



Legislative Council  
of the  
Hong Kong Special Administrative Region  
Finance Committee

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Report on the examination of the  
Estimates of Expenditure 2013-2014

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July 2013

*Finance Committee*

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Estimates of Expenditure 2013-2014*

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## **Chapter I : Introduction**

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1.1 At the Legislative Council meeting on 27 February 2013, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2013. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over five days from 8 to 12 April 2013 to examine the Estimates of Expenditure. The purpose of these special meetings is to ensure that the Administration is seeking a provision no more than is necessary for the execution of the policies of the Government for 2013-2014.

1.3 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates of Expenditure. As a new initiative to streamline the submission and management of questions by members, a new web-based application system was introduced for use this year. A total of 5 471 written questions were received and forwarded to the Administration for replies. The Administration undertook to provide replies to at least the first 3 300 before the special meetings and to the remaining questions before the third Budget meeting of 24 April 2013. In this connection, a total of 3 300 replies were provided before the special meetings and the remaining 2 171 questions were provided before the third Budget meeting. Members' questions and the Administration's replies have been uploaded onto the Council's website.

1.4 Each session of the special meetings from 8 to 12 April 2013 was dedicated to a specific policy area and attended by the respective Director of Bureau and his/her key Controlling Officers. The schedule of the 20 sessions is given in **Appendix I**. At the start of each session, the Director of Bureau/Controlling Officer concerned gave a brief presentation on the spending priorities and provisions sought under his/her programme areas. The Chairman then invited members to put questions to the Administration. A 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

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written replies after the meetings, while broad policy issues raised during the meetings were referred to the respective panels for follow up, where necessary.

1.5 A total of 208 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 2013 on 17 April 2013. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

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

1.7 This report, published in both Chinese and English, would be presented to the Legislative Council on 10 July 2013 in accordance with Paragraph 53 of the Finance Committee Procedure.

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2.1 At the invitation of the Chairman, Mr Paul TANG, Secretary for the Civil Service (SCS) briefed members on the civil service establishment and the financial provisions related to the policy area of central management of civil service (Appendix IV-1).

### **Provision of civil service medical and dental benefits**

2.2 Noting that the services provided by the public Chinese medicine clinics (CMCs) were not included in the medical and dental benefits provided to civil service eligible persons (CSEPs), Mr TANG Ka-piu enquired about the additional provision required if the services provided by the public CMCs were to be included as part of the civil service medical benefits provided to CSEPs. He also asked about the role of the Department of Health (DH) with regard to the operations of the public CMCs, and whether the Administration would consider setting up a CMC under DH to provide Chinese medicine service exclusively for CSEPs, an arrangement similar to the set-up of Government Dental Clinics under DH for use by CSEPs.

2.3 SCS replied that the scope of medical benefits for CSEPs was defined as those medical services provided by DH or HA. Neither HA nor DH provided Chinese medicine services as their standard services at present. Hence, Chinese medicine services, including those provided by the public CMCs, were not included in the scope of civil service medical benefits. He said that the public CMCs were operated on a tripartite collaboration model, under which Hospital Authority (HA) collaborated with a non-governmental organization (NGO) and a local university at each CMC. Given the nature of operation of the public CMCs, they were distinguished from the government-funded medical services provided by HA. SCS said that the Administration had no plan to expand the scope of civil service medical benefits to include public CMCs or to set up a CMC under DH at this stage.

2.4 Deputy Director of Health (DD of Health) said that DH played a regulatory role in respect of Chinese medical services provided to the public, and that DH did not operate any CMC at present. As regards the Government Dental Clinics operated by DH, DD of Health advised that the relevant services were provided in accordance with the relevant policy directive of CSB.

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2.5 Mr WONG Kwok-hing expressed dissatisfaction with the response of the Administration. He said that the Chief Executive had mentioned in his 2013 Policy Address to further the development of the Chinese medicine industry. Mr WONG opined that CSB's position with regard to the provision of Chinese medicine services for CSEPs was contrary to that policy initiative in the Policy Address. SCS said that CSB would keep in view any significant changes to the role of Chinese medicine in the public healthcare system, such as the inclusion of Chinese medicine as a standard service of HA, that would warrant a review of their implications on the provision of civil service medical benefits.

2.6 Noting that in the past three years the appointments for specialist dental service were fully booked, Mr KWOK Wai-keung sought information on the number of cases where CSEPs were unable to utilize the service because of over-booking or unduly long waiting time for consultation. Noting that 17 additional dental officers would be provided in DH in 2013-2014, he enquired about the projected increase in the number of service hours of the dental services for CSEPs. DD of Health replied that the average waiting time for consultation for specialist dental services ranged from five to 48 months. Consultation appointments would be arranged according to the urgency and nature of dental conditions of the CSEPs concerned. DH did not have information regarding the number of CSEPs who were unable to utilize the specialist dental service because of over-booking or long waiting time for consultation. She agreed to provide supplementary information on the projected increase in the number of service hours of the dental services for CSEPs after the meeting.

### **Non-civil service contract staff and manpower situation in the Hong Kong Post**

2.7 Mr WONG Kwok-hing enquired about the replacement of non-civil service contract (NCSC) positions by civil service posts provided for in the 2013-2014 Estimates of Expenditure, and asked the Administration to provide a clear indication on the number of NCSC positions that would be converted to civil service posts in the following years. Miss CHAN Yuen-han said that when the relevant issues were discussed at the Panel on Public Service of the Third Legislative Council, the Administration had advised that there was a plan to gradually replace



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those NCSC positions for which the NCSC staff concerned had been employed continuously for five years or more by civil service posts. She asked if the Administration had changed the plan.

2.8 SCS replied that pursuant to the special review conducted in 2006 and also on-going reviews conducted with government bureaux and departments (B/Ds) thereafter on the employment situation of NCSC staff, about 5 000 NCSC positions had been replaced by civil service posts. In the 2013-2014 Estimates of Expenditure, about 460 new civil service posts were proposed for replacing NCSC positions. SCS said that CSB would regularly review with B/Ds regarding their employment of NCSC staff and report to the Panel on Public Service the latest employment situation of NCSC staff at opportune time.

2.9 SCS further advised that it had been the Administration's aim to convert those NCSC positions that involved work of permanent service needs and which could be performed by civil servants by civil service posts. In situations where the service needs were temporary, seasonal or part-time in nature, or the mode of operations of the respective B/Ds were under review, or the work involved could not be suitably performed by civil servants, it was necessary to employ NCSC staff to meet the operational needs of B/Ds. The decisions on the replacement of NCSC positions by civil service posts were made on the basis of the job nature of the NCSC positions, rather than the length of service of the NCSC staff concerned.

2.10 Miss CHAN Yuen-han said that some Community Work Organizers (CWOs) had been employed on NCSC terms by the Social Welfare Department (SWD) for over 10 years. Their contracts were not renewed eventually due to SWD's decision to outsource the relevant services to NGOs. She sought explanation on the non-conversion of the CWO positions to civil service posts. SCS explained that individual B/Ds had the discretion to determine whether or not to outsource its existing services to NGOs or other service providers, having regard to their respective operational needs. As a general practice, if B/Ds decided to outsource its services to NGOs or other service providers, the concerned staff would be informed well in advance so that they could plan and seek alternative employment in good time. B/Ds would also offer employment assistance to concerned staff where necessary.

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2.11 Mrs Regina IP said that compared with the 2012-2013 Revised Estimate, the establishment of the Hongkong Post (PO) had remained unchanged. The number of NCSC staff employed by PO stood at 1 233, with over 600 of them having been employed continuously for five years or more. She enquired whether it was the stance of the Administration to allow those B/Ds operating as trading funds to maintain a number of NCSC positions on a long-term basis for saving costs. Mr KWOK Wai-keung expressed concern over the manpower shortage problem in PO and pointed out that the staff in PO had accrued nearly 300 000 hours of overtime work. He enquired how the Administration would address the problem.

2.12 SCS said that CSB, jointly with B/Ds, would continue to review the employment situation of NCSC staff and, where appropriate, seek to replace long-term NCSC positions with civil service posts. Regarding B/Ds operating as trading funds, SCS said that the operation of trading funds was not under the purview of CSB. That said, it was considered necessary to allow them greater flexibility in the employment of NCSC staff to maintain financial viability of their operations and to cope with fluctuating business needs. Regarding the manpower situation of PO, the Administration had discussed the situation with the Postmaster General and understood that PO had been looking into the matter thoroughly and communicating with the staff side on ways to address the overtime problem.

### **Employment of persons with disabilities in the civil service**

2.13 Ms Emily LAU noted that the percentage of employees with disabilities being employed by the Government had remained at around 2% of the civil service establishment for the past few years. She asked if the Administration would take the lead to foster the employment of persons with disabilities (PwDs) and to increase the ratio of PwDs employed in the Government. Dr Fernando CHEUNG echoed Ms LAU's concern, and suggested that CSB could share with government-funded public bodies and agencies the Government's experience in the employment of PwDs so as to encourage the latter to employ more PwDs.

2.14 SCS replied that the Administration was ready to share the Government's experience in the employment of PwDs with government-funded public bodies and agencies to promote employment opportunities for PwDs. Regarding the suggestion of setting a quota of

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employing at least a certain percentage of PwDs by the Government, SCS pointed out that the International Labour Organization did not encourage the imposition of a mandatory quota for the employment of PwDs, and the "2%" was not an indicator or target for the employment of PwDs by the Government. He said that the Government's recruitment policy was based on open and fair competition, and that CSB would ensure that PwDs continued to enjoy equal opportunities and would facilitate their participation in the recruitment exercises. The emphasis was on the right person for the right job without setting aside a specific number of positions for certain groups of applicants. In response to Ms LAU's request for a breakdown of government employees with disabilities by B/Ds and ranks, SCS said that CSB did not have the complete figures, as government employees with disabilities were not required to disclose their disabilities. As regards job applicants for civil service posts, they would indicate whether they were PwDs on a voluntary basis, and the information was gathered for the purpose of facilitating PwDs to attend the relevant recruitment tests/interviews.

### **Training and development for civil servants**

2.15 Mr SIN Chung-kai noted that CSB had organized a staff exchange programme with authorities in major Mainland cities in 2012-2013. He asked whether the exchange programme was part of the national studies courses for civil servants. Mr TSE Wai-chuen enquired about the selection criteria for determining which B/Ds and staff to participate in the programme.

2.16 Deputy Secretary for Civil Service (3) (DS(CS)3) replied that the staff exchange programme was a collaborated programme with four cities/provinces in the Mainland in which both sides would send their officials to the other parties' hosting departments for sharing experience and good practices. It was conducted separately from the National Studies courses organized by the Civil Service Training and Development Institute (CSTDI). SCS said that in determining which B/Ds to participate in the programme, considerations would be given to the nature of work of the participating Mainland officials, and whether the relevant B/Ds were able to participate in the exchange programme. Permanent Secretary for the Civil Service (PSCS) added that participating civil servants were officers on Master Pay Scale Point 45 or above, and Mainland participants were mostly

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officers at division director or deputy division director level.

2.17 Mr TSE Wai-chuen asked whether there were any training courses or workshops conducted for newly recruited civil servants to help them understand the operations of the Government and to enhance their work efficiency. SCS replied that individual B/Ds would provide vocational training to help new recruits to meet job-specific needs, and CSTDI would organize training programmes which were best provided by a central training agency, such as leadership and management, language and communication, national studies and the Basic Law. All these training courses would help newly recruited civil servants to perform their job efficiently.

### **Provision of paternity leave to civil servants**

2.18 Mr LEUNG Chi-cheung enquired about the number of civil servants who had taken paternity leave and vacation leave consecutively. He enquired if the Administration would conduct a review on whether the provision of five working days of full-pay paternity leave was sufficient. PSCS replied that paternity leave and vacation leave of civil servants were two different types of leave. The Administration did not have information on the number of civil servants who had taken paternity leave and vacation leave consecutively. The Administration had undertaken consultation with the staff side on the relevant arrangements before the implementation of full-pay paternity leave in April 2012. As the scheme had only been implemented for a short period of time, the Administration did not have plans to conduct a review at this stage.

### **Retirement of civil servants**

2.19 Mr TAM Yiu-chung noted from the introductory remarks made by SCS at the beginning of the meeting that in the 2013-2014 Estimates of Expenditure, there was an estimated increase of \$3,444.5 million (or 16.3%) in the pension payments to eligible retired public officers over the 2012-2013 Revised Estimate. Mr TAM enquired about the basis for the estimated increase, and asked whether there was an upward trend in the number of retired civil servants in the coming years. Director of Accounting Services (DAS) replied that the relevant figures were projected on the basis of the forecasts made by individual B/Ds on the number of

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retiring civil servants within the B/Ds in the forthcoming year. The accuracy of the estimation would be affected by a number of factors, such as the timing of the final leave taken by retiring civil servants before their retirement, and the number of early retirement requests from serving civil servants. DAS said that there was an upward trend in the number of retiring civil servants in recent years.

### **Language proficiency of civil servants**

2.20 Mr Michael TIEN Puk-sun asked whether the Administration would consider raising the language proficiency requirements for civil service appointments so as to enhance the language proficiency of civil servants. He opined that enhancing the language proficiency of civil servants would have positive impacts on improving the language proficiency of the Hong Kong populace as a whole. PSCS replied that the stipulated entry requirements for civil service appointments, including language proficiency requirements, were set by individual B/Ds having regard to the operational needs and job requirements of the grades/ranks concerned. For recruitment of some grades such as the Administrative Officer and Executive Officer grades, apart from meeting the stipulated entry requirements, job applicants would need to attend further tests to ensure that they possessed the necessary attributes and skills, including language skills, to perform the relevant duties effectively. SCS said that the existing mechanism had worked well and that the Administration had no plan to review the relevant arrangements.

### **Other issues**

2.21 Mr LEUNG Kwok-hung enquired how the civil servants would take forward the policy initiatives featuring in the 2013 Policy Address. SCS replied that the civil servants had the responsibilities to implement the policies of the current term Government objectively and impartially. Mr LEUNG urged the Administration to review the current arrangements for the outsourcing of government services and enquired about the timetable for the conversion of NCSC positions to civil service posts. The Chairman advised Mr LEUNG, if necessary, to raise a supplementary question on the issues to CSB.

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2.22 Mr POON Siu-ping noted that CSB planned to organize an exhibition for all Government employees on occupational safety and health in 2013-2014 financial year and enquired about the details of the exhibition. DS(CS)3 replied that the exhibition was under planning, and that CSB could provide members with the relevant information separately.

2.23 Mr LIAO Cheung-kong noted that the provision for human resources management under "Head 143 – Government Secretariat: Civil Service Bureau" in 2013-2014 was \$14.5 million higher than the revised estimate for 2012-2013, of which the net increase of seven posts accounted for \$2.193 million. Mr LIAO sought explanation for the remaining increase in the provision. PSCS replied that the remaining increase in the provision would be spent on departmental expenses such as training programmes and computer systems.

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3.1 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 2013-2014 (Appendix IV-2).

### **Mandatory Provident Fund System**

3.2 Mr WONG Kwok-hing pointed out that the existing Mandatory Provident (MPF) System was riddled with problems, in particular the current arrangement allowing employers for offsetting Severance Payment or Long Service Payment (SP/LSP) payable to employees had greatly reduced the accrued benefits for employees. He enquired about the Administration's plan to review the MPF system with a view to progressively removing the SP/LSP offsetting arrangement. Mr TANG Ka-piu considered that the SP/LSP offsetting arrangement unreasonable and stressed the need for the Administration to undertake a review of the matter.

3.3 SFST responded that the Administration was aware of the various suggestions made by the public and stakeholders for improving the MPF system, including short, medium and long-term measures. The Administration and the Mandatory Provident Fund Schemes Authority (MPFA) were pursuing a basket of measures with a view to achieving substantial reduction in MPF fees, including implementing the recommendations of MPFA's Consultancy Study on MPF Trustees' Administration Costs (the Costs Consultancy Study) within the existing legislative framework. The Administration and MPFA would also consider possible options to facilitate MPFA to undertake its functions more effectively, as well as other fundamental measures to lower MPF fees/charges. Measures under consideration included the introduction of a cap on MPF fees in case of market failure. The Administration had invited MPFA to develop the fee cap proposals for public consultation on the proposals within 2013. MPFA was also exploring a default fund arrangement to provide scheme members with a choice of basic, low-fee MPF fund. Upon request of Mr WONG Kwok-hing, SFST agreed to provide information on the percentage of benefits paid from MPF schemes to offset SP/LSP in the past three years (i.e. 2010-2011 to 2012-2013).

3.4 Mr CHAN Kin-por asked when the Administration expected the measures to be implemented by the market for driving down MPF fees would result in a significant reduction in MPF fees. Regarding the Administration's plan to consult the public on proposals to cap MPF fees,

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Mr CHAN considered it too early to undertake the consultation in 2013 as it would take at least a year or two for the fee reduction measures to take effect. He cautioned that a premature consultation on the fee cap proposal might give the wrong impression that a fee cap was a panacea for solving all problems associated with the MPF system, and dampen the incentive of the industry and other stakeholders to reduce fees through other means. In considering the timing for introducing the fee cap proposal, Mr TANG Ka-piu asked whether the Administration would devise target indicators (e.g. weighted average fund expense ratio (FER) and number of MPF scheme members participating in the Employee Choice Arrangement) for the assessment of "market failure".

3.5 SFST said that the existing overlaps in MPF schemes/funds had limited the benefits of economies of scale. Hence, the Administration believed that there was room for MPF fees reduction through streamlining the operation of the system and enhancing pricing competition through market force. The Administration would continue to work closely with MPFA and the industry in implementing the various measures. However, given the complexity of the existing MPF system, it would take time for these measures to take effect and it would be difficult to predict when MPF fees could be reduced. Nevertheless, it was envisaged that full implementation of the recommended measures in the Costs Consultancy Study would result in further reduction in MPF fees. On the other hand, the fee cap proposal which was a fundamental and a longer-term measure for achieving reduction in MPF fees should be considered in parallel as an alternative in case of market failure. The Administration and MPFA would continue to observe the changes in the average FER. While there was no concrete timetable for implementing the fee cap proposal, having regard to the challenging and intricate issues involved and the need to balance the interests of different stakeholders, the Administration would work with MPFA to formulate the proposal as soon as possible for consulting the community within 2013.

3.6 Mr TANG Ka-piu observed that investment of the Exchange Fund (EF) and government bonds had yielded higher returns than some conservative funds in the MPF market, and asked if the Administration would consider mandating the suggested MPF default fund to invest in public debts. Mr CHAN Kam-lam also suggested that the Government should consider issuing government bonds specifically for investment by MPF schemes/funds with a view to providing higher investment returns for scheme members and enhancing their retirement protection.



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3.7 SFST said that, as revealed by the report of the Costs Consultancy Study, there were a number of factors relating to system features and industry practices that had contributed to the relatively high fees under our MPF system. These included the large number of trustees and schemes, and the complex operation of the MPF system. Focus should be on improving the system in these areas, instead of mandating a particular investment tool for MPF schemes. SFST stressed that the interest rates for institutional government bonds were essentially determined with reference to the prevailing market interest rates, and could not be compared with the interest rates for the inflation-linked retail bond (iBond) issued under the retail part of the Government Bond Programme (GBP). The iBond issuance was a non-recurrent measure with the objective of promoting the development of the local retail bond market. It would be inappropriate for the Government to mandate an above-market interest payment for institutional government bonds, in relation to the suggested investment by MPF funds, in particular the low-interest rate environment.

### **Financial Services Development Council**

3.8 Noting that the secretariat of the Financial Services Development Council (FSDC) comprised staff seconded from the Financial Services and the Treasury Bureau, Hong Kong Monetary Authority (HKMA), Hong Kong Trade Development, and Securities and Futures Commission (SFC) with the cost borne by the relevant organizations, Mr SIN Chung-kai was concerned if this financial arrangement was intended to bypass monitoring by the Legislative Council. Dr LAM Tai-fai pointed out that the public held high expectations of FSDC. However, it appeared to him that FSDC was set up hastily comprising a team of just eight staff seconded from the four organizations and without a budget for undertaking tasks in the short, medium and long term. Mr Kenneth LEUNG enquired whether the seconded officers worked for FSDC on a full-time basis, and whether the Administration had plan to increase FSDC's manpower in the coming two financial years.

3.9 SFST emphasized that the operation of FSDC, including its staffing arrangement, was highly transparent and open to public monitoring. He pointed out that the arrangement of seconding staff from the four relevant organizations would readily provide manpower with the necessary expertise for FSDC to kick start its work early. The arrangement gave flexibility to FSDC in the initial years of its operation and would help it identify any overlap of work among the different organizations, in particular

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in the areas of research studies on financial services. As for the manpower of FSDC, SFST said that most of the seconded staff were full-time while some other staff continued to take up tasks of the Financial Services and the Treasury Bureau concurrently. The current manpower was considered adequate for undertaking the various tasks of FSDC, including conducting researches, drafting reports and papers, conducting industry consultation, and drawing up recommendations for the consideration of the Administration and financial regulators. In performing its role and functions, FSDC would also capitalize on the strong expertise and experience of its members from the relevant segments of the financial services industry. SFST said that the Administration had no plan at this stage to increase FSDC's manpower strength in 2014-2015 and 2015-2016, and would review FSDC's institutional set-up and funding arrangements in the longer term in the light of operational experience in the initial three years of operation. At the request of Mr Kenneth LEUNG, the Administration undertook to provide information on FSDC's estimated staffing cost for 2013-2014.

### **Asset management services**

3.10 With reference to the Administration's invitation to SFC for financial support for the curriculum development of suitable training courses in asset management by the market, Mrs Regina IP enquired about the details of such courses and the financial resources required. Mr Christopher CHEUNG said that the brokerage industry in general considered the provision of such training courses useful to intermediaries and fund managers, and urged that the courses should cater for the needs of small and medium-sized securities firms so as to assist them to seize new business opportunities in the growing asset management market. In order to facilitate securities firms in entering the asset management industry, Mr CHEUNG further suggested that the Administration should consider simplifying or waiving the re-entry licensing requirements for intermediaries who had previously undertaken Type 9 regulated activity of SFC in respect of asset management.

3.11 SFST said that with the fast growing fund and asset management business in Asia, Hong Kong had become a premier asset management hub in Asia. While the Administration would continue with its efforts to create a favourable environment for the asset management industry through implementing relevant legislative proposals, SFC, as the market regulator, was responsible for developing and operating the licensing regime for

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various regulated activities, including asset management, having regard to principles of fairness, quality assurance and market developments. On the other hand, to further promote the development of asset management industry in Hong Kong, the Administration attached great importance to provision of training to strengthen the pool of quality practitioners for various asset management services in Hong Kong, such as fund manufacturing, sales and marketing, accounting, trust services, etc., as well as to address requests from the small and medium-sized brokerages for government support for continued professional development of their staff in asset management services. As such, the Administration had invited SFC to consider offering support for the curriculum development of suitable training courses in asset management by the market, and address the training needs of small and medium-sized brokerages. SFC had given positive response to the invitation and already initiated preliminary discussions with the Hong Kong Securities and Investment Institute in working out the details.

3.12 As regards the details of the asset management courses under planning, SFST said that they would target in-service market practitioners as professional training courses which met the needs of the licensing requirements of SFC's regulated activities or for obtaining internationally recognized professional qualifications (e.g. Chartered Financial Analyst) which were currently available in the market for new entrants to the asset management industry. The Permanent Secretary for Financial Services and the Treasury (Financial Services) added that, after dialogues with the industry, it seemed that there could be more training courses that focused on strategic development of asset management services, which would cater for the needs of the middle and senior management of asset management companies, in particular international companies setting up branches in Hong Kong. Due to the capital cost for curriculum development of new courses and the uncertainty in the enrollment response, financial support to encourage trade organizations to undertake the task might be required.

3.13 Dr LAM Tai-fai noted that the Government and regulators were actively facilitating the private wealth management industry to establish a "Private Wealth Management Association". He enquired about the role of the Association and its membership, and whether there would be licensing requirements for the members. SFST responded that the Private Wealth Management Association would serve as a platform for the Administration and HKMA to engage the industry and other stakeholders. It was expected that the Association would be instrumental to enhancing awareness and

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recognition of asset management services in Hong Kong, and promoting Hong Kong as a premier international asset management centre. Members of the Association would include practitioners from the private banking sector and securities firms offering asset management services, etc. Making reference to the operation of other trade associations in the financial services sector, such as the Treasury Markets Association, the Private Wealth Management Association would develop codes of conduct and practice for its operation.

3.14 Mr NG Leung-sing said that he supported the direction to attract more private equity funds, traditional mutual funds and hedge funds to domicile in Hong Kong and serve Asia. In view of the tightening of regulation for wealth management products/services in the Mainland, Mr NG asked whether the Administration would make reference to the Mainland's regulatory experience in enhancing financial safety and investors' confidence in fund investment in Hong Kong.

3.15 SFST said that the Administration considered it an opportune time to attract more private equity funds to base their businesses in Hong Kong to capitalize on the growth in asset management business in Asia. To this end, it was necessary to develop the infrastructures to facilitate the setting up and regulation of Hong Kong-based funds. Given the importance of the Mainland market for promoting Hong Kong-based funds, the Administration would take into account the relevant regulatory developments in the Mainland. In this connection, SFC had initiated discussions with the China Securities Regulatory Commission in exploring the feasibility for mutual recognition of funds set up in Hong Kong and the Mainland.

### **Government Bond Programme**

3.16 Given that the total number of applications and the total application amount for the iBond issued last year set new records in the local retail bond market, reflecting the growing public awareness and interest in retail bonds investment, Mr Martin LIAO asked whether the Administration would consider increasing the size of the forthcoming iBond issuance to more than \$10 billion and making the iBond issuance a regular measure under GBP. He also enquired about the Administration's plans in promoting the secondary bond market in Hong Kong.

3.17 SFST reiterated that the objective of iBond was to promote the development of the local retail bond market, and iBond issuance was a

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non-recurrent measure offering investment alternative in the current low-interest rate environment. The Administration considered the proposed size of \$10 billion for the further issuance of iBond appropriate, which was the same as the previous issuances, having regard to the need to strike a reasonable balance between meeting the demand for retail bonds and ensuring that GBP had a capacity to support its institutional part.

### **Investment of Exchange Fund and Fiscal Reserves**

3.18 In response to Mr CHAN Kam-lam's suggestion for the Administration to consider setting up a new investment portfolio under EF with more aggressive investment strategies with a view to increasing flexibility in the investment of EF and enhancing investment returns, SFST said that HKMA had already included new asset classes in some of the investment portfolios of EF to diversify investment, for achieving higher investment returns yet maintaining prudence in fund management. As observed, the investment returns of EF (including those for the Fiscal Reserves placed with EF) were satisfactory in recent years. HKMA would adjust the investment strategies of EF in tandem with market changes when appropriate.

### **Renminbi offshore business and cross-border financial cooperation**

3.19 Mr Martin LIAO noted with concern that while the amount of Renminbi (RMB) trade settlement conducted through banks in Hong Kong had continued to grow in recent years, Hong Kong was facing keen competition from other offshore RMB centres in Asia, like Singapore and Taiwan, which had more relaxed regulatory regimes for RMB trade. He considered it necessary for the Administration to assess and monitor the situation, and put in place appropriate measures to maintain the competitiveness of Hong Kong in this regard.

3.20 SFST said that the Administration had all along been monitoring closely the developments in RMB trade settlement and other lines of RMB offshore business in Hong Kong vis-à-vis those of its counterparts in Asia. The Administration also continued to hold discussion with the local financial services industry, financial regulators and the relevant Mainland authorities to follow up issues of concern and suggestions made in order to maintain and further enhance the competitive edges of Hong Kong in RMB business.

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3.21 Mr Christopher CHEUNG said that, while the newly-signed Supplement IX to Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) had allowed Hong Kong and Mainland securities companies to set up equity joint venture securities investment advisory companies in the Mainland, the local securities industry had suggested that the current restrictive scope of the joint venture should be expanded to include securities business.

3.22 SFST said that the current arrangement in relation to equity joint venture securities investment advisory companies was considered a success of concerted efforts by the Hong Kong Government after long discussion with the relevant Mainland authorities, and had marked the beginning for further cross-border financial cooperation between Hong Kong and the Mainland in future. The Administration and SFC would continue to engage the Mainland authorities in exploring practicable financial initiatives for pilot implementation, having regard to the regulatory development in the Mainland.

### **Regulation of insurers**

3.23 Mr CHAN Kin-por conveyed concerns of the insurance industry about the proposed establishment of an independent Insurance Authority (IIA), in particular the introduction of severe penalties for intermediaries and the composition of the future IIA board. As the Administration was refining the legislative proposals in the light of comments received from the public consultation exercise, Mr CHAN enquired whether the Administration would discuss with the industry again before introducing the relevant bill into the Legislative Council.

3.24 SFST said that the Administration was fully aware of the concerns expressed by the insurance industry on the proposed IIA in the two rounds of consultation in 2010 and 2011, and had duly taken into account the industry's views in drawing up the key legislative proposals for further consultation in 2012. He stressed that the Administration would continue to engage the industry before introducing the relevant amendment bill into the Legislative Council.

3.25 In response to the enquiry by Mr Albert HO on the details of the initiative of the Office of the Commissioner of Insurance (OCI) to introduce a risk-based capital (RBC) framework for the insurance industry in Hong Kong, the Commissioner of Insurance said that the OCI had commissioned

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a consultancy study on RBC in mid-2012 and planned to consult the industry on the proposed RBC framework within 2013. The consultancy study, at an estimated cost of \$5.6 million, would examine overseas experiences in setting RBC framework for insurers in the light of the latest regulatory principles and standards issued by the International Association of Insurance Supervisors, and consider how the framework could be applied to Hong Kong. The OCI would analyze the consultant's preliminary recommendations and industry feedback, before developing more specific details for further consultation.

### **Corporate rescue procedure**

3.26 In reply to Mr Albert HO's enquiry about the study relating to the legislative proposals of a new corporate rescue procedure and insolvent trading, the Official Receiver said that it did not involve external consultancy studies and the relevant research work was conducted by the in-house expertise of the Official Receiver's Office.

### **Financial investigation, dispute resolution and investor education**

3.27 Given the substantial rise in the number of reported cases on money laundering from 277 in 2011 to 421 in 2012, Mr SIN Chung-kai enquired about measures the Administration would take and resources it would allocate in coping with the increased workload relating to financial investigation. SFST stressed that the Administration attached great importance to combat money laundering activities. It had increased the provisions for enhancing the regulation and undertaking relevant enforcement actions in the implementation of the Anti-money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) which came into effect in 2012.

3.28 Mr Albert HO enquired about the number of disputes settled by the Financial Dispute Resolution Centre (FDRC) since its commencement in June 2012, and expenses, if any, incurred by the Administration for each settled case. Under Secretary for Financial Services and the Treasury (USFST) said that FDRC had received some 1 500 enquiries since its launch, and 28 applications for mediation with a 85% success rate. The number of mediation applications received was relatively small, which was in line with the situation in the initial years of operation of organizations of similar nature. The number was expected to grow over the years with increased public awareness of FDRC's services. FDRC would continue to strengthen

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publicity to the financial services industry and the general public, including organizing public briefing sessions for the industry, district councils and community groups, in promoting the work of FDRC. As regards the fees for a mediation case, USFST said that they were borne by the claimant and financial institution concerned, with the latter taking up a larger share of the fees. There would be no financial implication for the Administration with regard to a case settled through mediation by FDRC.

3.29 In view of the high success rate of cases settled through mediation by FDRC and to promote mediation as an alternative to litigation for settlement of financial disputes, Mr Albert HO suggested that the Administration should consider increasing the resources to strengthen the publicity of FDRC and reviewing the eligibility criteria for the mediation service, including raising the current per-case claim ceiling of \$500,000. Mr NG Leung-sing suggested that the Administration should put in place measures to assess the effectiveness of the Investor Education Centre in improving the financial knowledge of the general public and enhancing public confidence in investment. The Administration took note of the members' views.

