Guarantee Scheme which closed by end last year, around 40 000 applications have been approved, involving total loans of some \$97 billion and guarantees by the Government of \$75.5 billion. The scheme has helped more than 20 000 enterprises and indirectly preserved more than 340 000 jobs. This shows that the scheme has contributed positively to "supporting enterprises and preserving employment" during the financial tsunami.
- To demonstrate the Government's continuous support to SMEs, the Financial Secretary proposed in his Budget Speech to increase the total guarantee commitment under the on-going SME Loan Guarantee Scheme substantially from \$20 billion to \$30 billion. We would submit our application to the Finance Committee in the middle of this year.
- In view of the relocation of the production processes of many Hong Kong enterprises away from Hong Kong and the setting up of subsidiaries in the Mainland or overseas in recent years, the Hong Kong Export Credit Insurance Corporation has since March this year extended its insurance coverage to contracts signed between subsidiaries wholly owned by Hong Kong companies in the Mainland or overseas and their buyers. The extension would offer Hong Kong companies better credit risks protection when they are developing their business in the Mainland and other new markets. It is expected that this new measure will further assist SMEs in their trade financing and risk management.

## **Brand Promotion and Opening up the Mainland Market**

- As regards assistance for Hong Kong brands and products to tap the Mainland market, the Government has in place various funding schemes, including the SME Development Fund, SME Export Marketing Fund, Innovation and Technology Fund, and Research and Development Cash Rebate Scheme. These schemes can assist enterprises in restructuring and upgrading, and building their brands. This year, we will particularly encourage eligible organisations to apply for the SME Development Fund to implement projects that can help SMEs develop and promote their brands and tap the Mainland domestic market.
- To strengthen our support for enterprises in this regard, we will seek the Legislative Council Finance Committee's approval for injecting \$1 billion to the SME Development Fund and SME Export Marketing Fund in the middle of this year to enhance support for SMEs.
- The Hong Kong Trade Development Council (HKTDC) and the Hong Kong Productivity Council will separately provide Hong Kong enterprises with support services on technological upgrading, management improvement, branding and market development, as well as Mainland market information. Apart from continuing to organise trade events in various Mainland provinces and cities to promote Hong Kong goods, HKTDC has enhanced its electronic trade platform and support services to assist Hong Kong enterprises in developing new distribution channels. The Mainland's policy of encouraging domestic consumption has indeed created new business opportunities for our enterprises to explore and develop.

## **CEPA**

- The Government will continue to make good use of CEPA to strive for better market access progressively for various sectors of Hong Kong, to bring more business opportunities to them and to strengthen their competitiveness in the Mainland. Through maintaining close liaison with the Mainland authorities at central, provincial and municipal levels, we will continue to seek to enhance the transparency of Mainland rules, regulations and implementation guidelines, and streamline the application procedures for setting up businesses etc., in order to implement various CEPA measures effectively.

## **Enhancing Co-operation between Hong Kong and Taiwan**

- With regard to economic and trade relations between Hong Kong and Taiwan, the two places have maintained close contact with each other



since the establishment of the Hong Kong-Taiwan Economic and Cultural Co-operation Council (ECCPC) and the Hong Kong-Taiwan Business Co-operation Committee (BCC) in April 2010 and the visit to Taiwan led by the Financial Secretary in his capacity as the Honorary Chairperson of ECCPC in August 2010. The two sides have discussed the technicalities and details of the agreed priority issues, including the establishment of an office in Taiwan by the Hong Kong Tourism Board (HKTb) and facilitation of customs clearance of goods. Through the new communication and co-operation platforms of the ECCPC and BCC, Hong Kong and Taiwan will continue to actively explore co-operation opportunities with a view to promoting closer economic and trade partnership for the mutual benefits of the two places.

### **Wine Trading and Distribution Business**

- Since the exemption of wine duty in 2008, wine trading and related businesses have experienced sustained growth, bringing substantive benefits to our economy.
- We will continue to enhance home-grown wine promotion mega events and encourage internationally renowned wine promotion agencies to stage their activities in Hong Kong, with a view to attracting more overseas traders to make good use of Hong Kong's advantages as an ideal platform for tapping the Asian market. A number of wine-producing countries/regions have recently set up or are considering setting up regional wine-promotion offices in Hong Kong. We are rendering suitable assistance to prospective clients through Invest Hong Kong.
- At the same time, we will keep up the momentum of other supportive measures, including combating counterfeit wine, consolidating the wine storage certification scheme, providing customs facilitation for wine entering the Mainland, and fostering manpower training and education. The overall objective is to create favorable conditions for the sustained development of wine trading and distribution businesses using Hong Kong as a hub.

### **Tourism Performance**

- Hong Kong's tourism industry enjoyed a robust overall performance last year with a record-breaking 36 million visitor arrivals, an increase of over 20% over 2009. The global economic recovery and the subsequent rebound in travel sentiments, coupled with the further relaxation of the Individual Visit Scheme by Mainland authorities, have contributed to the growth of our tourism industry.

- Looking ahead in 2011, we estimate visitor arrivals will further rise by 10%, to almost 40 million.

### **Overall Tourism Review**

- Tourism is an important pillar of Hong Kong's economy. We attach much importance to the further development of our tourism industry, and treasure the reputation and brand built up by the tourism sector over the years. We are conducting a comprehensive review on the operation and regulatory framework of our tourism sector to ensure the sustainable and healthy development of the tourism industry. On 28 February, we briefed the Legislative Council Panel on Economic Development on the four possible options for reforming the regulatory framework of the tourism sector. We are drafting the consultation document and will launch a consultation with the public and the trade next month (April). We encourage Members of the Legislative Council, the trade and the general public to share their views with us during the consultation, so that our analysis and consideration can be more thorough. Taking into account the views collected in the consultation, we will formulate concrete proposals for reforming the regulatory framework. We expect to announce the proposals in the fourth quarter of 2011. Before the establishment of any new regulatory regime, we will continue to give our full support to the Travel Industry Council of Hong Kong so that it will discharge its regulatory responsibilities effectively.

### **Promotional Work of the Hong Kong Tourism Board (HKTb)**

- The HKTb has been carrying out its promotion work in the Middle East, India and Russia. We will inject an additional allocation of \$13.5 million in 2011-12 (and \$21.5 million in annual provision thereafter) to support the HKTb's work on stepping up penetration into new cities in the aforesaid markets, as well as setting up representative offices to build up business networks in the Netherlands and Vietnam which are emerging markets with considerable potential. This will help strengthen Hong Kong's competitiveness.

### **Cruise Terminal**

- We are sparing no efforts in enhancing the tourism infrastructure in Hong Kong, and the cruise terminal project is progressing smoothly. As regards the tender for appointing the terminal operator, I informed the Legislative Council Panel on Economic Development at its meeting in January that we aimed to launch the tender in the first half of this year. I am pleased to report that, as the progress of drawing up the tender documents has been satisfactory, we will formally launch the tender on

coming Friday (25 March), with a view to awarding the contract for managing and operating the terminal within this year.

### **Theme Parks**

- The expansion of Hong Kong Disneyland is proceeding as planned and the first of the three new themed areas, Toy Story Land, is expected to be opened by the end of this year.
- The redevelopment project of the Ocean Park is also in full swing. A new attraction 'Aqua City', which consists of one of the largest aquaria in Asia and an aquarium restaurant, was opened in January. Other new attractions such as 'Rainforest' and 'Thrill Mountain' are expected to be completed in April and September respectively.

### **Eradicating Pyramid Schemes and Prohibiting Unfair Trade Practices**

- The public consultation on proposals to eradicate pyramid schemes ended in January this year. The great majority of respondents support our legislative proposals, including the proposals to tighten the definition of "pyramid scheme" in the Pyramid Selling Prohibition Ordinance, extend the regulatory coverage of the Ordinance and increase penalties. We will brief the Panel on Economic Development on the consultation outcome next week. Legislative amendments are being prepared and we aim to introduce them into this Council by the end of May at the earliest. As regards the work of amending the Trade Descriptions Ordinance to enhance consumer protection, we have already started preparing legislative amendments. The legislative provisions on cooling-off arrangements are rather complex. We will try our best to submit the amendments to this Council for scrutiny within the current legislative session.

### **Intellectual Property**

- To support the sustainable development of creative industries and in keeping with the trend of network applications, we will introduce a bill to amend the Copyright Ordinance in the first half of 2011 with a view to strengthening copyright protection in the digital environment. The drafting of the bill is on schedule. In the meantime, Customs will keep enhancing its enforcement capability to combat pirating and counterfeiting activities.
- Separately, to ensure that our patent system could best facilitate the development of innovation and technology, we will embark on a review of the system this year. The Intellectual Property Department has been liaising with the trade and making ground work for taking the review forward. We intend to consult the relevant Legislative Council Panel

on the scope and outline of the review in the second quarter of 2011.

## **Conclusion**

- Chairman, I would be pleased to answer questions from Members.

**Presentation by Acting Secretary for Commerce and Economic Development  
at the Special Meeting of the Finance Committee  
on Monday, 21 March 2011**

**Introduction**

1. Chairperson, the Budget of this year has covered a number of policy areas under the scope of communications and technology. I will brief Members on our key policies and the work progress concerned.

**Digital Audio Broadcasting (DAB)**

2. Last November, the Chief Executive (CE) in Council gave approval in principle to three licence applications (DBC, Metro, Phoenix U) for providing DAB service. The licences are being prepared and will soon be submitted for the CE in Council's approval. These three prospective DAB licensees have plans to roll out their services by phases starting from the end of this year. RTHK also intends to commence DAB at around the same time.

**RTHK**

3. In the next few years, RTHK will embark on various new development initiatives to fulfill its mission as the public service broadcaster of Hong Kong. RTHK will increase the production of HDTV programmes, prepare for the launch of digital audio and television broadcasting (including the establishment of transmission network and purchasing of broadcasting equipment), restore and digitise archive materials, etc. In the coming year, the estimates for RTHK will have an increase of 18.7%, with the creation of 19 new posts including one permanent D1 post of Controller (Broadcasting Services) and one time-limited post of Deputy Director (Administrative Officer Staff Grade B). The proposed creation of the directorate posts has been supported by the Panel on Information Technology and Broadcasting (ITB Panel). We will seek the endorsement of the Establishment Sub-committee in due course.

**The Communications Authority**

4. To establish a unified regulator for the telecommunications and broadcasting sectors, we introduced the Communications Authority Bill into the Legislative Council (LegCo) in June last year. LegCo has set up a Bills Committee to examine the Bill. We appeal to Members support for the enactment of the Bill within this legislative session.

## **Creative Industries**

5. The estimates for the general non-recurrent items under Create Hong Kong (CreateHK) (including the estimates for its various funding schemes) will increase from \$138 million this year to \$188 million, representing an increase of 36%. With our determination to develop Hong Kong into Asia's creative capital, support will be given to the organisation of a range of international events this year. Apart from the annual events like Entertainment Expo Hong Kong and Business of Design Week (BODW), this year we will provide funding support to the local music, television and digital entertainment industries for organising major events of various natures with regional participation<sup>1</sup>, so as to establish Hong Kong's leading position in the respective fields of the region.

6. We will promote development of creative clusters in the territory to generate synergy and facilitate exchanges. We will also encourage interaction between the creative industry practitioners and the general public so as to foster a creative atmosphere within the community. We will revitalise the former Police Married Quarters at Hollywood Road into a focal point for promoting the development of local creative industries. We will seek funding support for the revitalisation project from the LegCo shortly.

## **Steering Committee on Innovation and Technology**

7. The Financial Secretary will assume the chairmanship of the Steering Committee on Innovation and Technology to further promote innovation and technology development in Hong Kong and build greater synergy among different stakeholders of the innovation and technology sector. It signifies Government's strong commitment on the development of innovation and technology. The estimates for the Innovation and Technology Fund will increase by 5.8% in 2011-12 while the allocation for the Applied Science and Technology Research Institute will have an increase of 26%.

## **Providing Infrastructure for Innovation and Technology**

8. Following Finance Committee's approval of the funding arrangements for the development of Science Park Phase Three in April 2010, planning of construction work is underway in full gear. The project will be completed in phases between late 2013 and 2016 and will provide around 4 000 R&D-related jobs. In addition to the four original clusters (electronics, IT & telecommunications, precision engineering and biotechnology), the Science Park will also focus its efforts on the cluster of green technology.

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<sup>1</sup> Such events include *Hong Kong Asian-Pop Music Festival*, *Asia Rainbow TV Awards*, *Asia Online Game Awards* and *SIGGRAPH Conference and Exhibition on Computer Graphics and Interactive Techniques in Asia*.

## **Testing and Certification**

9. We are now working closely with the Hong Kong Council for Testing and Certification in implementing the three-year market oriented industry development plan submitted by the Council last year. We have adopted a dual approach in promoting the development of the industry – make general improvements to the accreditation service and factors of production to enhance the industry's competitiveness, whilst at the same time focus particular attention to promote and develop new testing and certification services through the setting up of panels in four selected trades, i.e. Chinese medicine, construction materials, food and jewellery.

10. With regard to access to the Mainland market, we have taken steps to implement Supplement VII to CEPA, which allows testing organisations in Hong Kong to, starting from this year, undertake product testing for the China Compulsory Certification System on a pilot basis for four types of products processed in Hong Kong (i.e. toys, circuit installations, information technology equipment and lighting apparatus).

## **Digital 21 Strategy**

11. On Government IT expenditure, the estimated non-recurrent expenditure of computerisation in 2011-12 amounts to \$1.74 billion, which is 45% above the revised estimate of \$1.2 billion in this financial year. I believe the increased provision will create a lot of new business opportunities to the IT industry. And the estimated expenditure of the Office of the Government Chief Information Officer (OGCIO) will also increase 14%.

## **Facilitating Data Centres Development**

12. In a knowledge-based economy, data centres constitute an essential part of the infrastructure. Recently, many international IT companies have also set up large-scale high-end data centres one after another in Asia Pacific region, generating increasing demand for such services. 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.

13. The Government is exploring appropriate measures to facilitate the development of more high-end data centres in Hong Kong, with a view to entrenching Hong Kong's position as a trade and financial hub, maintaining Hong Kong's competitiveness in Asia Pacific and promoting sustainable economic development. We will set up a one-stop portal for releasing information on data centres, strengthen the promotion of optimal use of existing industrial buildings and industrial sites, and explore the feasibility of other facilitative measures including the allocation of sites suitable for development into high-end data centres.

## **Cloud Computing**

14. Over the next five years, we will adopt the Cloud Computing model to re-provision Government's central IT infrastructure and services, enhance the overall agility of Government's IT capabilities and services, enhance operational efficiencies, reduce costs and reduce Government's carbon footprint and environmental impact. OGCIO has formulated a Pan-Government IT Strategy which sets out the major programmes to facilitate transition to Cloud Computing.

## **New Hosting Infrastructure for E-Government Services**

15. To support the further development of e-government services, we propose to develop a new central hosting platform for e-government services. With its greener and more efficient equipment, the proposed new central hosting platform will be able to host 100 additional e-government services on top of the existing 118 ones.

16. We have updated the ITB Panel and will seek funding approval from the Finance Committee shortly to implement this project.

## **Government Wi-Fi Programme**

17. In view of the public recognition and great public demand for the Government Wi-Fi (GovWiFi) Service, we will submit a proposal to the ITB Panel in April and then seek funding approval from the Finance Committee to continue and upgrade this public service.

## **Facilitating Digital Inclusion**

18. We are also making active preparations for the Internet Learning Support Programme with a view to rolling out services as scheduled before the start of next school year in this September to help students from low-income families undertake web-based learning at home.

19. Chairperson, I stand ready to answer questions from Members.



**Presentation by Secretary for Transport and Housing  
at the Special Meeting of the Finance Committee  
on Tuesday, 22 March 2011**

Madam Chairman,

I would like to brief Members on the Transport and Housing Bureau (THB)'s major initiatives on housing matters in the new financial year.

**Supply of PRH**

2. The objective of the Government and the Hong Kong Housing Authority (HA) remains to be providing public rental housing (PRH) flats to low-income families who cannot afford private rental accommodation, with a target of maintaining the average waiting time (AWT) for the general PRH applicants at around three years. We will continue to identify suitable sites and to monitor the progress of the supply of PRH sites to ensure adequate land supply for public housing development.

3. According to the five-year rolling Public Housing Construction Programme (PHCP) of the HA, the total new PRH flat production forecast for the forthcoming five years starting from 2010/11 will be about 75 000 flats, averaging about 15 000 flats per year. Together with the existing PRH flats anticipated to be recovered every year, we believe that there will be adequate PRH flats to achieve the target of maintaining the AWT for the general PRH applicants at around three years. The Subsidised Housing Committee (SHC) of the HA approved on last Tuesday the upward adjustment of Waiting List (WL) income and asset limits starting from 1 April. As for the monthly income limits, the limit for a one-person household will be raised to \$8,740, a two-person household to \$13,410, a three-person household to \$15,260 and a four-person household to \$18,560. The above figures are exclusive of the 5% contribution of the household income under the Mandatory Provident Fund (MPF) to make up the actual income limits; if inclusive of the MPF contribution, the income limit of a four-person household will be nearly \$20,000. On the asset limits, the limit of a four-person household will be raised to \$397,000. We hope to take timely actions to cater for the impact on the income of low-income households incurred by the volatile macro-economic situation, fluctuating consumer prices and the Minimum Wage Ordinance to be implemented on the first of May. It is estimated that with this adjustment, households eligible for PRH applications will increase by about 25 000. We will keep in view the number of applicants on the WL, as well as closely monitor the demand so as to make appropriate adjustments to the production level according to the latest demand and supply in the rolling PHCP.

### **To pay rents for PRH tenants for two months**

4. In view of the possible impact of recent inflation and rising prices on people's livelihood, the Financial Secretary (FS) proposed to pay rents for PRH tenants for two months. THB will shortly seek approval from the Finance Committee of the Legislative Council (LegCo) for the funding required. It is expected that the proposal can be implemented after mid-2011 to provide relief to PRH tenants.

### **Sale of First-hand Residential Properties**

5. As for the private residential property market, the Government has all along been committed to enhancing the transparency of property transactions to ensure healthy development of the market. Over the past two years, THB implemented a number of measures including the "nine new measures" through the Lands Department's Consent Scheme (the Consent Scheme) and the guidelines issued by the Real Estate Developers Association of Hong Kong to enhance the transparency and clarity of the property and transaction information on uncompleted first-hand private residential properties.