### **Work of the Census and Statistics Department**

3.30 Dr Kenneth CHAN enquired about the improvement measures taken or planned by the Census and Statistics Department (C&SD) for implementing the recommendations of the Investigation Task Force on Statistical Data Quality Assurance (ITFSDQA), and the resources involved. He was particularly concerned about resources allocated for following up the recommendation of conducting a comprehensive review of the existing fieldwork management system and implementing necessary improvement measures, including re-training of C&SD's field officers.

3.31 SFST said that the Administration attached great importance to assuring the quality of statistical process to ensure the accuracy of the data collected. As such, the Government had established ITFSDQA in January 2013 to examine, among other things, the authenticity of statistical data. ITFSDQA had completed its work and submitted its report in March, and C&SD was following up the recommendations of ITFSDQA. C&SD had also implemented a number of step-up measures in the meantime.

3.32 Commissioner for Census and Statistics (C for C&S) supplemented that ITFSDQA had made six recommendations regarding the



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existing data quality assurance system and field work management system of surveys. One of the recommendations was to identify data categories vulnerable to mis-classification/error and data fabrication through cross-sectional and longitudinal analyses for close monitoring of data quality. C&SD had started implementing such analyses for all surveys. Regarding the recommendation to establish a departmental committee to oversee and co-ordinate the quality assurance of general household survey (GHS), C for C&S said that preparatory work was in progress, and the committee in question would comprise representatives of the various field teams of C&SD. On the recommendation to foster a sense of ownership in the mindset of all stakeholders involved in conducting GHS in order to further safeguard the quality of GHS data, C for C&S said that this would be a long-term improvement measure which would be taken forward through various initiatives by enhancing communication among the stakeholders. C for C&S added that, owing to the changing life style of Hong Kong people, it had become increasingly difficult for the field officers to contact respondents and collect household data as reflected in the gradual decrease in the response rate of GHS over time and increase in the rate of proxy reporting. C&SD would take on board ITFSDQA's recommendation to conduct research studies to assess the relevant impact on the GHS results. Moreover, in accordance with the recommendations of ITFSDQA, C&SD would introduce appropriate publicity measures, including television and radio broadcasts, to increase public awareness of GHS and the work of C&SD in general, with a view to enhancing the cooperation of respondents. Regarding the comprehensive review of the existing fieldwork management, C for C&S said that C&SD would strengthen staff training taking into account the findings of the review in future. Apart from enhancing the knowledge and skills of field staff, the comprehensive review would also look into aspects such as communication channels, workload and work pressure of field officers, for making improvements as appropriate.

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4.1 Prof K C CHAN, Secretary for Financial Services and the Treasury (SFST) highlighted the major initiatives in public finance under his purview in 2013-2014 (Appendix IV-3).

### **Statutory funds and funds administered by bureaux, departments and units**

#### Establishment of funds

4.2 Mr MA Fung-kwok noted that the Administration had established some 50 funds which were administrated by government bureaux, departments or units. The total balance of \$66.9 billion for those funds outside the Accounts of the Government (as at 31 March 2012), plus the total proposed injection of \$40 billion for Employees Retraining Board (ERB), the Community Care Fund (CCF), the Environment and Conservation Fund (ECF) and the Language Fund (LF) as set out in the Estimates of Expenditure 2013-2014 amounted to as much as one-third of the Government's recurrent expenditure for 2013-2014. Mr MA asked whether the Administration had reviewed the need to maintain such a large number of funds and whether it had assessed the effectiveness of the funds in meeting the policy objectives of which they had been established for.

4.3 Ms Emily LAU expressed concern about the growing tendency of the Government to use funds as a tool for managing public finance. She questioned whether it was driven by the intention to circumvent monitoring by the Legislative Council, in particular the existing procedures which required the consultation of the relevant Panels and the approval of the Finance Committee for funding proposals. She considered that the total proposed injection of \$40 billion in 2013-2014 into ERB, CCF, ECF and LF should be treated as Government's recurrent expenditure and subject to funding approval procedure of the Finance Committee. Moreover, Ms LAU expressed concern that the established funds did not demonstrate sufficient transparency and accountability in their management and operation. She urged that the Administration should not circumvent the scrutiny of the Legislative Council and the Finance Committee on these matters.

4.4 Mr IP Kin-yuen observed that there was a proliferation of funds in recent years. He questioned whether the establishment of funds was an appropriate means to allocate public resources for implementing government policies and programmes as injection into funds could in effect

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"freeze" the relevant resources and thus reduce flexibility in the deployment of public resources. Mr IP further remarked that the Administration had not provided sufficient information to explain the operation and management of the established funds. He enquired whether the Administration had plans to improve the transparency in the operation and monitoring of established funds, and how the Legislative Council and the Finance Committee would be involved in the process.

4.5 SFST responded that the Administration considered establishment of funds an appropriate means of pursuing relevant policy initiatives and implementing specific programmes and measures where justified and necessary. He said that with the approval of the Legislative Council or Finance Committee, funds have been established for the purpose of implementing specified policy initiatives. This arrangement would enable moneys held in the Fund to be used to finance the specified programmes and measures on a long-term and sustainable basis without the risk of possible service disruption due to unfavourable economic situation in a particular year. Permanent Secretary for Financial Services and the Treasury (Treasury) (PS(Tsy)) supplemented that the Finance Committee's approval was necessary for the establishment of the majority of funds administered by government bureaux and departments. PS(Tsy) added that operation of the established funds was transparent as the relevant governing bodies were required to comply with specified regular accounting and reporting requirements. For instance, the Capital Works Reserve Fund had to submit a report on the funding for each of the approved projects on an annual basis.

4.6 Mr LEUNG Kwok-hung urged the Administration to consider his demand for the Government to allocate \$60 billion and \$50 billion, respectively, for the establishment of a fund for implementing a comprehensive retirement protection scheme and a fund for provision of free pre-primary education. Citing the example of fund injection to ERB, whose former Chairman was Mr TAM Yiu-chung, Mr LEUNG further queried whether similar injection into funds served as political reward for supporters of the Government. He also expressed concern whether the Administration had put in place proper procedures to prevent possible conflicts of interests of members appointed to the management boards of the funds as they were vested with power to make investment of the funds. The Administration agreed to provide a written response to Mr LEUNG's suggestion for the Government to establish the two funds.

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### Expenditure and investment activities of funds

4.7 Mr MA Fung-kwok enquired about the reasons that a number of funds, such as the Sir David Trench Fund for Recreation (SDTFR) – Sports Aid for the Disabled Fund, SDTFR – Sports Aid Foundation Fund and SDTFR – Hong Kong Athletes Fund, incurred no expenditure in 2012-2013. He questioned the need for such funds to continue their operation and suggested that the Administration should consolidate the funds.

4.8 PS(Tsy) responded that the Administration would consider consolidating funds if necessary. For instance, the DesignSmart Initiative was merged into the CreateSmart Initiative in 2011. She further pointed out that the expenditure of a particular fund in a specific year would be affected by the objective of the fund and its work focuses for the specific year.

4.9 Pointing out that ERB and certain funds administered by bureaux, departments and statutory organizations might adopt different investment strategies for the funds, Mr SIN Chung-kai enquired how the Administration could monitor the investment performance of these funds. He also expressed concern whether the relevant governing boards or bureaux/departments had the necessary expertise on fund investment, and suggested that the Administration should consider placing these funds with the Exchange Fund (EF) for investment to enable them to secure a stable investment return.

4.10 PS(Tsy) responded that some funds were placed with EF for investment in order to achieve a stable investment return. As each fund had been established with specific purposes, there were differences in their institutional set up and governance structures. The Treasury was also assisting certain boards/bodies, and bureaux/departments in the investment of funds not placed with EF. Director of Accounting Services supplemented that eight funds were managed by the Treasury currently. Each of these funds had established a steering committee for management and administration of the fund as well as an investment sub-committee to take charge of investment matters such as working out the investment strategies having regard to the purposes of the fund. SFST added that the Labour and Welfare Bureau could explore the option of placing the seed money of ERB with EF for investment purpose. Given that the investment of EF usually involved long-term investment, it might not be appropriate for some other funds to be placed with EF for investment.

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4.11 At the request of Mr SIN Chung-kai, the Administration agreed to provide supplementary information on the mechanisms for monitoring the investment strategies and performance of funds administered by the relevant boards and government bureaux, departments and units.

### **Review of the "user pays" principle for government services**

4.12 Referring to the Administration's policy to maintain the "user pays" principle for government services and its plan to undertake a systematic review of fees and charges on government services in the coming two years, Mr TANG Ka-piu enquired about the factors to be considered in determining fees and charges for government services. He expressed concern that the "user pays" principle would be extended to recover the full costs for provision of public transport infrastructures, like Ting Kau Bridge and Stonecutters Bridge, which currently did not levy fees on users. Mr TANG also opined that the Administration should consider reducing the tolls of Tsing Ma Bridge and Lantau Link as the high tolls had adversely affected the livelihood of residents in Tung Chung.

4.13 Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>2</sup> responded that the Government applied the "user pays" principle to appropriate government services in order to recover the costs for providing such services. For bridges and tunnels, the responsible bureaux/departments would determine the tolls having regard to factors including relevant policy objectives, traffic flow, and cost recovery of the facilities, etc. The systematic review of fees and charges to be conducted would not cover the tolls of bridges and tunnels which were determined under a separate operating account.

4.14 Mr TANG Ka-piu pointed out that in its reply to his written question on the Hong Kong Link 2004 Limited raised at the Council meeting of 30 January 2013, the Financial Services and the Treasury Bureau stated that "the tolls of the Government tolled tunnels and roads are determined based on the 'user pays' principle". He considered that the Financial Services and the Treasury Bureau should clearly relay to the Transport and Housing Bureau the message that the "user pays" principle should not be adopted for determining tolls of the Government tolled tunnels and roads. SFST responded that in general, the "user pays" principle would be adopted in provision of appropriate public services but how this principle should be applied would be decided by the relevant

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bureaux having regard to factors including the policy objective of the services concerned.

### **Proposed working group on planning for Hong Kong's public finances**

4.15 Mr Kenneth LEUNG sought details on the membership and timetable of work of the proposed working group to explore ways for making comprehensive planning of public finances to cope with the ageing population and the Government's other long-term commitments (the working group) as mentioned in the speech by the Financial Secretary on the 2013-2014 Budget.

4.16 SFST responded that the working group would comprise experts and academics from the relevant fields. The Administration was making preparation for establishing the working group, and would announce the details such as the membership and terms of reference in due course. The working group was expected to commence work after the passage of the Appropriation Bill 2013 by the Legislative Council, and would submit its report to the Financial Secretary by the end of 2013 which could also be released to the public.

### **Control of expenses for duty visits conducted by government officials**

4.17 Referring to recent media reports on duty visits and relevant expenses incurred by Mr Timothy H M TONG, former Commissioner of the Independent Commission Against Corruption (ICAC), Mr WONG Kwok-hing enquired about the policy and mechanism for approving duty visits by senior government officials and the relevant budget, as well as the monitoring of expenses incurred.

4.18 PS(Tsy) responded that the Civil Service Bureau had laid down procedures and guidelines for conduct of duty visits by government officials. In general, approval for a visit had to be sought taking into account a number of factors such as the purposes of the visit and its relevance to the operational need of the bureaux/departments concerned. The visit and the relevant budget would be subject to a one- or two-tier approval procedure and would normally not be approved by the concerned officials themselves. As for the duty visits of Principal Officials, approval from the controlling officer of the relevant bureau/department would be required. PS(Tsy) added that while special arrangements on expenditure could be made for special circumstances, they should also be subject to internal control and

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accountability mechanisms within the relevant bureaux/departments.

4.19 In response to Mr WONG's question about the arrangements for responding to media enquiries/reports relating to allegations of improper duty visits by officials and expenses incurred, PS(Tsy) remarked that the controlling officer of the relevant bureau/department would ultimately be accountable. SFST added that the relevant procedures were subject to regular review and the expenditure guidelines were updated as and when appropriate.

### **Redevelopment of government quarters**

4.20 Pointing out that it was the Government's policy to expedite the provision of residential care homes for the elderly and persons with disabilities in order to shorten the waiting time of applicants, Mr TANG Ka-piu enquired whether the Government Property Agency had plans to incorporate such facilities in the development of government quarters, including the proposed redevelopment of disciplined services quarters (DSQs) in Fu Tei (Tuen Mun), and proposed development of DSQs at four former quarters sites of the Housing Department at Tsz Wan Shan, Wong Tai Sin, Kwun Tong and Tin Wan.

4.21 Government Property Administrator (GPA) responded that as disciplined services departments had great demand for DSQs, the Administration had planned to redevelop the government quarters referred to by Mr TANG Ka-piu into DSQs. GPA added that the Government Property Agency would assist the Social Welfare Department to identify suitable premises for provision of residential care homes where necessary. Upon request of Mr TANG, the Administration agreed to provide information on plans, if any, for providing residential care homes for the elderly or persons with disabilities in government quarters projects.

### **Taxation matters**

4.22 Mr Kenneth LEUNG enquired about manpower provision in the Inland Revenue Department (IRD) in the coming two years for coping with workload arising from the preparation and taking forward of legislative proposals relating to the Inland Revenue Ordinance (Cap. 112). Commissioner of Inland Revenue (CIR) responded that IRD would register an increase of eight non-directorate posts in 2013-2014, and the total establishment size including 26 directorate posts would increase to 2 826.

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4.23 Referring to the Comprehensive Agreement for the Avoidance of Double Taxation (CDTA) signed between Hong Kong and Italy in January 2013, Mr Kenneth LEUNG asked whether the Agreement would cover dividend taxes. He also expressed concern that the procedures for the collection of financial transactions tax imposed by the Italian Government on Hong Kong investors buying shares in Italian-based companies listed in Hong Kong (like Prada) were unclear.

4.24 CIR clarified that the CDTA signed between Hong Kong and Italy would cover income tax and taxes of a similar nature but not financial transactions tax as referred to by Mr Kenneth LEUNG. CIR added that the CDTA with Italy would reduce the withholding tax imposed by Italy on Hong Kong residents, and the Agreement would come into force after the completion of ratification procedures by the governments of Hong Kong and Italy.

### **Combating parallel trading activities**

4.25 Noting that 30 posts would be created in the Customs and Excise Department (C&ED) in 2013-2014 for combating telephone ordering of illicit cigarettes and enhancing the capability of investigating cases of suspected contravention of the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330), Mr KWOK Wai-keung expressed concern about manpower provision of C&ED and sought details on plans and resources for strengthening the manpower of frontline staff for combating parallel trading activities, in particular for the implementation of export control on powdered formula which took effect on 1 March 2013.

4.26 Commissioner of Customs and Excise (C of C&E) responded that work for combating parallel trading activities involved inspections at the boundary control points and undertaking related investigations. For the implementation of export control on powdered formula, as a short term measure, C&ED had redeployed staff from other boundary control points and programme areas to the relevant boundary control points and set up a special task force consisting of retired C&ED staff to cope with the surge in workload. In the longer term, the Administration would examine the need for enhancing C&ED's manpower for carrying out related duties in light of development in the situations at the boundary control points, including the nature and number of contravention cases, passenger flows at the boundary control points, and the new strategies adopted by groups engaging in



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parallel trading activities; and would seek funding approval of the Finance Committee to strengthen staffing support when necessary. In response to Mr KWOK Wai-keung's further enquiry, C of C&E said that most of the redeployed staff were working at boundary control points at Lo Wu and Lok Ma Chau and the majority of them were not required to perform overtime work.

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

### **Administration Wing**

#### Public Policy Research Funding Scheme

5.2 Dr Kenneth CHAN Ka-lok said that tertiary institutions were concerned about the Central Policy Unit (CPU)'s taking over from the Research Grants Council (RGC) the responsibilities of operating and assessing applications under the Public Policy Research (PPR) Funding Scheme. Ms Claudia MO raised a similar comment. Dr Kenneth CHAN queried whether CPU could assess applications with the same rigour and objectivity as RGC. Dr Kenneth CHAN asked what assessment and approval criteria would be introduced by CPU in considering the PPR Funding Scheme applications.

5.3 Deputy Head, CPU explained that the objective of transferring the assessment and operating roles to CPU was to enable non-profit making think tanks and other degree awarding higher education institutions to participate in public policy research using the PPR Funding Scheme. The opportunity would be taken to introduce other improvement measures, including year-round acceptance of applications, putting the researchers into closer contact with the relevant policy bureaux and publishing the research results, so that the Scheme would better meet the needs of the community. The Administration would consult stakeholders in formulating the detailed application procedures and assessment criteria, whilst making reference to those of the RGC. The Administration would invite well-respected academics to join the assessment panel to examine and make recommendations on the applications. Objective assessment criteria would be adopted, and a system for declaring interests would be put in place to enhance transparency and fairness.

5.4 Mr SIN Chung-kai queried which party would be responsible for identifying suitable academics to participate in the assessment panel of PPR Funding Scheme, and who would approve the appointments. He also asked whether the process of seeking nominations from the community for

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appointment to the assessment panel would be institutionalized.

5.5 Deputy Head, CPU advised that while Head, CPU would have the authority of appointing members to the PPR Funding Scheme assessment panel, suggestions from the community on the choice of membership would be considered. Ms Claudia MO criticized that without an open and transparent mechanism for appointment to the assessment panel for PPR Funding Scheme, tertiary institutions would remain concerned about the fairness of the assessment panel.

5.6 The Chairman requested the Administration to provide justifications for CPU to take up the responsibility of administering PPR Funding Scheme, and to provide information on the criteria the Administration would adopt in the selection and appointment of members for vetting applications under PPR Funding Scheme to ensure equity in the allocation of research resources.

### **Expenditure of the Central Policy Unit**

5.7 Dr KWOK Ka-ki noted that the remuneration of Head, CPU jumped from \$2.923 million in 2008-2009 to \$4.967 million (including gratuity) in 2012-2013, representing an increase of more than 60%. He queried the justification for the increase, and how the remuneration scale was determined. Deputy Head, CPU explained that the remuneration of Head, CPU was approved by the Finance Committee in 1989 in connection with the establishment of CPU. The salary of the post was pegged to Point 8 of the Directorate Pay Scale. Director of Administration supplemented that in 2010-2011, the then Head, CPU, who was employed on a five-year contract term, was entitled to receive his interim gratuity. The end-of-contract gratuity was paid in 2012-2013. As a result, the remuneration in 2010-2011 and 2012-2013 appeared to be higher than the other years.

### **Audit Commission**

5.8 Mr WONG Kwok-hing asked whether the Director of Audit would conduct a value-for-money audit on the practice of conducting overseas duty visits by Government bureaux and departments.

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5.9 Director of Audit said that value-for-money audits were carried out under a set of guidelines which was agreed between the Public Accounts Committee and the Director of Audit and accepted by the Administration. In selecting subjects for value-for-money audits, factors such as timeliness, materiality, auditability, etc., would be taken into consideration. The Chairman requested Director of Audit to provide further information on whether a value-for-money audit would be conducted on official overseas visits by department heads or directors of bureau and/or their staff after the meeting.

5.10 Mr Paul TSE Wai-chun asked whether there had been studies that the Audit Commission had intended to pursue but did not proceed due to inadequate resources. Director of Audit responded that availability of resources was one of the factors taken into consideration when planning audit work. With the existing resources, the Audit Commission audited about 80 accounts and conducted about 19 value-for-money audits each year. External specialists would be engaged where necessary for audits requiring technical or professional advice.

5.11 Mr Paul TSE asked when was the last time new resources had been provided to the Audit Commission. He also asked whether the Audit Commission would conduct more value-for-money audits and on a wider range of Government operations if more resources could be provided. Director of Audit said that resources for three additional posts were provided to the Commission in 2012-2013. A balance had to be struck between the number, coverage and depth of the audits when planning value-for-money audits. The Commission would ensure that all value-for-money audits were carried out effectively and efficiently with the necessary depth and quality and it would seek additional resources from the Administration when there was a need to do so.

### **Chief Executive's Office**

#### Expenditure incurred in Chief Executive's duty visits

5.12 Mr Alan LEONG Kah-kit commented that on a monthly average basis, the incumbent Chief Executive, Mr LEUNG Chun-ying, had spent quite a lot more on official entertainment and duty visits than his predecessor. In particular, Mr LEUNG Chun-ying had spent three days in

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Beijing from 20 to 22 December 2012 for presenting annual work report, and to call on various ministries of the Central People's Government at a cost of \$64,938. Mr LEONG noted that on a daily basis, a similar four-day duty visit conducted by the former Chief Executive, Mr Donald TSANG Yam-kuen, in December 2011 in Beijing cost considerably less. Mr LEONG commented that Mr LEUNG seemed more lavish than Mr TSANG his predecessor in official visits.

5.13 Permanent Secretary, Chief Executive's Office (Perm Secy/CEO) said that a comparison of the daily average amounts of expenditure was not appropriate. Taking the two duty visits cited by Mr LEONG as examples, Perm Secy/CEO pointed out that the incumbent Chief Executive had scaled down the size of his entourage and opted to travel on business class for his duty visit to Beijing in December 2012. She explained that during that trip, Mr LEUNG had incurred \$12,172 for hiring a hotel venue to meet the media, which was not incurred by the former Chief Executive Mr TSANG in December 2011. If one discounted this particular expenditure item, the expenditures arising from Mr LEUNG's visit in December 2012 in terms of subsistence allowance, air passage and in-town transportation were all lower than that of the visit in 2011.

### Executive Council

5.14 Mr WONG Yuk-man commented that despite the principles of confidentiality and collective responsibility, some Executive Council (ExCo) members had made untrue, defamatory and slanderous remarks in public which had tarnished the Government's image. Mr WONG did not subscribe to the Administration's reply to a Member's written question that ExCo members were responsible for their personal opinions. He commented that ExCo members were part of the Administration and their opinions should be subject to scrutiny.

5.15 Mr WONG Yuk-man asked when the former Office of the Telecommunications Authority had submitted its reports on the free television licence applications of Hong Kong Television Network Limited, Fantastic Television Limited and Hong Kong Television Entertainment Company to the Executive Council. The Administration undertook to provide a written reply after the meeting.

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### Public records management in the Chief Executive's Office

5.16 Ms Cyd HO noted that over the past three years 547 programme files of the Chief Executive's Office (CEO) had been closed pending transfer to the Government Records Service (GRS) for appraisal. Ms HO queried whether the officers in CEO had the expertise to recommend or determine the retention period of these closed files and whether CEO was procrastinating the transfer of files to GRS. She cast doubt on whether CEO could store closed files in the same storage conditions (e.g. in terms of temperature, air humidity, etc.) as GRS.

5.17 Perm Secy/CEO said that CEO followed GRS's guidelines on the retention of closed administrative files. As regards programme files, the respective subject officers or users of the files would draw on their subject knowledge and make recommendations on the retention period of closed files according to operational requirements and other considerations. These recommendations would be appraised by GRS. Perm Secy/CEO advised that the storage environment of closed files in CEO complied with GRS's requirements.

### **Independent Commission Against Corruption**

#### Staffing and staff development

5.18 Mr Michael TIEN Pei-sun expressed concern about the high turnover rate of core staff in the Independent Commission Against Corruption (ICAC), and asked if ICAC had set a target to reduce staff turnover rate to that similar to the civil service. Commissioner, ICAC said that ICAC's turnover rate of 5.6% each year was on the high side. While ICAC intended to reduce vacancies, it was difficult to commit to reducing staff turnover rate to around 3% similar to the civil service. He said that there were many reasons that individual staff members decided to leave the service, and ICAC was actively considering measures to retain staff and reduce wastage.

5.19 Ms Emily LAU said that the over 16% wastage rate of ICAC at the directorate level in 2012 reflected a lack of succession plan, particularly at the directorate level. She asked about the number of staff acting in the directorate level, and whether staff morale was low, especially among

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officers in the Operations Department. She also asked what measures the ICAC management would launch to tackle the situation.

5.20 Commissioner, ICAC clarified that the wastage rate included normal wastage (due to staff reaching retirement age). Currently, four of the directorate officers were on acting basis. Commissioner, ICAC stressed that succession in the ICAC directorate was a major focus of his work, which included the development of a succession plan. It was expected that succession arrangements would be completed within the next two years.

5.21 Regarding staff morale, Commissioner, ICAC acknowledged that ICAC staff were under heavy pressure. ICAC had introduced measures to help staff maintain a work-life balance. Training programmes were enhanced. A mentoring scheme was introduced to enable junior staff develop a sense of mission and identity in the Commission. This would help retain staff and reduce wastage.

5.22 Mr IP Kwok-him said that corruption cases had become increasingly complicated, but the Commission experienced a drain of experienced staff to tackle these cases as a result of high staff wastage. He asked what measures ICAC would implement to improve efficiency in investigation work.

5.23 Commissioner, ICAC said that specialized training was provided for newly recruited investigating officers to enable them to deal with various types of corruption cases. Workshops, seminars and talks on specific topics would regularly be conducted for frontline staff to equip them with new skills and knowledge in handling different situations. Staff management measures such as transfer across different investigation units were enforced to widen exposure of staff so as to increase their job satisfaction and encourage experienced investigation officers to remain.

5.24 Mr SIN Chung-kai asked what measures ICAC would implement if the provision for the Technical Service Division under Subhead 103 "Rewards and Special Services" of Head 72 – ICAC, turned out to be insufficient to cover actual operational needs. Commissioner, ICAC responded that ICAC had estimated its expenditure by reference to previous budgets and the actual needs of the Commission. If the situation warranted,

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the Commission might submit separate applications for supplementary provision to the Finance Committee.

5.25 Dr KWOK Ka-ki queried ICAC's slow progress in the investigation into allegations of corruption and malpractice against the former Chief Executive. He asked whether the Commission lacked the manpower and resources to conduct investigations in a timely manner, and the amount of resources deployed specifically on cases involving former senior officials.

5.26 Commissioner, ICAC said that all ICAC investigations were conducted fairly in accordance with the law. Completed cases would be submitted to the Operations Review Committee for approval to ensure that the work of ICAC was properly monitored. Commissioner, ICAC added that the Commission had sufficient manpower and resources to handle the investigation workload.

### Management of public records in ICAC

5.27 Ms Cyd HO Sau-lan expressed concern that ICAC had not passed any files to GRS for archive and public inspection in the past three years. She queried whether ICAC intended to implement its own system of record management instead of sending the files to GRS. Ms Cyd HO criticized that ICAC would waste public resources if it stored its historical records (such as those relating to the establishment of ICAC in 1974) but did not make them available for public access.

5.28 Commissioner, ICAC responded that in the end of 2011 the Commission had implemented measures in accordance with the record management guidelines issued by GRS. In this connection, 27 file disposal lists had been submitted for GRS's approval, and GRS's advice would be sought on handling files with sensitive information. Commissioner, ICAC cautioned that many of the investigation case files contained sensitive information. Allowing the files for public inspection might risk exposing the identities of complainants of which the Commission had pledged to protect, and would affect public confidence in the Commission.

5.29 Ms Cyd HO agreed that a balance should be struck between protecting informants' identities and the public's right of access to



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information, particularly on aspects of historical interest.

5.30 Dr KWOK Ka-ki expressed concern about the disposal of ICAC's investigation files. He said that the files might contain information that suggested collusion between officials and business conglomerates, which the public was entitled to know. He also asked whether ICAC had the resources to install file storage according to specifications directed by GRS.

5.31 Commissioner, ICAC, explained that, since the enactment of the Personal Data (Privacy) Ordinance (Cap. 486), personal data that were no longer required for the purpose for which they had been used had to be erased. ICAC had, accordingly, disposed of case files of completed investigations in accordance with the statutory requirement. Other records would be handled in compliance with the guidelines issued by GRS.

### Official entertainment expenses and duty visits

5.32 Mr Dennis KWOK pointed out that Mr Timothy TONG, former Commissioner, ICAC, had conducted 34 duty visits during his tenure, of which 22 visits were held in the Mainland; Mr TONG had spent 145 days outside Hong Kong, of which 76 days were spent in the Mainland; and he had spent about \$4 million of public funds on gifts of value ranging from \$90 to \$13,433, to officials or organizations during the duty visits. Mr KWOK asked whether the former Commissioner, ICAC, solely decided whether or not a duty visit should be conducted, the duration of visit, the officials he should meet, and the choice of gifts (and their value) should be presented during the visit. Mr KWOK further asked whether there were rules or guidelines that guided the former Commissioner in reaching such decisions.

5.33 Commissioner, ICAC said that the overseas duty visits Mr Timothy TONG attended were seminars and international conferences on anti-corruption matters. He was ultimately responsible for decisions on the events to attend, the officials to meet and the types and value of gifts to be presented during the visits, after having consulted directorate officers. There were no established criteria on the value of gifts to be presented during official visits; it depended on the nature of the visit and the status of the recipients.

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5.34 Mr Dennis KWOK asked ICAC to provide the list of gifts presented by the former Commissioner, Mr Timothy TONG, to government officials of different places and paid out of public funds during his tenure, and the list of such officials on each occasion in respect of the seminars he attended. Mr KWOK also asked the Commission to provide information to explain, in respect of the seminar attended by Mr TONG with 21 ICAC officers in Macau on 8 November 2009, the nature and objectives of the seminar, who decided whether the Commission should be represented in the seminar, and a breakdown of the expenditure incurred.

5.35 In response to Ms Cyd HO's enquiry, Commissioner, ICAC clarified that the value of gifts paid out of public funds to government officials and organizations during official visits ranged between \$360 and \$11,430. Ms Cyd HO criticized that ICAC would have no credibility in advocating anti-corruption practice if the Commissioner was seen to be lavish in entertainment spending on official occasions. She requested the Administration to provide information on the occasions in which gifts were presented by the former Commissioner, Mr Timothy TONG and where the value of the gifts (which were paid out of public funds) exceeded \$500.

5.36 Mr Dennis KWOK pointed out that the former Commissioner, ICAC, Mr Timothy TONG, had incurred expenses of \$757,921 for duty visits outside Hong Kong during his tenure which were more than three times the amount incurred by his predecessors. He asked why the former Commissioner incurred such a high level of expenditure. Mr KWOK further said that while he accepted that Commissioner, ICAC would need to attend international anti-corruption conferences, he queried why Mr TONG had made more than ten courtesy calls to specific official organizations in the State Council in Beijing and Shanghai.

5.37 Commissioner, ICAC said that all former Commissioners had paid courtesy calls to Mainland organizations in the past. The frequencies of contact had increased over the past five years as a result of the development of international collaboration against cross-boundaries corruption activities. In this connection, Commissioner, ICAC explained that Hong Kong had also assumed a role in the International Association of Anti-Corruption Authorities, and for that reason, there was a need for more overseas duty trips for senior ICAC officers and the Commissioner.

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5.38 At the request of Mr KWOK, Commissioner, ICAC undertook to provide the following information –

- (a) a breakdown of the expenditure of \$757,000 incurred by the former Commissioner, Mr Timothy TONG, on duty visits during his tenure of office;
- (b) a list of duty visits conducted, the expenditure incurred in each visit, and the persons and officials that the former Commissioner had met during the visits; and
- (c) the justifications for the former Commissioner to have incurred more than three times the amount of expenditure on duty visits as compared with the other previous Commissioners.

### **Legislative Council Commission**

5.39 Mr WONG Kwok-hing commented that considerable resources had been incurred in the last term of the Legislative Council as a result of the filibusters staged by a few Members, particularly during the deliberation on the 2012 Legislative Council (Amendment) Bill. Secretary General, Legislative Council Secretariat (SG, LC) replied that existing staff resources had been deployed to service the extended Council meetings. Secretariat staff had worked a significant number of overtime hours during the said period, although the vast majority of them were not entitled to overtime allowances. At Mr WONG's request, SG, LC undertook to review Secretariat records and provide any additional information to members.

5.40 Dr Kenneth CHAN Ka-lok queried the need of installing more than 440 closed circuit television (CCTV) cameras in the Legislative Council Complex and asked whether these installations would affect the privacy of Members, the general public visiting the Complex and Secretariat staff.

5.41 SG, LC said that CCTV cameras were installed primarily for security reasons, taking into consideration the size and layout of the Legislative Council Complex. The locations of the CCTV cameras had been carefully selected to safeguard privacy of users of the Complex. In

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response to Dr CHAN, SG, LC undertook to provide information relating to the installation of close circuit television system in the Legislative Council Complex.