6. To further strengthen the regulation of the sale of first-hand residential properties, we have established the Steering Committee on the Regulation of the Sale of First-hand Residential Properties by Legislation (the Steering Committee) to discuss specific issues pertaining to the regulation of the sale of first-hand properties by legislation. Other than Consent Scheme projects, the Steering Committee intends to include other projects, such as projects developed under old lease conditions in the proposed legislation. The Steering Committee has commenced work in November 2010 and will come up with practical recommendations by October 2011. Our target is to take forward the subsequent consultation in the form of a White Bill in order to expedite the process. We will report to the LegCo Panel on Housing on the progress of the Steering Committee this April.

### **Special Stamp Duty**

7. The Government has been closely monitoring the development of the private residential property market and has remained vigilant against the possible risk of a property bubble posed by abundant liquidity and exceptionally low interest rates at present. On 19 November 2010, the Government announced new measures to curb short-term speculative activities, including the proposal to introduce the Special Stamp Duty (SSD) to ensure the healthy and stable development of the property market. With the introduction of these measures, we note that the number of short-term speculative activities has decreased significantly and there was a significant drop of confirmor cases in the first two months of 2011. We are working closely with the Bills Committee concerned to enable the necessary legislation to be enacted as soon as possible. I want to take

this opportunity to remind anyone who bought a residential property on or after 20 November 2010 that, if they sell the property in question in two years or less after acquiring the property, they need to pay the SSD when the new law comes into effect.

8. We all understand that the fundamental cause for fluctuations in property prices is related directly to the supply and demand. The socio-economic situation and interest rates are two other major factors. We note that the imposition of the SSD is effective in that speculators have stopped their speculative activities as there is no more room for profit. However, in an environment of ultra-low interest rate, flourishing economy and demand from genuine users, the number of residential flat transactions and property prices will not drop drastically overnight. In fact, the SSD is not a measure to curb the rise in property prices. The measure aims to combat speculation in order to minimize the impact on genuine home buyers. The Government's policy objective is to maintain the steady and healthy development of the property market. As the FS has said, we will continue to monitor the market situation closely, and will not hesitate to take further actions to safeguard the socio-economic and financial stability when necessary.

### **Aspirations for Home Ownership**

9. There is aspiration from some members of the public that there be opportunities for people to purchase affordable homes. We understand that home purchase is the dream of many people which may also be the most important investment in their life. Property buyers normally decide to make such a long-term commitment after thorough consideration and detailed planning. The statistics available reveal that many people in Hong Kong have realized their aspiration for home ownership by making the most important investment in their life. Of the 1.25 million households residing in private buildings in Hong Kong as at the fourth quarter of 2010, 870 000 or about 70% own their properties. As such, high volatility in the property market and steep rises or falls in the property prices will not only affect many people who have all along been striving to fulfill their dreams but also the overall economy and even the social stability of Hong Kong.

10. As I have just said, the policy objective of the Government is to ensure a healthy and steady development of the property market. In February, April, August, October and November 2010, the Government announced a basket of short, medium and long-term measures in four areas to ensure the healthy and steady development of the property market. The four areas include increasing land supply to tackle the problem at source, combating speculative activities, enhancing the transparency of property transactions, and preventing excessive expansion in mortgage lending. The FS has already set out the measures in the Budget Speech to maintain a steady and adequate supply of land for public and private housing.

11. As to subsidizing people in buying property in the private market, the matter has to be tackled carefully, especially when the Government has already done a certain amount of work on both sides of the housing ladder. Flat supply is the result of long-term planning and efforts while buying property is a long-term commitment. Facing the highly fluctuating property market, the Government has to carefully analyze what the real problem is and should not undermine the long-term stability in order to tackle the short-term fluctuations. Also, members of the public have to think carefully before making their home purchase decision and be aware of future uncertainties, such as the increase of interest rate and economic fluctuations, and should not make a hasty decision leading to unaffordable consequences.

### **My Home Purchase Plan**

12. To assist households with the ability to pay mortgages in the long run, but who cannot afford the down payment, the Government will introduce in collaboration with the Hong Kong Housing Society (HKHS), My Home Purchase Plan (MHPP) premised on the concept of “rent-and-buy”. Participants can save up for their home purchase of “no-frills” flats under MHPP in a certain period of time. MHPP also increases the supply of “no-frills” small and medium sized private residential flats.

13. The first MHPP project at Tsing Luk Street will provide about 1 000 small and medium-sized “no-frills” units. The project will invite applications in 2012 and be completed in 2014. We are exploring with HKHS how to accept applications from the public at an early stage.

14. The second MHPP project will be at Sha Tin Area 36C, near Siu Lek Yuen. Depending on the flat sizes, about 700 small and medium-sized flats will be built on the site. The exact number of flats to be built will have to be worked out after further study. We will work out the implementation details for the Sha Tin project with the HKHS as soon as possible.

15. The Government has already earmarked sites in Tsing Yi, Sha Tin, Diamond Hill, Tai Po, Tuen Mun and other areas aiming for a total of some 5 000 flats to be built under MHPP. We will also expedite the preparatory work so that these MHPP projects can be implemented as early as possible. Details will be announced once all the preparatory work is completed. On the other hand, we note that there are calls in the community for further enhancing the MHPP. We will carefully listen to these views when working out the details of the MHPP.

### **Conclusion**

16. To conclude, the Government will continue to allocate resources to provide PRH flats for low-income families or individuals to resolve their housing problems, and maintain the AWT for the general PRH applicants at around three years. We will not use PRH sites for other purposes so as not to affect those with

the most pressing housing needs. We will monitor closely the development of the private residential property market and take appropriate steps to enhance its stability and transparency. We will also expedite the preparatory work for MHPP as far as possible so that MHPP can assist those who have housing needs and affordability as soon as possible.

17. My colleagues and I are pleased to answer questions from Members. Thank you Madam Chairman.

**Transport and Housing Bureau**  
**March 2011**

**Presentation by Secretary for Transport and Housing  
at the Special Meeting of the Finance Committee  
on Tuesday, 22 March 2011**

Honourable Chairperson,

Today, I would like to brief Members on the part of the Estimates and our priority areas under the Transport portfolio in the new financial year.

2. The allocation for the transport portfolio in the new financial year is \$27.9 billion, of which it includes the provision required for the implementation of a number of cross-boundary and domestic transport infrastructure projects this year.

3. Firstly, let me first introduce our works on **railway development**. We will soon commence the review and update of the Railway Development Strategy 2000, which plans for the long term development of railway network, so as to meet the needs for railway transport up to 2031. The funding application was approved by the Finance Committee in January 2011.

4. As for individual railway projects, the construction of the West Island Line started in 2009, with a view to commissioning in 2014. In addition, the Chief Executive in Council authorised the South Island Line (East) and the Kwun Tong Line Extension in November 2010. We aim to start the construction works of the two railway projects in mid-2011. At the same time, the Shatin to Central Link was gazetted in November 2010 and it is now undergoing the statutory consultation process. We will continue the consultation and the detailed design, with a view to commencing construction in 2012.

5. As regards **cross-boundary railway project**, the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link proceeds smoothly. We expect it to be completed in 2015.

6. Hong Kong-Zhuhai-Macao Bridge (HZMB) is another important **cross-boundary transport infrastructure**. Works in respect of the Main Bridge commenced in mid December 2009; and the Immersed Tube Tunnel and Two Artificial Islands for the Main Bridge also commenced works in end 2010. The works of the project have been progressing well. On project financing, the detailed arrangement for the syndicated loan was finalised in January 2011.

7. We are also pressing ahead with our **local road infrastructure projects**. Projects including Stage 1 of the Tolo Highway and Fanling Highway widening works, Central-Wan Chai Bypass and Island Eastern Corridor Link and

widening of Tuen Mun Road are progressing full steam. We are also pushing ahead the planning and design of a number of projects including Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass, Central Kowloon Route, Tseung Kwan O-Lam Tin Tunnel and Stage 2 of the Tolo Highway and Fanling Highway widening works, with a view to facilitating their timely implementation.

8. At the same time, we will also speed up the works for the retrofitting of barrier-free access facilities at public footbridges and subways. We will seek approval for over \$280 million this legislative year to take forward the design works at about 180 public footbridges and subways, as well as the first phase of the retrofitting works. If funding is approved, the first phase of the works will commence in late 2011. We hope to complete the bulk of the retrofitting works by 2016-17.

9. On **civil aviation**, we will strengthen Hong Kong's position as an international and regional aviation centre on various fronts. We will continue to proactively pursue expansion in the bilateral air services arrangements with our aviation partners in support of the development of the aviation industry. Regarding the proposals arising from the review of the Air Transport Licensing Authority's regulatory regime, we plan to table the relevant legislative amendments at the Legislative Council this year. Moreover, we will continue to work with the Airport Authority Hong Kong (AAHK) in implementing a midfield expansion project to increase the airport's handling capacity, thereby coping with air traffic demand up to 2020. The AAHK is expected to consult the public on the findings of its Hong Kong International Airport Master Plan 2030 Study in the first half of this year.

10. On **maritime and logistics development**, we will continue to assist the industry to take advantage of opportunities arising from more vibrant shipping and logistics activities in Asia through overseas and local promotional activities and measures to support manpower training. This would help strengthen the local maritime cluster and logistics capability, thereby reinforcing Hong Kong's leading role as a premier maritime service centre and a professional logistics service provider in the Asia-Pacific region. To ensure sustainable development of Hong Kong port, as well as strengthening its competitiveness, we commissioned a consultancy study in March 2009 to look into the preliminary feasibility of constructing Container Terminal 10 at Southwest Tsing Yi. The study is expected to complete in end 2011. Moreover, we are taking forward a project to deepen the Kwai Tsing container terminal basin and its approaches to 17 m to meet the needs of the new generation of ultra-large container ships.

11. To support the logistics industry's switch to high-value goods and services, as well as to attract the anchoring of professional third party logistics service providers in Hong Kong, we are gradually making available long-term sites for the development of a logistics cluster in Kwai Tsing. The first of such sites in Tsing Yi was successfully granted through open tender last December. We plan to release the second logistics site in Tsing Yi in the second half of 2011

provided that there is no substantial change of the market situation and the proposed development would not adversely affect the local traffic condition. Separately, we shall continue to work with the industry to promote e-logistics, as well as to implement measures which would help enhance the operating efficiency of the sector. In the mean time, we shall continue to work closely with the Mainland authorities so as to strengthen Hong Kong's leading position in the global supply chain.

12. On **road safety**, we will continue to enhance road safety through legislation, enforcement, as well as publicity and education. We introduced a number of measures to combat drink driving last year. This year, our top priority is to combat drug driving. We are now working full steam on the relevant Bill, which seeks to introduce a package of measures including the creation of a zero-tolerance offence and providing the police with the necessary enforcement powers to enable them to effectively combat drug driving. We plan to introduce the Bill into the Legislative Council in the second quarter of 2011.

13. We also plan to introduce a Bill in the current legislative session to further enhance the safe operations of public light buses. The proposed measures would include imposing a maximum speed limit for public light buses, mandating all public light buses to install speed limiters, mandating electronic data recording device as a basic equipment of newly registered public light buses, and requiring applicants of public light bus driving licence to attend a mandatory pre-service training course.

14. On **traffic management**, the Government has recently completed a three-month public consultation on the findings and recommendations of a consultancy study on how to improve the distribution of traffic among the three road harbour crossings. We are considering carefully the feedback received during the public consultation period, and would consider the way forward taking into account the views from various quarters of the community.

15. In 2010, the total number of licensed private cars reached 415,000, representing a year-on-year growth rate of 5.4%, a record high since 1997. The number of private cars first registered in 2010 surged to more than 41,000, again the highest since 1997. It represents an increase of 45 per cent and 20 per cent when compared with 2009 and 2008 respectively. As for last year, the net growth rate of private cars was around 20,000.

16. It is obvious that the continuous growth in the number of private cars has adversely affected the traffic conditions on our roads. Average car journey speeds on all strategic roads of Hong Kong Island, Kowloon and the New Territories decreased by over 5 per cent in 2010, which is exceptional in recent years. We must take early measures to curb the growth of private cars.

17. We propose to increase the rate of each tax band for the First Registration Tax for private cars by about 15 per cent to contain the growth in



private cars and ease traffic congestion. We will introduce the Motor Vehicles (First Registration Tax) (Amendment) Bill 2011 into the Legislative Council later. For revenue protection and prior to the enactment of the Bill, the proposed increase in First Registration Tax for private cars has been put into effect starting from 11 am on 23 February 2011 by virtue of the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011.

18. The First Registration Tax for other types of vehicles and the existing concession for electric vehicles and environment-friendly petrol private cars, that is the concession mechanism with concession cap, will remain unchanged.

19. Chairperson, in conclusion, we have a clear way forward. We will continue to press ahead with our strategic domestic and cross-boundary transport infrastructure projects. We will also reinforce Hong Kong's status as an international and regional aviation, maritime and logistics hub. My colleagues and I will maintain close communication with the LegCo with a view to winning Members' support to our works.

20. My colleagues and I would be pleased to answer questions from Members. Thank you Chairperson.

**Transport and Housing Bureau**  
**March 2011**

**Presentation by Secretary for Constitutional and Mainland Affairs  
at the Special Meeting of the Finance Committee  
on Tuesday, 22 March 2011**

Chairman,

I wish to brief Members on the financial estimates of the Constitutional and Mainland Affairs Bureau (“CMAB”) in 2011-12 and our work priorities in the coming year.

**(i) Estimates of Expenditure of CMAB**

2. In 2011-12, CMAB is allocated \$388.1 million, which is \$167.4 million (about 30%) less than the revised estimates for 2010-11.

3. The estimated decrease is mainly due to the following -

- (a) reduced non-recurrent expenditure of \$157.9 million after completion of Hong Kong’s participation in the Expo 2010 Shanghai China (“Shanghai Expo”) in October 2010; and
- (b) as announced by the Chief Executive (“CE”) in his 2010-11 Policy Address, the Home Affairs Bureau would lead a dedicated team to step up and co-ordinate efforts in facilitating the integration of new arrivals to Hong Kong and ethnic minorities into the community. To complement this measure, a provision of \$26.3 million on support services for ethnic minorities will be transferred to the accounts of the Home Affairs Department (“HAD”) starting from 2011-12.

4. The above reduced expenditure is partly offset by the overall increase of \$16.8 million in other provisions which mainly include the following -

- (a) enhancing further co-operation and exchanges with Taiwan;
- (b) strengthening support for other Mainland Affairs including co-operation between Hong Kong and Guangdong, the National 12<sup>th</sup> Five Year Plans, promotion and publicity activities in the Mainland, etc;
- (c) additional subvention for strengthening the manpower of the Office of the Privacy Commissioner for Personal Data (“PCPD”); and
- (d) additional subvention for strengthening the manpower of the Equal

Opportunities Commission (“EOC”).

5. The reduction in estimated expenditure is mainly due to the completion of the Shanghai Expo. Therefore, the implementation of initiatives and the work within the policy portfolio of this Bureau will not be affected.

**(ii) Constitutional Development**

6. The CE Election (Amendment) Bill 2010 and the Legislative Council (“LegCo”) (Amendment) Bill 2010 were passed by the LegCo on 3 and 5 March 2011 respectively, which provide for the implementation of the arrangements for the CE and LegCo elections in 2012. We will put forth further legislative amendments regarding the various elections in future later on.

7. In 2011-12, the Registration and Electoral Office (“REO”) needs to conduct -

- (a) the 2011 District Council (“DC”) election;
- (b) the 2011 Election Committee (“EC”) subsectors elections;
- (c) the 2012 CE election; and
- (d) make preparations for the 2012 LegCo election.

In this regard, we will earmark sufficient provision for the REO. The provision, which amounts to 412 million, is 99.4% higher than the revised estimates for 2010-11.

**2011 DC Election**

8. In respect of the DC election, as the number of elected DC seats will be increased from 405 to 412 and elected DC members can participate in the election of an expanded number of seats in both the LegCo and EC, we anticipate that the number of candidates and the number of contested seats in the upcoming election will increase. Besides, we will also increase the financial assistance for candidates from \$10 per vote to \$12 per vote. Hence, there will be an increase in the electoral expenses covering the setting up of polling stations, postage, honorarium for polling and counting staff, the provision of financial assistance to candidates, etc.

9. Accordingly, a provision of \$195 million is earmarked in 2011-12 for the conduct of the 2011 DC election, which is 27% higher than the actual expenditure for the 2007 DC election (which was \$154 million).

### **The EC Subsectors Elections**

10. In respect of the EC subsectors elections, the number of seats will be increased from 800 to 1,200. We believe that more candidates will participate in the elections.

11. To make preparations for the various elections, our Bureau is working closely with the Electoral Affairs Commission to carry out the necessary work.

### **(iii) Rights of the Individual**

#### **Promotion of Human Rights**

12. In respect of promotion of human rights, we will continue to promote the awareness of, respect for and protection of human rights, including promotion of rights of individual in respect of personal data privacy, equal opportunities on grounds of gender, family status and race, and for people of different sexual orientation and transgendered persons, and children's rights.

13. In 2011-12, the estimated provision in human rights, including subventions to the EOC and the Office of the PCPD, and the provisions for providing support services for ethnic minorities, amounts to \$179.5 million. This represents a further increase in the total expenditure on the work in the area compared with the original estimates for 2010-11 at \$175.6 million.

#### **Support Services for Ethnic Minorities**

14. Among the provision in human rights, we will transfer \$26.3 million to the HAD, in order to complement the measures to step up and co-ordinate efforts in facilitating the integration of ethnic minorities into the community as announced in the 2010-11 Policy Address. Under those measures, we will continue to be responsible for the overall policy on equal opportunities on the ground of race as well as the Race Discrimination Ordinance, while the provision of support services for ethnic minorities will be transferred to the HAD starting from 2011-12. The relevant support services have been operating smoothly. The four support centres have benefited over 50,000 participants since their commencement of services in 2009.

#### **Estimates for the EOC**

15. The EOC is responsible for the implementation of the four anti-discrimination ordinances. To further strengthening the manpower of the EOC to enhance its policy research work, additional subvention will be provided to the EOC in 2011-12. The total subvention will be \$84.7 million, representing a net increase of \$1.6 million or 2% compared with the original estimate of 2010-11.

## **Protection of Personal Data Privacy**

16. The Government is committed to strengthening the protection of personal data privacy and has been providing resources at an appropriate level to the Office of the PCPD to enhance enforcement and promotion work. In 2011-12, we propose to allocate \$52.7 million to the PCPD, which includes an additional recurrent subvention of 3.8 million for the creation of four permanent posts to step up enforcement, compliance check, etc. This amount represents a 6% increase over the 2010-11 revised estimates, and an increase of 46% over the provision for 2007-08 when this Bureau took over policy responsibility for human rights matters.