5.42 Dr Kenneth CHAN Ka-lok asked if the Legislative Council Secretariat had strengthened its establishment to cater for additional workload in servicing committees arising from expansion of 10 seats, and whether extra resources should be sought to handle Members' private bills.

5.43 SG, LC said that judging from past experience, the current establishment and staffing level should be sufficient to cope with Members' initiatives on private bills. He added that while there was no limit on the number of subcommittees that could be set up to examine subsidiary legislation, the House Committee had agreed that the maximum number of Bills Committees in operation should be limited to 16 at any one time.

### **Office of The Ombudsman**

#### Indirect investigation on access to information and records management

5.44 Mr Claudia MO queried The Ombudsman's assessment that no additional expenditure would be incurred in conducting direct investigation into the access to information regime and the Government's records management system. Ms MO considered that the subject direct investigation was a new initiative of The Ombudsman announced on 4 January 2013, and not part of The Ombudsman's routine; the resources for the direct investigation could not have been budgeted for. She also commented that GRS was responsible for determining which files could be disposed of and which files should be retained. Ms MO was concerned that GRS might exercise political censorship on the selection of files for disposal.

5.45 Ms Claudia MO asked whether The Ombudsman could pledge to complete the direct investigation by the end of March 2014, and whether the report of the investigation would be publicized and views of the community sought. As the current guidelines on the handling of public records were prescribed under the Code on Access to Information, which was not legally binding, Ms Claudia MO asked whether The Ombudsman would recommend the introduction of a law on public access to information, and

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on the retention and management of public records.

5.46 The Ombudsman explained that it was the normal duty of the Office of The Ombudsman to initiate direct investigation on relevant issues. The organizations covered under the subject direct investigation included the Constitutional and Mainland Affairs Bureau and the Administration Wing as the two offices had the policy oversight on the Code on Access to Information and GRS, respectively. The Ombudsman added that the subject direct investigation would be completed within 2013 or by early 2014. The Office of The Ombudsman had already received more than 30 submissions from the community follow its announcement of the initiation of direct investigation, and had met with interested organizations.

5.47 Ms Claudia MO further queried whether the system of handling e-mail records would be included in the direct investigation. The Ombudsman commented that e-mails were part and parcel of public records, and he would examine whether there was a policy to retain and manage various types of government records.

5.48 As regards whether legislation should be introduced to institutionalize public records management arrangements, The Ombudsman said that he decided to initiate the direct investigation because he realized that the Code on Access to Information was not legally binding. In the absence of any legally enforceable instrument, The Ombudsman had faced constraint in following up certain complaint cases involving the release of public records. However, The Ombudsman said that he would not pre-empt the outcome of the direct investigation at this stage.

5.49 Mr Kenneth LEUNG said that he had seen documents containing a proposal to expand The Ombudsman's jurisdiction to cover the functions of the Independent Police Complaints Council (IPCC). He queried the rationale of such arrangement, and whether the Administration intended to side-line IPCC. The Ombudsman said that he was not aware of such documents nor had any knowledge of such a proposal, but he undertook to follow up on the matter if Mr LEUNG could provide him with the relevant documents.

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6.1 At the Chairman's invitation, Mr LAI Tung-kwok, Secretary for Security (S for S) briefed members on the main initiatives and expenditure on the policy area of security for 2013-2014 (Appendix IV-4).

### **The Police**

#### Procurement of equipment and devices

6.2 Mr SIN Chung-kai queried why the Police had not provided information on the quantity and cost of pepper spray canisters procured and in stock. He asked whether the Police had procured large quantities of pepper spray canisters and intended to use them against demonstrators at public meetings and processions.

6.3 S for S responded that as the requested information was related to details of the Police's operational deployment, the disclosure of such information might reveal the enforcement capability of the Police against crime. The quantity of pepper spray canisters used for stopping violence during public meetings and processions was small in comparison with the quantity used for stopping violence and crime in other cases. He said that pepper spray was one of the personal equipment used by frontline police officers for stopping violence and serious crime. It had proved to be an effective tool that caused minimum bodily harm.

6.4 Mr Kenneth LEUNG asked whether the costs of new equipment and device had been included in the estimates of the Police. Specifically, he sought information on the Police's expenditure on procurement of video-recording equipment between 2008-2009 and 2012-2013.

6.5 Commissioner of Police (CP) responded that the Police did not compile a breakdown of expenditure under the Programme of "Operations". He stressed that all procurement by the Police had to be compliant with the Administration's relevant requirements on purchasing. Depending on the intended use of the video-recording facilities, the estimates were included in the relevant Programme, such as "Operations" or "Road Safety".

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6.6 Mr Albert HO asked whether the Police would disclose the procurement of any new devices or equipment. He also asked whether there would be any increase in expenditure in 2013-2014 on items such as tear gas, water cannons and training on the handling of public order events.

6.7 CP responded that the handling of public order events only constituted a small part of the Police's work. As the work of the Police covered areas such as anti-terrorism and combating serious crimes, it was not appropriate for the Police to disclose the devices and equipment procured. He said that all the estimates for procurement of devices, equipment, accessories and staff training had been included in the relevant Programmes. The Police Tactical Unit provided training for six companies in each year.

6.8 Mr Charles MOK asked about the annual expenditure of the Cyber Security Centre under the Technology Crime Division of the Commercial Crime Bureau. He also sought information on the number of police officers who had received training in privacy protection and the percentage of police officers required to access computer data, as well as statistics on the deployment of video teams to record incidents in which a breach of the peace had occurred. He considered that if the Police did not have such statistics, it should consider compiling such statistics in future. CP responded that the Police did not maintain such statistics. In determining the statistics to be compiled, consideration would be given to the optimal use of resources.

6.9 Dr Elizabeth QUAT expressed concern that the Police did not maintain statistics on the number of reported crime, prosecutions and convictions involving online frauds relating to social networking. She considered that the Police should maintain such statistics to facilitate the formulation of measures to combat such crime. CP responded that crime statistics were currently categorized according to the nature of the offence involved. He undertook to provide statistics on online frauds relating to social networking.

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### Overseas duty visits

6.10 Mr Gary FAN queried why the expenditure of the Police on hotel accommodation during overseas duty visits in 2012-2013 was substantially higher than that for 2011-2012. He asked whether there was any upgrading of hotel accommodation for visits in 2012-2013.

6.11 CP responded that the difference in expenditure was due to differences in the places visited, the number of entourage members and the duration of the visits. There had not been any upgrading of hotel accommodation for the visits in 2012-2013. He said that the Police had always kept expenditure on overseas visits to a minimum and he had been travelling on economy class for all short-distance flights.

### Upgrading of Tseung Kwan O Police Division to a police district

6.12 Noting that 39 posts would be created in 2013-2014 in connection with the upgrading of Tseung Kwan O Police Division to a police district, Mr Gary FAN asked about the timing for completion of the upgrading exercise. The Chairman requested the Administration to provide a written response.

### Handling of public meetings and processions

6.13 Mr Gary FAN expressed concern that there had been complaints about the use of pepper spray by police officers against a child, against demonstrators within a short distance and without prior warning against demonstrators at public meetings and processions in recent years.

6.14 S for S responded that the Police had always acted impartially and in accordance with the law. Warnings were given by the Police as far as possible before the use of pepper spray.

6.15 Mr CHAN Chi-chuen sought information on the total number of man-hours spent by the Police in handling public meetings and processions in 2012. CP responded that the Police did not compile such statistics.



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6.16 Mr WONG Kwok-hing said that many members of the public had expressed concern that Occupy Central would deprive other members of the public of the right to enter and leave the Central District, bring traffic to a halt and cause multinational businesses to withdraw their investments from Hong Kong. He queried why the Administration had not informed members of the public that the proposed activity was unlawful. He asked whether the Administration had contacted the organizers of the activity and suggested them to hold the activity at a sports stadium or public park to minimize impact on the life of other members of the public. He also asked whether the Police had formulated plans to tackle possible problems arising from the proposed activity.

6.17 S for S responded that it was not appropriate for the Administration to disclose details of operations to tackle problems arising from the activity. The Administration had all along stressed that any public meeting or procession should be held in a peaceful and lawful manner. It was against the law to block roads and bring traffic to a halt.

6.18 Ms Claudia MO said that if the bodily harm caused by pepper spray was minimal, the Administration should not have reservation about disclosure of information about the quantity of pepper spray canisters procured and in stock. Regarding the question of whether Occupy Central was lawful, she considered that freedom of expression was a basic right.

6.19 Mr IP Kwok-him said that the freedom of expression should be exercised in a lawful and peaceful manner. The occupation of Central District would bring traffic to a halt and bring disruption to public order. Expressing concern about increased number of cases of assault on police officers and use of insulting language against police officers, he asked whether relevant counselling was provided to police officers. CP responded that the Police had a responsibility to maintain public order and safety as well as enforce the law. It was the Police's practice to conduct a review after each major operation. Where necessary, a forum would be held for frontline officers to express their views. In addition, a Staff Opinion Survey was conducted once every three years.

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6.20 Mr NG Leung-sing said that the banking sector had large amount of cash deposited in the Central District and was very concerned whether Occupy Central would be held peacefully without disrupting public order and safety. He expressed concern that Occupy Central might attract radical participants and the activity would not end up peacefully. CP responded that all participants should abide by the law in their expression of views.

6.21 Mr LEUNG Kwok-hung said that some police officers had told him that they were unwilling to arrest him at previous public meetings and processions.

6.22 CP responded that the Police had a duty to maintain public order and safety, and it would prepare for different possible scenarios. It would take resolute actions against any breach of the law and would have no hesitation in arresting lawbreakers. He said that over 7 500 public meetings and processions had been held in 2012 and arrests were made in about 40 cases only, most of which were made in relation to individual behaviour.

6.23 Mr WONG Yuk-man said that an increased number of arrests were made by the Police at public meetings and processions. He expressed concern about the possible hearing impairment on demonstrators caused by improper use of the Long Range Acoustic Device (LRAD) and whether the Police would use LRAD against demonstrators. The Chairman requested the Police to provide a written response.

### Facilities for detention of large number of arrestees

6.24 Mr Albert HO and Mr LEUNG Kwok-hung asked whether facilities other than police stations would be used for temporary detention, if there were large number of persons arrested in connection with Occupy Central. Mr LEUNG Kwok-hung said that a sports stadium would be needed for accommodating the large number of participants anticipated to be arrested in connection with Occupy Central.

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6.25 CP responded that whether detention facilities other than police stations were required would depend on operational needs. He said that when the Sixth Ministerial Conference of the World Trade Organization was held in Hong Kong in December 2005, the Police had used facilities other than police stations for temporary detention purpose.

### Cruelty to animals

6.26 Ms Claudia MO considered that the Police should establish "animal police" to handle cases of cruelty to animals. CP responded that the Animal Watch Scheme (AWS) had been operating smoothly, there was currently no plan to establish "animal police".

6.27 Noting that 15 prosecutions had been instituted against cruelty to animals for the first nine months of 2012 and 15 convictions had been recorded, Mr CHAN Hak-kan asked whether many cases of cruelty to animals had not been followed up by the Police and whether such cases had not been reflected in the statistics. He also asked whether there were any plans for review of AWS.

6.28 CP responded that under AWS, the Police took actions with the Agriculture, Fisheries and Conservation Department and the Society for the Prevention of Cruelty to Animals to investigate cases of cruelty to animals. The arrangement had helped strengthen the collection of evidence against cruelty to animals resulting in a higher conviction rate. The Police would closely monitor the implementation of AWS.

### Employment of non-civil service contract staff

6.29 Mr Tony TSE expressed concern that among 105 non-civil service contract (NCSC) staff employed by the Police, 50 had served for five to 10 years and nine had served for 10 to 15 years. He asked about the nature of work of the posts concerned and why they had not been filled by permanent staff.

6.30 CP responded that the posts concerned were mainly information technology officer posts filled by NCSC staff on temporary contract terms

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in line with the Administration's cost-saving exercise in the past few years. In the light of the recent government policy of recruiting more permanent staff, the Police would consider whether the posts concerned could be converted to permanent posts.

### **Multiple entry endorsements under the Individual Visit Scheme**

6.31 Ms Claudia MO expressed concern about the increasing number of visitors who had visited Hong Kong under the Individual Visit Scheme (IVS). She asked whether there were any plans to abolish the multiple-entry endorsements under IVS. S for S responded that the increase in the number of visitors under IVS was not mainly due to the issue of multiple-entry endorsements, but the booming economy in the Mainland. He said that the Administration was reviewing the overall capacity of Hong Kong to receive tourists.

### **Parallel trade activities**

#### Combating parallel trade activities

6.32 Mr CHAN Chi-chuen said that the Police should allocate more manpower to combat parallel trade activities in the North District. He expressed concern that the Police's target response time of 15 minutes for 999 emergency calls for New Territories Region was longer than that for Hong Kong Island Region and Kowloon Region. He asked whether the Police would review the target response time for New Territories Region.

6.33 CP responded that more police officers had been deployed to deal with parallel trade activities in the North District. Besides the manpower allocated to a police station, police officers of the same police region were deployed flexibly to meet operational needs. He said that the longer response time for 999 emergency calls for New Territories Region was mainly due to its vast area. He pointed out that the crime rate in the North District was not particularly higher than that of other districts.

6.34 Ms Emily LAU noted that the Customs and Excise Department (C&ED) had launched special operations in collaboration with the relevant

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Mainland authorities and the Immigration Department (ImmD) had launched joint operations with other law enforcement agencies to combat parallel trading activities. Given that the number of Mainland visitors had already reached 34 660 593 in 2012, she asked how C&ED and ImmD could effectively crack down on parallel trade activities. She also asked how they could prevent corruption in their enforcement work.

6.35 Commissioner of Customs and Excise (C/C&E) said that parallel trading activities did not constitute an offence in Hong Kong even though their proliferation had caused obstruction of public places and nuisance to residents in the North District. Nonetheless, such activities often entailed leakage of import duties and would be handled seriously by authorities in the Mainland. Despite that the role performed by C&ED was confined to intelligence gathering, he had a distinct impression that Shenzhen Customs was acting professionally. Director of Immigration (D of Imm) said that the operational procedures of ImmD had been examined by the Independent Commission Against Corruption (ICAC) and the corruption rate of ImmD staff was comparatively low as reflected in the reports of ICAC.

6.36 Mr KWOK Wai-keung noted that in view of the satisfactory results of the joint effort of the Shenzhen authorities and Hong Kong law enforcement agencies against parallel trade activities since September 2012, both sides had decided to make it a routine operation to serve as a long-term deterrent. He asked whether C&ED would create new permanent posts to deal with parallel trading of powdered formula and release existing manpower temporarily deployed for such work to relieve the work pressure of frontline staff.

6.37 D of Imm responded that in 2013-2014, there would be a net increase of 154 posts in ImmD, of which 116 posts would be deployed at various control points. ImmD had also simplified its procedures and extended e-Channels to qualified visitors who frequently came to Hong Kong. All these would relieve the work pressure on frontline staff.

6.38 Noting that ImmD had conducted a total of 30 "Windsand" operations from 19 September 2012 to 4 March 2013 and arrested 633 visitors suspected of breach of conditions of stay but only prosecuted 100

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visitors, Mr CHAN Hak-kan queried the effectiveness of the measures of ImmD. He expressed concern whether parallel trade activities had dispersed from Lo Wu to other boundary control points.

6.39 D of Imm responded that in the prosecution of parallel traders for breach of conditions of stay, it was usually difficult to establish the employment relationship concerned. However, ImmD could refuse the future entry of a visitor into Hong Kong, if there were reasons to believe that the visitor had been involved in parallel trade activities. Since September 2012, ImmD had refused the entry of more than 5 200 visitors believed to be involved in parallel trade activities. Where ImmD had reason to believe that a visitor leaving Hong Kong was involved in parallel trade activities, the visitor's name would be recorded so that their purpose of visit would be more thoroughly examined when they visited Hong Kong next time. Officers of the Investigation Sub-Division of ImmD would also monitor the activities of such visitors.

### Implementation of export control on powdered formula

6.40 Noting that 56 C&ED officers together with staff employed on non-civil service contract terms had been temporarily deployed to provide support for export control on powdered formula since 1 March 2013, Mr POON Siu-ping asked whether additional resources would be sought by C&ED for converting these temporary posts into permanent ones.

6.41 C/C&ED responded that in order to ensure an adequate supply of powdered formula for local babies, officers had been mobilized through internal redeployment and supported by retirees with relevant experience to implement the export control regime. He added that attention had recently been shifted towards crippling the supply chain of parallel traders, and that funding for permanent posts would be sought later on via the established channels if necessary.

6.42 Mr Christopher CHEUNG sought information on the expenditure involved in implementing the export control on powdered formula since 1 March 2013. He asked whether the Administration had reviewed the effectiveness of such measures and whether the export control on powdered

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formula would be relaxed when the supply of powdered formula had stabilized.

6.43 S for S responded that as long as the Import and Export (General) (Amendment) Regulation 2013 was in force, C&ED and ImmD would continue to enforce export control on powdered formula. Besides taking enforcement actions at boundary control points, ImmD had refused the entry of more than 5 200 visitors believed to be involved in parallel trade activities. C&ED had also combated the operation of parallel traders and seized thousands of kilograms of powdered formula products worth about \$180,000 in a recent operation. Whether the export control on powdered formula would be relaxed would be a matter to be considered by the Food and Health Bureau.

### Deployment of customs and immigration staff to perform additional duties at control points

6.44 Dr LAM Tai-fai expressed concern about whether C&ED and ImmD would have sufficient manpower to perform the additional work of implementing immigration measures on non-local pregnant women, the export control on powdered formula and the anticipated immigration control measures relating to human influenza A (H7N9) infection.

6.45 S for S responded that the immigration and customs manpower at control points had all along been flexibly deployed in line with the passenger traffic pattern at different times. He said that the Administration was very concerned about the work pressure experienced by frontline officers. D of Imm added that the work pressure on frontline immigration staff was being relieved through simplifying procedures and extending e-Channels to qualified visitors who frequently visited Hong Kong.

### **Screening of torture claims and subsidy for torture claimants**

6.46 Mr Albert HO expressed concern about reports that the Administration intended to abolish cash subsidy for torture claimants. S for S responded that basic assistance was provided to torture claimants to meet their basic needs. Such assistance covered food and other basic

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necessities but did not include any cash subsidy. The Administration had no plan to reduce or abolish the basic assistance for torture claimants.

6.47 Mr Albert HO asked about the number of judicial reviews by unsuccessful torture claimants and the number of claims established after judicial review. S for S said that there had been judicial reviews by unsuccessful torture claimants. He undertook to provide a written response on the number of claims established after judicial review.

6.48 Dr Fernando CHEUNG expressed concern that over 10 000 torture claims had been lodged since 2008 and no claim had been found substantiated. Noting that about 20% of torture claims had been found substantiated in other countries, he queried whether the existing mechanism for screening of torture claims was effective.

6.49 S for S responded that the existing statutory mechanism for handling torture claims had been formulated in response to court judgment. It incorporated a mechanism for a claimant to lodge an appeal which would be considered by members of the Torture Claims Appeal Board. A claimant could also apply for judicial review of the decision on his claim. He said that five torture claims had been established in March 2013.

6.50 Mr NG Leung-sing said that whether the torture claim screening mechanism was effective should not be assessed on the basis of the number of successful claims. S for S said that the existing mechanism had been found effective in screening torture claims. It incorporated an appeal mechanism and had been formulated after consideration of the relevant court judgment. If the mechanism was not in order, a large number of judicial reviews and appeals would have been lodged by torture claimants.

### **Admission of Mainland residents under the One-way Permit Scheme**

6.51 Mr Tony TSE noted that the average number of Mainland residents who came to Hong Kong in the past 10 years under the One-way Permit (OWP) Scheme had been less than the daily quota of 150 places. He asked how the unused quota would be allocated and whether the Administration had discussed with the Mainland authorities the possibility of allowing more



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categories of Mainland residents to come to Hong Kong under the OWP Scheme.

6.52 S for S responded that the daily quota of 150 places under the OWP Scheme had been determined by the Mainland after discussions with the Administration. In response to the request of Mainland "overage children" of Hong Kong residents for reunion in Hong Kong, eligible Mainland "overage children" of Hong Kong residents had been allowed to apply for OWPs in an orderly manner from 1 April 2011 onwards. Since then, over 40 000 applications had been received, among which 30 000 applications had been processed and over 20 000 Mainland "overage children" of Hong Kong residents had come to Hong Kong.

6.53 Dr Elizabeth QUAT said that there was a need for Mainland single parents of Hong Kong born children to come to Hong Kong to take care of their young children. She asked whether the Administration would discuss with the Mainland authorities the possibility of allocating a certain quota under the OWP Scheme for these single parents.

6.54 D of Imm responded that the category of Mainland residents referred to by Dr QUAT was not among those eligible to apply for OWPs. In the past, ImmD had provided information about cases in need of special assistance to the relevant Mainland authorities and there had been cases in which Mainland authorities had exercised discretion to issue OWPs to such single parents.

### **Admission Scheme for Mainland Talents and Professionals and General Employment Policy**

6.55 Mr KWOK Wai-keung expressed concern that more than 7 000 Mainland residents had been admitted to Hong Kong under the Admission Scheme for Mainland Talents and Professionals (ASMTP) and more than 20 000 overseas residents had been admitted to Hong Kong under the General Employment Policy (GEP) in 2012-2013. He considered that the Administration should organize more training courses for local workers to meet the long-term needs of the labour market.

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6.56 D of Imm responded that the objective of ASMTP and GEP was to allow local employers to recruit from the Mainland and overseas countries respectively professionals who were not readily available in Hong Kong to meet their manpower needs.

### **Provision of services to people of different sexual orientation or gender identities**

6.57 Ms Cyd HO asked whether guidelines on the provision of services to people of different sexual orientation or gender identities had been issued to frontline staff of disciplined services.

6.58 Permanent Secretary for Security responded that there was currently no anti-discrimination legislation relating to sexual orientation or gender identities. When providing services, the staff of Security Bureau and its disciplined services would apply the anti-discrimination principles under existing anti-discrimination laws.

### **Assistance to Hong Kong residents encountering difficulties outside Hong Kong**

6.59 Mr IP Kwok-him asked about the major types of assistance sought by Hong Kong residents encountering difficulties outside Hong Kong. D of Imm responded that the assistance sought by such Hong Kong residents was mainly related to personal accidents outside Hong Kong and loss of travel documents.

### **Government Flying Service**

6.60 Mr MA Fung-kwok asked about the objectives of the drills and exercises conducted jointly between Mainland authorities, the Government Flying Service (GFS) and other law enforcement agencies. He also asked whether such drills and exercises were proposed by the Hong Kong side or Mainland side.

6.61 Controller, Government Flying Service responded that the drills and exercises conducted jointly in the past were either proposed by the

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rescue co-ordination unit of Hong Kong side or Mainland side. GFS did not play a leading or co-ordination role. The purpose of such drills and exercises was to assess the co-ordination of different rescue units in joint rescue operations.

6.62 Mr MA Fung-kwok asked whether GFS had conducted joint exercises with the Hong Kong Garrison of the Chinese People's Liberation Army. S for S responded that six government departments, including GFS, as well as the Hong Kong Garrison participated in the "Civil Aviation Department Search and Rescue Exercise 2012" in 2012-2013.

### **Immigration clearance for visitors**

6.63 Mr YIU Si-wing expressed concern about the waiting time of visitors at immigration control points. Noting that 116 new posts in ImmD would be allocated for supporting immigration control and related work at various control points in 2013-2014 and the number of visitors was expected to increase in 2013, he asked whether the increase in new posts would bring about a substantial reduction in the waiting time of visitors for immigration clearance.

6.64 D of Imm responded that the addition of 116 new posts for various control points would certainly result in a reduction in the waiting time of visitors at immigration control points. He said that ImmD had sought to reduce the waiting time through simplifying procedures, such as replacing the chop on a visitor's travelling document with a printed slip indicating the visitor's maximum period of stay, and extending e-Channels to eligible Mainland and overseas visitors. There had been improvements in the waiting time of visitors at the airport control point.

6.65 Noting that approval had been given in July 2010 for ImmD to upgrade its computer systems and facilities to meet the requirements arising from the introduction of electronic Exit-Entry Permit for Travelling to and from Hong Kong and Macao by Mainland authorities, Mr YIU Si-wing asked whether the introduction of such electronic permits would reduce the waiting time of Mainland visitors for immigration clearance.

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6.66 D of Imm responded that ImmD had upgraded its computer systems and installed immigration clearance facilities to meet the requirements arising from introduction of such electronic permit by Mainland authorities. He expected that after the electronic permit was introduced, the waiting time of Mainland visitors for immigration clearance would be reduced.

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7.1 At the invitation of the Chairman, Mr WONG Kam-sing, Secretary for the Environment (SEN), briefed members on the financial provisions and the main initiatives of the Policy Area: Environment for the 2013-2014 financial year (Appendix IV-5).

### **Improving air quality**

7.2 Noting that the Administration had set aside \$10 billion to phase out some 86 000 pre-Euro IV diesel commercial vehicles through an incentive-cum-regulatory scheme which would only be launched in early 2014, Mr Frankie YICK enquired whether it would be possible to advance the launching of the scheme. Deputy Director of Environmental Protection (3) (DDEP(3)) said that the Administration had been consulting the relevant transport trades and other stakeholders on the proposed scheme. The Administration would report to the Panel on Environmental Affairs (EA Panel) on the consultation feedback and the recommended way forward. It was committed to expediting the launching of the new incentive-cum-regulatory scheme to phase out pre-Euro IV diesel commercial vehicles for the improvement of air quality. As the three-year voluntary replacement programme for Euro II diesel commercial vehicles would expire on 30 June 2013, no new application would be accepted after this date.

7.3 Mr CHAN Kin-por considered that the use of the \$10 billion set aside for implementing the incentive-cum-regulatory scheme to phase out pre-Euro IV diesel commercial vehicles should be optimized by targeting at the more polluting vehicles, i.e. pre-Euro and Euro I diesel vehicles, so that more subsidies would be provided to such vehicles to encourage their early replacement. SEN responded that the Administration would optimize the use of resources in encouraging the replacement of polluting vehicles with a view to protecting public health and meeting the new Air Quality Objectives.

7.4 Mr TANG Ka-piu pointed out that vehicle owners who were themselves drivers did not welcome the scheme to phase out pre-Euro IV diesel commercial vehicles because they were concerned about the replacement costs. As the Administration planned to subsidize the bus companies to retrofit Euro II and III franchised buses with selective catalytic reduction (SCR) devices to reduce nitrogen oxide emissions, he enquired if

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the same arrangement could be applied to diesel commercial vehicles. SEN responded that there was a need to reduce roadside emissions for the protection of public health. According to the Clean Air Plan for Hong Kong issued in March 2013, the Administration would strive to reduce the emissions from franchised buses and diesel commercial vehicles, which were the two major sources of roadside air pollution. Studies had revealed that while it was technically feasible to retrofit franchised buses (which were limited to a few models) with SCR devices, it would not be technically feasible nor cost-effective to retrofit diesel commercial vehicles on account of the wide variety of vehicle models.

7.5 Referring to the motion on "Urging the Government to eradicate gutter oil and take the lead in supporting biodiesel" which was passed at the Council meeting on 27 March 2013 as well as the international trend on the increased use of biodiesel, Ir Dr LO Wai-kwok enquired about the means to promote the use of biodiesel in Hong Kong. SEN said that the use of biodiesel was quite new to Hong Kong and the Administration would need time to assess its implications.

7.6 Mr CHAN Kin-por noted that while there were 430 units of electric vehicles (EVs) in use on the road in Hong Kong, there were only 75 units of EVs in the Government fleet, including three units under the Environment Bureau (ENB) and the Environmental Protection Department (EPD). As about 150 units of EVs would be delivered to various departments in 2013, he hoped that EPD would play an exemplary role by using more EVs. He also considered it necessary that more efforts be made to promote the use of EVs. The Deputy Secretary for the Environment explained that Government as a whole would continue to give priority to EVs when replacing government vehicles subject to operational needs of bureaux and departments and the availability of suitable models on the market. Of the 50 vehicles used by ENB and EPD, only saloon cars were suitable for replacement by EVs. At present, there were five saloon cars in use and three of them were EVs. The remaining two petrol saloon cars were relatively new and were not due for replacement yet.

7.7 Dr Helena WONG noted that since the implementation of the Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611) in December 2011, only nine fixed penalty tickets had been issued against idling engines. She enquired if there was a hotline for the public to report on idling engines.

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DDEP(3) said that EPD had been undertaking both enforcement and publicity activities to help drivers foster the green driving habit of stopping the engines of idling vehicles.

### **Vessel fuels**

7.8 Referring to the switch to the use of low sulphur diesel (LSD) with a sulphur content limit of 0.05% by local vessels, Mr Frankie YICK said that ferry operators had been advised that the fuel cost differential of using LSD was only \$0.07 per litre. He enquired whether the Administration would offer subsidy to ferry operators in the event that the fuel cost differential turned out to be more than \$0.07 per litre. DDEP(3) responded that in collaboration with the local marine trade, the technical feasibility study of tightening the cap on the sulphur content of local marine diesel from 0.5% to 0.05% was completed in March 2013. The outcome of the study had confirmed powering local vessels with LSD was technically feasible. The Administration had briefed the EA Panel on the details of the study findings and the way forward at its meeting on 25 March 2013. It was expected that with the switch to LSD by all local vessels, the price premium of LSD would likely be further reduced.

7.9 Mr WU Chi-wai noted that under the Port Facilities and Light Dues Incentive Scheme, the port facilities and light dues charged on ocean going vessels would be reduced by half if they chose to switch to cleaner fuels while at berth in Hong Kong waters. However, the participation rate of the scheme was only 12%. He enquired whether the Administration had studied the reasons for the low participation rate, and whether it would consider providing funding for the switch, the amount of which would range from \$400 million to \$600 million. Under Secretary for the Environment explained that the majority of shipping companies were reluctant to switch under a voluntary scheme as it would incur additional costs.

### **Radio-frequency radiation**

7.10 Referring to the list of consultancy studies commissioned by ENB and its departments for the purpose of formulating and assessing policies, Mr WONG Kwok-hing was concerned that no provisions had been made for conducting studies on the impact of radio-frequency radiation on public health. He considered that monitoring of radio-frequency radiation in

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Hong Kong had lagged far behind that of Shenzhen, and it would be necessary that financial provisions be allowed for engaging experts to conduct studies in this regard. SEN replied that no financial provisions had been made under ENB and EPD for conducting such studies but he would further look into the issue.

### **Solid waste management**

7.11 Dr Elizabeth QUAT said that despite the efforts made to reduce the environmental nuisances at landfills, the odour problem had not been abated. She enquired about the measures to mitigate the environmental nuisances associated with the operation of landfills, in particular, the odour problem at the South East New Territories (SENT) Landfill. She pointed out that such measures might include the reception of construction and demolition (C&D) materials only, the use of refuse collection vehicles with enclosed type design with tailgate cover, the use of marine transport instead of land transport, and the establishment of low emission zones.

7.12 Mr KWOK Wai-keung shared the concern about the odour nuisances caused by the operation of landfills. He said that despite spending over \$80 million in the past five years to mitigate the potential odour impact on the surrounding areas, the number of complaints was still on the rise. By way of illustration, the number of environmental complaints relating to the SENT Landfill had increased from 747 in 2008 to 1 953 in 2012. He was concerned whether the situation had worsened and enquired if there was a more scientific way to assess the odour impact on the surrounding areas. He also sought information on how much of the \$1.3 billion funding for the SENT Landfill Extension would be used to abate odour nuisances.

7.13 Mr Frederick FUNG enquired about the quantity of food waste that was deposited in landfills, the timeframe whereby food waste would no longer be deposited in landfills, as well as the targets for waste reduction and recycling.