## **Review of the Personal Data (Privacy) Ordinance**

17. As for the review of the Personal Data (Privacy) Ordinance, the further public discussions on various legislative proposals ended at the end of last year. We are consolidating and analysing the views collected. We will report on our legislative proposals to the Panel on Constitutional Affairs next month.

## **Mainland Affairs**

18. In 2011-12, the financial provision for Mainland Offices is \$124.2 million, representing an increase of 5.8% compared with the revised estimates for 2010-11. This mainly covers the increased provisions for personal emoluments and for strengthening promotion and publicity activities. One of the key initiatives is to support the HKSAR's efforts in complementing the National 12th Five-Year Plan.

## **The HKSAR's Efforts in Complementing the National 12th Five-Year Plan**

19. The National 12th Five-Year Plan was endorsed by the National People's Congress and officially promulgated last week. An individual chapter is dedicated to Hong Kong and Macao ("the Dedicated Chapter"). The Dedicated Chapter signifies the Central Authorities' strong support for maintaining the long-term prosperity and stability of Hong Kong. The Dedicated Chapter emphasizes the Central Authorities' support for:

- (a) Hong Kong in consolidating and enhancing Hong Kong's status as an international centre for financial services, trade and shipping, and support for Hong Kong's development into an offshore Renminbi business centre and an international asset management centre;
- (b) Hong Kong in nurturing emerging industries and developing the six industries where Hong Kong enjoys clear advantages; and

- (c) deepening the economic co-operation between the Mainland and Hong Kong; continuing the implementation of the Closer Economic Partnership Agreement; gradually extending the “early and pilot measures” to other regions and confirming the significant functions and positioning of Hong Kong’s cooperation with Guangdong under the Framework Agreement on Hong Kong / Guangdong Co-operation (“Framework Agreement”).

20. Regarding the complementing work, CMAB will assist in coordinating inter-bureau efforts and liaising with the relevant Mainland authorities. The focus of work in the coming future includes assisting in coordinating with the concerned bureaux and departments to map out their follow up action plans; liaising with relevant Mainland authorities; and taking forward various regional cooperation initiatives, including the implementation of the Framework Agreement.

### **Hong Kong-Guangdong Co-operation**

21. There were positive developments for Hong Kong / Guangdong co-operation in the past year. In April last year, both sides signed the Framework Agreement, which has translated the macro policies in the “Outline of the Plan for the Reform and Development of the Pearl River Delta” into concrete measures that are conducive to the development of both places. Since then, both sides have been working actively to implement the Framework Agreement. We will continue to liaise closely with Guangdong and co-ordinate the relevant work of the bureaux concerned to pursue tangible and concrete results for Hong Kong / Guangdong co-operation.

### **Qianhai Development**

22. In respect of co-operation on modern service industries in Qianhai, the SAR Government will continue to play an advisory role by providing comments on the study and formulation of issues like development planning and the related policies and actively complement the publicity and promotional work of the Shenzhen authorities to introduce to Hong Kong enterprises, professional sectors and service suppliers the content and business opportunities brought about by the Overall Development Plan on Hong Kong / Shenzhen Co-operation on Modern Service Industries in Qianhai Area.

23. In 2011-12, we have earmarked over \$100 million for the Mainland Offices to undertake liaison, economic and trade, and investment promotion work. Besides, an amount of about \$5 million has been earmarked for the CMAB and the Mainland Offices to promote co-operation between Hong Kong and the Mainland, including the implementation of the National Five-Year Plan, Pan-Pearl River Delta co-operation, the Framework Agreement and Qianhai development.

## **Taiwan-related Matters**

24. The Government's overall strategy in handling Taiwan affairs has proactively complemented the improvement in Cross-Strait relations in recent years. In 2010-11, we have established the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council ("ECCPC") and pushed ahead various initiatives to foster exchanges between Hong Kong and Taiwan. These initiatives have enhanced the relations and interaction between the two places. Last year, the Financial Secretary visited Taiwan for the first time in his capacity as the Honorary Chairperson of the ECCPC.

25. We have earmarked \$12 million to take forward the work relating to the ECCPC and exchanges between Hong Kong and Taiwan. We will continue to strengthen our exchanges and cooperation with Taiwan. Our initiatives include –

- (a) proactively liaising with the Taiwanese side under the ECCPC platform in taking forward the various priority areas of cooperation, including the setting up of a multi-functional office in Taiwan, renewal of air services arrangements, enhancement in financial supervision cooperation and promotion of tourism; and
- (b) assisting the ECCPC in organising activities to further enhance exchanges with Taiwan, including a joint meeting with its Taiwanese counterpart, the Taiwan-Hong Kong Economic and Cultural Cooperation Council, forums, seminars and cultural exchanges in fostering Hong Kong – Taiwan cooperation, etc.

26. We anticipate that the establishment of the multi-functional office in Taiwan will be comparable to the economic and trade offices of the SAR Government in the Mainland, which will be overseen by a senior officer at the directorate level.

27. This concludes my opening remarks. If Members have any questions on the above estimates of expenditures, I will be pleased to answer them.

Constitutional and Mainland Affairs Bureau  
March 2011

**Presentation by Secretary for Development  
at the Special Meeting of the Finance Committee  
on Wednesday, 23 March 2011**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau. The Controlling Officers under my purview have provided replies to 147 written questions raised by Members accounting for the use of resources in the works portfolio. They are here to respond to any further questions that Members may wish to raise.
- In 2011-12, the allocation for the Development Bureau for its recurrent expenditure on works portfolio is \$8,480.02 million, representing an increase of \$241.64 million or 2.9% as compared with the revised estimate of \$8,238.38 million for 2010-11.
- In 2011-12, we will increase 15 civil service posts, which will be deployed mainly for the support of various works projects and related works.
- Now, I would like to brief Members on several priority tasks of the works portfolio in the new financial year.

**The Overall Infrastructure Programme**

- The Government continues to press ahead with construction projects of various scales, including the ten major infrastructure projects and other major to minor works to promote economic development, create employment opportunities and enhance the long-term competitiveness of Hong Kong.
- Our capital works expenditure rose substantially from \$20.5 billion in 2007-08 to the revised estimate of \$49.6 billion in 2010-11. Progress of the works projects is very satisfactory. The revised estimated expenditure is expected to be met in full. The estimated capital works expenditure for 2011-12 will reach a record high of over \$58 billion, providing 63 600 job opportunities, comprising about 6 700 job opportunities for professional and technical staff and about 56 900 job opportunities for workers. The funding allocation in 2011-12 for minor works also stays high at \$8.36 billion.



- Our efforts to forge ahead with infrastructure development have helped to lower the unemployment rate of the construction sector from the peak of 12.8% in the first quarter of 2009 to 5.4% in the latest quarter.

### **Manpower Resources in Construction Industry**

- To cope with the delivery of public works projects coming on stream in the next few years, we are taking positive steps to address the aging and skill mismatch problem of the construction workers. In this connection, we secured a one-off funding of \$100 million from the Finance Committee of the Legislative Council in May last year to support the Construction Industry Council (CIC) to enhance training and trade testing for prospective fresh blood and local in-service construction personnel. To this end, the CIC has, with the positive support of employers of respective trades, launched various initiatives including the “Enhanced Construction Manpower Training Scheme”. The average age of the trainees joining the scheme is 32 and close to 30% of them are aged below 25. This indicates that the scheme can really attract trainees of younger age. Moreover, the above allocation will also be used to enhance promotion and publicity activities and to provide information on the industry to let more people know about the career prospect of the trade, so as to encourage more newcomers, especially young people, to the industry.
- To uplift the image of the industry, the Government has introduced various measures in public works contracts to improve the practices of the industry. These measures include improving the site operating environment, safeguarding construction site safety, improving site cleanliness and tidiness, and requiring contractors to provide uniform for site personnel. With the joint efforts of the industry and the Government, we believe we can maintain a highly-skilled and multi-skilled workforce for the continual development of Hong Kong.
- The Construction Workers Registration Authority (CWRA) and the CIC have been working closely since their establishment in 2004 and 2007 and the CIC has played an important role in the workers registration system. We proposed the amalgamation of the CIC and the CWRA so as to enhance the efficiency and effectiveness of the industry through realizing the benefits brought about by synergy. The proposal was supported by the CIC, the CWRA and the Panel on Development of the Legislative Council. We are making legislative amendments to the relevant ordinances for the proposed amalgamation.

## **Increasing Land Supply**

- Hong Kong has been developing land through various means to meet our needs for housing and economic development. In the process of land development, many difficulties were encountered. We need a new way of thinking to review our existing land use and explore new ways to increase the supply of land, including reclamation on an appropriate scale outside Victoria Harbour and rock cavern development. The Financial Secretary has mentioned in his Budget Speech that about \$300 million will be allocated 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. The consultation will cover how to enhance the use of rock caverns, how to re-use the public fill generated from the local construction industry every year in reclamation works, and the treatment and disposal of contaminated sediments, in an environment-friendly manner, from local dredging works in designated areas of new reclamations.
- On reclamation, the Government has previously considered proposed sites in the western part of the New Territories and the northern part of Lantau Island. In the public engagement exercise to be conducted in due course, apart from reviewing these sites, we will conduct at the same time a comprehensive site search outside Victoria Harbour to identify other suitable locations. We will consider a number of factors, including engineering feasibility, cost-effectiveness and public acceptability, before deciding on how to implement the proposal.
- On enhancing the use of rock caverns, the Civil Engineering and Development Department commenced a strategic planning and technical study in March 2010 to explore the feasibility of constructing major rock caverns for developments. The study will be completed soon. We will consult the Panel on Development of the Legislative Council on the above findings. Further planning and engineering studies will commence after the public engagement exercise.
- In support of the efforts to revitalise industrial buildings, we are considering purchasing an industrial building for conversion into an office building for the relocation of the New Territories West Regional Office of the Water Supplies Department (WSD). Apart from injecting new impetus into an old industrial area, the original site of the WSD office in the central commercial area in Mong Kok will also be vacated to allow for its more effective use. 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. We plan to submit the proposal to the Panel on Development of the Legislative Council in April and will launch the project right after funding approval from the Finance Committee in due course.

## **Risk Management**

- The portfolios of the departments under the Development Bureau cover several areas of public safety. Incidents that took place in the past have reminded us of the need to maintain a high degree of vigilance to enhance the work in the following areas.

## **Lift Safety**

- In the past year, the Electrical and Mechanical Services Department has enhanced its work on inspection, training, procurement arrangement, publicity and public education to raise the lift safety standard of private buildings in Hong Kong. Furthermore, to enhance the regulation of lift and escalator safety, the Bureau has almost completed the drafting of a bill to repeal in whole the existing Lifts and Escalators (Safety) Ordinance (Cap. 327). We plan to introduce the bill to the Legislative Council in the second quarter of 2011 with a view to enhancing lift and escalator safety at the earliest opportunity.

## **Water Supply and Water Leakage**

- In 2010, the total fresh water consumption in Hong Kong was 936 million cubic metres. We expect that with the supply of water from Dongjiang and local sources, our existing water supply arrangement will be adequate to cope with the projected demand up to the year 2030. Nevertheless, there is no room for complacency. To cater for uncertainties such as drastic climatic changes and low rainfall, and to enhance the partnership of Hong Kong with other cities in the Pearl River Delta, Hong Kong should make its contribution to water conservation in the region. In this respect, we have formulated a Total Water Management Strategy for the period up to 2030, with emphasis on containing the growth of water demand through conservation. To achieve this, we have been stepping up public education to promote water conservation; promoting the use of water saving devices; strengthening the control of leakage through implementation of the replacement and rehabilitation programme for aged water mains and the use of new technology to improve pressure management and leakage detection; taking forward the extension of the seawater flushing supply system; actively considering water reclamation; and keeping in view the technological development in seawater desalination overseas.

## **Flooding**

- The Government has been carrying out comprehensive assessment of the drainage capability of all the districts in the territory and drainage improvement programmes have been formulated to alleviate the risks of flooding.
- On improvement against the risk of flooding in the urban area, we are now implementing three drainage tunnel projects: Hong Kong West Drainage Tunnel, Tsuen Wan Drainage Tunnel and Lai Chi Kok Drainage Tunnel at a total cost of \$6 billion. These projects are expected to be completed one after another from 2012 to 2013. The Drainage Services Department is planning to take forward a project for the provision of an underground stormwater storage tank in Happy Valley to further relieve the flooding risks in the low-lying areas in Happy Valley including the Racecourse. We plan to seek funding approval this year for the construction works which are expected to be carried out by phases from end of 2011 to early 2018.
- Following the development in the New Territories, we commenced a consultancy study in 31 March 2008 to review the Drainage Master Plans for Yuen Long and North District of the New Territories, which were completed in 1998 and 1999 respectively. The consultancy study is expected to be completed in 2011 and will provide recommendations on flood prevention. Works projects will be proposed for implementation after completion of the study.

## **Slope Safety**

- We launched a Landslip Prevention and Mitigation Programme (LPMitP) in 2010 to dovetail with the Landslip Prevention Measures Programme which is due for completion in late 2010. The LPMitP will be implemented on a continuous and risk management basis to deal with the landslide risks associated with the natural hillside catchments and the remaining man-made slopes. A risk-based priority ranking system will be used to determine the ranking of slopes and slope works will be carried out according to a risk-based priority list.

## **Tree Safety**

- Established in March last year, the Greening, Landscape and Tree Management Section is underpinned by the Greening and Landscape Office (GLO) and the Tree Management Office (TMO) work. Two offices work in close co-operation to promote a holistic greening approach embracing adequate space allocation for new planting, proper selection of planting species as well as quality landscape design and planting practices in the upstream and proper vegetation maintenance in

the downstream, with due emphasis on protection of public safety as a priority consideration.

- Based on the experience of tree risk assessment work last year, the TMO conducted a new round of assessment in collaboration with the tree management departments early this year. It will continue to step up audit checks on the trees managed by departments to ensure that all tree management work is conducted in a professional and prudent manner in preparation for the onset of wet season to better protect public safety. We will also continue to encourage community surveillance of trees in the territory through various channels, e.g. enhancing public education. Recently, with the assistance of the Chi Lin Nunnery, we have carried out the maintenance work for the two old trees at the Central Government Offices and the Murray Building respectively. We will, on the basis of the experience gained, strengthen the maintenance work for the trees under the Register of Old and Valuable Trees.

## **Heritage Conservation**

- The Financial Secretary announced in his 2011-12 Budget that an additional funding of \$500 million has been earmarked for the implementation of more revitalisation projects of government-owned historic buildings to show the Government's continuous commitment to conservation of historic buildings. Besides preservation of historic buildings and enhancement of the urban cultural landscape, the revitalisation projects can also bring much benefit to local economy.
- Good progress has been made for the various revitalisation projects launched by our Bureau in recent years. The Savannah College of Art and Design (SCAD) Hong Kong Campus at the North Kowloon Magistracy under Batch I of the Scheme has been in operation with student intake since September last year. The remaining five projects (including the revitalisation of the Old Tai O Police Station into a boutique hotel, the revitalisation of Lui Seng Chun in Yau Tsim Mong into a Chinese Medicine and Healthcare Centre, the revitalisation of the former Lai Chi Kok Hospital in Sham Shui Po into the Jao Tsung-I Academy, the revitalisation of Mei Ho House in Sham Shui Po into a youth hostel, and the revitalisation of Fong Yuen Study Hall in Ma Wan into a Tourism and Chinese Cultural Centre cum Ma Wan Residents Museum) are expected to be commissioned from late 2011 to 2012. As for the three projects under Batch II (including the revitalisation of the Old Tai Po Police Station into the Green Hub for sustainable living, the revitalisation of the Blue House Cluster in Wan Chai into a cluster with diversified community services, and the revitalisation of Stone House at Hau Wong Temple New Village in Kowloon City into a themed cafeteria-cum-Visitor Information Centre), funding approval

will be sought from the Legislative Council this year for the works to be carried out.

- The Central Police Station Compound will be revitalised into a centre for heritage, art and leisure. The Hong Kong Jockey Club is carrying out the planning work prior to construction and we expect the project can start in late 2011 at the earliest.
- As for the project to transform the Former Police Married Quarters into “PMQ” by the Development Bureau in collaboration with the Architectural Services Department and the Musketeers Foundation, funding approval is expected to be sought in mid-2011 and the project is expected to commence in mid-2012. The conservation and revitalisation of the Haw Par Mansion is a new attempt and the revitalised facilities will be operated in commercial mode. We are now inviting tenders for the project.
- Our Bureau plans to launch the Batch III of the Revitalising Historic Buildings through Partnership Scheme (the Scheme) in mid-2011. Submissions for the proposals of projects under the new Batch will be invited. These projects include King Yin Lei at Stubbs Road, the Former Fanling Magistracy under Batch II of the Scheme in which no suitable proposal has been selected, and other government-owned historic buildings being identified. Among them, King Yin Lei is the first privately-owned historic building that is preserved in the form of land exchange. With our efforts for nearly three years, it has been successfully restored. We will organise an open day in April for the public to appreciate this declared monument at a close distance and to understand its restoration process. Details for the open day will be announced shortly.
- The Development Bureau and the Antiquities and Monuments Office will continue to proactively reach out to private owners and offer assistance (including technical advice and financial assistance for the maintenance of historic buildings as well as the offer of economic incentives for heritage-cum-development projects) to encourage and facilitate the preservation of their historic buildings.

## **Conclusion**

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Presentation by Secretary for Development  
at the Special Meeting of the Finance Committee  
on Wednesday, 23 March 2011**

**Chairman,**

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 213 written questions from Members accounting for the use of resources under the purview of Planning and Lands. They are here to respond to any further questions that Members may wish to raise.
- My 2011-12 Recurrent Expenditure on Planning and Lands is \$3,558.14 million, representing an increase of \$252.47 million (7.6%) compared with the revised estimate of \$3,305.67 million for 2010-11.
- In 2011-12, there will be an increase of 217 civil service posts, mainly for the purpose of enhancing the building safety in Hong Kong. As the regulatory authority, the number of posts in the establishment of the Buildings Department (BD) will be increased from 996 to 1 173 in the coming year, representing an increase of nearly 18%. This reflects the SAR Government's determination to improve the building safety in Hong Kong.
- Now I would like to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

**Land Supply**

- To ensure a steady land supply for the residential property market to cater for the needs of housing and economic development, we have taken a proactive and aggressive approach in supplying land. This has been fully reflected in this year's Land Sale Programme and our discussions with the MTR Corporation Limited (MTRCL).
- This year's Land Sale Programme adopts a two-pronged approach to increase land supply, namely sites to be triggered from the Application List, and sites to be sold by auction or tender at Government's initiative. The Government can thus have the initiative in land sale and is able to respond to market changes more flexibly.

- In this year's Land Sale Programme, we have designated up to 18 sites for government-initiated sale in the coming year, including nine residential sites. This comprises four sites in the Application List, and five sites to be sold by tender with size restrictions.
- We have announced that we will sell a site in the Application List by auction on 27 April 2011, namely the ex-Ko Shan Road Customs & Excise Service Married Quarters in Hung Hom; and we will invite tender for another two sites in Hung Hom on 29 April 2011, namely the residential sites at the junction of Gillies Avenue South and Bulkeley Street and at 5-23 Lee Kung Street. We will impose flat number and size restrictions on the development of these two sites. Depending on the market situation, we will consider designating more sites in the Application List for sale through government-initiated sale.
- In the coming year, MTRCL is going to be an important source of supply of residential sites. It will dispose of sites at Nam Cheong, Tsuen Wan, Tai Wai, Tin Shui Wai and Tseung Kwan O, which are estimated to provide about 14 600 flats.
- Sources of housing land supply also include redevelopment projects of the Urban Renewal Authority (URA), projects subject to lease modification/land exchange, and private redevelopment projects not subject to lease modification.
- In the medium to longer term, the Kai Tak Development Area will start providing housing sites by 2014; new development areas in the northern New Territories as well as other developments will provide more land to meet the housing needs of the community. A planning study on the quarry site at Anderson Road has commenced recently. Other studies aimed at identifying more housing land that the Government will embark on include a planning study on a quarry site on Lamma Island, a feasibility study on the proposed remaining development area of the Tung Chung New Town and a planning review of the development at the ex-Cha Kwo Ling Kaolin Mine site. We will also explore reclamation outside Victoria Harbour and rock cavern development as a strategic means to create land resources to cope with future development needs.

### **Progress in revitalising industrial buildings**

- By the end of February 2011, the Lands Department had approved 12 applications for wholesale conversion and five applications for redevelopment of industrial buildings, while 21 applications were being processed. For the approved wholesale conversion applications, they are mainly located in Kwun Tong and Kowloon Bay, and the owners



will convert their buildings to a range of commercial and social uses including offices, eating places, retail and provision of direct services, and hotels. For the approved redevelopment applications, they are located in Yau Tong, Kwun Tong, Wong Chuk Hang and To Kwa Wan, and the owners will redevelop their buildings to residential, commercial or hotel use.

- The DEVB has already commenced a mid-term review on the revitalisation measures, which is expected to be completed in the second half of this year. We have been meeting professional institutions, industrial building owners and other stakeholders to collect their views on the present package of measures. We will also consult the LegCo Panel on Development (the Panel) on the measures to revitalise industrial buildings shortly.

### **Sustainable Built Environment**

- In view of the recommendations of the Council for Sustainable Development, the Government will introduce a package of measures to enhance the design standard of new buildings to foster a quality and sustainable built environment. This includes tightening gross floor area concessions to reduce the occurrence of “inflated buildings”, introducing various measures including building separation, setback and greenery in new buildings, as well as imposing additional requirements to enhance the energy efficiency of buildings. After the BD’s consultation with the industry, the Practice Notes stipulating the modus operandi of the aforesaid measures will come into effect on 1 April.
- These measures have struck a proper balance between addressing public concern over “inflated buildings” and fulfilling the aspirations of occupants to have more green and amenity features within their estates, and at the same time ensured room for creativity in Hong Kong's building design.
- In addition, the Financial Secretary has decided to request the West Rail Property Development Limited to redesign the six property developments above the West Rail in order to comply with the new requirements in controlling “inflated buildings”. In the course of redesigning these six projects, we have also taken the opportunity to adjust the composition of flats to increase the supply of small and medium-sized flats. The Fuk Chuen Street/Peel Street project of the URA, the tendering exercise of which was conducted in November last year, has also complied with the new policy.
- We will report the latest developments to the Panel on 29 March.

## **Building Safety**

- We announced in October last year a new, multi-pronged package of measures, covering legislation, law enforcement, support measures to owners as well as publicity and public education, to enhance the building safety in Hong Kong. Members in general support these enhanced measures but indicate that additional manpower is needed to facilitate the work. In fact, in the Estimates of Expenditure 2011-12, the BD has been allocated most of the additional resources among the departments under the DEVB.
- On legislation work, I moved the second reading of the Buildings (Amendment) Bill 2010 (the Bill) at the Legislative Council meeting on 3 February, proposing the implementation of the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme. The Bills Committee has been actively scrutinising the bill, and has so far held 18 meetings. The DEVB will fully facilitate the Bills Committee, with a view to completing the scrutiny of the bill as early as possible. The minor works control system, which provides a convenient means for the public to carry out small-scaled building works, was fully implemented in December last year.
- On law enforcement, the BD's UBWs removal programme has removed most unauthorised building works (UBWs) constituting a high risk to public safety in the past decade and is coming to an end on 31 March 2011. Starting from April 2011, the BD will step up its enforcement actions against UBWs, including an extension of the scope for enforcement actions, active handling of complaints, swift issuance of statutory orders to all actionable UBWs, etc. A stock-taking exercise of all UBWs on the exteriors of buildings will also be conducted to facilitate the BD's law enforcement work.
- We understand the importance of providing suitable assistance to building owners. The Government has been working closely with the Hong Kong Housing Society (HKHS) and URA and has launched various financial assistance schemes to assist owners in carrying out maintenance works. To further strengthen support to owners, the HKHS and URA have recently completed a review of their schemes. Starting from 1 April 2011, the five schemes administered by the two organisations will be consolidated into a single scheme called the "Integrated Building Maintenance Assistance Scheme" (IBMAS). We will explain the detailed arrangements at the Development Panel meeting to be held later this month.
- Lastly, we have to emphasise that building owners bear the ultimate responsibility to properly repair and maintain their own properties. Hence, we will continue to foster a building safety culture in Hong

Kong through mounting large-scale public education campaigns. In addition, a “community monitoring” programme will be launched by the BD to mobilise every member of the community to play a part in reporting building safety problems.

### **"Operation Building Bright"**

- We launched the “Operation Building Bright” (OBB) as one of the measures on “preserving jobs” in May 2009, aiming to achieve, under the financial tsunami, the dual purpose of creating more job opportunities for the construction sector and improving building safety. Together with the Government’s three-time injection totally \$2.2 billion and the HKHS’s and URA’s \$0.3 billion, the \$2.5 billion funding of the OBB has so far subsidised owners of over 2 000 dilapidated buildings and created over 17 500 job opportunities.
- The Second Round of the OBB received applications from the owners’ corporations of the Category I target buildings from October to December last year. In total, we have received 550 applications involving around 830 buildings, exceeding our original estimated numbers. In order to provide financial assistance to all eligible applicants of the second round of the OBB, the 2011-12 Budget proposes an additional funding of \$1 billion for the OBB.
- With the additional \$1 billion funding, we estimate that the \$3.5-billion OBB will be able to provide assistance to more than 3 000 buildings aged 30 years or above, as well as create more than 60 000 job opportunities related to the construction industry. We will consult the Panel on the proposal to inject the additional \$1 billion funding on 29 March, and will brief and seek approval from the Finance Committee as soon as possible.

### **Urban Renewal**

- The Chief Executive announced in the 2010-11 Policy Address that the Government had revised the text of the Urban Renewal Strategy (URS) for public consultation. The consultation was completed by the end of 2010. The DEVB has, on the basis of the comments received during the public consultation, made further refinement to the draft text of the URS. The new URS was promulgated on 24 February this year, marking the beginning of a new era in adopting a “people first, district-based, public participatory” approach to carry out urban renewal.
- The progress with the implementation of major initiatives under the new URS is as follows –

(i) District Urban Renewal Forum (DURF)

In respect of the setting up of the first DURF in Kowloon City, we plan to set up DURF and launch its work within one to two months. The proposal to create a Chief Town Planner post in the Planning Department has received support from members of the Establishment Subcommittee of the LegCo Finance Committee on 16 February, and will be submitted to the Finance Committee for consideration on 6 May. I am now actively considering the membership for DURF. There will be 15 to 20 members to be appointed from different sectors. The appointments and their announcement will be made shortly.

(ii) “Flat-for-flat” Arrangement

The URA has announced the implementation details of the “flat-for-flat” arrangement on 21 March. All new redevelopment projects commenced by the URA will now enjoy the “flat-for-flat” arrangement.

We have earlier announced that we have identified at the Kai Tak Development a site measuring 1.1 hectare at the north apron of former Kai Tak Airport, that is, Site 1G1, to be granted to the URA at full market value, to facilitate its provision of modest flats under the “flat-for-flat” scheme for owner-occupiers affected by its redevelopment projects. The first phase of the site will be handed over to the URA in April 2012 for providing about 500 flats with sizes ranging from 400 to 600 sq ft. The flats will be available in 2016 at the earliest. I understand that in order to be consistent with the design requirements of the Kai Tak Development and to meet the standards on environmental performance, the URA will target at high energy-efficient building design.

(iii) Urban Renewal Trust Fund (Trust Fund)

The URA will undertake and execute a trust with an objective to the furtherance of urban renewal and will set up a company limited by guarantee (the Company) to hold the fund. All the directors of the Company (i.e. members of the Board of Trustees) will be appointed by the Secretary for Development. The directors will be responsible for the management of the Trust Fund and approving funding applications, including applications for various studies and public engagement activities to be conducted by DURF, appointment of the social service teams and applications for heritage preservation and district revitalisation initiatives. The operation of the Company will be independent from the URA. The DEVB is now processing the legal issues and registration arrangements for the establishment of the Trust Fund and the Company. We expect that the Trust Fund and the Company will be established in May this year.

The candidates for directorship on the Company (i.e. members of the

Board of Trustees) will include those from the social service and other professional sectors as well as members of the local community. We expect to announce the appointments by the end of April 2011.

## **Conclusion**

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Presentation by Judiciary Administrator  
at the Special Meeting of the Finance Committee  
on Wednesday, 23 March 2011**

The Judiciary has the constitutional responsibility to administer justice fairly and impartially. Its mission is to maintain an independent and effective judicial system which upholds the rule of law, safeguards the rights and freedoms of the individual, and commands confidence within and outside Hong Kong. In the financial year 2011-12, a total provision of \$1,137.9 million is sought to enable the Judiciary to achieve its objectives.

**2011-12 Draft Estimates**

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Administration in 2005, the Judiciary submitted its resource requirements for 2011-12 to the Administration in July 2010, prior to the Administration's drawing up of the budget for the Judiciary. The Judiciary considers that the above budgetary arrangements have been working satisfactorily, and that the Administration has been helpful in the process.

3. The draft Estimates of 2011-12 for the Judiciary, amounting to \$1,137.9 million, represents an increase of \$100 million, or 9.6 %, over our revised estimates for 2010-11. With this provision sought, the Judiciary is able to remunerate Judges and Judicial Officers (“JJOs”) at all levels of courts, engage additional temporary judicial manpower to help improve waiting times in pressure areas and recruit additional support staff to meet the needs arising from the increased level of judicial and registry services.

**Enhancement of Judicial and Staff Manpower**

4. The last round of open recruitment exercises of JJOs for various levels of court have been completed by 2010-11. From September 2009 to February 2011, a total of 36 judicial appointments, comprising 11 Judges of the Court of First Instance of the High Court, 12 District Judges and 13 Permanent Magistrates have been made as a result of these recruitment exercises. The successful recruitment of a substantial number of JJOs in the past two years has enhanced the substantive judicial manpower position of the Judiciary in 2010-11.

5. Arising from the retirement and elevation of a number of JJOs at different level of court, the Chief Justice is finalizing the succession plans for all level of courts. It is planned that another round of open recruitment exercises would be launched in 2011-12.

6. Separately, the Judiciary is also in the process of reviewing the judicial manpower position at all levels of court. It is intended that a paper on the review would be presented to the Panel on Administration of Justice and Legal Services (“AJLS Panel”) of the Legislative Council in mid 2011.

7. To provide support to the increased level of judicial services and enhance the administration and services of the Judiciary, the Judiciary has launched open recruitment exercises for civil service staff in the Judicial Clerk, Bailiff and Court Interpreter grades in 2010. 24 Judicial Clerks and 4 Bailiffs were appointed. The recruitment of Court Interpreters is still in progress. In addition, the Judiciary expects that more civil service vacancies in the clerical grade will be filled during the coming financial year. It is expected that the successful recruitment of civil service staff will continue to enhance the support staff manpower position of the Judiciary in 2011-12.

### **Continued Deployment of Additional Temporary Judicial Resources**

8. The Judiciary will continue to engage and deploy temporary judicial and support staff resources to help reduce waiting times in pressure areas. For the next financial year, the Judiciary will pay attention to three major areas.

9. First, it is noted that the waiting times in the High Court are lengthening, and in certain cases, have exceeded their targets. In particular, it is noted that the pressures are more acute in the criminal and civil fixture cases and appeals from Magistrates’ courts in the Court of First Instance. This was mainly due to more complex and lengthy cases as well as more re-fixed cases. For example, in 2010, the average length of trial hearings for both criminal and civil cases has increased by about 8%. To cope with the increasing workload, the maximum number of deputy judges permissible by the number of courtrooms available are engaged to help reduce the waiting times in the High Court. At present, 9 deputy High Court Judges are engaged. In February 2010, the Finance Committee of the Legislative Council has approved funding for the Judiciary to construct three additional courtrooms in the High Court. Upon the completion of the works in December 2011, the Judiciary will be in a position to have greater flexibility to deploy additional temporary judicial resources to help reduce waiting times and cope with any further increases in the caseload in the High Court.

10. Secondly, it is noted that the waiting time of the criminal fixture list of the District Court and that of the defended list of the Family Court are also lengthening. As far as the criminal cases in the District Court are concerned, it is noted that there was a substantial increase in caseload by 16% from 2008 to 2009. Though the increase in caseload has stabilized in 2010, the cumulative effects of such high level of caseload for two consecutive years have led to longer waiting times from 116 days in 2009 to 128 days in 2010. To help improve the situation, we have deployed additional judicial resources to handle criminal cases in the District Court since June 2010, but it would take some time for the effects of such additional efforts to be evident. We are pleased to note that the waiting time for

the criminal fixture list in the DC has met the target of 100 days in January 2011. We would continue to monitor the situation closely. As for the Family Court, its caseload has increased by 8% in 2010 when compared to the position in 2009. To help improve the waiting times, particularly in the defended list, an additional judge will be deployed to the Family Court starting from April 2011. To enable us to deploy such judicial resources at the District Court and Family Court level, we are making use of civil court rooms in both the Lands Tribunal and Labour Tribunal premises to hear District Court cases.

11. Thirdly, the Judiciary will continue to keep a close watch on the waiting times in the Magistrates' Courts. Having regard to the steady caseload and the deployment of adequate judicial resources, the waiting times for all cases types in the Magistrates' courts are within targets. We are particularly pleased to note that for summons cases, the waiting time has been brought down from 78 days in 2008 to 63 days in 2009 and to 50 days in 2010. The Judiciary will continue to monitor the situation closely and will continue to deploy appropriate judicial resources to keep the waiting times in the Magistrates' Courts within targets.

### **Civil Justice Reform and Mediation**

12. The Civil Justice Reform ("CJR") came into effect on 2 April 2009. A CJR Monitoring Committee chaired by the Chief Judge of the High Court is monitoring the work of the reformed system. The Monitoring Committee noted that the implementation of the CJR had on the whole been smooth in the first year. According to the feedback received, no major problems were identified; all issues raised were minor and operational in nature. However the Monitoring Committee noted that while the reform was without doubt heading toward the right direction, the implementation of the CJR was at an early stage. Improvements will continue to be made. The Monitoring Committee will continue to keep in view developments and make any recommendations for improvements as appropriate. The AJLS Panel has been kept informed.

13. A key feature of the Civil Justice Reform is the facilitation by the court of the settlement of disputes by encouraging parties to engage in mediation. The relevant Practice Direction came into force on 1 January 2010. To support the implementation of this Practice Direction, the Judiciary set up a new Mediation Information Office in January 2010 to serve the parties in court and facilitate them to seek mediation from the professional bodies. In 2011-12, we have budgeted for the creation of a number of civil service posts for the Mediation Information Office. The Mediation Information Office in the High Court Building, together with the well established Family Mediation Co-ordinator's Office in the Family Court and the Building Management Mediation Co-ordinator's Office in the Lands Tribunal, enhance the services provided by the Judiciary in promoting and facilitating the use of mediation in dispute resolution.



## **Conclusion**

14. The Judiciary will continue to explore areas for further improvements to enhance access to justice and to provide quality services to court users and members of the public.

15. Thank you.

**Presentation by Secretary for Justice  
at the Special Meeting of the Finance Committee  
on Wednesday, 23 March 2011**

Chairman and Members,

Thank you, Chairman and Members. The work of the Department of Justice is delivered through five programmes areas, namely: Prosecutions, Civil, Legal Policy, Law Drafting and International Law. As reflected in the Estimates and in our replies to the questions raised by Members, there is a general increase in our caseload, in both the prosecutions and civil litigation arena. Apart from the number of cases conducted, the complexity of the subject matter and legal issues raised also have an important bearing on the workload of the Department. The 2010-11 financial year had been a busy one for colleagues. I am grateful to Finance Committee members for their understanding of the growing complexity of the work of the Department and our need to upgrade 15 Senior Government Counsel posts to the DL1 level to enhance professional legal support at the directorate level. With Members' support, 15 DL1 posts were created and filled in March this year.

2. In 2011-12, the estimated expenditure of the Department amount to \$1,043.2M. Let me highlight some of our major activities in the coming financial year.

**Programme 1 - Prosecutions**

3. The Prosecutions Division will continue to prosecute cases firmly and fairly and in accordance with published prosecution policy guidelines. As prosecutors, we are mindful that we must at all times apply the highest levels of professionalism. A review of the Division was conducted last year and changes have been implemented with a view to enhancing the quality of work and the efficiency of the Division.