7.14 In response, Deputy Director of Environmental Protection (2) (DDEP(2)) stated that a series of measures had been adopted by the Administration to abate the odour nuisances arising from the SENT Landfill and these included additional flushing and cleansing of Wan Po Road. The



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sludge generated would not be deposited at landfills but would be treated at the Sludge Treatment Facility at Tuen Mun upon its commissioning. SEN said that efforts would be made to minimize the environmental nuisances associated with the operation of landfills. To address community concerns on odour and given the proximity to residential developments, the proposed SENT Landfill Extension would be designated for reception of only C&D materials with no odour concern. The remaining waste, including municipal solid waste and special waste, would be diverted to other existing waste disposal facilities. As for waste reduction, efforts would be made to encourage source separation of waste as well as waste recycling. A waste management blueprint would be formulated setting out a full range of initiatives on reduction, reuse, recycling, recovery, treatment and land filling, etc.

7.15 Referring to the first phase of the Organic Waste Treatment Facilities (OWTF Phase 1) in Siu Ho Wan which was scheduled for commissioning in 2016, Mr KWOK Wai-keung noted that OWTF Phase 1 was designed to treat 200 tonnes of source separated food waste each day and produce about 7 000 tonnes of compost products each year. As the annual compost consumption in Hong Kong was estimated to be between 18 500 tonnes to 30 000 tonnes, the local market should be able to absorb the compost produced by OWTF Phase 1. Given the high cost incurred in recycling food waste into compost, he enquired about the means to encourage users to purchase the recycled compost, the price of which should be higher than other compost products. He also enquired whether subsidies would be provided to ensure the competitiveness of the recycled compost in terms of price. SEN responded that the community was supportive of the development of OWTF which was designed to recycle source separated food waste into biogas and compost products. The biogas was a renewable energy which would be used as fuel to generate electricity for OWTF Phase 1's internal use as well as export to the electricity grid. Therefore, there would be reasonable returns from OWTF. The Administration would study the price competitiveness of compost recycled from food waste.

7.16 Dr Helena WONG commented that there was an urgent need to treat food waste as it constituted more than one-third of the total waste generated. However, Phases 1 and 2 of OWTF to be developed at Siu Ho Wan and Sha Ling could only be commissioned in 2016 and 2017,

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respectively. She enquired about the measures to deal with food waste in the meantime. SEN said that the Government had adopted a "reduction first" waste management strategy and would continue to enhance the efforts in promoting waste reduction and recovery. It would be launching the Food Wise Hong Kong Campaign which aimed at promoting food waste reduction in cooperation with relevant trades. Apart from the development of Phases 1 and 2 of OWTF, consideration would be given to developing more on-site food waste treatment facilities to cope with the increased generation of food waste.

7.17 Mr MA Fung-kwok enquired about the treatment of non-food organic waste. He also enquired about the measures to promote source separation of waste in commercial and industrial sectors as this would improve the cost-effectiveness of waste treatment. SEN said that about 40% of waste deposited at landfills were organic waste (amounting to over 3 000 tonnes per day) which could be treated at OWTF upon its commissioning. He agreed with the need for more publicity efforts to educate the trades on the need for source separation of waste. DDEP(2) added that cooperation had been sought from the trades on food waste reduction and source separation of waste. A food waste treatment facility had been set up in Kowloon Bay to facilitate education and publicity on separation and treatment of food waste from the trade such as restaurants and hotels.

7.18 Mr WU Chi-wai noted that while about 190 000 square metres of eco-pavers manufactured from waste glass were produced annually in Hong Kong in the past two years, only about 160 000 square metres of eco-pavers were used annually in the public works projects on average. As it was evident that the supply of eco-pavers had exceeded the demand, he enquired if there were other outlets for eco-pavers. He supported that more use should be made of waste glass beverage bottles which could be collected and exported as reusable materials. Dr Kenneth CHAN shared the concern about the need to identify outlets for eco-pavers which were more expensive than conventional bricks. He also enquired about the progress of studies on the use of recycled glass cullet for the production of partition blocks.

7.19 SEN responded that efforts would be made to reuse waste glass materials in the construction sector without having to export them. As there was cost incurred in the recovery of waste glass, the cost of eco-pavers

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would inevitably be higher than conventional bricks. The producer responsibility scheme on glass beverage bottles would co-ordinate the effective collection and proper treatment of glass beverage bottles generated in Hong Kong and could reduce the cost of waste glass recycling. DDEP(2) added that under the Government's green procurement policy, it would make use of eco-pavers as far as possible. Apart from government projects, there were other construction projects which used eco-pavers manufactured upon demand. Waste glass could also be used as fill materials, eco-partition blocks and glassphalt, etc. Based on the recycling target and the outlets available, the waste glass materials collected could be used locally.

7.20 Mr Vincent FANG pointed out that there were over 500 waste recycling operations in Hong Kong and he was concerned about their fire safety as there had been frequent occurrences of fire in such operations. SEN shared the concern about the need for fire prevention by waste recycling operations. He said that assistance from the Fire Services Department had been sought in this respect. In response to members' enquiries, the Administration undertook to provide the fire prevention measures to be adopted by waste recycling operations.

7.21 Referring to the pilot community green stations which would be provided in each of the Legislative Council geographical constituencies, Ms Cyd HO said that as waste charging, extension of landfills and the Integrated Waste Management Facility were all in the pipeline, she did not see why the community green stations, which aimed at recycling of waste, should still be implemented under a pilot scheme. She was concerned about the slow progress of waste recycling, which should take precedence over incineration and land filling. She sought elaboration on the scale of operation of community green stations, the number of employment opportunities to be generated and the efforts made to identify outlets for the recycled products. SEN shared the view on the need for a multi-pronged approach in waste management. He said that at present, the recycling rate in Hong Kong was about 50% and continued efforts would be made to increase the recycling rate. DDEP(2) added that there were a number of organizations, including commercial enterprises, which were performing recycling operations. The Environment and Conservation Fund (ECF) had been funding non-governmental organizations (NGOs) in operating waste recycling network and programmes. The scale of operation of pilot

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community green stations would be much larger than the recycling centres operated by NGOs and the Administration expected a higher participation rate with the commissioning of the pilot community green stations.

7.22 Mr Paul TSE said that during the EA Panel's recent duty visit to Seoul, Republic of Korea, members noted that the city's successful experience in waste management was attributable to the participation by a large number of NGOs. He suggested that more financial support be provided to the public to take part in building a green community. Noting that the Government planned to inject \$5 billion into ECF to generate investment returns to further enhance public awareness and participation, he enquired about the expected investment returns and the priorities of funding allocation. SEN responded that the success of the Republic of Korea in waste management rested with the cooperation amongst the Government, NGOs and commercial sectors. The Administration was committed to providing financial support to NGOs to encourage public participation in green campaigns. Deputy Director of Environmental Protection (1) said that the investment returns from the injection into ECF would provide a sustained income in the long term. Based on a conservative projection, a 4% investment return of the \$5 billion injection would generate about \$200 million per year, which should be sufficient to provide financial support to various green campaigns of the community.

7.23 Referring to the low usage rate of the eight berthing spaces at the marine frontage of the EcoPark, Mr KWOK Wai-keung expressed concern whether this was attributable to inadequacies in supporting facilities, visitors' preference for land transport, or high berthing charges.

7.24 Given that the quantity of fill received at the fill banks in any given year was subject to the implementation programme of individual works projects, Mr Steven HO enquired about the means to assess the demand for filling spaces for 2013. He also noted that the quantities of fill received by the two fill banks at Tseung Kwan O and Tuen Mun had been on the rise since 2010 but the increase had not been met by a corresponding increase in the quantity of fill delivered to the Mainland. As the surplus fill materials would be used for reclamation purposes but the reclamation projects in Hong Kong were still at the planning stage, he enquired about the means to deal with the surplus fill materials. Ir Dr LO Wai-kiwok also enquired about the strategy for handling surplus fill materials as he

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understood that some inert C&D materials were being kept in industrial areas awaiting reclamation to be carried out in Hong Kong.

7.25 Director of Civil Engineering and Development replied that since 2007, about 10 million tonnes of surplus fill materials had been delivered to Taishan for reclamation purposes every year. The quantity of surplus fill materials delivered had amounted to more than 57 million tonnes over the years, resulting in a reclaimed area of over 400 hectares. With the decrease in reclamation projects in Hong Kong in the past decade, strenuous efforts had since been made to reduce the generation of fill materials. At present, almost 20 million tonnes of surplus fill materials were stockpiled at the fill banks in Tseung Kwan O Area 137 and Tuen Mun Area 38. The fill materials could be used in future reclamation projects, including the reclamation projects outside the harbour.

### **Sewage treatment**

7.26 Mr Gary FAN noted with concern about the plans to advance the relocation of the Sha Tin sewage treatment works (STSTW) to caverns as STSTW cost over \$2 billion to build and the design lives of the civil/building works and electrical and mechanical equipment were 50 years and 15 years, respectively. He enquired about the relocation cost to be incurred and the justifications for the advancement given that its stage 3 works had just been completed. Director of Drainage Services responded that STSTW was first commissioned in 1982 and had undergone several stages of extension to meet the continuous population growth in Sha Tin. Works under 4276DS "STSTW stage 3 extension" were completed in phases starting 2004 and were substantially completed in April 2012. All sewage treatment facilities had been put into operation and there was a project saving of about \$430 million. A feasibility study was being conducted on the relocation of STSTW to caverns which would be able to vacate 28 hectares of land for other developments. As the said relocation would not be completed until 2027, STSTW would have been in use for more than 40 years by then. It would be too early at present to estimate the cost for relocating STSTW as the feasibility of the relocation was still being explored.

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### **Control of external lighting**

7.27 Noting that only \$1 million had been allocated in 2013-2014 for the stakeholder engagement activities related to external lighting, Mr WONG Kwok-hing enquired whether more resources could be allocated to the control of external lighting, given the many complaints about light nuisance in districts such as Central and Wanchai. SEN replied that the Task Force on External Lighting was studying whether technical standards and parameters should be set for regulating external lighting in the local circumstances. Meanwhile, ECF had been funding studies on the control of external lighting.

### **Creation of posts in ENB and EPD**

7.28 Ir Dr LO Wai-kwok noted the net increase of 21 posts in ENB and EPD in 2013-2014 and enquired whether they would include directorate posts. Permanent Secretary for the Environment/Director of Environmental Protection responded that the 21 posts would include different grades of staff, such as treasury accountants and environmental protection officers, but there would be no directorate posts. In response to members' request, the Administration undertook to provide a breakdown of the 21 posts to be created.

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8.1 At the Chairman's invitation, Mr Paul CHAN Mo-po, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy areas of works for the coming year (Appendix IV-6).

### **Lift and escalator safety**

8.2 Noting that the Electrical and Mechanical Services Department (EMSD) had raised the inspection ratio for lifts from 1 out of 10 to 1 out of seven each year since 2009 but the team responsible for carrying inspections of lifts and escalators comprised less than 30 members, Mr SIN Chung-kai expressed concern about the quality of the inspections.

8.3 Pointing out that Hong Kong had more lifts per capita than other Asian countries such as Singapore and Japan, Mr CHAN Han-pan cast doubt on whether EMSD had sufficient manpower to conduct inspections of the large number of lifts and escalators in Hong Kong. With the full implementation of the Lifts and Escalators Ordinance (Cap. 618) in December 2012, Mr CHAN considered that EMSD should strengthen its manpower to carry out the inspections and enforcement work.

8.4 Director of Electrical and Mechanical Services (DEMS) said that at present a team of 23 EMSD staff, comprising one Senior Engineer, three Engineers and 19 inspectors, was responsible for carrying out about 9 000 on-site inspections of lifts and escalators a year on average. A total of eight posts had been added in 2010 to strengthen the team in its work to regulate lift and escalator safety. DEMS advised that, with two to four inspections conducted daily, the team was able to accomplish the targeted number of inspections with the existing manpower. Improvement orders would be issued to the concerned lift/escalator contractors for expediting the rectification of the irregularities found in the inspections. The Administration would review the manpower requirement regularly. Based on a risk-based approach, EMSD would enhance its inspections on contractors with poor performance records. A Lift and Escalator Safety Advisory Committee would be set up soon with members from the Consumer Council and the public to take in the views of various sectors on ways to ensure the safe operation of lifts and escalators, including enhancing the Performance Rating Scheme to make it more user-friendly for the responsible persons under the Ordinance, who were the property owners and building management companies.

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8.5 Pointing out that EMSD's target of conducting 9 400 inspections of lift and escalators in a year was set before the lift plunging incident in North Point on 2 March 2013 (the North Point Incident), Mr IP Kwok-him asked whether the Administration would increase the number of inspections to be undertaken in the light of the occurrence of the incident.

8.6 Noting that all the four suspension cables of the lift involved in the North Point Incident had snapped after the plunge, Mr Christopher CHUNG queried why the problems with the lift had not been identified earlier during EMSD's inspections. He enquired about the Administration's measures to ensure the quality of such inspections and whether more intensive inspections would be conducted for poorly-performed lift/escalator contractors.

8.7 DEMS explained that inspection ratio of lifts was one out of seven, and the inspection cycle for a lift took about seven years. The deterioration of the conditions of the lift involved in the North Point Incident had taken place after EMSD's last inspection of it in 2009. Immediately after the North Point Incident, EMSD had redeployed resources internally to carry out preliminary inspections within three days on all the 248 lifts maintained by the same contractor which repaired and maintained the lift involved in the Incident. While EMSD had set a target of carrying out 9 400 inspections of lifts and escalators in the financial year 2013-2014, it would review the need for enhancing the inspection process. The Administration would listen to the views of the Lift and Escalator Safety Advisory Committee for making improvements to the existing inspection procedures.

8.8 Mr Christopher CHUNG was disappointed that EMSD had taken no immediate action to review the lift inspection procedures but instead relied on the advice to be given by the Lift and Escalator Safety Advisory Committee, which had not yet been set up. SDEV clarified that the Administration had no intention to shirk the responsibility on taking regulatory control over lift and escalator safety. He remarked that not only the Administration, but also the responsible persons, registered lift/escalator contractors, registered lift/escalator engineers and registered lift/escalator workers all played an important role in ensuring the safety of the lifts and escalators. He stressed that in order to formulate a long-term solution, a comprehensive review would be necessary. DEMS added that the



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regulatory regime for lift and escalator safety in Hong Kong was comparable with that in other developed countries.

8.9 With reference to the information provided by the Administration that the average daily wages of lift and escalator mechanic in 2010, 2011 and 2012 was \$696, \$644 and \$605 respectively, Mr TANG Ka-piu sought explanation on the downward trend. Citing the daily wages of \$212 for an inexperienced lift worker as an example, he pointed out that the wage level in the lift industry was unreasonably low. DEMS said that the wage figures of lift and escalator mechanic were compiled by the Census and Statistics Department based on the information provided by registered lift/escalator contractors who might have just provided the basic salary figures. SDEV supplemented that it was imperative that lift and escalator workers would not be exploited by the employers, and in this connection, the Development Bureau would follow up on the remuneration issues with lift/escalator contractors.

8.10 Noting that the fines imposed on convicted lift/escalator contractors for violation of regulatory provisions during 2010-2011 to 2012-2013 only ranged from \$2,000 to \$5,000, Mr CHAN Han-pan queried the deterrent effect of the low fines. DEMS explained that with the commencement of the implementation of the Lifts and Escalator Ordinance (Cap. 618) in December 2012, the maximum fine for violation of the provisions had been increased to \$200,000. The maximum imprisonment period maintained to be 12 months.

### **Dongjiang water and water conservation**

8.11 Mr Gary FAN pointed out that the annual unit cost of Dongjiang (DJ) water supplied to Hong Kong had been on the increase since 2008-2009 but during the same period 147 million cubic metres of rainwater had been discharged to the sea due to overflow at small reservoirs. He asked if the Administration had adopted any measures to reduce the wastage. Director of Water Supplies (DWS) said that water would be discharged from small reservoirs when there was a heavy rainstorm and this should be considered an operational constraint instead of wastage. To reduce the overflow, it would be necessary to expand the capacity of the small reservoirs. However, in view of space limitation, it would be very difficult, if not impossible, to enlarge these reservoirs, which were mostly located in the urban areas.

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8.12 Mr Gary FAN asked about the timetable for the implementation of the desalination project and whether the commissioning of desalination plants would reduce Hong Kong's dependency on DJ water. He also asked the Administration to negotiate with the Government of the Guangdong Province (GD) to change the next DJ water supply agreement from adopting a "package deal lump sum approach" to applying a "payment on actual consumption approach". SDEV noted Mr FAN's view on the DJ water supply agreement. He said that the terms and conditions in the agreement were subject to the results of the negotiation between the Hong Kong and GD sides. On seawater desalination, SDEV advised that a planning and investigation study on constructing a desalination plant in Tseung Kwan O was in progress. In particular, in the light of the estimated cost of \$12 per cubic metre for seawater desalination, as compared with around \$8 per cubic metre for DJ water, the study would ascertain the cost-effectiveness of the project besides feasibility.

8.13 Mr WONG Kwok-hing pointed out that the former Lok On Pai Desalting Plant was shut down in 1982. He enquired whether the Administration had implemented strategic measures to promote water conservation, and whether annual supply of DJ water to Hong Kong could be increased so as to obviate the need for the construction of a desalination plant in Tseung Kwan O. DWS replied that the Water Supplies Department (WSD) had promulgated the Total Water Management Strategy in 2008 to map out the strategy for a balanced supply and demand of water. Under the Strategy, WSD had launched the Replacement and Rehabilitation Programme of Water Mains (the R&R Programme) to reduce water main bursts and leakages, extended the use of seawater for toilet flushing, and organized educational and publicity activities to engage the public on water conservation. On the supply of DJ water to Hong Kong, he said that China, including GD, had been facing water stress with increased intensity due to climate changes and reduction in rainfall. Moreover, the supply of DJ water to two of the GD cities, namely Huizhou and Shenzhen, had already exceeded the allocated quantities specified in the "Water Resources Distribution Plan in the Dongjiang River Basin of Guangdong Province". With GD's rapid economic development, GD's demand for water would continue to increase, and hence a further increase in the supply of DJ water to Hong Kong might not be feasible in the long run. Against this background, the Administration had commenced the planning and investigation study on the construction of a desalination plant in Tseung

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Kwan O as an effort to explore alternative sources of water supply. As the proposed desalination plant could only be commissioned in or after 2020, there was ample time for the Administration to study the cost-effectiveness and feasibility of implementing seawater desalination in Hong Kong. He further advised that the output capacity of the proposed plant would account for about 5% (9% if expanded) of the total water supply in Hong Kong.

8.14 Expressing appreciation for the drop in the number of water main burst incidents from 2 500 in 2000-2001 to 243 in 2012-2013 (up to February 2013), Mr TAM Yiu-chung enquired whether further measures would be implemented to reduce such incidents. He expressed concern about the impact of such incidents on water conservation and road traffic. DWS said that the R&R Programme undertaken by WSD was found to be effective in reducing water main bursts and leakages. The R&R Programme, coupled with water pressure management measures, would reduce main burst incidents and leakage rate to 15%. A new R&R Programme is also under planning for implementation after the current programme.

8.15 Mr WU Chi-wai asked if the Administration had formulated a plan for making the best combination of supply of water from different sources. In view of the fact that water usage per capita in Hong Kong was among the top in the world, he asked whether the Administration would take any measures, including progressive water tariffs, to encourage water conservation, and set quantitative targets for WSD's water conservation work. DWS said that the Administration would regularly review the mix of water sources to ensure that the optimal cost-effectiveness was achieved. Since the rainwater collected locally could only provide 20% to 30% of the water supply in Hong Kong, importation of DJ water to make up the remaining 70% to 80% of water supply was the most cost-effective way to meet the demand for water in Hong Kong at current juncture. To better prepare Hong Kong for uncertainties such as acute climate changes and reduction in rainfall, the Administration considered it necessary to explore other sources of water supply and hence had started to study the feasibility and cost-effectiveness of seawater desalination. On water conservation, DWS advised that with the implementation of Total Water Management Strategy since 2008, the projected water consumption for the year 2030 had been reduced from 1.3 billion cubic metres to 1.1 billion cubic metres. Under the Strategy, the quantitative target for water conservation was 100 million cubic metres per annum. As regards water usage per capita, which

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was at around 220 litres per day, DWS advised that the amount included 90 litres of water, mostly seawater, for toilet flushing. The use of seawater for toilet flushing since the 1950's had helped save over 20% of the annual total fresh water consumption in Hong Kong. In an attempt to reduce the daily fresh water consumption per capita in Hong Kong from 130 litres closer to the international average of 110 litres, WSD had launched various publicity and education programmes to encourage water conservation, the latest one being a pilot scheme for the "Let's Save 10L Water" campaign. As for the water tariff structure, he advised that it consisted of four tiers with progressively increasing prices to discourage excessive use. The Administration would review the tariff structure as and when necessary.

8.16 Mr Tony TSE asked if the Administration would consider reusing the water collected in underground stormwater storage tanks, such as the one at Happy Valley. Director of Drainage Services said that in the case of Happy Valley, stormwater from the upper catchment would be intercepted by the Hong Kong West Drainage Tunnel whereas stormwater collected from the middle and lower catchments would be diverted to the underground storage tank at Happy Valley for temporary storage during rainstorms to prevent overloading the drainage network and preventing flooding at Happy Valley and nearby areas. After a rainstorm, the stormwater temporarily stored in the tank would be pumped out and discharged to the sea, so as to make room for the next rainstorm. As such, the storage tank would not be able to maintain the water for other usage. In addition, the stormwater running through the developed areas of the lower catchment would likely be polluted and the quality of the stormwater stored in the tank could not be guaranteed. In view of the above considerations, it might not be appropriate to reuse the water collected in the underground tank.

### **Tree management**

8.17 Noting that there had been a reduction in the number of trees in the Register of Old and Valuable Trees (the OVT Register) since it was set up in 2004, Dr Kenneth CHAN expressed concern about the Administration's efforts in protecting the trees in the Register. He was disappointed that the Administration had no plan to review the approach to tree management and to study the enactment of legislation on tree management. Furthermore, without sufficient manpower and resources, some Government departments responsible for tree management were

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greatly constrained in their work. For instance, the Architectural Services Department (ArchSD) only had five tree management staff to manage more than 200 000 trees. He queried how these departments could maintain the trees under their purview properly. Deputy Secretary for Development (Works)1 (DS(W)1) said that the Administration had issued invitations to relevant organizations and green groups for nominations of trees on Government land to enrich the OVT Register; so far more than 10 nominations had been received. Since the Task Force on Tree Management led by the Chief Secretary for Administration published its report in June 2009 on ways to improve the co-ordination of greening and tree management efforts, tree management departments had been allocated additional resources to enhance the efficiency of work. To better utilize their resources, some of these departments had engaged contractors to undertake tree maintenance and inspection jobs, with staff of the departments undertaking the supervisory role. The Administration had strengthened its efforts in enhancing the training for tree management staff. Director of Architectural Services (DArchS) explained that ArchSD was mainly responsible for trees at the slopes maintained by the department. The maintenance works had been outsourced to contractors, with ArchSD staff playing a supervisory role.

8.18 Referring to the 200 problem trees identified through a survey of roadside trees, Ir Dr LO Wai-kwok enquired about the Administration's follow-up action to deal with these trees, given that they might pose hazard to pedestrians and traffic in the coming rainy and typhoon season. DS(W)1 advised that the Tree Management Office (TMO) had promulgated a tree risk assessment arrangement with detailed guidelines for the tree management departments. Tree assessment in areas with high pedestrian and traffic flow was conducted in two stages, first on an "area basis" and then on a "tree basis". Where necessary, detailed inspection would be carried out to determine the most appropriate actions to be taken. The relevant departments also had to send the assessment reports to TMO for audit check. In parallel, the Administration had informed owners' corporations of private residential developments to inspect the trees under their management before the arrival of the typhoon season. At Ir Dr LO's request, the Administration undertook to provide detailed information about the follow-up action taken on the 200 problem trees.

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### **Manpower resources in the construction industry**

8.19 Mr IP Kwok-him said that in the light of the forecast construction projects in the coming years, it was estimated that about 20 000 more construction workers, including 10 000 skilled workers, were required. He enquired about the Administration's plans to address the need for additional manpower in the construction industry.

8.20 Mr James TIEN noted that the number of job opportunities created by the Administration's capital works projects in 2013-2014 would be 7 900 more than that in 2012-2013. However, as at January 2013, the Enhanced Construction Manpower Training Scheme had only provided about 2 000 training places. Mr TIEN queried whether sufficient workers could be provided to cater for the demand for construction manpower.

8.21 Permanent Secretary for Development (Works) (PS(W)) replied that with the implementation of a registration system for construction workers since 2007, the Administration was in a better position to grasp the information about supply of construction manpower. With reference to the forecast construction output in the near future, the Administration was of the view that the overall demand for construction workers could be met but there might be skills mismatch in some trades. To address this shortfall, the Administration had increased resources to enhance the training of construction workers with a view to addressing the shortage of skilled workers in 17 identified trades.

8.22 SDEV supplemented that the Construction Industry Council (CIC) would provide more than 8 000 training places annually in 2013 and 2014. Moreover, CIC had launched the Contractor Cooperative Training Scheme whereby participating contractors would employ trainees on a "first-hire-then-train" basis. The Scheme had successfully attracted many young people to join the construction industry. The Administration would continue with its efforts in providing more training opportunities to attract young people to join the construction industry so as to address the problems arising from the aging of the workforce and mismatch of skills.

8.23 Mr TAM Yiu-chung asked whether the Administration would consider adjusting the construction output in the public sector if there was a shortage of construction workers in the coming years. PS(W) replied that it was estimated that the construction output in the public sector for the next

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few years would be maintained at over \$70 billion annually. The Administration would consider deferring those public works projects under planning with no urgent needs or extending their works period, if there was insufficient manpower. However, he further advised that the number of registered construction workers currently stood at 310 000 with new workers joining the industry each year. Out of these workers, around 30 000 were unemployed or underemployed, and 50 000 registered persons did not currently work in the industry. Consideration would be given to mobilizing these two groups of workers as well as attracting and training new entrants in order to provide more skilled workers to meet future demand.

8.24 Mr Abraham SHEK expressed concern about any decision to adjust the construction projects due to insufficient manpower. He opined that such a decision, if taken, would have an impact on the economic development of Hong Kong. He asked whether the Administration would consider allowing importation of labour for the construction industry on the condition that the employment opportunities and wage level of local construction workers would not be adversely affected. PS(W) said that according to the Supplementary Labour Scheme, contractors who had genuine difficulty in finding suitable staff locally could apply for importing workers. Mr TANG Ka-piu said that according to the information provided by the Administration, some 284 workers had been imported into Hong Kong for the construction industry in 2012 under the Supplementary Labour Scheme. He considered that importation of labour should be pursued under the existing mechanism.

### **Energizing Kowloon East**

8.25 Mr Alan LEONG asked about the public works programmes which would be submitted to the Finance Committee for funding approval in 2013-2014 in relation to the Administration's Energizing Kowloon East (EKE) initiative. In reply, Head of Energizing Kowloon East Office (Head of EKEO) advised that funding approval for carrying out face-lifting of Tsun Yip Street Playground as well as some consultancy studies as minor works items would be required.

8.26 Mr Alan LEONG further asked whether the Administration would implement any measures, in particular short-term ones, to enhance the connectivity between the Kowloon Bay Mass Transit Railway (MTR)

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Station and the Kowloon Bay Business Area (KBBA) so as to ease the heavy pedestrian flow near the MTR Station. Head of EKEO said that for a better accessibility from Kowloon Bay MTR Station to KBBA and further to the waterfront of the Kai Tak Development area, the Administration had commissioned a feasibility study to examine improvements to the pedestrian environment in KBBA. As part of the study, the views of local District Councils and community organizations would be consulted. Before the completion of the study in 2014, some short-term measures would be identified for implementation to enhance the connection between the MTR stations and the waterfront, including improvement works to existing road junctions and provision of traffic/directional signs to divert the pedestrian flow.

### Creative industry

8.27 Noting that the Administration had commissioned a "Study on Industrial Heritage of Kowloon East and its Potential for Public Art and Urban Design", Mr Tony TSE asked whether members of the creative industry in Kowloon East would be engaged in the study and what measures the Administration would take to make them benefit from the EKE initiative. Head of EKEO said that one of the guiding principles for the EKE initiative was to promote diversity. As such, the Administration would support the continuation of the operation of the creative industry in Kowloon East. According to the Survey on Business Establishments in Kowloon East conducted by the Planning Department in 2011, there were more than 500 establishments operating cultural and creative workshops in the district. EKEO would seize every opportunity to engage the stakeholders, including the local creative industry, in the transformation process. The Administration would explore opportunities to provide suitable space in Kowloon East for the local creative industry. For instance, it was exploring the possibilities of turning the remaining plots of flyover sites in the district into venues for more diversified activities. It would also study the best way for reserving floor space for arts and cultural activities in existing and new premises in the district.

8.28 Mr WU Chi-wai asked whether the aforesaid study would cover the role that the creative industry in Kowloon East would play in energizing the district and the resources and support that the Administration would provide to the industry. The Administration undertook to respond after the meeting.



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### Space for commercial development

8.29 Noting that the office floor area available for development in Kowloon Bay, Kwun Tong and Kai Tak might reach about four million square metres in the near future, Mr CHAN Kam-lam enquired about the Administration's timeframe for putting up commercial sites in these areas for sale to meet the market demand. SDEV replied that potential commercial sites which would be available for sale in the current financial year had already been included in the annual land sale programme. However, the progress of private projects involving redevelopment of existing industrial buildings would depend on the initiatives taken by the private sector. Under the EKE initiative, one role that EKEO actively played was to provide one-stop support to land development proposals that were conducive to private sector development for transforming Kowloon East. The Office would continue its efforts in this respect. On the other hand, the Administration was examining feasibility of relocating some existing Government facilities from the district in order to release development potential of sites for more office/commercial development. Mr CHAN Kam-lam expressed concern that since the rezoning of industrial sites hinged on the initiatives taken by private developers, the supply of office space in Kowloon East might not be stable. He urged the Administration to take a more active role in ensuring the supply of office space in the district by, for example, putting up commercial sites at Kai Tak for sale at suitable times.

### **Road excavation works**

8.30 Noting that the number of excavation permits extended had increased in the past two years, Mr CHAN Kam-lam said that extended road excavation had caused traffic congestion. Mr CHAN asked if the Administration had compiled a comprehensive database on the existing underground utilities for better co-ordination of excavation works. PS(W) said that the Highways Department was the controlling body for issuing excavation permits and co-ordinating road excavation works. The Department had developed a computerized platform with utility companies for sharing the information about the underground utilities of these companies and facilitating the co-ordination of road excavation works. PS(W) supplemented that, with the passage of the legislation to regulate road excavation works, the number of such works had already reduced.

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The Highways Department was in the process of reviewing the road excavation co-ordination system with a view to enhancing the efficiency of its operation. At Mr CHAN's request, the Administration would provide more information about the aforesaid computerized platform.

### **Comprehensive cycle track network in the New Territories**

8.31 Mr LEUNG Che-cheung expressed concern about the slow progress in the construction of a comprehensive cycle track in the New Territories. He enquired about the progress of the project and the difficulties encountered in its implementation. In reply, DCED said that the comprehensive cycle track network in the New Territories, at a total length of 82 kilometres (km), was made up of mainly two sections, viz (i) the Tuen Mun to Ma On Shan section and (ii) the Tsuen Wan to Tuen Mun section. In view of the extensive length of the cycle track, the Administration planned to implement the cycle track network in phases. The section from Ma On Shan to Sheung Shui was currently under construction and the works would be completed by end-2013. For the section from Sheung Shui to Tuen Mun, which was 30 km in length, the detailed design works for stage 1 (16.5 km) had been completed and funding approval would be sought from the Finance Committee for carrying out the construction works in mid-2013. For the remaining works under this section, detailed design was in progress. The Administration had to discuss further with the concerned green groups about options to minimize the impact on bird nests recently found on trees at Hip Shing Wai along the proposed alignment. For the Tuen Mun to Tsuen Wan section, which was 22 km long, there were other difficulties. For the first section of about 2.3 km from Tsing Tsuen Bridge to Bayview Garden, the Administration was discussing with local residents with a view to addressing their concerns on the proposed alignment of the cycle track. For the section of 4.5 km between Bayview Garden and Sham Tseng, detailed design and an environmental impact assessment study were being conducted. For the last section from Sham Tseng to Tuen Mun of about 15.5 km, residents of some private residential developments did not support the proposed alignment, since they were worried that the part in the vicinity of their properties might cause safety issues or nuisance to their living environment. A consultancy study was currently in progress to review the alignment. DCED emphasized that the Administration would strive to expedite the works by taking forward the project in phases and would endeavour not to resume private lands for the project, as far as possible, so as to minimize the impact

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of the works on local residents.

### **Security of payment in construction-related contracts**

8.32 Mr Abraham SHEK enquired when the proposed new legislation to enhance the security of payment in construction-related contracts and to expedite the resolution of contractual disputes would be introduced into the Legislative Council. SDEV said that the legislative proposal would be introduced after the industry consultation was completed in the 2013-2014 legislative session.

### **Procurement system for public works projects**

8.33 In response to Mr Abraham SHEK's enquiry, PS(W) said that a strategic review of the existing procurement system for public works projects to enhance competitive tendering was in progress. The Administration was examining the tender limits for Groups A and B public works with a view to enhancing the participation of more contractors, of different scales, in the tendering exercises.

### **Energy management system certification**

8.34 Noting the Administration's view that ISO50001 Energy Management System Certification was more suitable for organizations which consumed large amount of energy in their operation, Ir Dr LO Wai-kwok pointed out that ISO50001 was also applicable to single buildings and could integrate with other management systems, such as ISO9001 and ISO14001, which were adopted by ArchSD for Government buildings. Given that ISO50001 had been used by the Science Park and the Hong Kong Housing Authority, and that the facilities of the Drainage Services Department consumed a substantial amount of electricity in their operation, he called on the Administration to reconsider adopting ISO50001 for Government facilities, where appropriate. DArchS said that the Administration remained open to the choice of the appropriate certified management systems for its buildings and facilities. At present, ArchSD had been certified under an integrated management approach, comprising ISO9001, ISO14001 and OHS18001 management systems. Taking note of Ir Dr LO's view, DArchS undertook to evaluate the different standards in order to adopt the most appropriate energy management system for Government buildings and facilities.

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9.1 The Chairman invited members to refer to the speaking notes of the Secretary for Development (SDEV) for the session, which highlighted the major initiatives and expenditure on the policy areas of planning and lands for the coming year (Appendix IV-7) and was tabled at the meeting.

### **Land supply for housing**

9.2 Dr KWOK Ka-ki held the view that most of the long-term measures proposed by the Administration to increase housing land supply were contentious and required a long time for implementation. He asked if there were short-term measures to boost housing land supply during the current term of the Government to meet the pressing demand for housing. SDEV said that apart from long-term measures, such as reclamation outside Victoria Harbour and rock cavern development, which aimed at creating a sufficiently large land reserve to meet future demand, the Chief Executive had proposed in his 2013 Policy Address various short- to medium-term measures to enhance land supply within a shorter time span. These measures included the conversion of 36 Government, Institution or Community (G/IC) and other Government sites, 13 Green Belt sites and 16 industrial sites to residential use; increasing the development density of residential sites as far as allowable in planning terms; taking forward the planning for residential development at West Rail Kam Sheung Road Station and Pat Heung Maintenance Depot, etc.

9.3 Mr LEUNG Che-cheung said that although the Administration had included 46 residential sites in the 2013-2014 Land Sale Programme, he was concerned about the total number of private flats that could be provided at some of these sites given their limited sizes. In view of the existing high land prices, developers might have little incentive to bid for a site if they anticipated that the flats to be provided at the site would be beyond the affordability of most Hong Kong people. He enquired whether the estimated number of private flats to be provided at the 46 residential sites as well as the land lots currently hoarded by developers could meet the Administration's new targets for private housing supply. Mr James TIEN declared that he was a property developer and had bid for Government sites. Given the limited supply of land in Hong Kong, he considered that if all the residential sites included in the 2013-2014 Land Sale Programme were disposed of in the coming year, it might be difficult for the Administration to identify new residential sites for sale in 2014-2015.

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9.4 SDEV replied that as announced in the 2013 Policy Address, the Administration estimated that a total of 67 000 first-hand private residential units would come onto the market in the next three to four years, which represented a significant increase in the total supply of housing compared with the annual average provision of only 9 800 private flats in the past five years. SDEV said that to tackle the existing imbalance between the supply and demand of housing units as well as the problem of high property prices, the Administration would maintain its plan to include all the 46 residential sites in the 2013-2014 Land Sale Programme. In the meantime, the Development Bureau and relevant Government departments would continue to identify suitable land for housing development. Some suitable G/IC sites and Green Belt sites would be converted to residential use where appropriate. He assured members that the Administration had firm commitment to develop land resources actively to meet the housing supply targets and build up a land reserve.

9.5 In response to Mr WONG Kwok-hing's enquiry about the total area of the 65 G/IC, Green Belt and industrial sites which would be converted to residential use as mentioned above, Permanent Secretary for Development (Planning and Lands) (PS(P&L)) responded that the G/IC, Green Belt and industrial sites covered an area of 27, 57 and 30 hectares respectively. Mr WONG asked the Administration to provide information about the proportions of the land at these sites to be designated for public and private housing developments respectively, and for the sites designated for public housing developments, the proportions of land for public rental housing (PRH) and Home Ownership Scheme (HOS) developments respectively. He considered it pivotal for the Administration to increase the provision of PRH units and provide an appropriate number of HOS units to cater for the housing need of the lower and middle classes. He requested that the above information be provided after the meeting and suggested the subject matter be further discussed at the Subcommittee on the Long Term Housing Strategy of the Legislative Council.

9.6 In response to Mr WONG Kwok-hing's question about the area and use of sites where there were vacant Government properties, PS(P&L) advised that the Administration had an established mechanism for determining the use of such sites. To optimize the use of land, arrangements would be made for temporary use of vacant Government properties if the sites concerned were not immediately required for the planned developments. At Mr WONG's request, the Administration

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undertook to provide information on the total number and areas of sites where vacant Government properties were located.

9.7 Taking into consideration that there was an acute shortage of supply of subsidized housing units, Miss Alice MAK enquired whether the Administration would allocate some of the sites listed in the 2013-2014 Land Sale Programme for developing subsidized housing if there was a lack of interested bidders for these sites. SDEV replied that whether or not a site was suitable for subsidized housing development was considered in light of its location, surrounding land uses, infrastructural capacity, etc. There was an established mechanism for the Administration to allocate suitable sites for public and private housing developments. The sites suitable for developing subsidized housing would be allocated to the Hong Kong Housing Authority and the Hong Kong Housing Society, while the sites suitable for private residential projects would be included in the Land Sale Programme. He assured members that the Administration would keep an open mind on the use of Government land. As regards the concern about developers' lukewarm response to some of the sites, SDEV said that apart from large developers, there was no lack of small- and medium-sized prospective developers in the market who would be interested in taking forward the developments.

9.8 Mr Abraham SHEK declared that he was a non-executive director of the MTR Corporation Limited (MTRCL). Pointing out that there were a large number of applications on the PRH Waiting List and the supply of HOS units was limited, he enquired whether the Administration would liaise with MTRCL and the Urban Renewal Authority (URA) on providing subsidized housing units in the West Rail property development projects and urban renewal projects respectively. SDEV responded that URA's primary mission was to address Hong Kong's urban decay problem and its redevelopment projects had to be implemented on a self-financed basis. Moreover, except a few sites like the one for the Kwun Tong town centre redevelopment project, most URA redevelopment sites were of a small scale and unsuitable for subsidized housing development. As to whether any West Rail property project site was suitable for developing subsidized housing, he said that this had to be considered on a case-by-case basis with reference to the requirements under the relevant Outline Zoning Plan. Mr Abraham SHEK pointed out that the residential sites at Kam Tin South West Rail Kam Sheung Road Station and Pat Heung Maintenance Depot might be suitable for developing subsidized housing and the plot ratios

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might be increased to provide more units. At his request, the Administration undertook to provide written information on whether the property development sites along the West Rail held by MTRCL could be used for public housing development and whether conditions on plot ratios could be imposed on applications for amendments to land leases.

9.9 Ir Dr LO Wai-kwok was concerned whether the Administration could achieve its set targets for housing supply as the planning procedures of certain sites listed in the 2013-2014 Land Sale Programme, such as the one at Renfrew Road, Kowloon Tong, where the former campus of the Hong Kong Institute of Vocational Education (Lee Wai Lee) was situated, had not yet been completed. In the case of this site, there were objections from the local District Council as well as the Hong Kong Baptist University to the proposal of converting it to residential use. At the Chairman's request, the Administration would provide a written response to address Ir Dr LO's concern.

9.10 On the supply of commercial land, Mr Michael TIEN enquired whether the Administration had any plan to increase the supply of land for the use of the retail business. SDEV replied that the Development Bureau primarily played a supportive role by allocating land resources to cater for the need of other bureaux in pursuing their policy initiatives. When planning the land use of an area, the Planning Department would take into account the views and requests received from policy bureaux with respect to housing, infrastructure, commercial and retail developments etc.

### **Land sale arrangement**

9.11 Mr Alan LEONG said that Members belonging to the Civic Party supported the abolition of the Application Mechanism for Land Sale and considered that the mechanism had completed its historical mission. He suggested that, to enable prospective property buyers to have a better picture of future housing supply, the Administration should enhance the transparency of the supply of land and housing units. He enquired whether the Administration would consider releasing information at regular intervals and on district basis about the number of land lots sold, the land lots that would be made available for sale in the coming few quarters, the progress of residential development projects, as well as the number of flats sold and vacated. SDEV agreed with Mr LEONG that transparency on land supply should be enhanced. He would relay to the relevant bureau Mr LEONG's

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suggestion of making public updated information about property sale in each district. As regards other suggestions, SDEV cautioned that the development feasibility of an area had to be ascertained through a series of planning, engineering and technical studies. Premature release of information about the development potential of an area might cause misunderstanding among the public.

9.12 In response to Mr IP Kwok-him's enquiry on whether the Administration had assessed how its revenue from land sale would be affected by the abolition of the Application Mechanism, Director of Lands (D of L) explained that the Administration did not have a precise estimate on the revenue from land sale in the coming years as the actual result of land sale would be subject to market conditions. D of L remarked that in the 2012-2013 Revised Estimate of the Capital Works Reserve Fund, the total amount of land premium was \$69.1 billion, which served as a reference for the Administration in estimating the revenue from land premium in 2013-2014.

9.13 Mr LEUNG Che-cheung asked whether the 46 residential sites included in the 2013-2014 Land Sale Programme would be sold through public tender or auction. D of L replied that as a method for the sale of Government land, both public tender and auction had their own merits and demerits. While auction was a means for land sale, the Administration had in most of the time resorted to tendering where appropriate in the past few years. The main consideration was that the bidders in a tender exercise could submit bids with a calm mind.

### **Reclamation outside Victoria Harbour and rock cavern development**

9.14 Noting that a study on reclamation outside Victoria Harbour and the development of rock caverns would continue in 2012-2013 for enhancing land supply strategy, Mr Michael TIEN enquired about the differences in the duration of the lead time and the cost per hectare of land between reclamation and development of rock caverns. SDEV replied that the cost and time required to implement these two options would vary with the site location, the facilities to be provided at the site, the scale of the public consultation on the project, etc. Citing the relocation of Sha Tin Sewage Treatment Works to a cavern at Nui Po Shan as an example, SDEV said that the Administration had to spend considerable time on consulting the residents who would be affected by the project before it could move



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forward. As regards Mr TIEN's question about the facilities suitable for relocation to rock caverns, SDEV advised that, apart from sewage treatment works, columbaria and service reservoirs could be considered.

### **Property development projects along the railway**

9.15 Mr Tony TSE said that as MTRCL projects made up one of the largest chunks of the government's annual schedule of land supply, he was concerned about the failure of the recent tendering exercises in respect of the property development projects at Nam Cheong Station and Tsuen Wan 5 (Bayside). He opined that the Administration should liaise closely with MTRCL in working out the tender requirements with due regard to the market conditions. D of L explained that in respect of the property development projects along the West Rail, the Lands Department (LandsD) maintained regular communication with MTRCL over the required land premium and lease conditions of the sites.

### **North East New Territories New Development Areas**

9.16 Dr KWOK Ka-ki noted from the Financial Secretary's Budget Speech that \$4.5 billion would be earmarked in the five years from 2013-2014 to carry out studies and design work and progressively roll out the land development projects relating to reclamation outside Victoria Harbour, opening up of new development areas (NDAs) and the development of caverns. Dr KWOK enquired about the amount to be allocated to the study on the proposed North East New Territories (NENT) NDAs project. He opined that while there was no public consensus on the implementation of the said project, it might not be appropriate for the Administration to reserve funds in the Budget for taking forward the project in 2013-2014. He queried whether the Administration planned to proceed with the project regardless of the controversies over it.

9.17 SDEV said that the provision of \$4.5 billion would cover the studies on a variety of land development projects as mentioned by Dr KWOK. As regards the NENT NDAs project, a revised proposal incorporating as far as possible the mainstream views collected during past public engagement exercises would be announced soon for further discussion. On reclamation outside Victoria Harbour on an appropriate scale and development of caverns, the Administration was conducting the Stage 2 Public Engagement exercise to seek views on five proposed

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near-shore reclamation sites, the proposed studies of constructing artificial islands and three proposed rock cavern development sites. Subject to public support, detailed feasibility studies would be carried out on each of the proposals. Notwithstanding the provision in the Budget, the allocation of funds for individual projects and studies would still require the approval of the Finance Committee. Given that there were always diverse views on each proposal on enhancing land supply, the Administration aimed to forge consensus on an option which was mostly acceptable to the community. As requested by Dr KWOK, SDEV would provide the funding provision in 2013-2014 for the studies on the proposed NENT NDAs project.

9.18 Mr CHAN Chi-chuen said that as the Administration planned to publish the report on the Stage 3 Public Engagement of the NENT NDAs Planning and Engineering Study (the NENT NDAs Study) in the second quarter of 2013, he was worried that the Panel would not have sufficient time to deliberate on the related matters during the summer recess.

9.19 SDEV noted Mr CHAN's concern. He explained that since the adjustments to the proposals under the NENT NDAs Study would be substantial in light of the views collected during the Stage 3 public engagement, and a series of studies and technical assessments, such as studies on the increase of public housing supply and air quality assessment, had to be conducted before finalizing the changes to the previous proposal, there was a possibility that the report could not be completed by June 2013. He assured members that the Administration would endeavour to publish the report as early as possible. In response to Mr CHAN's enquiry on whether the Administration would carry out a consultation afresh to engage the whole community in the planning of NENT NDAs, PS(P&L) replied that subject to the progress of the NENT NDAs Study, the Administration would determine whether and how further consultation would be conducted. SDEV added that under the statutory planning procedures, members of the public as well as Members of the Legislative Council would have adequate channels to participate in the finalization of the development plan for NENT NDAs.

9.20 Noting that the Administration had commissioned the same consultant, namely Ove Arup & Partners Hong Kong Limited, for conducting both the NENT NDAs Study and the Planning and Engineering Study on Development of Lok Ma Chau Loop, Mr Gary FAN enquired whether the exercises for inviting tenders for the consultancy contracts for

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the two studies had been conducted separately. The Administration advised in the affirmative. PS(P&L) added that the tendering exercises were carried out according to established tender procedures. Mr CHAN Chi-chuen enquired why the estimated consultancy fee for the NENT NDAs Study increased to \$8.5 million in 2013-2014 given that the actual consultancy fee was only around five to six millions annually in the past three years. PS(P&L) clarified that the estimated expenses on the NENT NDAs Study in 2012-2013 was \$8.2 million, which was close to the estimated consultancy fee in 2013-2014, and explained that the NENT NDAs Study in 2013-2014 covered a variety of tasks such as on-site investigation and scientific research.

### **Planning and Engineering Study on the Remaining Development in Tung Chung**

9.21 Mr TANG Ka-piu declared that he was a member of the Islands District Council. He said that there were views from the local community of Tung Chung suggesting that more housing units should be provided to accommodate a larger population so as to take up the employment opportunities in the district. Noting that the proposed target population under the Planning and Engineering Study on the Remaining Development in Tung Chung (the Tung Chung Study) conducted by the Administration was 220 000 and some Tung Chung residents had raised objection to the proposed reclamation at Tung Chung West under the study, he was concerned whether the target population would change in the event that the Administration decided not to proceed with the proposed reclamation. Mr TANG said that according to the Transport and Housing Bureau, it would decide in 2014 on whether to proceed with the proposal of constructing a railway station at Tung Chung West. Since the Tung Chung Study would only be completed in 2015, he asked how the remaining development to be proposed in the study would tie in with the provision of the railway station.

9.22 Director of Planning (D of P) replied that the target population of 220 000 was a preliminary estimation which might be subject to adjustment as the Tung Chung Study progressed. He said that the Administration understood the concerns of some members of the public and environmental protection groups about the proposed reclamation at Tung Chung West and would strive to strike a balance between development and conservation. As the development project was at the stage of undergoing a planning and

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engineering study, at this juncture it was difficult to tell whether and how the target population would change in the event that the proposal on reclamation at Tung Chung West would not proceed. D of P continued that railway development should integrate with community development in an area. He considered that the provision of a railway station at Tung Chung West was desirable to cater for the population increase in the area.

9.23 Recalling that the Administration had originally planned to complete the Tung Chung Study by mid-2014, Mr TANG Ka-piu queried why the anticipated completion date was deferred to 2015. SDEV explained that during the course of the study, time was needed to collate public views collected during the public engagement exercises and to consider how to address community concerns. While the next stage of public engagement for the study would be launched in the second half of 2013, the Administration would compress the time for completing the study as far as possible.

### **Planning and Engineering Study on Tuen Mun Areas 40 and 46**

9.24 Miss Alice MAK called on the Administration to expedite the progress of the integrated Planning and Engineering Study on Tuen Mun Areas 40 and 46 and the adjoining areas which commenced in mid-2013. She pointed out that to enhance public participation in the planning for an area, it was important for the Administration to improve its public engagement exercises, some of which had not been carried out effectively for other development proposals.

### **Harbourfront enhancement and development**

9.25 While noting that the Administration had actively undertaken the Hong Kong Island East Harbourfront Study in recent years and had finalized the harbourfront enhancement proposals, Mr Christopher CHUNG was concerned about the progress of the implementation of the proposals. He said that according to the Administration, the completion of the Hong Kong Island East promenades was subject to the progress of the construction of individual sections such as the proposed boardwalk underneath the Island Eastern Corridor (IEC), he enquired whether the Administration would implement the Hong Kong Island East promenades in phases by first completing the sections involving less complexity.

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9.26 In reply, PS(P&L) said that the Harbourfront Commission, together with the Administration, had stepped up efforts in the enhancement and development of the harbourfront areas. Enhancement works had been carried out in phases to provide waterfront promenades along Victoria Harbour at Kwun Tong, Hung Hom, Sheung Wan, Quarry Bay as well as the former airport runway at Kai Tak. On the development of the IEC boardwalk, the Harbourfront Commission had been liaising with relevant Government departments on resolving the issues related to the project and would be open to suggestions from the local District Council on any interim measures to facilitate public enjoyment of the harbourfront areas near IEC.

9.27 Mr Alan LEONG said that Members belonging to the Civic Party considered it important to set up a statutory body to press ahead with the harbourfront enhancement projects as early as possible. He enquired about the timeframe for conducting the public consultation on the proposal for setting up a dedicated statutory Harbourfront Authority. PS(P&L) responded that the Development Bureau would collaborate with the Harbourfront Commission in consulting the public on the proposed establishment of the Harbourfront Authority. The Harbourfront Commission had formed a task group to look into the related issues. It was planned that a public engagement exercise on the subject matter would commence in the first half of 2013.

### **Urban renewal**

9.28 Miss CHAN Yuen-han asked whether the Administration would consider setting up forums similar to the Kowloon City District Urban Renewal Forum (Kowloon City DURF) in other old urban areas. While acknowledging that public consultation was essential in the planning of urban renewal projects, Miss CHAN considered that eventually the Administration must preserve the historical, cultural and economic characteristics of a district when taking forward such projects. She stressed that it was of paramount importance for urban renewal projects to be planned in such a way that it would connect the existing and new features of a community in an organic way. She urged the Administration to ensure that in the process of urban renewal, small shop operators would be able to continue their businesses in the same district and the social networks of local residents would be maintained.

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9.29 Deputy Secretary for Development (Planning and Lands)<sup>2</sup> replied that the purpose of setting up the Kowloon City DURF was to strengthen the planning of urban renewal in a "people-first, district-based and public participatory" approach. In the planning process, a DURF would conduct not only broad-based public engagement activities, but also various studies, including social impact assessments. The main elements of social impact assessments would cover the socio-economic, cultural and local characteristics in the area and mitigation measures for affected residents and business operators. When drawing up the Urban Renewal Plan for Kowloon City, which was expected to be completed by end 2013, due regards would be given to the public views collected during the public engagement exercises as well as the results of the social impact assessments. The Administration would consider setting up a second DURF in another urban district in the light of the experience and effectiveness of the Kowloon City DURF.

### **Revitalization of old industrial buildings**

9.30 Mr Christopher CHUNG said that certain fire safety requirements under the existing legislation had made it illegal for some arts and cultural presentations to be staged in industrial buildings. He opined that these requirements be suitably relaxed to tie in with the Administration's policy on supporting the revitalization of old industrial buildings.

9.31 Mr MA Fung-kwok said that some groups which had converted industrial premises to sport venues, such as table tennis rooms, golf driving ranges, fitness rooms and 5-a-side soccer pitches, had been required by the Administration to carry out reinstatement works. He considered that in view of the great demand for sport venues at present, the Administration should allow owners of old industrial buildings to use the units for accommodating sport facilities as far as the conversion did not cause safety problems.

9.32 D of P replied that insofar as town planning was concerned, arts and cultural workshops/studios were generally considered suitable in those converted buildings falling within areas that had been rezoned to "Other Specified Uses (Business)" use. Whether members of the public should be allowed to attend arts and cultural events held in such buildings should be considered having regard to various requirements including fire safety. PS(P&L) advised that the measures to facilitate revitalization of industrial

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buildings should be undertaken without compromising public safety. He said that from the fire safety perspective, there were concerns that visitors to an industrial building were not as familiar with the fire escape routes as those people who worked in the building every day. Therefore, conversion of the use of an industrial unit to a venue that might occasionally involve visits by a large number of people could be rejected on fire safety grounds. He remarked that out of the 52 applications for wholesale conversion of industrial buildings that had been approved by the Administration since April 2010, ten had applied for change of use to "place of recreation, sports or culture". This showed that upon completion of proper conversion works, applicants would be permitted to make use of the space in industrial buildings for undergoing arts, cultural as well as sports activities.

### **Assistance to owners in building maintenance**

9.33 Mr IP Kwok-him said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong considered that the Operation Building Bright (OBB) was effective in assisting owners of old buildings, in particular those without owners' corporations to carry out repair and maintenance works to improve the conditions of their buildings. He enquired about the resources to be allocated by the Administration in 2013-2014 to carry on this initiative. PS(P&L) responded that OBB covered two categories of buildings. Category 1 target buildings covered those with owners' corporations. Category 2 target buildings were those whose owners had difficulties in coordinating repair works and were selected for inclusion in OBB by the Steering Committee on OBB. So far, the Steering Committee had endorsed 1 534 suitable buildings as Category 2 target buildings, of which 588 had completed the repair works whereas 336 had the works underway. He advised that after all the approved Category 1 and 2 target buildings had completed the repair works, the Administration could ascertain the amount of available uncommitted funds which could be deployed to support the repair of some more Category 2 target buildings.

9.34 Mr SIN Chung-kai was concerned about the declining number of applications for financial assistance made under the Building Maintenance Grant Scheme for Elderly Owners over the past five years. He held the view that the Administration should review the limit of claims (i.e. up to \$40,000 in a five-year period) entitled by each eligible elderly person in view of the significant increase in the cost of building maintenance works over recent years. PS(P&L) replied that apart from the Building

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Maintenance Grant Scheme for Elderly Owners, elderly persons could also apply for financial assistance under the Integrated Building Maintenance Assistance Scheme and the Comprehensive Building Safety Improvement Loan Scheme to carry out repair and maintenance of their buildings. He explained that substantial subsidies had already been granted through OBB to building owners, including elderly owners, to carry out repair and maintenance works, therefore the number of applications made under the Building Maintenance Grant Scheme for Elderly Owners had reduced.

### **Unauthorized building works**

9.35 In response to Mr James TIEN's enquiry about the work of the Village Houses Section of the Buildings Department, Director of Buildings (DB) advised that the Village Houses Section comprising 41 staff members was set up in April 2012 to implement the enhanced enforcement strategy against unauthorized building works (UBWs) in New Territories exempted houses (NTEHs). The enhanced enforcement strategy included a large-scale operation for removal of existing UBWs which had been categorized as first-round targets for priority enforcement action. He said that statistics on these UBWs were not yet available. At Mr TIEN's request, the Administration undertook to provide written information about the justifications for creating 41 posts in the Village Houses Section.

### **Unauthorized signboards**

9.36 Ir Dr LO Wai-kwok enquired whether the Administration had formulated a plan to speed up the removal of unauthorized signboards, most of which might pose danger to public safety. He considered that the Administration should assess whether the number of unauthorized signboards would keep on increasing in such a way that they were erected faster than they were removed.

9.37 In reply, DB advised that out of the 190 000 unauthorized signboards in Hong Kong, many of them were in active use by business operations and their existence carried notable value for sustaining local commercial activities. The Administration had actively launched operations periodically to identify and demolish abandoned and dangerous signboards. It had been observed in past inspections that the number of dangerous signboards was less than that of abandoned signboards. Taking into consideration that abandoned signboards might pose potential hazard in



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the absence of proper maintenance, the Administration had set a target to remove 1 600 dangerous or abandoned signboards in 2013-2014. As regards large unauthorized signboards, the Administration had been taking large-scale operations to remove them and planned to issue 250 removal orders in 2013-2014. At the request of Ir Dr LO, the Administration agreed to provide written information on the strategy that would be adopted to step up the clearance of large unauthorized signboards, and the staffing and financial resources involved.

9.38 In response to Mr Michael TIEN's question about the estimated time required to remove all the large unauthorized signboards in Hong Kong with the existing manpower resources, DB advised that the Administration was conducting a stock taking exercise of UBWs including unauthorized signboards erected on the exterior of buildings. The results of the exercise would assist the Administration in reviewing the resources required for enforcement action against large unauthorized signboards.

9.39 Mr SIN Chung-kai enquired about the Administration's action against those unauthorized signboards which did not pose immediate danger. DB responded that the existence of unauthorized signboards was a persistent building safety problem in Hong Kong. To control unauthorized signboards, the Administration would introduce legislative amendments to implement the Signboard Control System under which the continued use of the unauthorized signboards within stipulated dimensional requirements and meeting other specified criteria would be allowed after safety inspection, strengthening if necessary, and certification by registered building professionals or registered contractors. Unauthorized signboards not joining the Signboard Control System would be subject to the Buildings Department's enforcement action.

9.40 Expressing concern that the Buildings Department might not be able to recover its costs for demolishing abandoned signboards, Mr SIN Chung-kai suggested that the Administration should put a system in place to ensure that signboard owners would bear the removal costs. DB advised that the Administration would request the owner of an abandoned signboard to pay the demolition cost if the owner could be identified and his/her contact information was available. At Mr SIN's request, the Administration would provide information on the success rate by which the Administration had obtained reimbursement of the cost of demolishing abandoned signboards from the owners.

### Handling of reports on water seepage

9.41 Mr Tony TSE opined that the Joint Office set up by the Buildings Department and the Food and Environmental Hygiene Department as a pilot programme since 2006 to co-ordinate investigation of reports on water seepage and taking of enforcement action should continue its operation having regard to the increasing number of water seepage reports received and handled by the Joint Office over the past two years. He enquired whether the Administration would consider turning the pilot programme into a permanent one. DB advised that the Joint Office would continue its operation until the end of March 2014. The Administration was conducting a review on the organization, modus operandi and staffing of the Joint Office.

9.42 Miss Alice MAK enquired why the number of water seepage reports handled by the Joint Office was much smaller than the number received by it since its establishment. DB explained that more than half of the water seepage reports received did not fall within the scope of the follow-up action under the Joint Office's statutory authority, as such, no investigation actions could be taken on these reports. For the rest of the reported cases, the majority of them were not classified as "handled cases" because water seepage had discontinued before investigation was concluded. He supplemented that most of the actionable cases had the sources of water seepage identified after the Joint Office had taken follow-up action.

9.43 In response to Miss Alice MAK's enquiry about whether the Administration would review the methods and equipment currently used by the Joint Office for testing water seepage, DB said past experience had demonstrated that the current testing methods adopted by the Joint Office were effective. The Administration had examined some high technology devices suggested by members of the public but had found that they were unable to identify the source of water seepage. Besides, the Joint Office could not use testing methods and equipment that were intrusive. DB said that with the assistance of the Hong Kong Applied Science and Technology Research Institute, the Joint Office was exploring more effective methods for water seepage investigation.

### **Renewal of private recreational leases**

9.44 Noting that seven private recreational leases (PRLs) had been renewed in 2012-2013, Mr Gary FAN queried whether the Administration had consulted affected residents, the Legislative Council as well as the relevant District Councils on the renewals. Referring to a land lot of a considerable size in Fanling which was currently used as a golf course under a PRL serving only a small group of people in Hong Kong, he enquired whether the Administration had any plan to resume the land lot for residential development to meet the pressing housing demand. D of L advised that it was the Administration's promulgated policy to renew individual PRLs on condition that the lessees had complied with the renewal criteria including the one requiring the lessees to make the facilities on the land lot concerned more accessible to members of the community. Whether the Administration would conduct a consultation on a particular PRL renewal depended on the circumstances of individual cases. For example, consultation might not be conducted if the renewal application involved only technical changes but not changes in land use.

### **Applications for land lease modifications**

9.45 Mr Abraham SHEK considered that the current processing of applications for land lease modifications was slow and enquired whether there were any measures to expedite the process. D of L replied that the Administration had been liaising with the relevant stakeholders to identify opportunities to streamline the processing of lease modification applications, in particular those applications involving considerations by different departments and different offices in LandsD. Furthermore, an annual provision of \$4.937 million had been allocated to LandsD for the creation of eight additional posts for four years from 2013-2014 to 2016-2017 to speed up the processing of lease modification applications. In response to Mr SHEK's enquiry on the number of private residential development sites pending the Administration's approval for lease modifications and the number of residential units to be provided at these sites, D of L replied that the number of applications for lease modifications and land exchanges being processed by the Administration was usually maintained at around 100 to 200 at a time. In 2012-2013, the Administration had handled a total of 119 applications for lease modifications and land exchanges, of which about 40 applications involved provision of additional residential units with the rest involving only minor or technical amendments or commercial development.

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9.46 Mr Abraham SHEK enquired whether conditions on plot ratios could be imposed on applications for modification of land leases. SDEV said that whether the plot ratio for the development at a particular land lot could be relaxed would be considered by the Administration on a case-by-case basis with reference to, among other things, the restrictions imposed by the relevant Outline Zoning Plan. At Mr SHEK's request, the Administration agreed to provide supplementary information on the matter.

### **Private columbaria**

9.47 Noting that the number of private columbaria in Part B of the Information on Private Columbaria (i.e. unauthorized columbaria) had grown from 56 in 2012 to 88 in 2013, Dr Kenneth CHAN asked how the Administration could address the concerns of members of the public who had purchased the niches of unauthorized columbaria. He cast doubt on whether enforcement action had been taken against the alleged non-compliant columbaria and queried whether the Administration tended to let the issue drag on.