4. During the year, new counsel will report duty and they will receive intensive training in all aspects of prosecutorial responsibility. At the same time, continuing legal education focussing on current trends and issues will be provided to serving prosecutors. To fulfil our pledge to help new lawyers, we have also worked with the Bar Association and the Law Society to provide a one-day training course followed by a two week supervised engagement to prosecute in the Magistrates' Courts for new lawyers who wish to join our fiat lists. This arrangement which has just commenced and will continue in the coming financial year will provide advocacy training and opportunities for court work to young barristers and solicitors alike.

## **Programme 2 – Civil**

5. The Civil Division provides legal advice and litigation support to various Government bureaux and departments in civil law matters and represents them in courts and tribunals in all forms of civil litigation and dispute resolution. The workload of the Civil Division remains heavy; the requests for advice and litigation cases are on the rise and they often raise a wide spectrum of legal issues which tread into new legal territories.

6. The year 2010 marks the first anniversary of the implementation of the Civil Justice Reform and many of the changes brought about by the reform are beginning to take root. It is apparent that there is an increase in the awareness of litigants in the use of mediation as an important alternative to full-fledged civil litigation.

7. The Civil Division is also assisting me and the Mediation Task Force to further the development of mediation in Hong Kong. In the coming financial year, amongst other issues, we will be working out the details of the proposed mediation legislation taking into account the development of the mediation landscape and working with stakeholders to keep in view the development of the system of accrediting mediators.

8. As in previous years, we expect public law cases will continue to form a major part of the work of the Civil Division. In particular, applications for judicial review raising arguments covering matters of constitutional importance will remain a core part of the work of the Division.

## **Programme 3 – Legal Policy**

9. One of the prime policy objectives of the Department of Justice is to enhance Hong Kong's status as a regional centre for legal services and dispute resolution. The new Arbitration Ordinance, which was enacted on 10 November 2010, will come into effect on 1 June 2011. In the coming financial year, the Legal Policy Division will work closely with the relevant stakeholders to promote the new Ordinance to disseminate, in particular, the message on the added advantages brought about by the new Ordinance to users of Hong Kong arbitration services.

10. The Legal Policy Division will start exploratory discussion with the Macao authorities on the proposed arrangement for the reciprocal enforcement of arbitral awards. At present, there exists no arrangement between Hong Kong and Macao on this subject. A formal arrangement between the two places would add certainty to the enforceability of Hong Kong arbitral awards in Macao and vice versa, which would in turn enhance Hong Kong's appeal as a regional arbitration centre for commercial disputes.

11. On the legislative front, the Legal Practitioners (Amendment) Bill 2010, which will make it possible for solicitors to practise in the form of limited liability partnership, is now being scrutinised by a Bills Committee and we are hopeful that it would be enacted within the current legislative session. Apart from that, we propose to introduce another Bill in the coming financial year: the Enduring Powers of Attorney (Amendment) Bill which seeks to relax the existing requirement that an enduring power of attorney be signed at the same time before a medical practitioner and a solicitor.

#### **Programme 4 – Law Drafting**

12. The Law Drafting Division will continue to provide a professional drafting and related advisory service on demand by policy bureaux.

13. Since July 2010 we have been implementing a range of changes to the appearance of our legislation with a view to giving it a more modern and user-friendly look. We have also revised our amending formulas to enable readers to grasp more quickly the nature of an amendment.

14. We are continuing to review how we might make our legislation even more accessible. Included in this review is consideration of the use of examples and of the numbering system used in very large items of legislation.

15. The proposal to establish a verified and authenticated electronic database of Hong Kong legislation was endorsed by the Finance Committee in 2010. The Legislation Publication Bill, which seeks to give a legal status to the database, was introduced into the Legislative Council in October and is now being scrutinized by a Bills Committee. We target to have the Bill enacted by the Legislative Council in 2011-12.

#### **Programme 5 – International Law**

16. In the coming year, the International Law Division will continue to provide advice on international law issues, negotiate international agreements or contribute as legal advisers in negotiations and handle requests for international legal co-operation to bring benefits to the HKSAR. We will also continue to handle and co-ordinate requests to and from the HKSAR concerning surrender of fugitive offenders, mutual legal assistance, transfer of sentenced persons and international child abduction cases.

#### **Expenditure**

17. Chairman, As mentioned earlier on, the financial provision for the whole Department for 2011-12 is \$1,043.2M which is 5.8% (or \$56.9M in dollar terms) higher than our revised estimated expenditure for 2010-11 (which is \$986.3M). This increase is mainly due to the filling of vacancies, creation of 26 posts and upgrading of 14 posts to cope with increasing demand for legal services.

With the posts that we would be creating in the coming financial year, we believe that the Department will be better placed in terms of manpower to rise up to the work challenges.

18. We will continue our practice of briefing out cases to private sector lawyers where appropriate. Our total provision for briefing-out expenditure in 2011-12 is \$210.0M, which is 1.5% higher than the corresponding 2010-11 revised estimates of \$206.8M.

### **Staffing**

19. In 2010, we have recruited 17 new Government Counsel. Another Government Counsel recruitment exercise is currently being conducted.

### **Conclusion**

20. The above outlines the major work in the Department in the coming financial year. Chairman, my colleagues and I will be pleased to provide further information.

21. Thank you.

**Presentation by Secretary for Security  
at the Special Meeting of the Finance Committee  
on Wednesday, 23 March 2011**

**Chairman,**

- In the draft Estimates for the new financial year (2011-12), the allocation on the security policy area group is \$31.9 billion, representing 8.6% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$27.8 billion.

**Law and Order**

- In 2010, the overall crime figure and the violent crime figure registered a decrease of 2.1% and 4.6% respectively as compared with 2009. Most categories of crimes — such as all robberies, wounding and serious assault, rape, missing motor vehicles, unlawful society offences, as well as serious narcotics offences — also decreased in number. Overall speaking, the law and order situation of Hong Kong has remained stable. The Police will as always remain alert to maintain the law and order of the society.
- The major operational targets of the Commissioner of Police for 2011 include combating violent crimes, triads syndicated and organised crimes, dangerous drugs, and “quick-cash” crimes, and maintaining professionalism in handling public order events and counter terrorism work.
- The Police will also create new posts with a view to strengthening the overall internal security.

**Immigration Clearance**

- With the strengthened ties between the Mainland and the Hong Kong SAR in recent years, and the implementation of measures such as “one-year multiple individual visit endorsement” for Shenzhen residents with household registration, the number of passengers at various land control points has kept on growing. In 2010, there were on average 330 000 passengers arriving Hong Kong per day, representing an increase by 8 % as compared with 2009. The number of trips made by Mainland visitors was 62 000 per day in 2010, representing an increase by nearly 30% as compared with 2009.

### **Individual Visit Scheme**

- Since the implementation of the Individual Visit Scheme (IVS) in 2003, there have been more than 63 million visitor-arrivals to Hong Kong under the scheme, bringing considerable benefits to tourism, retailing and related sectors. Since 15 December last year, the Mainland authority has further relaxed the applications by non-Guangdong residents in Shenzhen for “multiple journey individual visit exit endorsements valid for one year”. In the first two months of this year, there were more than 3 million visitor-arrivals under the IVS, a jump of 20% over the same period last year. Immigration Department (ImmD) has maintained close liaison with the tourism industry and the Mainland counterparts. ImmD will suitably recruit additional staff in 2011-12 in order to enhance its handling capacity for passengers and vehicles throughput.

### **Capital Investment Entrant Scheme**

- We welcome investors to come to Hong Kong for investment. From October 2003 to end-2010, 8 924 applicants were given formal approvals to reside in Hong Kong under the Capital Investment Entrant Scheme. They invested a total of \$63.3 billion, or an average of \$7.09 million per entrant. The scheme benefits various local sectors, such as the development of financial services, and indirectly creates many job opportunities.
- To ensure that the scheme is up-to-date and continues to serve the best overall interest of Hong Kong, we have introduced amendments in October last year, which mainly include: temporarily excluding real estate as a class of Permissible Investment Assets to address the public concern on property prices; raising the threshold of investment and personal asset from \$6.5 million to \$10 million; etc. The Government has undertaken to regularly review the effectiveness and operation of the scheme; we will accordingly undertake a comprehensive review of the scheme in 2013.

### **Assistance to Hong Kong Residents Overseas**

- We will continue to provide assistance to Hong Kong residents in distress outside Hong Kong. The ImmD has comprehensively enhanced the “1868” hotline services in December 2010, such as increasing the number of the hotline from 23 to 46 and adding recording and automatic call distribution functions.
- The ImmD also launched the Registration of Outbound Travel Alert Information service at the end of last year to enable Hong Kong

residents to register their itineraries and contact details through the GovHK before departure. The ImmD will directly disseminate practical information to them through appropriate means, including SMS on mobile phones, when necessary.

- To further improve the Outbound Travel Alert (OTA) system, we have decided to conduct a review every six months (tentatively in June and December every year) on the system coverage. We have just completed the first review and have announced the expanded OTA coverage on 24 February, increasing the number of countries from 60 to 80. The newly added countries are mostly tourist destinations which have become more popular among Hong Kong residents or countries which are included in common group tour itineraries and adjacent to current OTA countries.
- Apart from the regular half-yearly reviews, the HKSAR Government will also communicate with the Travel Industry Council of Hong Kong before peak season of outbound travel to affirm that the OTA coverage is in line with the latest travel preference of Hong Kong residents.
- Besides, we will enhance the OTA's work flow, information dissemination and the updating of the OTA webpage functions according to the operational experience to ensure the provision of suitable information with wider coverage for residents.

### **e-Channel Service**

- In view of the continued growth of Mainland visitors, ImmD will allow, from 2012 by phases, frequent Mainland visitors to use the e-Channel service after enrolment. We will also carry out improvement works at the Lok Ma Chau and Man Kam To Control Points, doubling the number of e-Channels therein.
- ImmD launched a pilot scheme on Express e-Channels in March 2009, shortening clearance time to 8 seconds. 1.4 million residents have enrolled so far. We have also implemented travel convenience measures between Hong Kong and Macao since December 2009 allowing residents to use e-Channels of the other side. More than 500 000 Hong Kong residents have enrolled for the service so far.

### **Screening Torture Claims and Combating Illegal Employment**

- The enhanced torture claim screening mechanism has been implemented for more than a year. Publicly-funded legal assistance is provided to needy claimants through the Duty Lawyer Service. Adjudicators with legal background are appointed to handle petitions in an independently manner. The Administration will continue to



endeavour to achieving fair and effective screening of torture claims. We will consult the LegCo Panel on Security on a statutory screening mechanism and put forth the Bill within this year.

### **Public Safety**

- To enhance the protection of public safety, the Fire Services Department (FSD) will be provided with additional posts in the new financial year to enhance frontline fire fighting and rescue services in areas with rapid population growth and increased fire risks. In respect of emergency ambulance services, FSD will also create additional posts and 22 ambulance shifts in the new financial year to strengthen the management functions of ambulance services and increase ambulance shifts. Furthermore, we will step up publicity efforts to encourage more judicious use of ambulance services.
- We attach great importance to ensuring the safety of frontline personnel, and timely update and replace fire services equipment to meet operational needs. In the past few years, the Administration has allocated additional funding to FSD in this respect. For instance, during 2009-10 and 2010-11, the actual expenses of FSD on procurement of fire appliances and major personal protective equipment was \$380 million, and the expenses for 2011-12 is estimated to be around \$300 million. To further enhance the procurement work of fire services equipment, FSD has already set up a working group to follow up the improvement measures suggested by the Efficiency Unit. FSD will also set up a Procurement Group responsible for coordinating all procurement projects on 1 April 2011.
- In terms of fire protection, FSD has been promoting a fire safety culture in collaboration with various sectors in the community members to eliminate fire hazards. FSD will continue to adopt a 4-pronged approach for enhancing the fire safety of old buildings through publicity, law enforcement, checking and partnership with owners / occupiers and property management of buildings.
- After the No.4 Alarm Fire in the industrial building in Cheung Sha Wan last year, FSD has conducted a survey of all industrial buildings to assess their fire safety conditions. According to the survey result, the overall fire safety satisfactory rate was about 70%, which shows a solid improvement in fire safety of industrial buildings, as compared to the 47% satisfactory rate in the 1998 survey. We are now studying how to further enhance the fire safety in old industrial buildings.

### **Custody and Rehabilitation of Offenders**

- The Correctional Services Department (CSD) has been implementing different measures to address the problems of outdated penal facilities and overcrowding in some of our penal institutions. The redeveloped Lo Wu Correctional Institution (LWCI), commenced operation in July 2010, provides 1 400 penal places and rehabilitative facilities that better suit today's needs. Its commissioning has significantly improved the overcrowding situation of female institutions. As the inmates in Lai Chi Kok Correctional Institution (LCKCI) have been transferred to LWCI, CSD is carrying out works to expand the Lai Chi Kok Reception Centre (LCKRC) by converting the decanted LCKCI into an Annex for the LCKRC to relieve the overcrowding situation in the remand centre. In the coming year, we will continue to explore other redevelopment projects and improvement works to address the problem of ageing facilities and meet the custodial and rehabilitative service needs of offenders.
- To enhance the rehabilitative services for offenders and help them re-integrate into the society upon release, CSD will create additional posts under Rehabilitation Division in the new financial year. The Department will continue to take forward the Risks and Needs Assessment and Management Protocol for Offenders to enhance the assessment of the re-offending risks and needs of offenders and implement various matching rehabilitative programmes with a view to reducing the chance of re-offending more effectively. CSD will also strengthen the provision of suitable and market oriented vocational training courses for inmates and prisoners to enhance their chance in securing employment after release. The Department plans to provide about 1 280 training places to adult prisoners in 2011-12, which represents about 1.2 % increase as compared with those in 2010-11. In addition, CSD will continue to appeal for community acceptance and support for rehabilitated offenders through public education and publicity activities.

### **Full Commitment to Combat Youth Drug Abuse Problem**

- With the joint efforts of the Administration and the community in combating the youth drug abuse problem in the past years, there has been a sign of easing in the youth drug abuse situation recently. Nevertheless, we would not slacken our efforts. The Government would continue to implement the anti-drug initiatives along the recommendations of the Task Force on Youth Drug Abuse led by the Secretary for Justice and the five strategic directions promulgated by the Chief Executive, namely community mobilisation, community support, drug testing, rehabilitation and law enforcement, with a view

to mobilising the entire community to fight against drug abuse in a comprehensive manner.

- The Government has repeatedly allocated new resources to support various anti-drug measures, including an injection of \$3 billion into the Beat Drugs Fund in last financial year to support different quarters of the community to fight against drug abuse.
- In the 2011-12 Budget, the Government has also allocated new resources to further promote the anti-drug cause. Firstly, the school social work service will be strengthened on the whole by a 20% increase of professional manpower. Secondly, the on-site medical support services, which are now available at the Counselling Centres for Psychotropic Substance Abusers, will be extended to the two social clubs serving rehabilitated drug abusers, with a view to ensuring full implementation of the concept of medical-welfare collaboration at community level. Thirdly, the Administration will increase manpower to provide support to residential drug treatment and rehabilitation centres, enhance the standards of the centres' facilities or carry out redevelopment works, and help them improve the environment of the centres.

### **The Auxiliary Medical Service Cadet Corps**

- The Auxiliary Medical Service (AMS) will set up a cadet corps aiming to recruit 1 000 members in five years by phases. The AMS cadet corps will encourage young people aged between 12 and 17 to develop practical skills and leadership through group activities and training, and help them build self-confidence, a sense of responsibility, self-discipline and the spirit to serve. The AMS will recruit at least 300 cadet corps members in 2011-12.
- Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

***Security Bureau  
March 2011***

**Presentation by Secretary for Education  
at the Special Meeting of the Finance Committee  
on Wednesday, 23 March 2011**

Madam Chairman,

The Government has all along been investing heavily in education. Nurturing human capital not just provides the impetus for the sustainable development of our economy, more importantly, it also helps facilitate social mobility and alleviate cross-generation poverty.

2. Education remains the largest spending area of Government's total expenditure. In the 2011-12 financial year, the total expenditure on education is estimated at \$68.7 billion, representing an increase of 11 per cent over last year's revised estimate and accounting for 18.5 per cent of total Government expenditure.

3. Of the total estimated expenditure on education, \$54.5 billion are recurrent in nature, representing an increase of 6 per cent over last year's revised estimate and accounting for 22.5 per cent of recurrent Government expenditure.

**Budget initiatives**

4. In this year's Budget, we have proposed a number of important new initiatives in education.

**Promoting post-secondary education**

5. On post-secondary education, we will continue to promote the parallel development of self-financing and publicly-funded institutions to provide young people with multiple study pathways. In his Policy Address last year, the Chief Executive proposed to set up a \$2.5 billion Self-financing Post-secondary Education Fund, which aims at enhancing the quality of teaching and learning of self-financing institutions and awarding scholarships to outstanding students. We plan to set up the Fund in the second half of this year.

6. We also award scholarships to recognise 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 pursuing publicly-funded degree programmes. The proposed Self-financing Post-secondary Education Fund will offer scholarships to those enrolled on self-financing post-secondary programmes. We propose to inject \$250 million into the HKSAR Government Scholarship Fund to cover students of

publicly-funded sub-degree programmes.

7. In order to encourage young people to learn at first-hand our country's latest development, we will launch a five-year pilot scheme to subsidise on a matching basis local tertiary students' participation in short-term internship or learning programmes in the Mainland. It is estimated that over 30 000 students will benefit from the Scheme, involving a total expenditure of \$100 million.

### **Supporting students from low-income families**

8. In order to provide needy students with greater support, we propose to relax the income ceiling for the full assistance under the existing means test mechanism of the Student Financial Assistance Agency from the 2011/12 academic year. It is estimated that for the 2011/12 academic year, this measure will enable about 75 000 additional students at all levels of study to receive full assistance, comprising about 64 000 pre-primary, primary and secondary students and about 11 000 post-secondary students. The percentage share of students receiving full assistance will substantially increase from about 30 per cent currently (about 110 000 students) to 50 per cent (about 190 000 students) of the total number of recipients. The additional recurrent expenditure is estimated to be about \$300 million a year.

9. Moreover, on top of the relaxed income ceiling for the full level of student financial assistance, we propose to adjust the tiered structure of the financial assistance schemes for post-secondary students for other levels of assistance, which comprises more than ten tiers currently, so that all post-secondary students who are not on full assistance will also receive a higher amount of assistance. It is estimated that in the 2011/12 academic year, around 22 000 post-secondary students will benefit from the proposal. The estimated additional recurrent expenditure is about \$140 million a year.