9.48 PS(P&L) said that the operation of unauthorized columbaria might be in breach of the land lease/tenancy, planning permissions or the Buildings Ordinance (Cap. 123), or might have unlawfully occupied Government land. LandsD was only one of the Government departments that would take enforcement action against non-compliances by unauthorized columbaria. D of L advised that LandsD acknowledged the importance to take timely action against an unauthorized columbarium if the case involved a breach of land lease conditions or illegal occupation of Government land. Rigorous enforcement action would be taken to curb the construction of any new unauthorized columbaria. Regarding the long-existing unauthorized columbaria with niches in use, the Administration considered it necessary to pay due regard to the feelings of the family members of the deceased and had adopted a pragmatic and reasonable approach in dealing with the non-compliances. She continued that the Administration had been processing the applications for regularization from unauthorized columbaria, but the time required to process such applications would be affected by the progress with other approvals outside the lease, such as statutory procedures under the town planning regime.

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9.49 Dr Kenneth CHAN asked whether the Memorial Park Hong Kong Limited which was operating an unauthorized columbarium, Hau Sze Yuen, had been deploying delaying tactics by issuing a total of nine replies to the Administration through its legal representative stating its disagreement with certain views of the Administration. D of L replied that in the case of Hau Sze Yuen, the owner had initiated legal proceedings against the Government as a result of disagreement to the Administration's interpretation of certain lease conditions and the court hearing was pending.

### **Middle Road Multi-Storey Car Park**

9.50 Ms Claudia MO referred to the Administration's plan to redevelop the site of the Middle Road Multi-storey Car Park in Tsim Sha Tsui. In view of the existing high demand for parking spaces in the area, she disagreed with the proposal to provide only 345 private car parking spaces at the redeveloped site, which was less than half of the existing number of spaces. She asked whether the Administration would revise the relevant part of the redevelopment plan if there was strong opposition to the reduction of car parking spaces. She was also concerned whether the parking spaces would be open for public use and that the shortage of car parking spaces would become more acute after the demolition of the Yau Ma Tei Multi-storey Carpark Building.

9.51 PS(P&L) advised that in planning any changes to the land use of a site, relevant Government departments including the Transport Department would take into consideration, among other things, traffic impact, particularly the adequacy of car-parking facilities in the area concerned. If the Administration considered it necessary to specify the minimum number of car parking spaces to be provided by the redevelopment and the proportion of parking spaces that must be open for public use, it could include such requirements in the relevant land sale/lease conditions, which might be subject to planning conditions set by the Town Planning Board. SDEV advised that a traffic impact assessment had been carried out in connection with the Middle Road Multi-storey Car Park redevelopment proposal in 2012, taking into account the parking demand of the redevelopment itself and in the nearby areas, as well as the number of parking spaces in the vicinity. The Administration would provide the traffic impact assessment report for members' reference after the meeting.

### **Staff resources in the Development Bureau**

9.52 Mr WONG Kwok-hing said that the Administration should liaise with relevant staff associations to look into the current problem of inadequate experienced staff in Government departments to execute the initiatives to increase housing land supply. PS(P&L) responded that the Administration would create 50 posts in the Architectural Services Department, the Planning Department, the Civil Engineering and Development Department and LandsD in 2013-2014 to handle the matters related to supply of housing land.

### **Land formation and infrastructure**

9.53 Mr MA Fung-kwok noted that the estimates under some key performance measures relating to provision of land and infrastructure in 2013 such as area of land formed was lower than the actual amount in 2012. He asked the Administration to provide a written response explaining the reason for the anticipated decrease in the area of land formed in 2013-2014 compared with the previous year, notwithstanding the estimated increase in the relevant expenditure.

### **Cross-boundary Travel Survey**

9.54 In response to Mr Gary FAN's enquiry about the difference in the estimated expenditures on the Cross-boundary Travel Survey 2013 between 2012-2013 and 2013-2014, D of P advised that the estimated cost of the Survey was \$5.25 million, of which \$2.53 million would be spent in 2013-2014, which was comparable to the estimates in past years.

### **Territory-wide three-dimensional spatial data**

9.55 Mr Tony TSE noted that LandsD was maintaining a full set of territory-wide three-dimensional (3D) spatial data and would enhance the data quality through voluntary data sharing with other Government departments. He queried whether consideration could be given to making data sharing mandatory. D of L replied that Government departments were willing to share the 3D spatial data under the existing voluntary data sharing arrangement. She said that the Administration would continue to explore ways to facilitate more Government departments to participate in the enhancement of the database.

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10.1 At the Chairman's invitation, Mr Raymond TAM, Secretary for Constitutional and Mainland Affairs (SCMA), briefed members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau (CMAB) in 2013-2014 (Appendix IV-8).

### **Electoral arrangements**

#### **Constitutional development**

10.2 In reply to Mr SIN Chung-kai's enquiry, SCMA said that the total expenditure for conducting the last public consultation exercise on the methods for selecting the Chief Executive and for forming the Legislative Council in 2012 was about \$9.3 million (excluding staff cost). The public consultation exercise was launched in 2010 straddling two financial years of 2009-2010 and 2010-2011. SCMA further said that while the Administration had set aside about \$7.3 million (excluding staff cost) in 2013-2014 for the public consultation exercise on the electoral methods for the Chief Executive election in 2017 and the Legislative Council election in 2016, additional provision could be made in the revised estimates for 2013-2014 if required.

10.3 Ms Claudia MO expressed doubt about the adequacy of the estimated provision of \$7.3 million for conducting the public consultation and requested the Administration to provide more details. Referring to paragraph 4 of SCMA's speaking note, Mr WONG Yuk-man queried whether the provision of \$7.3 million was just for "making preparation...for the public consultation". He said that this implied that the public consultation might not be launched in 2013-2014.

10.4 SCMA clarified that the \$7.3 million set aside was for conducting the public consultation exercise. It would cover expenditure incurred in publication of consultation documents, launching of dedicated websites, publicity and organizing seminars/forums, etc. SCMA advised that the cost incurred for making preparation for the public consultation would be absorbed by the existing resources of CMAB. SCMA further said that the Administration planned to create six time-limited posts for the public consultation exercise when it was launched. The posts included one

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Administrative Officer, one Senior Executive Officer, one Executive Officer II and three Assistant Clerical Officers.

10.5 Ms Emily LAU and Mr WONG Yuk-man expressed strong dissatisfaction with the Administration's failure to commence public consultation on the selection method for the Chief Executive in 2017 in a timely manner. Ms LAU pointed out that there had been heated discussion in the community on the issue and it had also received overseas attention. Referring to the remarks recently given by Mr QIAO Xiaoyang that candidates of the Chief Executive election had to be persons who loved the country and Hong Kong, Dr Helena WONG asked about the Administration's position with regard to Mr QIAO's remarks and whether they had affected in any way the Administration's plan to conduct public consultation.

10.6 SCMA responded that the Government was committed to attaining the ultimate aim of selecting the Chief Executive and electing all the Members of the Legislative Council by universal suffrage in accordance with the Basic Law and the Decision adopted by the Standing Committee of the National People's Congress in December 2007 (the NPCSC's Decision). The Administration would launch the public consultation and initiate the constitutional procedures at an appropriate juncture.

10.7 Dr Kenneth CHAN asked whether the Administration would explore more innovative ways of conducting the public consultation, such as conducting a referendum. Ms Emily LAU suggested that the Administration should consider publishing leaflets on "universal and equal suffrage" for distribution to the public. SCMA said that the details of the public consultation had yet to be worked out. He assured members that the Administration would explore effective means to collect public views.

### District Council seats

10.8 Miss Alice MAK asked about the Administration's plan on its review of the number of elected seats for the fifth-term District Councils (DCs) and whether DCs would be consulted in the process. SCMA said that the Planning Department had provided CMAB with the population



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distribution projections in 2015, and CMAB was conducting a review on the number of elected seats for the fifth-term DCs based on the population distribution projections. CMAB would draw up recommendations and consult the Panel on Constitutional Affairs (CA Panel) in May 2013. SCMA said that if the review outcome recommended changes to be made to the number of elected seats (e.g. revision in the number of elected seats), the DC Ordinance would be amended accordingly by way of subsidiary legislation which would be introduced within 2013. The Electoral Affairs Commission would then take into account the latest number of elected seats for each DC in its demarcation of the DC constituency areas for the DC election in 2015. In this connection, a territory-wide public consultation would be conducted around mid-2014.

10.9 Mr IP Kwok-him expressed concern that when all the DC appointed seats were abolished from 1 January 2016 as proposed by the Administration, the operation of those DCs with a small elected membership might be affected. SCMA said that CMAB and the Home Affairs Bureau had received similar views expressed by some DCs and community groups. He said that as the number of elected seats for the fifth-term DCs would be discussed by the CA Panel at its meeting in May 2013, the issue raised by Mr IP could be further discussed then.

### Electoral services

10.10 Mr Charles Peter MOK considered that the Administration should implement efficiency enhancement measures by applying information technology to voters' registration and polling work. Noting that the Registration and Electoral Office (REO) would conduct a feasibility and technical study on its information technology system, Mr MOK requested more details of the study.

10.11 Chief Electoral Officer, REO (CEO) said that the study would include a comprehensive review of the performance and capacity of the information technology system of REO, which included upgrading hardware and software components of the existing system, enhancing efficiency of various aspects of the electoral process and facilitating checking of registration status by electors with the aid of information technology. CEO

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undertook to provide further information on the scope of the study for members' reference.

### 2013 voter registration

10.12 Dr Priscilla LEUNG asked whether the Administration had looked into the records of the 217 000 electors who had been removed from the electoral register in 2012 and found out the reasons for their removal, e.g. death or failure to update residential addresses after home relocation. Noting that \$6.7 million had been earmarked for the publicity efforts in the 2013 voter registration cycle, Dr LEUNG asked about the targeted groups in the publicity campaign.

10.13 CEO replied that about 22 000 electors had been removed from the 2012 Final Register because of death, but they were already excluded from the 217 000 electors who had been removed from the electoral register in 2012. He advised that REO did not have information on the background of the electors concerned or why they had not responded to the inquiry letters issued by REO. As for the 2013 voter registration cycle, CEO said that it would seek to encourage eligible persons to register/re-register as electors, and remind registered electors to update their residential addresses in a timely manner after moving home.

### **Rights of the individual**

#### Promotion of rights of people of different sexual orientations

10.14 Mr CHAN Chi-chuen expressed dissatisfaction with the small increase of \$250,000 in the provision for the Government's work on promotion of equal opportunities for people of different sexual orientations from \$2.74 million in 2012-2013 to \$2.99 million in 2013-2014. SCMA responded that the increase in the provision was about 9.1% when compared with the revised estimates for 2012-2013. He advised that in order to strengthen various publicity and promotion programmes for promotion of equal opportunities for people of different sexual orientations, the provision for such work in 2012-2013 had been increased from the original estimates of \$1.84 million to the revised estimates of \$2.74 million. He added that

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depending on the merits of applications under the Equal Opportunities (Sexual Orientation) Funding Scheme and the actual service needs, the estimate of \$2.99 million could be increased in the revised estimates for 2013-2014 if necessary.

10.15 Ms Cyd HO urged the Administration to enact legislation to prohibit discrimination on the ground of sexual orientation as recommended by the United Nations Human Rights Committee, and suggested that the estimate of \$2.99 million should include provision for conducting a study on the enactment of the legislation.

10.16 SCMA said that CMAB was currently conducting an internal study on the relevant overseas legislation and administrative measures. He said that he had exchanged views with the Chairperson of the Equal Opportunities Commission (EOC) on the arrangements for conducting a joint study and research on matters relating to anti-discrimination work. The Administration would follow up the matter with EOC. Ms HO stressed that public consultation should be launched to gauge public views on the scope of protection afforded by legislation but not on whether enactment of legislation was necessary or not. She considered that in conducting the consultation, opportunity should also be taken to clarify any misunderstanding about the impact of such legislation.

### The Office of the Privacy Commissioner for Personal Data

10.17 Mr CHAN Kin-por said that he had received feedback from business organizations that the publicity and public education launched to promote understanding of the new provisions in the Personal Data (Privacy) (Amendment) Ordinance 2012 (PDPAO) concerning the use of personal data in direct marketing were ineffective. He asked whether the Administration would conduct review of the relevant publicity/public education programmes taking into account the stakeholders' feedback. He also asked about the experience gained so far in the implementation of the new provisions since 1 April 2013.

10.18 Under Secretary for Constitutional and Mainland Affairs (USCMA) said that to help business organizations get prepared for the new

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regulatory regime governing the use of personal data in direct marketing, the Office of the Privacy Commissioner for Personal Data (PCPD) had been in consultation with the business sectors concerned in making the necessary preparatory work. USCMA advised that since the new provisions had come into operation on 1 April 2013, PCPD had received some enquiries and complaints in this regard. USCMA undertook to obtain details of those complaints/enquiries for members' reference. As regards the relevant publicity and public educational work, USCMA said that the Administration would consider strengthening such work in the light of the feedback received.

10.19 Ir Dr LO Wai-kwok considered it necessary for the Administration and PCPD to step up efforts in personal data protection in the light of the recent incident involving a body check service company and an insurance broker collecting personal data for use in direct marketing in a misleading and arguably deceitful way. He said that while PDPAO sought to enhance personal data protection, it was most disappointing that the Administration did not plan to make the subsidiary legislation concerning the new arrangement with respect to inspection of directors' personal information on the Companies Register (the new arrangement). He considered that the present system of public access to directors' full personal information was privacy-intrusive. He requested the Administration to pursue the introduction of the new arrangement in due course.

10.20 SCMA said that the new arrangement was proposed under the Companies Bill which was introduced by the Financial Services and the Treasury Bureau (FSTB) and was passed by the Legislative Council on 12 July 2012. In view of the concerns raised by various stakeholders about the new arrangement, FSTB had decided not to introduce the relevant subsidiary legislation at the present stage. However, FSTB would continue to listen to views of the stakeholders on this matter. SCMA said that the Privacy Commissioner for Personal Data (Privacy Commissioner) had already advised from a data protection perspective on this matter and cautioned the risk of unrestricted access to personal data of directors on public registers by any parties. He noted that the Privacy Commissioner's views would be taken into consideration by FSTB. As regards the other incident referred to by Ir Dr LO involving alleged breach of the data

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collection and use requirements, SCMA said that he had exchanged views with the Secretary for Security and confirmed that the Police would also follow up the relevant complaints and take enforcement actions where necessary.

### Equal Opportunities Commission

10.21 Noting that only some 30 and 23 complaints relating to sex discrimination (including sexual harassment) had been received by EOC in 2011-2012 and 2012-2013 (as at February 2013) respectively, Dr Helena WONG suggested that EOC should take the initiative to collect the number of such complaints received by local universities, secondary and primary schools as well as public hospitals, as these institutions were not bound by the law to report the number of such complaints to EOC. SCMA undertook to relay Dr WONG's suggestion to the Chairperson of EOC for consideration and suggested that the matter could be further discussed by the CA Panel.

### Human rights education

10.22 Mr IP Kin-yuen requested the Administration to provide a breakdown on the expenditure of the Education Bureau on human rights education, and a breakdown on the expenditure of the Committee on the Promotion of Civic Education for promotion of human rights values in 2012-2013. USCMA said that he would relay Mr IP's request to the bureaux concerned for provision of the requisite information.

10.23 Mr IP Kin-yuen suggested that the Administration should consider setting up a central fund for human rights education with a view to securing adequate resources for the work. Mr IP said that the expenditure related to human rights promotion seemed to have constituted only a small part of the expenditures of the Education Bureau and of the Committee on the Promotion of Civic Education.

10.24 USCMA responded that the Government's work on promoting human rights spanned across a number of policy bureaux each of which had devoted adequate resources for the promotion of human rights. He advised

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that it was the Administration's view that the existing mechanism was effective in the promotion of human rights and it did not see the need to separately set up a central fund. USCMA added that CMAB would keep in view the adequacy of its provision in human rights and would strive for additional resources where necessary.

### Stalking

10.25 Noting that the Administration had commissioned the Centre for Comparative and Public Law of the University of Hong Kong in January 2013 to conduct a study on the experience of overseas jurisdictions in implementing anti-stalking legislation at an estimated expenditure of \$850,000, Mr CHAN Kin-por asked for details of the study and the expected date of completion. He also asked about the Administration's plan in taking forward the legislation and the relevant timetable.

10.26 In response, SCMA briefed members on the scope of the study, which was expected to be completed in the summer of 2013. He said that the Administration would revert to the CA Panel on the findings in the second half of 2013.

### **Mainland affairs and co-operation with Taiwan**

10.27 Mr Jeffrey LAM sought details of the 2013 Policy Address initiatives on enhancing the co-operation between Hong Kong and the Mainland, and on strengthening "homeland relationship". Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) advised that the financial provision for the Mainland Offices was some \$170 million in 2013-2014, representing an increase of 15.5% when compared with the revised estimates for 2012-2013. PSCMA said that CMAB would co-ordinate the implementation of a series of initiatives to enhance the functions of the Mainland Offices, which included setting up an Immigration Division in the Economic and Trade Office (ETO) in Chengdu to provide more timely assistance to Hong Kong residents in the Mainland, stepping up policy research efforts to facilitate Hong Kong residents and enterprises to seize the development opportunities, and enhancing communication and publicity with a view to promoting the strengths of

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Hong Kong and fostering mutual understanding and respect between Hong Kong and the Mainland.

10.28 Mr NG Leung-sing commended the efforts of the Mainland Offices in assisting Hong Kong people and groups in the Mainland and expressed support for allocating an additional provision of \$24.06 million in 2013-2014 to enhance the functions of the Mainland Offices. Noting that exhibitions and cultural performances would be organized for enhancing homeland relationship, Mr NG asked about the organizing bodies and the mechanism for evaluation of the effectiveness of these activities.

10.29 PSCMA said that the Mainland Offices would step up publicity efforts through revamping their websites, giving more media briefings, organizing more exhibitions and cultural performances. Director, Beijing Office supplemented that the Beijing Office would work in partnership with the Leisure and Culture Services Department and the Mainland authorities concerned to organize various cultural performances and exhibitions with a view to fostering mutual understanding between Hong Kong and the Mainland. Participants of the activities would be invited to provide feedback for evaluation.

10.30 On the promotion of cultural exchanges through the Mainland Offices and Hong Kong Economic, Trade and Cultural Office (HKETCO) in Taiwan, Mr MA Fung-kwok considered that evaluation of the relevant exchange programmes could not be made as cost breakdown on the manpower and expenditure involved was not available. PSCMA said that attempts would be made in the coming year to see if the expenditure for organising cultural activities could be separately provided if necessary. Mr MA suggested that the Mainland and Taiwan Offices, which had established a close tie with the relevant local institutions, could assist in enhancing opportunities of the cultural and arts organizations of Hong Kong in giving performances in the Mainland and in Taiwan. PSCMA responded that the Mainland Offices and HKETCO had made continuous efforts to enhance arts and cultural exchanges between Hong Kong and the Mainland/Taiwan, with a view to promoting Hong Kong's arts and culture industries. In 2013-2014, the Mainland Offices and HKETCO would continue their efforts in these respects.

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10.31 Mr Jeffrey LAM asked whether ETOs in the Mainland would be given additional resources to enhance support to Hong Kong residents in the Mainland in the face of the occurrence of a number of cases of human infection of Influenza A (H7N9) in the Mainland. PSCMA said that the reported cases so far were within the coverage area of the Shanghai ETO. She agreed to provide information on the work of the Shanghai ETO in assisting Hong Kong residents. She added that the Centre for Health Protection had arranged a briefing for the Directors of the Mainland and Taiwan Offices to provide updates on the disease and health advice.

10.32 Miss Alice MAK asked about the nature of requests for assistance received by the Mainland Offices and requested a breakdown by categories. Miss MAK requested the Administration to note that some requests for assistance had not been immediately attended to as the Mainland Offices had received the requests on public holidays. She requested the Administration to look into this to prevent delay in handling any urgent requests for assistance.

10.33 PSCMA replied that requests for assistance handled by the Mainland Offices were divided into two categories: (i) immigration and personal safety matters (e.g. traffic accidents, loss of travel documents and monies, etc.), and (ii) other assistance cases (e.g. business and trade disputes, complaints against administrative, law enforcement and judicial agencies in the Mainland). PSCMA undertook to provide the number of such cases received by the Mainland Offices in recent years for members' reference.

10.34 Mr IP Kwok-him stressed the importance of providing timely assistance to Hong Kong residents in the Mainland in resolving practical problems encountered in their daily life, such as disputes concerning their property in the Mainland, and enquired whether the Mainland Offices provided assistance on such matters.

10.35 PSCMA explained that under the principle of "One Country, Two Systems", private contractual disputes and law and order issues had to be handled in accordance with the legal framework of the Mainland. The practical assistance that the Mainland Offices might provide included



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providing information on Mainland legislation and contact information of the legal professional bodies, and advising on their right to appoint legal representatives, etc. Dr Priscilla LEUNG suggested that the Mainland Offices should consider providing preliminary legal advice to Hong Kong residents in the Mainland when in need of such assistance.

10.36 Noting that Invest Hong Kong (InvestHK), with the support of the Investment Promotion Units of the Mainland and Taiwan Offices, would generate 154 new investment projects in 2013, Mr Tony TSE asked how many of the projects were related to provision of professional services, and how their cost-effectiveness would be evaluated. PSCMA replied that the 154 projects were mainly related to financial services, creative industries, as well as industrial and logistics services. Mr Christopher CHEUNG also expressed concern about the types of business covered by the 154 investment projects, and the business opportunities that these projects were expected to generate for Hong Kong, particularly the financial services sector. PSCMA said that it was expected that the new investment projects would bring in new capital, jobs and business opportunities for a variety of sectors. She undertook to obtain more information from InvestHK for members' reference.

10.37 Mr Tony TSE requested the Administration to provide a list of studies on constitutional and Mainland affairs conducted in 2011-2012 and 2012-2013 that had been completed, and those that were still in progress. He asked how the recommendations made in the studies were followed up. SCMA undertook to provide the requested information after the meeting.

10.38 In reply to Dr Kenneth CHAN's question, SCMA explained that the Government of the Hong Kong Special Administrative Region (HKSAR) maintained necessary working relationships with the offices set up by the Central People's Government in HKSAR with a view to ensuring mutual understanding and effective exchanges between the two. The form of the relevant activities varied and some did not incur any expenditure. SCMA said that the Administration did not keep a separate account to capture related expenditure.

### **Promoting the Basic Law**

10.39 Noting that about \$16 million was set aside in 2013-2014 for organizing promotional activities to promote the public's awareness and understanding of the Basic Law, Mr WONG Kwok-hing asked whether emphasis would be put on promoting understanding of Article 45 of the Basic Law on the selection method for the Chief Executive, as well as the NPCSC's Decision, so as to facilitate a focused discussion on the relevant issues in the community. SCMA said that the Administration would consider Mr WONG's suggestion and consideration could be given to organizing seminars on the relevant topics.

10.40 Mr MA Fung-kwok suggested that the Administration should seize the opportunity of the holding of major events (e.g. the last CE Election) in promoting understanding of the relevant Basic Law provisions. He considered that this approach would be more effective in promoting the Basic Law.

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11.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work under the Commerce, Industry and Tourism portfolio for the 2013-2014 financial year (Appendix IV-9).

### **Commerce and industry**

#### Intellectual property

11.2 Mr WONG Kwok-hing welcomed the Administration's decision to introduce an "original grant" patent (OGP) system in Hong Kong and suggested that the Administration should enlist the assistance of the relevant Mainland authorities to progressively develop Hong Kong's own substantive patent examination capability in the long run. He enquired about the timetable for the implementation of the OGP system.

11.3 SCED and Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PS(CIT)) responded that setting up an OGP system with in-house substantive examination capability would take a substantial amount of time as it required, among other things, training up technical expertise, building up comprehensive databases and infrastructure, drafting procedures and manuals for examinations, and setting up a review mechanism. The introduction of an OGP system also required legislative amendments. As such, outsourcing the substantive examination of OGP applications to other patent examination authorities in the short to medium term was a prudent approach. The Administration would identify the preferred outside patent office(s) that would undertake substantive examination and work out the appropriate outsourcing arrangements. In this regard, the Administration had had initial exchanges with the relevant Mainland authorities last year. The Administration would work out a detailed implementation plan on the introduction of an OGP system in consultation with the Advisory Committee on Review of the Patent System in Hong Kong and stakeholders including patent users and agents. Subject to such deliberations, a preliminary timetable was to aim introducing the necessary legislative amendments in around 2015.

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11.4 Dr Elizabeth QUAT and Mr Charles MOK welcomed the setting up of the Working Group on Intellectual Property (IP) Trading led by SCED to map out the overall strategies to promote the development of Hong Kong as an IP trading hub. Dr QUAT said that the Administration should promote the development of innovation and technology in Hong Kong to complement the sustained development of IP trading in Hong Kong. Mr MOK called on the Administration to widely consult relevant stakeholders and publicize the work of the Working Group on IP Trading as well as the work of the Working Group on Manufacturing Industries, Innovative Technology and Cultural and Creative Industries under the Economic Development Commission to enhance transparency.

11.5 In response, SCED advised that in a knowledge-based economy, IP rights were increasingly commercialized and traded around the world. IP trading would help promote exploitation and commercialization of research and development results, thus contributing to Hong Kong's economic development.

11.6 Referring to the lapse of the Copyright (Amendment) Bill 2011 following the end of the previous term of the Legislative Council, Mr Charles MOK, Mr SIN Chung-kai and Mr MA Fung-kwok pointed out that the copyright owner organizations had all along been calling for the early enactment of the legislation to enhance copyright protection in the digital environment. Mr MOK and Mr SIN further said that there were also community concerns over possible special treatment of parody under Hong Kong's copyright regime. These members enquired about the way forward for strengthening copyright protection in the digital environment and urged for early legislation to enhance protection. Mr MOK welcomed the setting up of the Electronic Crime Investigation Centre of the Customs and Excise Department (C&ED) in February 2013 to tackle online infringement activities.

11.7 SCED and PS(CIT) responded that in view of the complexity of the legislative proposal, the Administration would continue to engage different sectors to address issues of concern, including parody and the related copyright issues. The Administration had yet to decide the way

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forward. Nevertheless, the Administration would take full account of the views of different stakeholders and ensure the continuous effectiveness of the copyright laws in the digital environment.

### **Support for small and medium enterprises**

11.8 Dr LAM Tai-fai supported the Administration's proposal to raise the cumulative grant ceiling for each small and medium enterprise (SME) under the SME Export Marketing Fund (EMF) from \$150,000 to \$200,000, subject to their meeting relevant additional conditions. In view of the uncertainties in the global financial and economic environment, he called for more flexibility in allowing those SMEs which had exhausted the grant ceiling to re-apply for the EMF after a period of time subject to the balance of the total commitment of the EMF.

11.9 Director-General of Trade and Industry (DG of TI) responded that the aim of EMF was to encourage SMEs to explore business opportunities in new markets, rather than to subsidize the recurrent operating expenses of the enterprises. While the Administration did not have any plan at this stage to provide long-term subsidy to SMEs, the Administration would continue to liaise with the industry, and enhance the existing SME support measures or introduce other new measures as and when necessary, having regard to the global financial and economic situation.

11.10 Mr CHUNG Kwok-pan, Dr LAM Tai-fai and Mr WONG Ting-kwong welcomed the Hong Kong Trade Development Council (TDC)'s initiative to open more new Design Gallery shops in Wuhan, Qingdao and Chengdu in the coming two years, saying the move would further assist Hong Kong enterprises, particularly SMEs, in exploring the Mainland market. Referring to TDC's collaboration with the New World Department Store in the Mainland to open a series of Design Gallery shops inside the department stores under the concept of "shop-in-shop", Dr LAM Tai-fai questioned the reasons for collaborating with the New World Department Store only, and enquired about TDC's criteria for choosing a collaborating partner.

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11.11 In response, PS(CIT) advised that the Design Gallery "shop-in-shop" was a new initiative of TDC to offer additional platforms for Hong Kong enterprises to showcase their products in the Mainland market. Apart from the first "shop-in-shop" which was soft-launched on 28 March 2013 in Shanghai, TDC estimated that two "shops-in-shop" in Beijing plus two more "shops-in-shop" in Wuhan would commence operation later this year. TDC would continue to look for other collaborating partners and set up more "shops-in-shop" in other Mainland cities to expand the network of Design Gallery shops in the Mainland.

11.12 Mr WONG Ting-kwong opined that TDC should open more "shops-in-shop" if the concept was welcomed by the Mainland customers and Hong Kong enterprises. In response to Mr WONG's enquiry about the market and industry response to the first Design Gallery "shop-in-shop" in Shanghai, PS(CIT) undertook to provide information on the daily patronage and turnover, the response of customers and enterprises, the number of applicant enterprises and the number of successful enterprises, as well as the ways in which Hong Kong enterprises could join in the "shop-in-shop".

11.13 Mr CHUNG Kwok-pan pointed out that the Chief Executive had announced in his 2013 Policy Address that the Administration would continue to help SMEs tap the Mainland market by various means, including supporting Hong Kong business associations in establishing sales and marketing venues in the Mainland for building the Hong Kong brand. He enquired about the details of the support measures. SCED responded that the Administration was open to any suggestions or proposals from the industry, and would continue to communicate with business associations and SMEs to explore different options.

11.14 On support for the processing trade in the Mainland, Mr CHUNG Kwok-pan noted that the Trade and Industry Department (TID) would closely liaise with the trade and the relevant Mainland authorities through the Task Force to Support the Processing Trade, the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade and other channels to reflect the trade's views to the Mainland and assist them in addressing specific problems. He enquired how the

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Administration could assist the trade to address their difficulties in recruiting workers in the Mainland.

11.15 In response, DG of TI acknowledged that labour-related issues were one of the main concerns of the Hong Kong processing trade in the Mainland. TID's role was to liaise with the relevant Mainland authorities at central, provincial and municipal levels, serving as a bridge between the trade and the Mainland authorities.

### Retail industry

11.16 Mr WONG Kwok-hing and Mr Michael TIEN noted with concern that despite the rapid development of the retail industry in recent years, the urban development planning in Hong Kong did not dovetail with the expansion of the retail trade and their demand for retail shop space, resulting in a severe shortage of retail floor areas, which in turn led to spiralling retail shop rents. Mr WONG enquired about the Administration's measures to address these problems and support the retail industry, in particular SME retailers. Mr TIEN declared that he was engaging in retail business, and urged the Administration to explore the possibility of developing integrated hotels and shopping malls in Northwest New Territories to cater for the need for additional business floor areas for the retail industry arising from the significant increase in visitor arrivals from the Mainland as well as to promote employment in local communities. Referring to the motion on "Implementing the Kai Tak Planning to dovetail with Kowloon East development" passed at the Council meeting of 20 March 2013, Dr Priscilla LEUNG urged the Administration to expedite the development of commercial facilities, in particular shopping facilities, near the Kai Tak Cruise Terminal and inside the Kai Tak Development Area to meet the rising demand.

11.17 SCED responded that the Administration was aware of the retail industry's calls for increased supply of commercial floor areas to ease the rental pressure. He said that the Administration had been providing assistance to SMEs through various schemes to support their continuous development having regard to prevailing economic situation. On Mr Michael TIEN's suggestion to develop integrated hotels and shopping malls

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in the Northwest New Territories, SCED said that the Administration was assessing Hong Kong's overall tourist reception capacity, including the receiving capacity of various tourist attractions, as well as the shopping demand of Mainland tourists.

11.18 Dr CHIANG Lai-wan noted the establishment of the Task Force on Manpower Development of the Retail Industry to review the overall manpower needs of the retail sector in order to sustain the long term growth of the retail industry. She enquired about the time that the Task Force would complete its work and submit its report to the Administration. PS(CIT) advised that the Task Force had held its first meeting on 27 March 2013 to discuss its work plan with a view to completing its work within 2013 and putting forward concrete recommendations to the Administration. The Task Force would hold its next meeting in May 2013.

### Trade facilitation

11.19 Mr Frankie YICK noted with concern that so far only nine companies had been accredited under the Hong Kong Authorized Economic Operator (AEO) Programme administered by C&ED since the implementation of the pilot scheme in 2010. He considered the industry response to the Programme unsatisfactory, taking into account the large number of companies involved in the international supply chain.

11.20 In response, Commissioner of Customs and Excise (C of C&E) advised that the AEO Programme was conceived based on a framework of standards advocated by the World Customs Organization to promote and secure international trade whereby accredited entities could enjoy priority clearance and fewer inspections. From 2013-2014 onwards, C&ED would earmark \$3.8 million per annum to create new posts at the rank of Senior Inspector for three years to step up publicity campaigns, intensify outreach efforts, expedite processing of applications and negotiate mutual recognition arrangements with other regions.

11.21 Referring to the increasingly stringent air cargo security requirements in the United States and Europe, Mr Frankie YICK expressed concern about the impact on local small and medium sized freight



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forwarders. PS(CIT) said that the Administration noted the industry's concerns which were being considered by the Transport and Housing Bureau.

11.22 In some recent cases where people leaving Hong Kong carrying rice-based milk cereal had been intercepted for breaching the Import and Export (General) (Amendment) Regulation 2013 (the Amendment Regulation), Dr Priscilla LEUNG expressed concern about the implementation and enforcement of the Amendment Regulation in respect of powdered formula.

11.23 In response, PS(CIT) and C of C&E advised that C&ED was all along the lead agency responsible for enforcement of the Import and Export Ordinance (Cap. 60). The Amendment Regulation was introduced in order to ensure an adequate supply of powdered formula for local babies. To this end, frontline officers could make reference to a list containing information on products that fall under the export control regime and call up a 24-hour hotline for clarification if in doubt.

### **Overseas Hong Kong Economic and Trade Offices**

11.24 Mr MA Fung-kwok enquired about the work of the overseas Hong Kong Economic and Trade Offices (ETOs) in promoting Hong Kong's cultural achievements, and whether manpower and financial resources would be allocated to the ETOs specifically for the promotion of cultural exchanges between Hong Kong and other countries/places.

11.25 PS(CIT) responded that apart from promoting commercial relations, investment, financial services and business exchanges, etc. between Hong Kong and overseas countries/places, promotion of cultural exchanges had all along been one of the main functions of the overseas ETOs. The cultural promotion work included organizing publicity and public relations activities for Hong Kong, as well as staging performances and cultural events by Hong Kong's cultural organizations in overseas countries/places. As the work involved was an integral part of the duties and functions of the overseas ETOs, the financial and manpower provisions could not be singled out and quantified separately.

### **Tourism**

#### Regulation of the tourism sector

11.26 Mr TANG Ka-piu noted with concern the rising trend in the number of cases of outbound tours without an accompanying escort. He enquired whether the Administration would consider making it mandatory for outbound tour groups to have an accompanying escort for the safety of travellers, and solicit the views of various stakeholders on this issue including travellers, tourism practitioners and trade operators.

11.27 In response, Commissioner for Tourism (C for Tourism) advised that the Travel Industry Council of Hong Kong (TIC) had an existing directive requiring travel agents to clearly explain to consumers the accompanying escort arrangement before consumers sign up for a tour, so that they could make an informed choice. To enhance the service quality and standard of the tourism industry in the long run, the Administration had announced the establishment of the Travel Industry Authority (TIA) to take over the current regulatory and licensing functions of TIC and the Travel Agents Registry. Targets of regulation included travel agents, tour escorts and tourist guides. The TIA would work out detailed rules and regulations regarding various aspects of the tourism industry, taking into account market needs at the time and the views of various stakeholders including travellers, tourism practitioners, trade operators, as well as the Consumer Council.

11.28 Dr Elizabeth QUAT expressed concern about the operation and regulation of Mainland inbound group tours, in view of recent tourist complaints about unsatisfactory accommodation arrangements. C for Tourism responded that the Administration had all along attached great importance to the service quality of the tourism sector in Hong Kong. To further improve the operation of Mainland inbound tours, TIC's "Task Force on the Review of the Operation and Regulation of Mainland Inbound Group Tours" met in March 2013 to explore measures for strengthening the regulation of Mainland inbound tours. In view of the recent incidents about accommodation arrangements, TIC had put in place new measures to strengthen regulation of accommodation arrangements for Mainland

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inbound tours and had been conducting random checks on tour confirmation agreements, etc.

### Development of tourism infrastructure

11.29 Mr SIN Chung-kai pointed out that buoyant tourism, in particular the large number of Mainland visitors to Hong Kong, would put pressure on Hong Kong in various aspects. Noting that the Administration was assessing Hong Kong's overall capacity to receive tourists, he enquired about the timetable of the work and whether the Administration would engage the views of the tourism industry. C for Tourism responded that the assessment, which involved all relevant policy bureaux and government departments, covered key areas such as the handling capacity of boundary control points, receiving capacity of tourist attractions, the pressure on public transport system, supply of hotel rooms, economic effects of the Individual Visit Scheme, and its impact on the livelihood of the community, etc. The assessment was still in progress and the Administration had yet to come to any conclusion. The Administration would continue to monitor the number of tourist arrivals in Hong Kong.

11.30 Referring to the recent media reports about the problems of unlicensed guesthouses, Mr SIN Chung-kai expressed concern about the overall supply of hotel rooms in the coming few years. He enquired about the Administration's policy and measures in respect of the overall hotel supply in Hong Kong, as well as enforcement action against unlicensed guesthouses.

11.31 In response, C for Tourism said that based on the finalized hotel development projects, it was estimated that some 10 000 new hotel rooms would come on stream in the coming two years and the total number of hotel rooms would reach 84 000 by the end of 2017. The Administration welcomed applications for lease modification of industrial land for the conversion or redevelopment of existing industrial buildings and sites into hotels. C for Tourism further advised that the operation of hotels and guesthouses in Hong Kong was regulated by the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) under a licensing regime. The Home Affairs Department was responsible for the issue of licences and

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enforcement work.

11.32 Mr CHAN Han-pan commented that the Administration had only focused on the development of large scale tourism infrastructure such as Ngong Ping 360, Hong Kong Disneyland, Ocean Park, etc. He enquired whether the Administration would consider formulating a policy and setting up a dedicated fund to support the development of home-stay lodgings, particularly in rural areas with beautiful greenery such as Kat O or Po Toi Island. He said that such a move would create new business opportunities and benefit different sectors of the communities across Hong Kong, as well as easing the shortage of hotel rooms in Hong Kong.

11.33 C for Tourism responded that the Great Outdoors Hong Kong campaign of the Hong Kong Tourism Board (HKTB) was aimed at promoting Hong Kong's greenery to visitors. In view of the many and varied problems in developing home-stay lodgings, such as the crowded living conditions in Hong Kong, health hazards, fire safety, personal safety, third party risks insurance, as well as the neighbourhood's reaction towards home-stay lodgings, the Administration presently had no plan to promote home-stay lodgings in Hong Kong. Any person interested in providing lodging services in their premises might apply for the relevant licence under the existing hotel and guesthouse licensing regime. He added that a boutique hotel accommodated in the revitalized Old Tai O Police Station was opened in 2012, offering accommodation to tourists who enjoyed Hong Kong's greenery.

### Hong Kong Tourism Board

11.34 Mr Gary FAN noted that in 2013-2014, HKTB would continue to invest in 20 visitor source markets for promoting Hong Kong tourism, in which \$53.7 million would be allocated for marketing expenditure in the Mainland market. Pointing out that the number of Mainland visitor arrivals to Hong Kong had already reached a high level, Mr FAN was concerned whether HKTB had focused too much on the Mainland market, and enquired about HKTB's criteria for deploying resources in different visitor source markets.

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11.35 In response, SCED and C for Tourism advised that to maintain a diverse visitor portfolio and uphold Hong Kong's international positioning and image as Asia's World city and a premier travel destination, the majority of HKTB's market resources would be allocated to the international markets. Over 70% of the marketing budget used for promotion in visitor source markets would be set aside for international markets. The remaining 30% would be invested in the Mainland market, 84% of which in non-Southern China. HKTB would deploy its resources with caution to the 20 markets according to their immediate and future potential and their strategic importance, and would regularly review the market prioritization model and promotions in different markets. C for Tourism supplemented that in recent years, HKTB had been actively developing new markets to open up new visitor sources for Hong Kong. These markets that promised long-term growth potential included India, the Middle East, Russia, Vietnam, and the Netherlands. HKTB would continue to invest in these new markets.

11.36 Mr Steven HO and Dr CHIANG Lai-wan noted that HKTB would continue to promote Hong Kong's mega events and activities through its 10 promotion campaigns, one of which was the Great Outdoors Hong Kong aimed at promoting green tourism in Hong Kong. Mr HO enquired whether the campaign covered the promotion of Hong Kong's marine parks. He requested the Administration to provide information relating to the attractions within the marine parks as a tourist destination, as well as the resources allocated for the development of leisure agriculture and fishery trades. Executive Director, HKTB (ED, HKTB) responded that HKTB had been promoting through various channels Hong Kong's marine parks which were parts of the Hong Kong Global Geopark of China. C for Tourism further advised that the New Product Development Scheme of HKTB offered funding support to local travel agencies and tour operators to develop innovative land-based theme tours that take visitors to explore different districts and tourism offerings of Hong Kong.

11.37 Pointing out that some popular hiking trails were already crowded during the weekends, Dr CHIANG Lai-wan expressed concern about the local impact of HKTB's new initiatives of arranging guided tours that take visitors through hiking trails in different districts. C for Tourism and ED,

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HKTB responded that Hong Kong strived to enrich the range of quality tourism products. In addition to popular activities such as shopping, dining and wining, greenery was one of Hong Kong's tourism attractions for long-haul visitors. Safety issues and impact on local people would be carefully considered when arranging guided tours of hiking trails.

11.38 Mr WONG Ting-kwong noted that the annual Hong Kong Wine and Dine Festival organized by HKTB in the past few years had been well received by visitors and exhibitors. He enquired whether the Administration would consider extending the duration and increasing the site of the event as recommended by some exhibitors. ED, HKTB responded that HKTB had since 2010 designated November as the Hong Kong Wine and Dine Month. In addition to the 4-day Hong Kong Wine and Dine Festival, overseas exhibitors would also participate in other wine-related trade fairs organized by TDC around the same time. The Hong Kong Wine and Dine Festival in 2013 would be held at a new site at the New Central Harbourfront. HKTB would take into account the views and feedback of visitors and exhibitors in enriching the contents of event, including exploring the possibility of inviting new partners to participate in the event, so as to draw more visitors to Hong Kong and support the further development of wine-related business in Hong Kong.

11.39 Mr YIU Si-wing said that the tourism boards of the Mainland and Macau had always subsidized their tourism industry in organizing roving exhibitions and presentations overseas. He enquired about HKTB's support for the local travel trade in this respect. ED, HKTB responded that HKTB had reviewed the approach to overseas trade shows together with the local travel trade partners. In 2013-2014, extra resources would be used to provide more support for the local travel trade, such as organizing more networking sessions for the local travel trade to meet and explore business co-operation with their overseas counterparts. To encourage local travel trade's participation in travel trade shows in new markets, HKTB had offered discounts on the participation fees in specified travel trade shows in these markets. For example, only a nominal fee of \$3,000 was charged for participation in trade shows held in new markets so as to give the local travel trade the incentives to tap the new markets.

### Mega Events Fund

11.40 Mr YIU Si-wing noted that the funding granted by the Mega Events Fund (MEF) to two events for two consecutive years, namely the Hong Kong Tennis Classic in 2010 (\$9 million) and 2011 (\$5 million), as well as the UBS Hong Kong Open Championship in 2011 (\$8 million) and 2012 (\$15 million), was comparatively higher than other events. The approved funding for these two events in the two consecutive years amounted to \$37 million, representing a major share of the MEF's total funding of \$84.7 million granted to all the 21 events since the inception. Mr YIU further pointed out that in respect of the two events, although the numbers of participating visitors were more or less the same for the two consecutive years, the respective funding amounts for the two years varied considerably. Mr YIU enquired about the guidelines and criteria for assessing MEF applications.

11.41 In response, C for Tourism advised that the funding amount for each supported event varied. The MEF Assessment Committee (AC) would assess each application carefully in accordance with the open assessment mechanism, taking into account all relevant factors such as the event's content, scale, duration, venue requirements, budget, other funding sources (such as commercial sponsorships and box office income) as well as the event management capability of the organizers, etc. To attract mega events to be staged in Hong Kong, there was no funding ceiling for each selected event but the funding amount could not exceed 50% of the total cost of the event.

11.42 Dr KWOK Ka-ki referred to the recent public concern about the small number of tickets available for sale to the local public and the high ticket price for the Manchester United Asia Tour 2013 (Hong Kong Leg), an MEF-funded event. Dr KWOK enquired whether the Administration would enhance the MEF mechanism to ensure that the MEF supported events would be readily accessible to Hong Kong citizens.

11.43 C for Tourism responded that the Administration had been required the organizers of the MEF supported events to open the events to

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the public, and indeed over half of these events were free of charge. Nevertheless, MEF AC would, having regard to the circumstances of individual projects, consider the need for imposing additional requirements on the applications, such as the number of tickets required to be made available for public sale in respect of certain types of events in future. MEF AC and its secretariat would monitor the process of the organization of the events to ensure that they were in line with the aim of MEF, as well as other related requirements.

### **Competition policy and consumer protection**

#### Competition Ordinance

11.44 Mr Dennis KWOK enquired about the timetable and progress of the preparation for the establishment of the Competition Commission (the Commission) and the Competition Tribunal (the Tribunal), in particular, the recruitment of staff of the Commission and the appointment of judicial officers of the Tribunal. PS(CIT) responded that the Administration hoped to appoint a Chairperson and members of the Commission soon. The Commission would then proceed with the recruitment of its Chief Executive Officer and other staff, and decide whether to conduct a global search to fill the different posts with regard to the relevant job requirements. PS(CIT) further advised that the Tribunal would come into operation on 1 August 2013. The Administration expected that the Judiciary would complete the appointment of necessary judicial posts before 1 August 2013.

11.45 Dr KWOK Ka-ki expressed concern whether resources allocated to C&ED and the Consumer Council would be sufficient in handling the increased workload arising from the enactment of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (the Amendment Ordinance).

11.46 C of C&E responded that 80 officers were currently responsible for enforcing the Trade Descriptions Ordinance (Cap. 362) and 147 officers would be mobilized through internal redeployment to cope with the enactment of the Amendment Ordinance. Additional funding would be sought via the established channels if necessary. PS(CIT) supplemented



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that an additional provision of \$5.5 million was allocated to the Consumer Council in 2013-2014 in support of an enhanced role of the Consumer Council after the implementation of the Amendment Ordinance.

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12.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work under the Communications and Technology (CT) portfolio for the 2013-2014 financial year (Appendix IV-10).

### **Broadcasting services**

#### Digital broadcasting

12.2 Mr SIN Chung-kai noted that at present, there were four multiplexes available in Band III (216-223 MHz) for the development of digital audio broadcasting (DAB) in Hong Kong. As the Government had only released one 1.5 MHz multiplex in Band III for the provision of DAB services with territory-wide coverage, he enquired about the reasons for not releasing the remaining three Band III multiplexes. Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PS(CT)) responded that the Administration was monitoring the development of DAB services in Hong Kong and no decision on releasing the remaining three Band III multiplexes had been made at this stage.

12.3 Noting that the Administration did not have statistics on the number of DAB listeners in the past three years, Mr MA Fung-kwok opined that the Administration should implement measures to evaluate the effectiveness of DAB. He enquired about the specific measures taken to support the development of DAB services and the membership of the Digital Audio Broadcasting Steering Committee. SCED responded that various specific measures including the promotion of DAB services, the improvement on the reception of signals and the increase of transmission power were taken to support the development of DAB services. PS(CT) undertook to provide the membership list of the Digital Audio Broadcasting Steering Committee after the meeting.

#### Radio Television Hong Kong

12.4 Noting that the salaries of Programme Officer employed on civil service terms and on non-civil service contract terms varied significantly,

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Ms Claudia MO expressed grave concern about the resultant impact on RTHK and its staff. Separately, she was also concerned about the recent incidents where the Director of Broadcasting (D of B) had tried to interfere with the editorial independence of RTHK which had caused the public losing confidence in D of B. Against this background, she opined that D of B should resign from his office or else, his monthly salary should be reduced to this effect. D of B rejected both requests.

12.5 Mr NG Leung-sing relayed the public concern over the adverse comments made by RTHK programme hosts on the Government. In the light of the increase in the estimated expenditure of RTHK for 2013-2014, he urged RTHK to enhance its accountability to the public and to uphold the principles of impartiality and objectivity in its editorial policies. D of B noted that the estimated expenditure of RTHK for 2013-2014 was at an increase of 21.6% over the revised estimate for 2012-2013. The creation of additional non-directorate posts, representing 19% increase over the current establishment, was the largest among all government departments. D of B stressed that the Government had adhered strictly to the RTHK Charter in upholding the independence and integrity of RTHK. As the public service broadcaster in Hong Kong, RTHK attached great importance to the provision of an open platform for the free exchange of views without fear or favour.

12.6 Mr NG also enquired about the proportion of expenditure for the acquisition and commissioning of programmes by RTHK. D of B responded that the actual expenditure for acquisition and commissioning of programmes by RTHK in 2012-2013 was about \$7 million. As the nature and quality of programmes available for acquisition and commissioning and the number of programmes produced by RTHK varied from time to time, there was no set figure on the proportion of expenditure at this stage.

### Domestic free television programme services

12.7 Ir Dr LO Wai-kwok and Ms Claudia MO recalled that a motion had been passed at the Legislative Council meeting on 28 November 2012 urging the Administration to issue additional domestic free television programme service licences before the end of March 2013. They enquired

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about the progress of the matter. SCED replied that the Administration was still processing the licence applications. Due to the confidentiality rule of the Executive Council, the Administration was unable to disclose further details about the applications which were being considered by the Chief Executive in Council.

12.8 Noting that the Mega Events Fund would not be used to acquire television broadcasting rights for the World Cup Finals 2014, Dr Priscilla LEUNG strongly urged the Administration to consider other viable options so as to ensure that the public could enjoy free viewing of mega international sports events. SCED responded that the objective of the Mega Events Fund was to support organizations interested in hosting attractive mega arts, cultural, sports and entertainment events to be staged in Hong Kong. To ensure proper use of public resources, the Mega Events Fund should not be used to sponsor commercial mega international sports events. The Administration considered it more appropriate for the commercial sector to acquire television broadcasting rights for such events.

### **Creative industries**

#### Support for film industry

12.9 Mr Martin LIAO commented that the film industry's response to the Film Guarantee Fund (FGF) was lukewarm as reflected by the small number of applications received in the past few years. He urged the Administration to introduce measures to promote the usage of the FGF by the film industry. He also pointed out that according to the Report of the Audit Commission on the Government's financial support to film industry dated 26 October 2012, \$148.2 million (72%) was spent on film-related projects while only \$58.1 million (28%) was on film-production projects under the Film Development Fund (FDF) from 2005 to 2012. He enquired whether the Government would review the distribution of funding resources among the two types of projects, and consider merging the FGF and FDF to optimize the use of resources.

12.10 PS(CT) responded that there was no limit on the number of applications for funding under the FDF. Funds would be granted to

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applicants if they met the criteria and conditions for grant. Indeed, the number of FDF applications was gradually increasing in recent years. The Administration would conduct a holistic review on the usage of the FDF and the way forward of the FGF by the end of 2013.

12.11 In response to Mr CHAN Chi-chuen's enquiry about the small number of applications received under the FGF, SCED advised that the trade had generally turned to FDF for financing film production instead of applying for FGF, which was set up for the purpose of assisting local film production companies in obtaining loans from local participating lending institutions for producing films.

### Support for cultural industry

12.12 Mr CHUNG Shu-kun welcomed the presence of Art Basel in Hong Kong as this would stage the world's premier modern and contemporary art shows, and attract the world's leading artists, gallerists and collectors to foster interaction and exchange among them. This would also support the nurturing of local artists and the development and promotion of visual arts. In this connection, he enquired about the measures taken by the Administration to boost the development of cultural and creative industries in various sectors, and to transform local visual performance and visual arts into assets and products.

12.13 Head of Create Hong Kong responded that in accordance with a Government-initiated study in 2003 on the classification of cultural and creative industries in some European countries, performance arts and visual arts were classified as cultural endeavours while films, design, music and publishing etc. were classified as creative industries. Under such classification, the Commerce and Economic Development Bureau (CEDB) has been tasked to support the development of creative industries, whereas the Home Affairs Bureau (HAB) has been supporting the development of performance and visual arts and culture in Hong Kong, and providing funding support to local arts and performance groups.

12.14 Mr MA Fung-kwok enquired about the division of labour between the HAB and the CEDB in connection with supporting the cultural and

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creative industries and the co-ordination between the two bureaux in respect of such support. SCED undertook to provide the relevant information after the meeting.

### **Innovation and Technology**

#### Research and development

12.15 Mr WONG Kwok-hing urged the Administration to consider establishing the fourth industrial estate (IE), particularly to dovetail with the Government's plan to introduce mandatory Good Manufacturing Practice requirements for manufacture of Chinese Medicines (CM). He enquired about the measures taken to support the development of the CM manufacturing industry in terms of land supply. SCED responded that the Administration had invited the Hong Kong Science and Technology Parks Corporation (HKSTPC) in February 2012 to explore the feasibility of expanding the Yuen Long IE for supporting the development of hi-tech industries and creating synergy with the existing enterprises in the IE. The HKSTPC took forward a technical assessment consultancy study in July 2012 with a view to making a recommendation by mid-2014. Commissioner for Innovation and Technology (CIT) undertook to provide the supplementary information in this respect.

12.16 Dr Elizabeth QUAT asked if the Administration had any plan to set up a new research and development (R&D) centre for green technology, which the Government had been actively promoting in Hong Kong. CIT responded that one of the existing R&D centres, Nano and Advanced Materials Institute, had been engaging in green technology research such as nano technology and solar energy. In mid-2012, the Hong Kong Council for Testing and Certification set up a panel to promote testing and certification services relating to environmental protection and green technology. The Hong Kong Accreditation Service had also introduced relevant supporting accreditation service. Whilst the Administration had no plan to set up a new R&D centre for green technology at this stage, it would continue to support R&D and the development of green technology by encouraging universities and the industry to apply for subsidy under the Innovation and Technology Fund.

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12.17 At Dr QUAT's request, the Administration undertook to provide information on when it would take forward the Chief Executive's pledge in his election manifesto about raising the investment on R&D to 0.8% of the Gross Domestic Product or even at a level comparable to Hong Kong's competitors in the region. CIT undertook to provide the relevant information after the meeting.

### Fostering university-industry collaboration and technology transfers

12.18 Ir Dr LO Wai-kwok noted that in the past three years (i.e. 2010-2011 to 2012-2013), the Administration did not receive any applications for funding support for companies to invite local university professors to lead designated R&D projects under the Industrial Research Chair Scheme. He enquired about the reasons in this respect and whether there were measures to review and enhance the Scheme, including the possibility of diverting its funding resource to other schemes.

12.19 CIT responded that one of the reasons for not receiving any applications might be the significant demand on the researcher for his working time in conducting the relevant R&D work throughout the project period. There were other alternatives available which allowed more flexibility in terms of time commitment such as the Matching Grant for Joint Research Scheme. The Administration had encouraged professors to take part in technology transfers to assist the industry, and would continue to review the various funding programmes under the Innovation and Technology Fund, including the University-Industry Collaboration Programme. CIT undertook to provide detailed information after the meeting.

12.20 Mr Martin LIAO noted that the actual number of technology transfers through the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) in 2012 had increased by about 21% over 2011 and that the estimated number of technology transfers in 2013 only increased by about 3%. He enquired about the reasons for such difference. CIT responded that the number of technology transfers to the industry through ASTRI each year was affected by various factors such as progress of projects, the market and economic environment, etc. In the

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past three years, the number of technology transfers through ASTRI had been on steady increase. The significant increase in 2012 was partly due to the enhanced industry interest in technology transfers following the initiative of the Innovation and Technology Commission to raise the level of cash rebate under the R&D Cash Rebate Scheme from 10% to 30% in February 2012. ASTRI would continue its efforts with a view to achieving better results.

### **Digital 21 Strategy**

12.21 Mr YIU Si-wing noted that the Office of the Government Chief Information Officer would launch in the second quarter of 2013 a mobile application which collated information of events organized by the Government or held at Government venues, including information from the Hong Kong Tourism Board. He enquired whether the scope of the application could be extended to cover information of events organized by non-governmental organizations and the private sector. Government Chief Information Officer (GCIO) responded that the Administration would continue to explore the possibility of including such information in the application, along with the sharing of data with relevant organizations engaging in developing mobile applications.

### Support for information and communications technology enterprises

12.22 Dr Elizabeth QUAT noted that small and medium sized enterprises (SMEs) had experienced difficulties in bidding for Government procurement items as the contracts were usually awarded to those with low bidding price, thus creating intense competition among SMEs in the information and communications technology (ICT) sector. She enquired about the measures taken by the Administration to help SMEs to compete fairly in Government ICT tenders and procurements. She also suggested that the Administration should conduct tender assessments to avoid awarding contracts with bids below cost. Strategic requirements such as opportunities provided to the ICT sector and the labour market should also be considered when assessing tender applications and procurement contracts. SCED responded that it was the Government's established procurement policy to obtain the best value for money through open and fair competition.



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The Administration was required to follow established international guidelines in offering tenders and procurements for some standing offer agreements.

12.23 Mr Charles Peter MOK said that in recent years, Hong Kong had made tremendous achievements in international ICT awards. However, many local enterprises expressed that the Government had not provided support for them to take part in these competitions. These enterprises had to bear a large amount of cost to bring honours for Hong Kong. As such, he urged the Administration to provide financial assistance to local ICT enterprises to participate in overseas international awards competition. GCIO responded that under the current policy, financial assistance was provided to students and non-profit service organizations to participate in international award contests overseas. Award-winning local ICT enterprises which were not eligible for financial assistance were encouraged to apply for subsidy under the SME Export Marketing Fund for participation in other activities such as trade fairs and exhibitions.

### Government Wi-Fi services

12.24 Mr SIN Chung-kai enquired about the current percentage of government premises with the Next Generation Government Wi-Fi (*GovWiFi*) service coverage and the criteria for assessing the provision of such service at government premises. GCIO responded that no such percentage was available as the figures currently available were categorized into different types of government premises such as libraries and information centres, etc. To ensure cost-effectiveness, the *GovWiFi* Programme provided service at government premises with high public patronage and strong public demand, and premises that could facilitate the delivery of e-government services or promote Hong Kong's image. To assess whether there was strong public demand for *GovWiFi* service at a certain premises, the Administration used daily visitor count of the premises, such as 5 000 (for outdoor premises). The Administration would continue to actively explore with relevant departments the extension of *GovWiFi* service to suitable government premises, with a view to facilitating citizens' and visitors' access to the service.

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12.25 Mr CHAN Chi-chuen enquired about the number of government premises that the Administration aimed to provide with *GovWiFi* service. GCIO responded that the *GovWiFi* Programme currently provided service at some 400 government premises across 18 districts in Hong Kong, and would extend its service to about 40 additional government premises in 2013-2014.

12.26 Mr YIU Si-wing enquired about the possibility of extending the coverage of free *GovWi-Fi* service to tourist spots such as the Hong Kong Disneyland, the Ocean Park and some Chinese temples. SCED responded that under the current policy, *GovWiFi* service would only be provided at government premises so as to avoid competition with the commercial sector in providing Wi-Fi service. Although the Government had made investment in the Ocean Park and the Disneyland, which were not government premises, it might not be appropriate to extend the coverage of *GovWiFi* service to these spots.

12.27 Dr Elizabeth QUAT enquired about the possibility of extending the coverage of free *GovWi-Fi* service to the whole territory. The Administration undertook to provide a response after the meeting.

### **Telecommunications services**

12.28 Mr Steven HO said that since the new regulatory regime under the Personal Data (Privacy) Ordinance (Cap. 486) (PDPO) for dealing with the use of personal data in direct marketing activities came into force on 1 April 2013, data users had to notify data subjects and obtain their consent before using their personal data for direct marketing purposes. Some members of the public took the view that it was too burdensome for the data subject to make written opt-out requests to data users by post. As such, he urged the Administration to review whether the opt-out mechanisms in relation to the use of the response channel provided by data users could be streamlined. SCED agreed to relay Mr HO's suggestion to the Constitutional and Mainland Affairs Bureau for follow-up.

12.29 Mr Charles Peter MOK expressed concern over the frequent use of customers' personal data by some mobile network operators for direct

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marketing purposes, which were in breach of their telecommunications licensing conditions. He enquired about the measures taken by the Office of the Communications Authority (OFCA) to deal with the issue, having regard to the possible confusion relating to the scopes and complaint mechanisms under the Unsolicited Electronic Messages Ordinance (Cap. 593) (UEMO) and PDPO. Director-General of Communications (DG(OFCA)) responded that PDPO was not yet in force when the telecommunications licences were issued to the mobile network operators. After PDPO had come into force, all issues relating to possible breach of PDPO should be dealt with by the Office of the Privacy Commissioner for Personal Data under PDPO. In her opinion, the alleged use of customers' personal data by some mobile network operators for direct marketing purposes without their customers' consent might be in breach of PDPO.

12.30 Mr Steven HO enquired whether the scope of "Do-not-call Registers" available under UEMO could be extended to cover person-to-person telemarketing calls. SCED responded that the trade associations of the four sectors (namely finance, insurance, telecommunications and call centres) had issued by June 2011 their respective codes of practice on person-to-person telemarketing calls (the industry codes), and encouraged their members to adopt the best practice recommended in their industry codes in making such telemarketing calls. The number of complaint cases concerning these calls had decreased since the implementation of the industry codes and the voluntary self-regulation scheme by the industry. At Mr HO's request, the Administration undertook to provide the relevant complaint statistics after the meeting.

12.31 SCED supplemented that person-to-person telemarketing call was a common marketing practice and a major channel used by SMEs to promote their businesses. To avoid over-regulation, the Administration would strike a balance between respecting the right of call recipients and allowing lawful telemarketing to develop in Hong Kong in order not to adversely affect the survival of SMEs and employment. The Administration had no plan to extend the scope of "Do-not-call Registers" to cover person-to-person telemarketing calls at this stage. Mr Charles Peter MOK suggested that the Administration should conduct public consultation on this issue.

### **Radio frequency radiation safety**

12.32 Mr WONG Kwok-hing urged the Administration to conduct a review to improve at source regulation concerning radio frequency radiation as the radiation safety limits currently adopted in Hong Kong seriously lagged behind those adopted in Shenzhen. DG(OFCA) responded that pursuant to the professional advice of the Department of Health, Hong Kong adopted the internationally accepted radiation safety limits as set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) for regulation of radio base stations. OFCA constantly monitored the installations at base stations to ensure their radiation levels did not exceed the ICNIRP limits. It also kept track of the latest development in radiation safety standards and sought the professional advice of the Department of Health from time to time to safeguard public health.

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13.1 At the invitation of the Chairman, Secretary for Home Affairs (SHA) briefed members on the priority areas of the Home Affairs Bureau (HAB) with additional resources provided in the new financial year (Appendix IV-11).

### **Arts and cultural development**

13.2 Mr MA Fung-kwok noted the increased provision (32.9%) for arts and culture initiatives in the 2013-2014 estimates over the 2012-2013 revised estimates. He sought details of the work and projects to be funded by the additional resources, and the specific cost estimation for implementing each of those projects as outlined in the Administration's reply to his written question. Permanent Secretary for Home Affairs (PSHA) undertook to provide a written response after the meeting.

13.3 In response to Mr MA Fung-kwok's further enquiry on whether co-ordination and communication mechanism between HAB and the Commerce and Economic Development Bureau had been put in place for the formulation of supportive measures for promoting Hong Kong's cultural and creative industries, PSHA replied in the affirmative.

13.4 Mr Christopher CHUNG asked whether the Administration would review the Venue Partnership Scheme of the Leisure and Cultural Services Department and consider re-allocating the performance venues under the Scheme for use by other organizations if the performance of existing Venue Partners was found unsatisfactory. The Administration undertook to provide a written response after the meeting.