10. We are working out the specific technical details of the proposals, and will announce the details and consult the Legislative Council Panel on Education shortly

11. At present, post-secondary students who are eligible for financial assistance will receive a grant to help them cover tuition fees and another grant to help meet academic expenses. Depending on the types, disciplines and levels of the programmes, the maximum amount of the grant for academic expenses ranges from \$3,210 to \$34,380 per year. We propose that, starting from the 2011/12 academic year, an additional amount of academic expenses grant of up to \$1,000 be offered to all post-secondary students eligible for academic expenses grant, subject to the outcome of their means test. The needy students may make use of the sum total of academic expenses grant flexibly to meet their academic expenses, such as to acquire, replace or enhance necessary study aids, including computer and related equipment. The additional recurrent expenditure is estimated to be about \$48 million a year.

12. We are also aware that many parents of low-income families want their children to receive after-school tutorial support. We will earmark \$110 million for a three-year pilot programme for supporting the academic pursuit of primary school students from low-income family through the provision of after-school tutorial support.

### **Promoting national education**

13. To promote national education, we will further increase opportunities for students to participate in Mainland learning and exchange activities. We will work towards the target announced by the Chief Executive in his Policy Address by providing subsidy to enable every primary and secondary school student to join at least one Mainland exchange programme. For this purpose, some 4 000 additional places per annum will be provided, with effect from the 2011/12 school year, for five years. Besides, the Government will also subsidise student-teachers to participate in learning and exchange activities in the Mainland. The annual expenditure of this initiative is estimated to be about \$36 million.

### **Strengthening internal administration management in public sector schools**

14. In 2011-12, we plan to launch a pilot project in some public sector schools with a view to strengthening schools' internal administration management and further reducing teachers' administrative work. The project is expected to last for about one and a half years, and will involve an estimated expenditure of about \$12 million.

15. Madam Chairman, my colleagues and I will be happy to answer questions from Members.

Education Bureau  
March 2011

**Presentation by Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
on Thursday, 24 March 2011**

Chairman and Honourable Members,

In 2011-12, government recurrent spending on social welfare and women's interests will reach \$42.2 billion, accounting for 17.4% of the total recurrent government expenditure of the same year, second only to education. In comparison with the revised estimate for 2010-11, there is an increase of 11% (i.e. \$4.2 billion), representing the largest rise among all policy areas. This reflects our commitment to supporting the disadvantaged. Providing support to the elderly and those with disabilities is our main focus in caring for people's livelihood this year as unveiled in the Budget Speech. Now, let me highlight how our Bureau will make use of the resources.

**Strengthening elderly care services**

2. In 2011-12, the Government's estimated expenditure on elderly services, excluding that on public housing and public health services, amounts to \$4.39 billion, representing an increase of \$460 million (or 11.8%) compared with the revised estimate of \$3.93 billion last year. Additional resources allocated are for implementing a series of new measures to strengthen elderly care services in terms of both quality and quantity.

**Increase the provision of subsidised residential care places for frail elders**

3. In response to the trend of an ageing population, the Government has been allocating additional resources to increase the provision of subsidised residential care places in recent years. In 2011-12, the Government will increase recurrent funding by \$131 million (full year) to provide 1 270 additional subsidised residential care places, including –

- (a) \$69 million additional recurrent funding for increasing a total of 234 subsidised nursing home (NH) places and 243 long-term care (LTC) places offering a continuum of care, to be achieved by raising the ratio of NH places in existing contract residential care homes for the elderly (RCHEs), utilising available space in existing subvented RCHEs and constructing a new contract RCHE; and
- (b) \$62 million additional recurrent funding for providing 793 higher-quality care-and-attention (i.e. EA1) places under the Enhanced Bought Place Scheme (EBPS).

These places will come into service gradually from 2011-12 to 2014-15. These are over and above our commitment to supply more than 1 000 new places by the end of the 2013-14 financial year. In other words, about 2 300 residential care places will come into service within four years.

*Enhance the quality of private RCHEs participating in EBPS*

4. Since physiotherapy and rehabilitation training are provided to elderly residents in most of the subvented RCHEs, in order to enhance the quality of private RCHEs participating in EBPS, the Government will increase recurrent funding by \$40 million (full year) in 2011-12 to raise the unit subsidy of EA1 places, so that the concerned RCHEs can arrange physiotherapy treatment and rehabilitation training for frail elders. The new initiative will benefit more than 3 600 elders who are occupying EA1 places. It will also help enhance the quality of private RCHEs and encourage more quality private homes to join EBPS.

*Strengthen the support for demented and infirm elders*

5. We strive to provide comprehensive, user-oriented and integrated LTC services for demented and infirm elders. We will allocate an additional \$45 million recurrent funding, of which \$29 million will be used to increase the amount of Dementia Supplement (DS) provided to subvented RCHEs and private RCHEs participating in EBPS, and to provide DS to day care centres/units for the first time. It is estimated that about 4 500 demented elders residing in RCHEs and about 440 elders using day care services will benefit. The remaining \$16 million will be used to increase the amount of Infirmary Care Supplement for subvented RCHEs and EBPS homes. It is estimated that more than 1 300 infirm elders will benefit.

*Increase the provision of day care and home care service places*

6. To support elders who age in place, we will increase recurrent funding by \$76 million in 2011-12 to provide 1 500 additional Enhanced Home and Community Care Services (EHCCS) places and 185 day care service places for the elderly. The additional places are expected to come into operation within 2011-12 and 2012-13. The additional EHCCS places represents a significant 32% increase over the existing provision of 4 699 places.

*Territory-wide implementation of the Integrated Discharge Support Programme for Elderly Patients*

7. In collaboration with the Hospital Authority (HA), the Government launched the Integrated Discharge Support Programme for Elderly Patients (IDSP) on a trial basis in 2008 to provide one-stop support services for elderly patients discharged from hospitals and also for their carers (including pre-discharge planning, post-discharge rehabilitation, home support services, and carer training),



with a view to reducing the chance of unplanned hospital re-admission, enabling the elders to continue to age in the community and providing further support to their carers. As the response to IDSP has been positive, the Government will allocate an additional \$148 million recurrent funding to make it a regular service, and strive to extend its coverage from the current three districts to all districts within 2011-12. It is also expected that the number of elders served per year will increase from 8 000 to 33 000.

8. These initiatives will help address the growing demand for subsidised residential and community care services arising from an ageing population, and further enhance the quality of elderly care services.

### **Enhancing rehabilitation and support services for persons with disabilities and their carers**

9. The rehabilitation policy of Hong Kong aims to promote the development of the capabilities of persons with disabilities and their full integration into the community. In 2011-12, the overall recurrent expenditure for rehabilitation services will be around \$3.694 billion, up 10% over the revised estimates of \$3.357 billion for the current financial year. Specifically, additional allocation is provided for various rehabilitation services, medical social service and rehabus services.

#### **Increase the number of places of rehabilitation services**

10. The Government will provide additional funding of about \$100 million in 2011-12 to enhance various rehabilitation services for persons with disabilities.

11. Pre-school services provide early training and support for children with disabilities (including autistic children) and their families. There are 5 845 places at present. In the Budget Speech, an additional allocation of \$36.58 million is proposed for providing 610 new places. Coupled with the allocation for recurrent expenditure already earmarked, the Government will provide a total of 926 additional places for pre-school services in 2010-11 and 2011-12.

12. Residential care services are also provided for persons with disabilities who cannot live independently and those who cannot be adequately cared for by their families/carers. There are 11 682 subvented residential care places in 2010-11. In 2011-12, additional funding of \$13.6 million will be allocated to provide 91 new places for residential care services. Coupled with the allocation for recurrent expenditure already earmarked, the Government will provide a total of 1 046 additional residential care places in 2010-11 (576 places) and 2011-12 (470 places). In tandem with the implementation of the licensing scheme for residential care homes for persons with disabilities (RCHDs), the Government has launched the pilot Bought Place Scheme for private RCHDs with a view to encouraging private operators of RCHDs to upgrade the service standard of these homes, shortening the waiting time for services by increasing the overall supply

of subsidised residential care places, and helping the market develop more service options. With the allocation earmarked under the Lotteries Fund, the Social Welfare Department (SWD) will purchase some 150 to 233 residential care places.

13. To strengthen the abilities of persons with disabilities in securing suitable employment, the Government strives to provide them with vocational training and employment support services. At present, there are a total of 16 629 places for day training and vocational rehabilitation services. Additional funding of \$17.54 million will be allocated for providing 251 new places for day training vocational rehabilitation services in 2011-12. Coupled with the allocation for recurrent expenditure already earmarked, the Government will provide a total of 986 places for day training and vocational rehabilitation services in 2010-11 and 2011-12.

#### Strengthen rebus service

14. In tandem with the Government's on-going efforts to improve the accessibility of public transport for persons with disabilities, Rebus provides point-to-point scheduled and dial-a-ride transport services for persons with disabilities who have difficulties in using public transport. The rebus fleet currently comprises 119 vehicles, running 76 scheduled routes, three feeder routes and the Dial-a-ride service. Having regard to service demand and to enhance service quality, the Government will provide additional funding of about \$18.89 million to increase the rebus fleet to 123 by acquiring four new buses, replace 17 old ones, and procure a new server system and a new uninterruptible power supply system for its information management system in 2011-12. The Government will also allocate \$40.94 million to subsidise the recurrent expenditure of the rebus service. This allocation represents more than 80% of its operating cost.

#### **Enhancing social rehabilitation services and medical social services for persons with mental health problems**

15. The Government is mindful of the needs of persons with mental health problems and their families/carers, and keeps under regular review the operation and provision of community support services in response to changing demand. As pledged under the 2009 Policy Address, SWD has since October 2010 revamped the existing community support services and set up Integrated Community Centres for Mental Wellness across the territory with a view to providing district-based and one-stop integrated services. In 2011-12, the Government will allocate \$39.37 million to strengthen the manpower of these centres to provide comprehensive and accessible services to persons in need, and to dovetail with the HA's "Case Management Programme" to provide suitable support for patients with severe mental illness living in the community.

16. The Government will also allocate \$14.6 million to provide 26 psychiatric medical social workers to enhance the psychiatric medical social services to dovetail HA's new initiatives for ex-mentally ill patients. In addition, additional funding of \$2.15 million will be allocated to provide five psychiatric medical social workers to enhance the services for autistic children and their families. With the addition of 31 psychiatric medical social workers, the total number of psychiatric medical social workers will be increased to 243 in 2011-12.

### **Upgrading barrier-free facilities of Government premises**

17. In response to the Formal Investigation Report on Accessibility in Publicly Accessible Premises released by the Equal Opportunities Commission on 7 June 2010, the Government will accelerate the upgrading of the barrier-free facilities in existing Government and Housing Authority premises and facilities. We will carry out a comprehensive retrofitting programme costing \$1.3 billion to upgrade the barrier-free facilities in about 3 700 existing Government premises and facilities and about 300 premises under the Housing Authority. Among them, around 3 300 premises and facilities will have retrofitting works completed by June 2012.

18. Apart from upgrading the barrier-free facilities in terms of hardware, the Government will also strengthen the daily management of these facilities and raise the awareness on accessibility issues of the venue management on the software side. To this end, with effect from April this year, individual bureaux and departments will designate an Access Co-ordinator to facilitate the coordination of accessibility issues within the bureaux/departments. Moreover, an Access Officer would also be appointed for each venue/facility to handle accessibility issues at the venue.

### **Social Security**

19. The Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance Scheme form the mainstay of the social security system in Hong Kong. Excluding one-off additional payments, the estimated total expenditure of these two schemes in 2011-12 is \$29.4 billion, which is around 12% higher than the revised estimate last year, representing about 12% of the total recurrent government expenditure and about 70% of the recurrent welfare expenditure.

#### ***Providing Support to Elders, Persons with Disabilities and Persons in Ill-health***

20. We propose to raise the standard rates under the Comprehensive Social Security Assistance (CSSA) Scheme for adult recipients aged below 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. The proposal will involve an additional annual recurrent expenditure

of about \$328 million and is expected to benefit about 55 000 recipients.

21. A Community Living Supplement is currently payable to severely disabled CSSA recipients. We propose to extend the supplement to cover recipients with disabilities at non-severe level, recipients in ill-health and elders. We 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.

*Providing extra allowance to recipients of CSSA, Old Age Allowance and Disability Allowance*

22. To help ease the pressure of inflation and rising prices on people's livelihood, we propose to provide an extra allowance to CSSA recipients, equal to one month of the standard rate CSSA payments; and an extra allowance to Old Age Allowance (OAA) and Disability Allowance (DA) recipients, equal to one month of the allowances. This proposal will involve an additional expenditure of about \$1.9 billion. We estimate that about 1.1 million people (including 460 000 CSSA recipients, 510 000 OAA recipients and 130 000 DA recipients) will benefit.

**Enhancing services for children and youth**

*Regularise and extend the Neighbourhood Support Child Care Project*

23. Since October 2008, SWD has been implementing the three-year Neighbourhood Support Child Care Project (NSCCP) on a pilot basis using a total of \$45 million additional funding provided in the 2008-09 Budget. Under the NSCCP, carers in the neighbourhood are hired and trained to take care of children at the carers' homes or at centres run by the service operators. The pilot NSCCP is coming to an end in March this year. SWD has conducted a review on its operation and effectiveness in late 2010. The review findings show that the NSCCP has achieved its objectives and is a desirable model for flexible child care service worth further pursuing. The Government has decided to regularise the NSCCP and extend its coverage from the current 11 administrative districts of SWD to all 18 districts to benefit more families in need. Following the regularisation and extension of the service coverage, the NSCCP will be provided on an on-going basis with recurrent funding of around \$33 million per year. The number of child care places that it can provide at one time will increase substantially by 280 from at least 440 to at least 720.

*Extend the Comprehensive Child Development Service*

24. The Comprehensive Child Development Service (CCDS) is a joint initiative of the Labour and Welfare Bureau, Education Bureau, Department of Health, HA and SWD launched in 2005. The service makes use of Maternal and

Child Health Centres (MCHCs) and other service units as platform to identify at an early stage at-risk pregnant women and needy mothers and children. Mothers and children so identified are referred to the appropriate health and welfare service units to receive follow-up and support services. The CCDS currently covers about half of the total population in Hong Kong. To enhance the support for needy children and their families, we will extend the CCDS to all 18 districts. Additional recurrent funding involved will be around \$48 million each year.

#### Launch pilot Cyber Youth Outreaching Projects

25. In view of the changing lifestyle and service needs of young people, SWD will subsidise NGOs to implement the Cyber Youth Outreaching Projects on a pilot basis with funding support from the Lotteries Fund. Under the projects, social workers will reach out to youths in need, particularly those identified as at-risk or hidden, through the internet for timely intervention and provision of support services. The pilot projects will be implemented for three years from 2011 to 2014. SWD will also commission a consultant to conduct an evaluation study to examine the effectiveness of the pilot project and the feasibility of interfacing this new service mode with the existing youth services and make recommendations on the way forward. A total amount of \$17 million has been earmarked from the Lotteries Fund for the pilot projects and evaluation study.

#### Women's Interests

26. The Government has been working closely with the Women's Commission to promote women's well-being and interests through a three-pronged strategy, viz. the provision of an enabling environment, empowerment of women and public education. In 2010-11, with the assistance of the Commission and after consultation with the public and relevant stakeholders, the Government prepared its third report on the implementation of the United Nations Convention on the Elimination of All Forms of Discrimination against Women in Hong Kong. In 2011-12, we have earmarked \$26.7 million to promote women's interests and support the Commission's work, representing an increase of 29% (\$6 million) compared with the revised estimate of \$20.7 million last year. The provision includes resources for the implementation of the Capacity Building Mileage Programme to encourage women to pursue life-long learning and self-development, as well as the production of TV series to enhance the public's awareness of gender-related issue.

27. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

**Presentation by Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
on Thursday, 24 March 2011**

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2011-12 is estimated to be \$1,370 million, representing an increase of \$250 million (or 22%) over the revised estimate of \$1,120 million last year. It accounts for 0.6% of the Government's recurrent expenditure. In 2011-12, we are committed to providing employment support and training to enhance employment and labour productivity. We will also continue to strive to promote harmonious labour relations, combat illegal employment and wage offences, and protect employees' rights and benefits. We will continue to publicise the Minimum Wage Ordinance and will enforce the Ordinance when it becomes effective on 1 of May. We will also launch the Work Incentive Travel Subsidy Scheme in the third quarter this year. In parallel, we will continue to improve occupational safety and health to ensure adequate protection of workers. We will also continue with our efforts in manpower development. I am going to highlight some key areas of our work.

**Promoting Employment**

2. As employment is the key to people's livelihood and the bedrock of social harmony, the HKSAR Government spares no effort in promoting employment. Fuelled by sustained economic growth and job creation, the latest unemployment rate dropped to 3.6% in December 2010 – February 2011. In the first two months of 2011, the Labour Department (LD) posted 119 645 private sector vacancies, up 35.6% over the corresponding period in 2010 (88 242).

3. Notwithstanding the improvement in the employment market, promoting the employment opportunities of the vulnerable groups remains as our primary concern. Throughout these years, LD has endeavoured to administer various specialised programmes to cater for job seekers in need of employment support. Financial incentives are offered to employers for providing the young people, the middle-aged and persons with disabilities with on-the-job training and employment opportunities. These programmes have effectively helped enhance the employability and employment prospects of the vulnerable groups.

4. LD will continue to work hard to provide employment services targeting at job seekers' needs. The Pilot Employment Navigator Programme (ENP) was launched in December last year. To further enhance support to job seekers, a pioneer One-stop Centre that will streamline, integrate and enhance the existing employment and training/retraining services provided by LD, the Social

Welfare Department and the Employees Retraining Board will be set up in Tin Shui Wai. In addition to a full range of employment services and programmes normally available in a job centre, the One-stop Centre will offer new and enhanced features. Individual job seekers' employment needs will be assessed and provided with tailor-made case management and employment support services with a view to helping the job seekers settle in employment most effectively.

### **Promoting Labour Relations**

5. We are committed to maintaining and fostering harmonious labour relations, which underpin Hong Kong's social harmony and economic prosperity. Along with the recovery of the local economy, the labour relations scene further stabilized in 2010. In 2010, the Labour Department handled a total of 20 502 labour disputes and claims, down 16% on 2009. In the year, we attained a high settlement rate at 72.9%.

6. To tie in with the implementation of the Minimum Wage Ordinance (MWO), the Labour Department will continue to maintain close liaison with enterprises and employees' groups, and actively help employers and employees resolve their labour-management differences through communication, mutual understanding and flexible adjustments.

7. We will continue to promote the Employment Ordinance through production of publicity materials, convening meetings of the 18 Human Resources Managers Clubs in various trades and industries and nine industry-based Tripartite Committees, as well as staging roving exhibitions etc, so as to enhance public awareness on employment rights and benefits. We will continue to promote good people management practices, foster frank communication and employer-employee collaboration, as well as encourage employers to help employees balance responsibilities at work and in family through publicising family-friendly employment practices in various channels.

### **Protecting Employee's Rights and Benefits**

8. In tandem with the implementation of MWO, LD will launch targeted enforcement action at district and territory levels to ensure compliance. All complaints about breaches of MWO will be promptly and thoroughly investigated.

9. The Employment (Amendment) Ordinance 2010 has come into operation on 29 October 2010. It introduces a new criminal offence under the Employment Ordinance, whereby an employer commits an offence if he wilfully and without reasonable excuse fails to pay a sum awarded by the Labour Tribunal or the Minor Employment Claims Adjudication Board that comprises wages and entitlements underpinned by criminal sanctions under the Employment Ordinance. The new criminal offence is an important milestone in the protection of employees' rights. The LD has launched a series of promotional activities to

enhance public awareness of the new offence and will take out stringent enforcement actions to deter breaches.

10. We have spared no effort in combating wage offences and defaults of the Labour Tribunal or Minor Employment Claims Adjudication Board awards. Last year, we secured a total of 1 481 convictions against wage offences, a rise of 12.7% over that of 1 314 convictions in 2009. As a result of more targeted enforcement action, there were 476 summonses where company directors or responsible persons were convicted of wage offences, representing a significant increase of 37.2% compared with 347 summonses of such nature in 2009. LD will continue to strengthen intelligence gathering and evidence collection and proactively conduct inspections to detect wage offences. If there is sufficient evidence, we will prosecute the employer and responsible persons involved for the wage defaults.

11. To safeguard the employment opportunities of local workers, the Government takes rigorous enforcement action against illegal employment. In 2010, together with the Police and the Immigration Department, LD mounted 217 joint operations to raid establishments suspected of employing illegal workers. We will keep up with our efforts to crack down on illegal employment.

12. In 2010, alongside the economic revival from the financial tsunami, the Protection of Wages on Insolvency Fund (PWIF) recorded a decrease of applications by 39% as compared to 2009. LD will continue to assist employees affected by closure of business by providing them with ex gratia payments through PWIF as the final safety net. This year, we have embarked on the legislative work on amending the Protection of Wages on Insolvency Ordinance to extend the coverage to include pay for untaken annual leave and statutory holidays under the Employment Ordinance.

### **Statutory Minimum Wage (SMW)**

13. The launching of SMW on 1 May 2011 (i.e. the Labour Day) will mark a significant milestone in labour protection in Hong Kong. We are working at full steam to prepare for the implementation of SMW. LD is launching extensive publicity and promotional activities to familiarise the community with the MWO and facilitate employers and employees in understanding their respective obligations and entitlements under the SMW regime. We have drawn up a set of draft general reference guidelines on SMW for employers and employees to illustrate the provisions and application of the MWO. LD is working expeditiously to finalise the general reference guidelines so that these can be ready for wide distribution within this month. In addition, given the particular circumstances of individual sectors, LD is working with industry-based Tripartite Committees, related employers' associations, trade unions and stakeholder groups to formulate industry-specific guidelines on SMW.



14. Under the MWO, persons with disabilities whose productivity may be impaired by their disabilities have the right to choose to have their productivity assessed to determine whether they should be remunerated at not lower than the SMW level or at a rate commensurate with their productivity. LD is launching targeted publicity and promotional activities to apprise persons with disabilities and their employers of their rights and obligations under the relevant provisions of the MWO as well as details of the productivity assessment mechanism. We have also embarked on the recruitment of approved assessors for conducting the assessments.

### **Work Incentive Transport Subsidy (WITS) Scheme**

15. Following the approval by the Finance Committee of LegCo of the funding proposal on 25 February 2011, we are pressing ahead with the preparatory work for the implementation of the WITS Scheme. LD will set up a new WITS Division to perform all operational functions, including processing applications, handling appeals, effecting subsidy payments, identifying and investigating fraudulent cases, etc. We are devising the application procedures and implementation details of the Scheme, developing the information technology system, drawing up publicity and promotional plans, and pressing ahead preparatory arrangements on other fronts. Our plan is to start receiving WITS applications from October 2011 onwards.

### **Enhancing Occupational Safety and Health**

16. Safety and health at work in Hong Kong has improved significantly over the past decade. However, there has been a slight increase in both the number and the rate of occupational injuries in 2010 as compared with 2009. This was largely because of the sustained recovery of the local economy which resulted in greater economic activities. For the first three quarters of 2010, the number of occupational injuries in all workplaces stood at 31 580, up by 6.7% on the corresponding period in 2009. The injury rate per thousand employees slightly rose from 15.0 to 15.6, up by 3.9%. During the same period, the construction industry recorded 2 147 industrial accidents, up by 3.1% but the accident rate per thousand workers dropped to 51.8, down by 7.5%. We will keep up our efforts in actively promoting occupational safety and health and reducing accident tolls through enforcement, publicity and education.

17. The successive commencement of major infrastructure projects (MIPs) and the expected growth in building repair, maintenance, alteration and addition (RMAA) works arising from the introduction of new regulatory requirements will bring new challenges to work safety in the construction sector. LD will take proactive steps to intensify systematic preventive and enforcement measures as well as promote specific measures to enhance the safety performance in these two areas. In monitoring the safety performance of MIPs, we will draw on the successful experience in the Airport Core Projects in the past by stepping up

enforcement and enhancing co-operation with various interested parties such as relevant government departments, project clients and management teams. LD officers will, among others, participate in regular site safety management meetings and safety walks of MIPs. As to RMAA works, LD will step up workplace inspections to follow up referrals from our strategic partners such as the Housing Department, Hong Kong Housing Society and property management companies. We will also cooperate with the Occupational Safety and Health Council and interested parties, including building owners' corporations, District Councils and safe communities, to step up promotion and publicity work to raise safety awareness in RMAA works at the community level. On occupational health, we will step up publicity programmes to raise employers' and employees' awareness of the prevention of lower limb disorders. We will also continue with our publicity programmes to raise awareness of the prevention of heat stroke at work, occupational diseases, and work-related diseases.

### **Manpower Development**

18. The Employees Retraining Board (ERB) and the Vocational Training Council (VTC) will continue to provide comprehensive and quality training services to help the local labour force adapt to the changing market needs and manpower requirements of the Hong Kong society, and acquire recognised qualifications.

19. In response to the economic situation and market needs, including the possible changes in the labour market following the implementation of the SMW, the ERB plans to increase the number of training places to 130 000 in 2011-12, and has reserved resources for providing an additional 30 000 training places. The ERB will closely monitor the industry conditions and adjust the allocation of training places flexibly to meet the needs. In addition, the training places to be offered by the VTC in the 2011/12 academic year will include 159 000 places for those seeking to pursue vocational training. In 2011-12, the LWB's related recurrent subvention to the VTC will reach \$160.7 million.

20. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

**Presentation by Secretary for Financial Services and the Treasury  
at the Special Meeting of the Finance Committee  
on Friday, 25 March 2011**

Chairman and Members,

This session of the special meetings of the Finance Committee will examine the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch has oversight of several programmes, which cover revenue and financial control, provision of central support services within the Government and maintenance of government properties. Before the question session begins, I would like to brief Members on some points.

**Estimates by Policy Areas**

2. The estimated total recurrent expenditure for the three programmes mentioned above for 2011-12 is \$6,347.88 million, with about \$3,200 million on revenue and financial control, around \$2,300 million on provision of central support services within the Government, and approximately \$800 million on maintenance of government properties. The estimated expenditure for these three programmes for 2011-12 is about \$650 million higher than the revised estimate for 2010-11.

**Key Areas of Work in the Coming Year**

3. As regards the key areas of work in the coming year, I would like to highlight specifically the following key areas of work:

- In 2011-12, we will continue our efforts to seek to conclude comprehensive agreements for avoidance of double taxation (CDTAs) with more trading or investment partners and economies with development potential, thereby enhancing Hong Kong's competitiveness as an international business and financial centre. In fact, we have made significant progress in this respect since the LegCo approved the Administration's proposed legislative amendments early last year to allow Hong Kong to adopt the standard of the Organisation for Economic Co-operation and Development on exchange of information for tax purposes. In the past year, we signed 14 new CDTAs.
- We will continue to take forward various projects on construction of government office buildings in the coming year. The invitation of tenders for the construction of the Kai Tak Government Offices is

underway, and we plan to seek LegCo's approval of the project in the next legislative year. We will continue to reduce leased office space in private properties, and in prime locations in particular, and will sell or lease out surplus government properties. Moreover, we will assist departments in drawing up relocation programmes to vacate under-utilised sites with a view to optimising the use of land resources.

- Regarding the maintenance of government buildings and facilities, we will continue to step up and promote our preventive maintenance work. Since 2010, we have been conducting detailed condition surveys for all government buildings and facilities once every four years. We have completed the detailed structural surveys for buildings aged 50 years or above and carried out immediate emergency repairs for those buildings in need. The remaining repair works will be looked after in our daily maintenance routines. We will carry on with our work on preventive maintenance and proceed to conduct detailed structural surveys for buildings aged 30 years or above. In addition, we have earmarked \$100 million in the coming financial year to progressively upgrade the existing barrier-free access facilities in government premises.
- We will continue to align our procurement with the green policy of the Government, having regard to the need to ensure value-for-money, openness and fairness in the process. Subject to market supply and availability of resources, the Government Logistics Department will actively adopt the promulgated green specifications in its procurement activities. At present, there are altogether 22 electric vehicles in the government fleet and another 11 will be delivered in midyear. Subject to the availability of suitable models in the market and the operational needs of departments, we plan to give priority to the procurement of electric vehicles in the 2011-12 and 2012-13 financial years. We expect to have an intake of close to 200 electric vehicles of various types in these two years for the use of various government departments.

#### **Adjustments to the 2011-12 Budget**

4. On 2 March 2011, the Financial Secretary announced the following adjustments to the 2011-12 Budget:

- (a) to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, involving an expenditure of around \$37 billion;
- (b) to inject funds into the Community Care Fund to provide assistance to those who cannot benefit from the above measure but who face financial hardship, including new arrivals; and

- (c) to reduce salaries tax and tax under personal assessment for 2010-11 by 75%, subject to a ceiling of \$6,000. The proposed tax concession is expected to reduce government revenue by about \$5.3 billion.

In addition, the Financial Secretary has decided not to pursue the proposal to inject funds into Mandatory Provident Fund (MPF) accounts.

5. To meet the expenditure likely to be incurred by the above two expenditure proposals in 2011-12, we plan to move a Committee Stage Amendment to the Appropriation Bill 2011 to increase the provision under Head 106 Subhead 789 by \$7.1 billion to \$58.8 billion, after offsetting the \$24 billion earmarked for the proposed injection into MPF accounts.

6. Taking into account the above adjustments, total government revenue for 2011-12 is estimated to be \$369.7 billion, and total expenditure will be \$378.2 billion. The forecast surplus of \$3.9 billion in the Consolidated Account will become a deficit of \$8.5 billion.

#### **Proposal to Give a Sum of \$6,000 to Eligible Citizens**

7. For the Treasury Branch under the Financial Services and the Treasury Bureau, one of the tasks in 2011-12 is to implement the proposal to give all eligible citizens a sum of \$6,000. Many Members raised questions about this proposal when considering the estimates of expenditure for 2011-12. We have consolidated the key points of our replies and set them out in the **Annex** for Members' reference.

8. Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

Financial Services and the Treasury Bureau  
March 2011

**Proposal to Give a Sum of \$6,000 to Eligible Citizens**

On 2 March 2011, the Financial Secretary announced a number of adjustments to the 2011-12 Budget. One of the proposals is to give each Hong Kong Permanent Identity Card holder aged 18 or above a sum of \$6,000. This proposal leaves wealth with the people and also responds to public demands.

2. According to Article 24 of the Basic Law and Hong Kong legislation, residents of HKSAR shall include permanent residents and non-permanent residents. It is estimated that there are about 6.1 million and 1.1 million people aged 18 or above who are holders of permanent identity cards and non-permanent identity cards respectively. Holders of non-permanent identity cards comprise different groups of people, such as new arrivals, imported labour, foreign domestic helpers and others who come to Hong Kong for work or study, etc. Extending the proposal to non-permanent residents may not fit in with the objective to leave wealth with the people. Under Hong Kong law, a person attains full age on attaining the age of 18 years. Therefore, we propose that only Hong Kong Permanent Identity Card holders aged 18 or above would be given a sum of \$6,000. This is in line with the aim of leaving wealth with the people, and is a reasonable arrangement.

3. We are now working out the implementation details of this proposal. Since other places (such as Macao and Singapore) have implemented similar measures, it is only natural that people will make comparison. We would like to highlight a few considerations. First, the legal requirements for the protection of personal data privacy may vary from place to place. In Hong Kong, we consider the proper handling of personal data one of the key consideration in the implementation of the proposal. Secondly, the Financial Secretary's proposal is not a so-called "cash handout". Those who apply and are eligible may, having regard to their own wish, withdraw the sum upfront or choose to defer withdrawal in order to accumulate "savings bonus". Therefore, we must provide ways for eligible persons to exercise their choice. Those who do not want to receive the \$6,000 may also choose not to register for receiving the payment.

4. We need to establish a platform which can facilitate people's registration for and collection of the payment without compromising the protection of privacy. We are now discussing with banks to see if we can make use of the existing banking network in building that platform. We have adopted this approach because banks already have the infrastructure, systems and experience required for handling customers' personal data and providing deposit and withdrawal services. In addition, there are about 1 200 bank branches in Hong Kong and many eligible persons already have bank accounts. Making use of the banking network to process registration and handle payment should be

convenient for members of the public.

5. Our preliminary view is that some staggering arrangements should be made when implementing the proposal. This is to avoid bunching of over six million registrations within a short period of time, which will cause inconvenience to the public and may overload the system. In doing so, we must be careful in striking the right balance. If we spread out the registration and payment over a longer period of time, the process may become smoother. However, some may consider it unfair if they have to wait longer before their cases will be handled .

6. As mentioned above, one of the features of the proposal is that if people choose to keep the \$6,000 as “savings” and defer withdrawal for a certain period of time, they will receive “bonus”. This arrangement will provide the public with an extra option. It may also help stagger registrations.

7. As regards the implementation timetable, we will finalise the details of the proposal as soon as possible and submit it to the relevant Legislative Council Panel for discussion in accordance with the established procedures. We will then seek funding approval from the Finance Committee. Once funding approval is given, we will immediately take forward the specific arrangements and announce the details so that registration will start as soon as possible. Since we are still at the planning stage, the timetable for inviting registration and making payment has yet to be confirmed.

8. The total estimated expenditure for this proposal and the exact requirements in 2011-12 are not known at this stage. With a sum of \$6,000 each for some 6.1 million eligible persons, and allowing a margin for expenditure on savings bonus and administrative cost, our rough estimate is that the proposal will cost about \$37 billion. Assuming 80% of the total expenditure will be required in 2011-12, \$29.6 billion will be earmarked under Head 106 Subhead 789. As in the case of other measures which require the approval of the Finance Committee, we will seek funding approval from the Committee in accordance with the established mechanism as soon as we have finalised the implementation details. We will also set out in the relevant paper the best estimates of the total expenditure for this proposal and the amount required in 2011-12. Subject to the approval of the Finance Committee, we will create a new item under Head 147 Subhead 700 for which the Permanent Secretary for Financial Services and the Treasury (Treasury) will be the Controlling Officer. The expenditure estimate for this item in 2011-12 will be deducted from Head 106 Subhead 789.

**Presentation by Secretary for Home Affairs  
at the Special Meeting of the Finance Committee  
on Friday, 25 March 2011**

Chairman,

The Home Affairs Bureau (HAB) is responsible for quite a diversified policy portfolio covering a total of eight Heads of Expenditure. Our priority areas with additional resources provided in the new financial year are as follows:

**Youth Development**

2. HAB and Home Affairs Department (HAD) will make provisions to enhance support for youth development activities. We will encourage youth groups and organisations to organise more such activities throughout the year and tie in with the direction and theme set by the Commission on Youth. This serves to enable young people to realise their potential, enhance their sense of belonging to the society and increase their opportunities to participate in social affairs.

**Service Corps**

3. The Chief Executive announced in his 2010-11 Policy Address the establishment of the Service Corps as a new initiative in youth development. We will subsidise young people aged between 18 and 29 to serve in underprivileged areas in the Mainland for six to 12 months. Through the Service Corps, we hope to cultivate among young people the spirit to serve others and to enable them to gain personal growth, to enhance understanding of the nation and broaden horizon.

**Supplementary Legal Aid Scheme Expansion**

4. Legal aid service is an integral part of Hong Kong's legal system. Having studied the recommendations of the Legal Aid Services Council on the expansion of the Supplementary Legal Aid Scheme (SLAS), and taken into account the views of the Panel on Administration of Justice and Legal Services and relevant stakeholders, including the legal profession, we have finalized the Administration's position, and will consult the Panel on our proposals on 28 March 2011. Subject to the Panel's comments, we will proceed to draft legislative amendments to put in place the above proposals for expansion of SLAS, with a view to submitting the legislative proposals to the Legislative Council for consideration and approval later this year. We will also seek the approval of the Finance Committee to inject \$100 million into the SLAS Fund to facilitate the



expansion of the scope of SLAS.

### **Community Care Fund**

5. HAB will continue to provide secretariat service for the Steering Committee and its sub-committees in 2011-12 on, among other things, collating community views, mapping out assistance programmes, allocating funding and monitoring the implementation of the programmes. The Home Affairs, Education, Medical and Welfare Sub-committees are considering proposals on and priority of assistance programmes under their purview for consideration and endorsement by the Executive Committee and Steering Committee respectively.

### **Building Management**

6. We have four priority areas in 2011-12 regarding building management, namely promoting building care culture, implementing the Building Management Professional Advisory Service Scheme, examining the regulation of the property management industry, and reviewing the Building Management Ordinance.

7. On the promotion of building care culture, we are launching a series of new public engagement initiatives to provide appropriate support for various stakeholders and raise their awareness of building care culture. These initiatives include three major elements. First, we are establishing a panel of advisors to provide owners with impartial and authoritative advice; second, we are organising training courses in collaboration with tertiary institutes for office-bearers of owners' corporation (OC); and third, we are putting in place a platform for owners to share experience, thus promoting mutual help.

8. As for the implementation of the Building Management Professional Advisory Service Scheme, a pilot scheme was launched in April last year to invite property managers, in collaboration with Liaison Officers, to provide owners of old buildings with free professional advice and follow-up services on property management. The scheme was well received by owners. We will enhance the Building Management Professional Advisory Service Scheme in the next three years to strengthen support to owners of old buildings. We will identify target clusters of buildings in dilapidated condition in the urban areas with the largest number of old private buildings, and will engage property management companies to provide owners and OCs of these buildings with one-stop professional consultancy service and advice on building management and maintenance. The number of target buildings will increase from the current 50 to about 400 every year (i.e. 8 000 units).

9. We have obtained an additional annual provision of \$16 million involving five Liaison Officer posts for promoting building care culture and implementation of the Building Management Professional Advisory Service Scheme in the next three years.

10. As regards the regulation of the property management industry, in December last year, we commenced a public consultation exercise in this regard, which just ended on 15 March. During the consultation, we received views from various stakeholders, including owners, OCs, property management companies, related professional bodies, Legislative Council members, District Council members, and members of the public. We will collate and analyse the views received during the consultation period and expect that the key parameters of the proposed regulatory framework would be formulated by the middle of this year.

11. Regarding the review of the Building Management Ordinance, we have established the Review Committee on the Building Management Ordinance to commence the review of the Ordinance. The Committee will study the existing problems commonly found in respect of building management, and examine if these problems can be resolved through amending the Ordinance. The Committee will also make recommendations to the Government on measures to enhance the operation of OCs and to protect the interests of individual owners. The Committee plans to submit an interim report to HAB by end this year or early next year.

### **Enhancements of Remuneration Package for District Council Members**

12. The coming District Councils (DC) Election will be held in end 2011. It is our established practice to review and announce the remuneration package for DC members about one year before the commencement of the DC Election, so that potential candidates are aware of the remuneration package before deciding whether to run in the Election. The review of the remuneration package was completed in 2010 according to plan. The Finance Committee of the Legislative Council approved the enhancements of the remuneration package at its meeting on 3 December last year. The enhancements will be implemented in two phases. For example, the rate of Operating Expenses Reimbursement (OER) has been increased by 15% since January this year. And, with effect from January 2012, we will introduce an annual accountable Medical Allowance (MA) of \$26,970 and an End-of-Term Gratuity equivalent to 15% of the honorarium for DC members, and an Entertainment Expenses Reimbursement (EER) for DC Chairmen. We believe that the enhanced package would not only facilitate the DC members to discharge their duties more effectively, but also attract potential candidates to run in the Election and serve the community. We estimate that the annual additional expenditure arising from the increase in OER, and the introduction of MA for DC members and EER for DC Chairmen will be around \$34.14 million. The payment of the End-of-Term Gratuity will entail an expenditure estimated at about \$83 million for each DC term.

## **Enhanced Support Services for New Arrivals from the Mainland and Ethnic Minorities**

13. As announced in the 2010-11 Policy Address and the 2011-12 Budget, HAD will set up a dedicated team to strengthen and integrate the support services for the new arrivals from the Mainland and ethnic minorities to help them integrate into the community as early as practicable. The Government will make good use of district networks and the services of district organisations and non-government organisations to better facilitate the integration of new arrivals and ethnic minorities into the community. Moreover, HAD will encourage new arrivals from the Mainland and ethnic minorities to continue to interact with the community, and to foster a sense of understanding, friendship and mutual help in the neighbourhood for the promotion of social harmony.

14. In 2011-12, HAD will be allocated with additional resources of \$9.6 million to create additional posts and to implement three major initiatives. First, HAD will launch the district-based integration programmes for ethnic minorities or new arrivals from the Mainland in districts with higher service demands. Second, HAD will commission a non-government organisation to organise activities for prospective migrants from the Mainland. We will arrange those who were new arrivals to share experience with prospective migrants, to help them better understand the local environment before they come to live here. Third, HAD will implement an ambassador scheme. We will introduce services to ethnic minorities and new arrivals from the Mainland by arranging those with similar backgrounds and experiences to reach out to them, and to make referrals to Government departments where necessary.

## **Continued strengthening of our cultural software**

15. It is estimated that government spending in respect of the culture and the arts will be over \$2.8 billion in 2010-11 (excluding expenditure on capital works).

16. To strengthen our cultural software and complement the development of the West Kowloon Cultural District, we have earmarked \$486 million for the five financial years from 2010-11 for enhancing the support for local arts groups, enriching the Hong Kong Arts Festival, providing internship and training opportunities for arts administrators, supporting students' participation in cultural activities, subsidising various projects in relation to the development and preservation of Cantonese opera, and stepping up the promotion of public arts, etc.

## **Arts Capacity Development Funding Scheme**

17. The Finance Committee of the Legislative Council approved the injection of \$1.5 billion into the arts portion of the Arts and Sport Development Fund (ASDF) in July 2010, providing seed money to generate investment returns to support arts development. The Government, in collaboration with the Advisory Committee on Arts Development, is planning a new funding scheme titled Arts Capacity Development Funding Scheme, making use of the investment returns of the ASDF and introducing matching grant elements, to promote the long-term development of local arts and culture.

18. The new funding scheme aims to open up a new avenue for arts groups and practitioners to seek funding support for arts initiatives/projects which are not covered by existing funding sources, especially those of a larger scale and a longer time frame as well as those that will strengthen the overall capacity of arts groups and practitioners. The new funding scheme aims to facilitate content development, build audience, promote arts education and strengthen capacity building of local arts groups.

19. Matching grant is new to the arts and cultural sector. It aims to enhance the support for small and medium arts groups, to strengthen their fundraising ability and to provide incentive for them to explore various funding sources. In addition, the funding scheme will help garner community support for the arts and encourage community participation in arts and culture. The initiative will help raise community resources, promote public and corporate support for the arts as well as nurture a tripartite partnership among the Government, arts groups and the private sector in the promotion of arts and culture in Hong Kong.

## **Enhancing cultural exchange with Guangdong, Macao and Taiwan**

20. The Government has been promoting cultural exchange in addition to strengthening our cultural software and developing a new funding scheme. In this regard, Hong Kong has been co-operating closely with the Mainland. This year, we will put forward a number of cultural exchange activities. Apart from participating in the 12<sup>th</sup> Greater Pearl River Delta Cultural Co-operation Meeting, we will jointly organise with the Guangdong Province and Macao a number of new, large-scale co-operation events, including the joint presentation of a Cantonese Opera performance and a large-scale dance show, and the co-organisation of major cultural exhibitions. Our local arts groups participated actively in the Expo last year, staging over 100 performances and various arts exhibitions in Shanghai. We hope to encourage exchange between artists in Hong Kong and their counterparts in the Mainland through these co-operation opportunities, and to enhance the public's appreciation of and participation in culture, thereby bringing our co-operation to the next level.

21. The “Hong Kong – Taiwan Cultural Co-operation Committee” was also established under the “Hong Kong – Taiwan Economic and Cultural Co-operation and Promotion Council” last year to further promote cultural exchange between Hong Kong and Taiwan and to serve as the counterpart of the “Cultural Co-operation Committee” under the “Taiwan – Hong Kong Economic and Cultural Co-operation Council”. The two committees have decided to organise the first cultural co-operation forum in May this year in Hong Kong. Representatives of the cultural and creative industries will be invited to take part in it. The forum is expected to further enhance the exchange, liaison and co-operation of the two sides.

### **Promotion of Sports Development**

22. In the 2011-12 Budget, the Financial Secretary proposes to set up a \$7 billion “Elite Athletes Development Fund” (EADF), using its investment return to replace the current subvention mode for the Hong Kong Sports Institute (HKSI) and making HKSI a world-class training centre.

23. Upon completion of the \$1.8 billion redevelopment project of HKSI by the end of 2013, its long-term objective will be to support up to 500 full-time athletes, and to provide them with a better training environment and facilities. The EADF will cater for the long-term development needs of the HKSI, including financial support to athletes, training programmes, sports science and sports medicine, as well as education and employment counselling support.

24. Our key task now is to identify the operating mode for the EADF that best suits the needs of the HKSI, at the same time ensuring that public money will be properly spent. We will then seek approval from the Legislative Council Finance Committee to set up the fund.

25. The HKSI not only supports 14 elite sports, but also provides comprehensive support to about 230 athletes of non-elite sports and disabled athletes. In future, HKSI will be able to support more sports, and will identify students and young people with potential for development through the Talent Identification Programme.

26. Meanwhile, we can use the investment return from the ASDF to fund other sports programmes (including team sports), enhance the feeder programme and help athletes prepare for and participate in international events such as the Olympic Games and the Asian Games. The Leisure and Cultural Services Department will continue to provide subvention to more than 50 National Sports Associations through the Sports Subvention Scheme to promote the development of different sports programmes. The budget for 2011-12 is over \$200 million.

27. On sports venues, we will continue to build and plan new facilities. Apart from the on-going 15 capital works projects with a total investment of over \$9 billion, we will also proceed with the planning of more facilities, including the Multi-purpose Stadium Complex at Kai Tak.

28. This concludes my opening remarks. My colleagues and I will be glad to answer questions from Members. Thank you.

**Presentation by Secretary for Food and Health  
at the Special Meeting of the Finance Committee  
on Friday, 25 March 2011**

Madam Chairman and Honourable Members,

The Food and Health Bureau is committed to ensuring food safety and environmental hygiene with a view to promoting public health and improving people's quality of life.

2. In the 2011-12 Estimates, about \$5.1 billion has been earmarked for recurrent expenditure in the policy portfolio of "Food Safety and Environmental Hygiene", representing an increase of \$295 million over the previous year.

3. I will now proceed to outline the policy priorities and work progress.

**Food Safety**

4. To strengthen food safety control for protection of public health, the Government submitted the Food Safety Bill (the Bill) to the Legislative Council in June last year. The Bill has introduced the food traceability mechanism to ensure that the Government can trace the source of the problem food more effectively and take prompt action when dealing with food incidents. I would like to thank Members for their input and support. The Bills Committee has completed scrutiny of the Bill. We will resume the Second Reading debate of the Bill on 30 March.

5. The Centre for Food Safety will continue to adopt the strategy of "from farm to table" in conducting food surveillance on the food supply chain from source to downstream stages. This will be complemented by the passage of the Bill which will further safeguard food safety. As a matter of fact, the overall satisfaction rate of the tests under the Food Surveillance Programme of the Centre for Food Safety was 99.7% in 2010, reflecting that food safety in Hong Kong is maintained at a high level.

**Review of Columbarium Policy**

6. On increasing the supply of columbarium facilities, the feedback obtained during the earlier public consultation shows that the community is generally supportive of the district-based columbarium development scheme. So far, we have identified a total of 17 potential sites in 12 districts for building public columbarium facilities, and the study on the feasibility of developing these

sites is underway. Meanwhile, we are continuing to look for suitable sites in the remaining six districts, with a view to making an announcement in the coming months.

7. To enhance consumer protection, the Development Bureau published information on private columbaria known to the Government in late 2010. The Administration has also taken steps to strengthen consumer education through production of announcements of public interest to remind members of the public to obtain detailed information from the operators of private columbaria when purchasing niches at these columbaria, and to seek independent legal advice where necessary. The public may also opt to scatter the cremains of their ancestors in Gardens of Remembrance or in designated waters.

8. The public in general supported a licensing scheme to enhance regulation of private columbaria, but expressed divergent views over the scope and level of regulation under the licensing scheme and the arrangements for pre-existing private columbaria. The Government must exercise prudence in handling the matter. We plan to report back to the LegCo Panel on Food Safety and Environmental Hygiene (the Panel) at its meeting next month on the outcome of the consultation on review of columbarium policy, relevant work progress and the proposed way forward.

### **Taking Forward the Trawl Ban**

9. Regarding the legislative proposals to take forward the trawl ban in Hong Kong waters and other fisheries management measures, we briefed Members of the Panel on the relevant work progress and proposed way forward at its meeting on 8 March 2011. We also listened to views from relevant organisations at a special Panel meeting held on 15 March. The subsidiary legislation relating to implementation of the trawl ban will soon be introduced into the LegCo for scrutiny.

10. To assist the affected fishermen, the Government will offer ex-gratia allowance payments to the trawler owners affected by the trawl ban to be effected through legislation; buy out the affected trawler vessels of those trawler owners who volunteer to surrender their vessels; and provide one-off grants to assist the affected local deckhands employed by the trawler owners who volunteer to surrender their trawler vessels. Prior to seeking funding approval from the Finance Committee, we will present the finalised proposals with detailed arrangements including financial implications to the Panel. The trawl ban initiative will take effect in late 2012 the earliest.

11. Besides, we propose to set up a registration system for local fishing vessels, maintain an appropriate level of fishing effort, and designate fisheries protection areas to protect important fish spawning and nursery grounds. We plan to table the Fisheries Protection (Amendment) Bill in the LegCo in the



second quarter of 2011.

### **Pesticide Residues in Food**

12. The Government has always been concerned about possible effect of pesticide residues in food to public health. In this connection, the Government pledged to introduce new legislation to regulate pesticide residues in food in Hong Kong, so as to better protect public health, facilitate effective regulatory control and promote harmonisation between local and international standards. The Centre for Food Safety is conducting technical meetings with the trade on the proposed regulatory regime. We plan to consult the Panel as well as the public in July, and to introduce the relevant legislation into the LegCo at the end of this year.

### **Animal Welfare**

13. As regards the protection of animal welfare, the Government has been accommodating as far as possible both the calls by the community for animal care and the public concern over the nuisance caused by stray animals. Through publicity and education, we have disseminated the message that keeping a pet is a life long responsibility. We will allocate additional resources to actively publicise the animal re-homing scheme and to provide free neutering service for stray cats and dogs which have been adopted. We will also strengthen control over the sale of animals, including combating illegal animal trading activities on the Internet as well as closely monitoring the licensed animal traders to ensure that their operation complies with licensing conditions.

14. In the second quarter of 2011, we will bring up the subject for discussion at the Panel and update the Panel on the progress of the “trap-neuter-return” trial programme at the same time.

15. Madam Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Food and Health  
at the Special Meeting of the Finance Committee  
on Friday, 25 March 2011**

Madam Chairman and Honorable Members,

In 2011-12, the Government's recurrent expenditure on health stands at \$39.9 billion, which amounts to 16.5% of the Government's total recurrent expenditure and represents an increase of more than \$3.1 billion over the revised estimate of 2010-11. Since 2007-08, the Government's recurrent expenditure on health has been increased cumulatively by a total of about \$9.4 billion or more than 30%.

2. I would like to highlight four specific topics, namely healthcare services, regulation of pharmaceutical products, elderly health care vouchers and tobacco control policy.

**Public Healthcare Services**

3. First on the major uses of the additional resources.

4. The financial provision for the Hospital Authority (HA) in 2011-12 is estimated at \$36.8 billion, representing an increase of about \$2.6 billion or 7.6% over that for last year. The additional provision allocated to the HA will be used for implementation of a series of improvement schemes, which include the following major items:

- (1) expand the coverage of the Drug Formulary, expected to benefit 52 000 patients each year;
- (2) recruit an additional 300 nurses to relieve the workload of frontline staff;
- (3) increase the number of cataract surgeries, expected to benefit 6 000 patients;
- (4) establish a specialist centre for joint replacement, expected to benefit 400 more patents;

- (5) provide magnetic resonance imaging service for an additional 3 400 patients and diagnostic computerized tomography scanning service for an additional 3 000 patients;
- (6) provide enhanced palliative care to end-stage cancer patients and patients with end-stage organ failure through a multi-disciplinary team, expected to benefit 2 500 more patients; and
- (7) strengthen various mental health services, including extension of the Case Management Programme targeted at patients with severe mental illness to five more districts (expected to benefit 11 000 people each year), setting up crisis intervention teams in all clusters to support high risk patients and handle emergency cases at the community level (expected to benefit 1 000 people each year), extension of the Integrated Mental Health Programme in the primary care setting to cover all clusters (expected to benefit 7 000 people each year), expansion of the Early Assessment and Detection of Young Persons with Psychosis Programme to cover adults (expected to benefit 600 more people each year), extension of the psychogeriatric outreach services to cover about 80 additional private residential care homes for the elderly, and the enhancement of support for children with autism or hyperactivity disorder (expected to benefit an additional 3 000 children each year).

### **Regulation of Pharmaceutical Products**

5. We will continue to strengthen the regulation of pharmaceutical products. To further implement the 75 recommendations put forward by the Review Committee on the Regulation of Pharmaceutical Products in Hong Kong, the Government will allocate \$31 million this year to strengthen the regulatory role of the Department of Health in enhancing drug safety, including setting up a dedicated office on drugs under the Department. Legislative amendments will be introduced simultaneously to strengthen the regulatory regime of pharmaceutical products.

### **Elderly Health Care Voucher Pilot Scheme**

6. As we have briefed the Panel on Health Services, having regard to the findings of the interim review on the Elderly Health Care Voucher Pilot Scheme, we have proposed to extend the pilot period of the Scheme for another three years; double the voucher amount from \$250 to \$500; enhance the monitoring of health care voucher uses and fee charging; encourage more healthcare providers to participate in the Scheme and including optometrists as eligible service providers. We will also promote the provision of evidence-based health screening services for the elderly and encourage the elderly to make use of the health care vouchers

for preventive care.

### **Tobacco Control Policy**

7. Last but not least, I would like to talk about tobacco duty. I have to stress that the proposal to increase tobacco duty put forward in this year's Budget is for the purpose of protecting public health and not for raising tax revenue. It is the consensus of our community that the Government should strengthen tobacco control progressively. Studies by the World Health Organisation and our experience in tobacco control over the past two decades show that an increase in tobacco duty can help lower the demand for tobacco products and reduce smoking among smokers especially young smokers. The imposition of tobacco duty has been shown to be effective as an important part of our tobacco control policy.

8. The next step of our tobacco control will be focused on promotion of smoking cessation, as well as provision and publicity of smoking cessation services. To help smokers quit smoking, the Government will double the resources allocated to smoking cessation services, including increasing the free drugs and counselling services for smoking cessation to be provided by public sector and voluntary organisations. Our aim is to encourage and assist smokers from all age groups and social strata to take proactive steps to quit smoking. Meanwhile, law enforcement departments will also step up their actions in the enforcement of smoking ban and against illicit cigarettes activities. The Government will allocate more resources where necessary to support their law enforcement work.

9. Madam Chairman, my colleagues and I are now happy to answer questions from Members.