13.5 In response to Dr Helena WONG's concern over the difference in amounts of grant approved from the arts and sports portions of the Arts and Sport Development Fund in the past three years, PSHA stressed that funding applications for the arts and sports portions were considered on their own merits. There were other schemes in place for supporting arts development projects.

### **Sports development**

13.6 In response to Mr LEUNG Che-cheung's enquiry about the implementation details of the Hong Kong Football Association (HKFA)'s "Project Phoenix", PSHA advised that the Government was working closely with HKFA to implement Project Phoenix to help bring about a renaissance of Hong Kong football. The Project had been in place for one year, and specific plans that had been taken forward included HKFA's appointment of a "change agent" to review its governance structure, and appointment of a Chief Executive Officer with experience in sports management to strengthen the co-ordination of football development. The Leisure and Cultural Services Department had earmarked resources for the territory-wide improvement of football facilities in order to meet the increasingly keen demand for football pitches for training and competition. The Government had granted additional resources to district-based football teams for their employment of coaches, purchase of equipment and improvements to team administration, and it would continue to provide subvention to youth development programmes in the districts.

13.7 Mr WONG Kwok-hing asked whether the Administration would require organizations operating sports and recreational facilities on land leased under Private Recreational Leases (PRLs) to further open up their facilities for public use, in view of the long-standing shortage of sports facilities in Hong Kong; and if yes, the Administration's timetable and course of action. SHA responded that among the existing 70-odd PRLs, some 50 of them had expired last year. In renewing PRLs, the Administration would impose requirements for lessees to further open up their facilities for use by outside bodies. Mr WONG requested the Administration to provide the Panel on Home Affairs with more detailed information on the renewal of PRLs, including what facilities would be opened up to outside bodies and how outside bodies could apply for using the facilities. SHA agreed to do so.

### **Community services and facilities**

13.8 Dr Priscilla LEUNG expressed concern about the absence of a large community hall in Sham Shui Po and enquired whether the

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Administration had any plan to build in Sham Shui Po a town hall with a 1 000-seat multi-purpose hall. SHA responded that the Administration was aware of the community's aspiration for the provision of a town hall which could also be used as a multi-purpose activities centre accommodating up to 1 000 persons. The relevant request would be handled according to established policy and resources allocation mechanism.

### **Bathing beach at Lung Mei**

13.9 Noting that the Director of Environmental Protection (DEP) was considering a petition for the cancellation of the Environmental Permit for the bathing beach project at Lung Mei, Mr Gary FAN asked when DEP would come to a decision on the petition, and whether the translocation of the three fish species of conservation importance as required under the Environmental Permit would be held in abeyance pending DEP's decision.

13.10 SHA responded that HAB had followed the government procedures for inviting tenders for the construction of a bathing beach at Lung Mei and was still at the stage of assessing the tenders. The construction works and translocation of marine animals would not commence until the tender was awarded. As regards when DEP would make a determination on the petition, it would be up to DEP to make such a decision.

13.11 Mr Gary FAN requested the Administration to provide information after the meeting on the time it would take to come up with a decision on the petition.

### **District Administration**

13.12 Mr IP Kwok-him, Mr WONG Kwok-hing and Mr WU Chi-wai expressed concern about the inadequacy of manpower support in 18 District Offices (DOs) to cope with the increased workload. In Mr IP's view, the additional manpower resources to be allocated to District Council (DC) Secretariats from 2013-2014 were far from adequate for them to cater for the increased workload arising from the implementation of various initiatives relating to district administration. He called on the

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Administration to increase substantially the support to the 18 DC Secretariats for coping with the challenges ahead. Sharing a similar view, Mr WONG and Mr WU urged the Administration to review whether the staffing resources, particularly in the Liaison Officer (LO) grade, presently allocated for supporting DCs to perform their functions was adequate.

13.13 SHA and Director of Home Affairs responded that the Government attached great importance to supporting the work of DCs in district administration. The Government noted members' views that more staffing resources should be provided for DOs and DC Secretariats to support DCs to perform their work. The Administration would follow the established procedures to seek the approval of the Legislative Council for additional resources, as and when necessary.

### **Building management**

13.14 Expressing concern about the legal responsibility and liability brought about by the formation of owners' corporations (OCs) on the part of property owners, Mr CHAN Kin-por asked whether the Administration had issued any guidelines requiring LOs to explain clearly to property owners the responsibilities of OC members in respect of building management and maintenance. SHA responded that the Administration's policy was to play the role of a facilitator to encourage and assist owners, through multi-pronged measures, to form OCs and provide appropriate support to assist owners in discharging their building management responsibilities. In the process, LOs would explain to owners their powers and responsibilities.

13.15 Mr WU Chi-wai queried whether the existing number of LOs responsible for building management work in each of the 18 districts was adequate, and asked whether more LOs with experience in building management work could be deployed to assist in such work.

13.16 SHA reiterated that while the Administration attached much importance to assisting OCs in building management through the District Building Management Liaison Teams comprising LO colleagues in DOs, it would follow the established procedures to seek the approval of the Legislative Council for additional manpower support, including



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strengthening the establishment of LOs, as and when necessary. He stressed that the Home Affairs Department had made tremendous efforts to strengthen the support for property owners and residents of private buildings. Various factors, including the number and age of buildings and the complexity of building management issues in each district, had been taken into consideration when deploying LOs undertaking building management duties.

### **Legal aid**

13.17 Noting that the Legal Aid Department (LAD) would introduce a "declaration system" for nomination of lawyers by aided persons in 2013 to ensure that the aided person's choice of lawyers was not affected by touting or other improper conduct on the part of the lawyers nominated, Mr Christopher CHUNG enquired about the declaration requirements, whether and how the claim would be verified, as well as the responsibility of and penalty on the legal aid applicant and the nominated lawyer for making a false declaration in the "lawyer nomination form".

13.18 Director of Legal Aid responded that LAD had begun the consultation process on the proposed "declaration system" with the Legal Aid Services Council at the end of 2012. LAD had also written to the Law Society of Hong Kong and the Hong Kong Bar Association to seek their views. LAD would finalize the details of the system for further consideration by the Council. LAD would follow up on cases reported by members of the public involving false declaration. If any solicitor or counsel nominated by an aided person was found to have wilfully made a false declaration, consideration would be given to his or her removal from the Legal Aid Panel.

13.19 Dr Priscilla LEUNG asked whether the Administration would consider expanding the scope of the two legal aid schemes, so as to cover Hong Kong permanent residents who encountered difficulties in the Mainland but could not pursue litigation with their own means.

13.20 SHA responded that the policy objective of legal aid was to ensure that no person with reasonable grounds for pursuing or defending a legal

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action under Hong Kong's judicial system was denied access to justice because of a lack of means. Given the difference in legal systems between Hong Kong and the Mainland, the Administration had no plan to extend the scope of the legal aid services to cover cases in the Mainland.

### **Community Care Fund**

13.21 Mr Michael TIEN declared that he was a member of the Community Care Fund (CCF) Task Force under the Commission on Poverty. He and Mr CHAN Kin-por expressed concern whether the Administration had any plan to incorporate those programmes launched under CCF which had been proven effective into the Government's regular service or assistance programmes. Given that the amount of donations received from the community over the past three years were less than expected, Mr CHAN and Mr YIU Si-wing asked whether the Administration would proactively seek further donations from the business sector. The Administration was requested to provide information to explain the measures it would take in encouraging more donations from the business sector.

13.22 In response, Deputy Secretary for Home Affairs (1) (DSHA(1)) advised that the objective of CCF was to, among others, bridge the gaps in the existing system and implement measures on a pilot basis to help the Government identify those that would be effective and could be considered for incorporation into the regular assistance and service programmes. CCF would also continue to implement those programmes that had been proven as effective but were yet to be incorporated into the Government's regular assistance, so that assistance would be provided to the needy continuously. The relevant policy bureaux and departments would examine on how those pilot programmes under CCF could be incorporated into regular service or assistance under their purview. While the Government at present had no plan to appeal for donations from the business sector, it always welcomed the support of the community for CCF through donations.

13.23 Noting from the Administration's reply to Mr Fernando CHEUNG's written question that for some assistance programmes, the total amount of administrative expenses paid was higher than that of the subsidies provided to the needy, Mr CHEUNG Kwok-che asked about the reason for

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it. He also asked about the reason why no expenses were incurred for the programme "Provision of special subsidy to persons with severe physical disabilities for renting respiratory support medical equipment".

13.24 DSHA(1) explained that the levels of disbursements made and administrative expenses involved were closely related to the progress of the implementation of the programmes. For an assistance programme at the initial stage of implementation with the application period having just commenced, the administrative and staffing expenses might be higher than the amount of subsidies disbursed. With the increase in the number of beneficiaries and the amount of subsidies later, the administrative expenses as a percentage of total subsidy payments would drop. DSHA(1) further said that it was the general principle of CCF that the administrative expenses incurred should not exceed 5% of the total disbursements made by CCF on a specific programme.

### **Unlicensed guesthouses**

13.25 Mr YIU Si-wing expressed concern about the proliferation of unlicensed guesthouses and enquired whether the Administration would, in addition to the establishment of an additional inspection team, consider further actions (such as enhancing the penalty for unlicensed guesthouse operation and stepping up the control against suspicious unlicensed guesthouses holding out their premises through the Internet) to combat unlicensed guesthouse activities.

13.26 SHA responded that the Office of the Licensing Authority (OLA) under the Home Affairs Department adopted a multi-pronged approach, including strengthening law enforcement action, enhancing deterrent effect and stepping up publicity, to combat and raid unlicensed guesthouses. OLA had also set up a dedicated team to closely monitor websites, discussion boards, blogs etc. for collecting information on the Internet about suspicious unlicensed guesthouses on the one hand and encouraging visitors to patronize licensed guesthouses on the other. SHA added that the law laid down the penalties and it was up to the court to impose the penalty within the confines of the law. Notwithstanding this, the Administration would take follow-up actions including notifying the owners of the premises

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concerned and the banks through which mortgage loans were obtained to acquire the premises where the unlicensed guesthouse activities were found.

13.27 Citing a recent case of sale of hotel room units by a property developer, Mr Tony TSE asked whether the Administration would review the existing regulatory regime in respect of development and operation of hotels and guesthouses in Hong Kong, so as to plug the loophole where developers might sell the hotel room units for residential purpose and to protect the interest of the public. SHA responded that following the sale of individual units of the hotel concerned, OLA had issued a letter to the hotel licensee to request for detailed information about the mode of operation of the premises. OLA had also conducted an inspection to the premises concerned to ensure that the licensee had complied with the building and fire safety requirements as stipulated in the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) and the licence conditions.

### **Youth hostels**

13.28 Mr Tony TSE expressed concern over the measures to be taken by the Administration against non-governmental organizations (NGOs) participating in the Youth Hostel Scheme to ensure that they could develop, operate and maintain the youth hostels in accordance with the Government's policy objectives and to avoid possible abuse of the Scheme.

13.29 SHA responded that to implement the Scheme, HAB planned to start with two relatively mature projects on a pilot basis. To ensure that the youth hostels were developed in accordance with Government's policy objectives and to avoid possible abuse, the Administration would set parameters for participating NGOs to operate and maintain the hostels. The parameters would include rental and tenancy period, age and permanent residency of target tenants, income and asset limits of target tenants, etc. Besides, the rights and obligations of the Government and the participating NGOs would be governed by the land lease, a legal document plus a Deed of Undertaking which would govern issues relating to the delivery of the hostel units. As public money was involved, HAB would closely monitor and review the Scheme, based on the progress made in the two pilot projects, and continue its discussions with other NGOs which had indicated an

interest in participating in the Scheme.

### **Civic Education**

13.30 Mr LEUNG Yiu-chung enquired about the rationale behind the increase of 34% in the 2013-2014 estimates for the Committee on the Promotion of Civic Education (CPCE)'s funding of activities promoting national education as compared with the revised estimates for 2012-2013, and the increase in HAB's 2013-2014 estimates of provision for promoting national education outside schools.

13.31 DSHA(1) responded that the increase in HAB's estimates for 2013-2014 was mainly due to the anticipated expenses on TV programmes to be produced by the Radio Television Hong Kong in end 2013 for the promotion of national education. SHA stressed that CPCE had all along been responsible for the implementation of activities to promote civic education, and national education promotion was one of the key elements of civic education which was included in CPCE's programmes and activities.

13.32 Dr Helena WONG sought clarification on whether the political background or affiliation of an organization was a factor of consideration in HAB's assessment of programmes/activities proposals relating to the promotion of civic education and allocation of sponsorship. She said that she was not convinced of the Administration's explanation that it did not maintain a list of youth organizations which received sponsorship from the Government for organizing youth development activities.

13.33 In response, SHA and PSHA advised that the information requested was public information available on the websites of CPCE and the Commission on Youth (CoY).

13.34 Noting that the total sponsorship to be granted in 2013-2014 for community organizations to organize study tours to the Mainland through CoY's Community Participation Scheme was estimated to be about \$26 million, Mr IP Kwok-him enquired about the scope of content of these youth study tours.

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13.35 SHA responded that to enhance Hong Kong young people's understanding of and respect for Chinese culture and heritage, HAB would continue to co-organize the Guangdong-Hong Kong-Macao Youth Cultural Exchange Tour with the Department of Culture of Guangdong Province and the Tertiary Education Services Office of Macao in 2013-2014. The tour aimed to, among others, promote mutual understanding and communication among the young people of the three places. To achieve the goal and ensure their effectiveness, the exchange tours usually included visits to museums, historical or cultural spots of the Mainland, exchange between youths of the three places and suitable complementary activities such as pre-tour workshop and post-tour activities. Youth participants would share at the post-tour activities what they had learned, and feedbacks from the participants on the previous tours were positive. For youth study tours to the Mainland sponsored by CoY, any schools and community organizations planned to organize study tours to the Mainland could submit applications for sponsorship. While there were no restrictions on the destination, programme content and theme of the tour, the sponsored organizations were required to submit reports evaluating the effectiveness of the projects, with feedbacks from the participants, upon completion of the tour.

13.36 In response to Dr Helena WONG's enquiry, PSHA advised that participants' feedbacks were collected through an opinion survey which mainly focused on participants' views on how effective the study tour was in enhancing understanding of various aspects of the Mainland (such as Chinese arts, culture and history), as well as on logistical arrangements of the study tour. The survey would not elicit information on participants' views on political issues.

13.37 Dr Kenneth CHAN enquired whether consideration would be given to enlisting more exchange partners into the International Youth Exchange Programme, so as to provide opportunities for Hong Kong youths to further broaden their international perspectives. PSHA replied in the affirmative, adding that the Administration was working hard to establish closer collaboration with more overseas countries to achieve diversity in cultural exchange.

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### **Provision of public information**

13.38 Mr Charles MOK expressed disappointment with the Administration's failure to provide the information he requested earlier in writing concerning the provision of public information and collection of public opinion through the Internet. He said that if the Information Services Department did not keep any such information relating to other government bureaux and departments, it should at least relay his questions to the Administration Wing or the relevant bureaux and departments for their response.

### **Review of the Chinese Temples Ordinance**

13.39 Noting that HAB was reviewing and considering legislative amendments to the Chinese Temples Ordinance (Cap. 153), Dr Kenneth CHAN enquired about the progress and scope of the review. SHA responded that the Administration had established a broad direction for its policy review work on the Ordinance, the foci of which were mainly on the power and responsibilities of the Chinese Temples Committee and the registration matters of Chinese temples. The review was close to completion. The Administration planned to introduce an amendment bill to amend the Ordinance in the first half of 2014.

### **Support for ethnic minorities**

13.40 Mr LEUNG Che-cheung enquired whether the Administration would review its policies relating to the provision and use of community centres/halls, with a view to providing ethnic minorities with places and venues for conducting religious activities. SHA responded that the Administration noted the need of the South Asian communities for places and venues to conduct religious activities. It would actively explore measures in this regard, including members' suggestion of designating specific time slots of community halls/centres for the use by ethnic minorities.

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14.1 At the invitation of the Chairman, Prof Anthony CHEUNG, Secretary for Transport and Housing (STH) briefed members on the financial provisions and the Government's major initiatives on housing in the 2013-2014 financial year (Appendix IV-12).

### **Public housing**

#### Public rental housing

14.2 Mr WONG Kwok-hing noted that according to the estimated production of public rental housing (PRH) flats in the coming five years, only about 200 PRH units would be provided on the Hong Kong Island. He presumed that the 200 PRH units were converted from the Chai Wan Factory Building and considered that they could not meet the demand of applicants on the Waiting List (WL) for PRH. He enquired if the Administration had plans to provide more PRH units on the Hong Kong Island, for example, by redeveloping aged estates. STH responded that there had been an increased supply of PRH units in the urban areas. A territory-wide review would be conducted on the build-back potential, structural safety and cost-effectiveness of repair works of aged estates, as well as the availability of suitable rehousing resources (i.e. reception estates) in deciding on their redevelopment. Permanent Secretary for Transport and Housing (Housing) (PSH) responded that a small number of projects would be built in the Hong Kong Island, including in the Chai Wan area, in the coming years. He undertook to provide more information on the PRH production on the Hong Kong Island in the coming five years.

14.3 Sharing the concern about the limited production of PRH flats on the Hong Kong Island, Dr Joseph LEE enquired about the number of WL applicants who were residing on the Hong Kong Island and who chose to live in the same area upon allocation. He also enquired about the distribution of PRH production in the 18 districts and whether the supply and distribution would match the demand. As there were about 9 000 PRH flats available in the urban areas in the next few years, he enquired if the policy on PRH allocation could be relaxed so that newly registered WL applicants could also apply for PRH in the urban areas.

14.4 STH said that given the limited supply of PRH, WL applicants might not be allocated with PRH units in their desired districts. Subject to



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availability, WL applicants could be allocated with PRH flats in the urban areas. PSH added that PRH flats were allocated on a regional basis, the key regions being urban, extended urban and New Territories. In the past two years, there had been PRH flats in the urban areas like Ho Man Tin and Sham Shui Po. There were also recycled units available on the Hong Kong Island if applicants were ready to accept them. While information on new PRH flats was available, information on recovered PRH flats could not be provided as their availability was not certain. In general, about 7 000 to 8 000 PRH flats were recovered each year which were available for reallocation to WL applicants.

14.5 Mr WU Chi-wai said that as the Administration had not provided a definite answer to his question of whether the Hong Kong Housing Authority (HA) would have sufficient land for the annual production of 20 000 PRH flats in 2018-2019 and 2019-2020, he was concerned that the pledged production target could not be met, given that the construction of PRH flats would take at least five years. STH explained that the sites for PRH production for the next five years from 2012-2013 to 2016-2017 had already been identified. HA would maintain close liaison with the Development Bureau and relevant government departments to identify suitable sites for PRH production for the five years starting from 2018. The Administration would brief the Panel on Housing on the progress of PRH production on a regular basis.

14.6 Dr Priscilla LEUNG stated that while she would support the production of more PRH and Home Ownership Scheme (HOS) flats to meet the housing needs of the public, the living conditions of the local districts concerned should not be compromised as a result. In maximizing the plot ratios for public housing development, the Administration should take care to avoid creating a wall effect which would adversely affect ventilation, particularly in the already congested areas near the harbour at Sham Shui Po where five blocks with over 1 500 PRH units would be built. Consideration should also be given to providing support facilities such as town halls for the betterment of the community. STH responded that feasibility studies and environmental/traffic impact assessment would be conducted when planning public housing development. In addition, the need for support facilities would be assessed. Deputy Director of Housing (Development and Construction) (DD of H (D&C)) added that consultation had been held with the Sham Shui Po District Council on the provision of

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public housing in Sham Shui Po and the associated support facilities such as bus terminus, sports facilities, wet markets and town halls. The Administration would take care to avoid creating a wall effect.

14.7 Regarding the provision of 79 000 PRH flats in the coming five years from 2012-2013, and 17 000 HOS flats within four years from 2016-2017, Mr NG Leung-sing enquired whether the Administration would review the land and resources to be provided for public housing in the light of changing market conditions. With over 200 000 WL applicants, he questioned whether efforts should continue to be made to meet the increasing demand without setting a ceiling. He also considered it necessary to review the eligibility of those well-off PRH tenants who had been paying additional rent for a long time and were able to maintain their eligibility for PRH through transfer of assets. He supported that measures be taken to recover PRH flats from the well-off tenants whose income had far exceeded the income limits. It would be unfair to the WL applicants who were awaiting their turn for PRH allocation in subdivided flats and bedspace apartments while the well-off tenants were allowed to continue to occupy PRH flats, thereby slowing down the recovery of flats.

14.8 STH explained that PRH was provided for meeting the housing needs of low-income families who could not afford private rental accommodation. The Administration was aware of the recent increase in the number of WL applicants, which had increased by 20% to 30% over the last year. Under the prevailing housing policy, it was the Government's target to maintain the average waiting time for general applicants on WL at around three years. However, the target did not apply to non-elderly one-person applicants. Under HA's Housing Subsidy Policy and Policy on Safeguarding Rational Allocation of Public Housing Resources (SRA), commonly collectively referred to as the "Well-off Tenants Policies", households living in PRH for 10 years or more were required to declare their household income biennially, and households paying double net rent plus rates had to declare their assets biennially. Those with total household income and net assets value both exceeding the prescribed limits were required to vacate their PRH flats. The "Well-off Tenants Policies" would be looked into in the context of the Long Term Housing Strategy (LTHS).

14.9 Miss CHAN Yuen-han expressed concern about the lack of a comprehensive housing policy which would cater to the housing needs of

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the younger generation and the elderly. As households which were required to declare their income and assets under the "Well-off Tenants Policies" would have to vacate their PRH flats if their income and assets continued to exceed the prescribed limits, grown-up children of the households were forced to move out in order that their parents could continue to stay in the flats. This was at variance with the spirit of the Harmonious Families Priority Scheme which encouraged the younger generation to live with their elderly parents. As a result, residents of many older estates were mainly elderly persons. She also considered that there was a need to address the plight of those living in subdivided flats and bedspace apartments awaiting PRH allocation.

14.10 STH responded that the Government was committed to providing PRH for low-income families who could not afford private rental accommodation. It operated subsidized housing schemes to low-to-middle income families with aspirations for home ownership. It also strived to ensure the stable and steady development of the property market. The Steering Committee on LTHS would be looking into the "Well-off Tenants Policies" and the means to address the plight of those living in subdivided flats. The consultation document on LTHS was expected to be released by around mid-2013 for public consultation.

14.11 Mr James TO said that with the recovery of an average of 8 000 PRH flats per year together with an average annual production of 15 000 PRH flats, the number of flats available for allocation would be around 23 000 PRH flats per year. According to the statistics as at December 2012, the number of WL applicants had risen to over 200 000, with about 100 000 general WL applicants and 100 000 non-elderly one-person applicants. As this meant that the 100 000 general WL applicants would have to wait at least four to five years for PRH allocation, he questioned how the pledge of maintaining an average waiting time for PRH at three years could be kept. He also failed to see how the housing needs of the 100 000 non-elderly one-person applicants could be met, particularly those aged 35 and above who had been living in dilapidated conditions and awaiting PRH allocation for a long time. He enquired if the Administration would consider increasing the production of PRH and HOS flats. Sharing similar concerns, Mr Tony TSE enquired if it was still the Administration's target to maintain the average waiting time for general WL applicants at three years.

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14.12 STH responded that the Administration had been facing increasing pressure to provide more public housing and to this end, efforts had been made to identify more land for housing production and to increase development density. The Steering Committee on LTHS had been studying the means to provide more public housing and shorten the average waiting time for non-elderly one-person applicants. At present, the Administration was still able to meet the pledge of maintaining an average waiting time for PRH at three years for general WL applicants, and would strive to keep the target. Meanwhile, the average waiting time for elderly applicants had been kept at 1.5 years. As regards Mr James TO's query that unwanted flats were provided as first offers to general WL applicants in an attempt to meet the pledge of maintaining the average waiting time for first offers at three years, STH denied that this was the case.

14.13 Mr Frederick FUNG said that he was pleased to note that the number of PRH flats to be produced in the next five years would increase from 75 000 to 79 000. He enquired if additional land could be provided to further increase the PRH production. STH replied that the increased production was attributable to the advancement of construction schedule. It would not be possible to further increase the production volume for the next five years as the construction process took time. The Government adopted a production target of at least 100 000 PRH units in total for the five years starting from 2018 and efforts would be made to identify sufficient land for the purpose.

14.14 Noting the limited number of vacant PRH units, Mr Christopher CHUNG enquired whether it would be possible to allow families living in separate units to be rehoused under one larger unit, thereby allowing more units to be recovered for allocation and enabling the younger generation to live together with their parents. He also enquired about the feasibility of increasing the plot ratio of new and redeveloped PRH estates, including that of the Ming Wah Dai Ha. STH responded that the low vacancy rate of PRH flats reflected the full utilization of existing housing resources. In redeveloping aged estates and buildings such as Ming Wah Dai Ha, efforts would be made to maximize the efficiency of land use and the build-back potential. Deputy Director of Housing (Estate Management) added that the Harmonious Families Priority Scheme allowed younger families to live with their elderly parents/dependent relatives in one flat or two separate flats in

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the same district. Eligible applicants under the Scheme would enjoy priority processing over the application by ordinary families.

14.15 Mr LEUNG Che-cheung sought information on the location of the public housing projects to be completed from now to 2016-2017 and their respective completion dates. STH replied that while information on the PRH production on a district basis was available, the exact location of the project sites could not be provided at this stage as some of them were still at the planning stage.

14.16 Mr Alan LEONG pointed out that with rising rental, small enterprises had been facing increasing difficulty in operating viable businesses in commercial shopping arcades in the private sector. The premises which were affordable to small enterprises would be those situated in the non-divested shopping arcades of PRH estates. These enterprises were beneficial to residents as they provided a wider variety of products at more affordable prices. Mr LEONG enquired if the Administration would give special consideration under the Budget to provide resources for improving non-divested shopping arcades within PRH estates, notwithstanding that HA was operating under a self-financing basis. STH stated that as HA was operating on a self-financing basis, it should be responsible for the upgrading of the shopping arcades and other facilities within PRH estates. Given the fiscal health of HA, it should have the resources to carry out the necessary improvement works. Where necessary, it could also seek additional funding from the Government. PSH supplemented that under the lead of its Commercial Properties Committee, HA was implementing a number of projects to upgrade the commercial facilities in the estates in Sha Tin and Sham Shui Po.

### Role of the Hong Kong Housing Society

14.17 With reference to the Hong Kong Housing Society's (HS) Shau Kei Wan Mixed Scheme Project which would be sold at market prices, Mr WONG Kwok-hing expressed concern that the project would not be able to satisfy the demand for subsidized housing on account of the high selling prices. In this connection, he enquired if the Administration would be prepared to review the role played by HS in the provision of subsidized housing and the mode of cooperation between HS and the Urban Renewal Authority in redevelopment projects. He opined that HS, being a public

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organization subsidized by the Government, should be responsible for assisting the Government in providing subsidized housing and should not be developing housing projects sold at market prices. STH responded that HS had always been a close partner of the Government in serving the housing needs of the community. It provided subsidized rental and sale units to meet the housing needs of different target groups. Applicants would have to meet the eligibility criteria in order to apply for subsidized housing. However, some of housing projects developed by HS, especially those in cooperation with the Urban Renewal Authority, were not subsidized housing and were sold at market prices.

14.18 Mr Tony TSE enquired about the role of HS in the provision of subsidized housing. STH replied that HS had been participating in the development of subsidized housing, including units for rent and sale. The Greenview Villa was one of the subsidized housing projects developed by HS for meeting the home ownership needs of low-to-medium-income households. A site in Sha Tin had been set aside for HS to develop a similar housing project. In the long run, HS would continue to play a role in the development of subsidized housing as part of the housing policy.

14.19 Mr Tony TSE commented that with the ageing population, there was a need to provide housing for senior citizens, particularly those who were not eligible for PRH. STH said that there were a number of housing schemes which allocated PRH units to the elderly on a priority basis. For the elderly who were not eligible for public housing, HS operated the Senior Citizen Residence Scheme which was targeted at middle-income elders. However, such schemes were not the mainstream development under the existing housing policy as priority had all along been given to meeting the housing needs of low-income families. In response to Mr TSE's request, the Administration would provide information on the changes in the average space allocated per person for PRH units in the past 10 years.

### Redevelopment of aged estates

14.20 Mr WU Chi-wai noted that under the Comprehensive Structural Investigation Programme (CSIP), maintenance efforts were made to sustain aged estate blocks for at least 15 years. In view of the ageing of PRH estates, notably the Wo Lok Estate and the Choi Hung Estate which were aged over 50 years, he enquired whether a rolling programme on the

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redevelopment of aged estates (particularly for those estates aged over 65 years which had gone through 15 years of maintenance works under CSIP) could be put in place. Mr SIN Chung-kai shared the concern about the need for redevelopment of aged estates which were beyond repair. Mr LEUNG Che-cheung also enquired about the plans for redevelopment of aged estates and whether HA would seek cooperation from HS in the redevelopment of estates under HS.

14.21 STH responded that HA performed regular repair and maintenance works to extend the service lives of PRH estates and to ensure their structural safety. In view of the increasing demand for PRH, the redevelopment potential of aged PRH estates would be critically reviewed with a view to increasing the efficiency of land use. Apart from the build-back potential and availability of suitable rehousing resources, the structural safety and cost-effectiveness of repair works for aged estates would have to be taken into account in deciding on their redevelopment plans. As the review process would take a long time to complete, and given its impact on affected tenants, the redevelopment plans would not be announced unless a decision had been reached. As HS had a role to play in the provision of subsidized housing, its co-operation would be sought as appropriate in the redevelopment of estates.

14.22 Ir Dr LO Wai-kwok supported the redevelopment of aged estates as it would maximize the plot ratio and increase the efficiency of land use. He said that the conversion of larger PRH units into smaller ones within the existing estates would also help to provide more units for allocation to meet the increasing demand from smaller families. STH responded that aged estates with a high build-back potential and availability of reception estates would be given favorable consideration in redevelopment. Given the demand for PRH, active consideration would be given under LTHS to assess the need for redevelopment of aged estates. The latest redevelopment project would be the redevelopment of Pak Tin Estate. DD of H (D&C) said that there were difficulties in converting larger units into smaller ones within estates, as the units had to be cleared before the conversion, as in the conversion of the Chai Wan Factory Building. In response to Ir Dr LO, the Administration agreed to provide the number of newly constructed as well as redeveloped PRH flats in the last 10 years.

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14.23 Dr Priscilla LEUNG stated that the residents of Shek Kip Mei Estate were concerned about the development plans of the district, which might be adversely affected by the redevelopment of Pak Tin Estate.

DD of H (D&C) said that efforts were made to rehouse affected tenants of Pak Tin Estate within the same district and there was no intention to rehouse them in Shek Kip Mei Estate Phases 3 and 7.

14.24 Mr Frederick FUNG suggested that the Administration could make use of the vacated PRH and private flats awaiting redevelopment by HA or the Urban Renewal Authority for temporary allocation to WL applicants who had been awaiting their turn for more than three years. This would provide relief for WL applicants who were paying high rentals for subdivided flats. STH responded that the proposal of using vacated flats awaiting demolition had been raised during the discussion of the Steering Committee on LTHS. As efforts were made to expedite works projects as far as possible to enable early delivery of flats, there were not many vacated flats available for temporary use.

### **Home Ownership Scheme**

14.25 Noting that HA had successfully secured enough land to ensure that a total of 17 000 HOS units would be completed over the four years from 2016-2017, Mr SIN Chung-kai enquired about the location of those sites. STH agreed to provide the location of the 17 000 HOS units.

### **Interim Housing**

14.26 Mr LEUNG Che-cheung enquired whether there were sufficient Interim Housing (IH) units for rehousing clearerees affected by redevelopment projects. STH said that no one would be rendered homeless under the existing housing policy and there were sufficient IH units available for clearerees affected by redevelopment. DD of H (D&C) added that joint actions would be taken with relevant government departments in clearance and rehousing.

### **Private housing**

14.27 Mr LEUNG Che-cheung pointed out that the introduction of



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demand-side management measures, notably the Special Stamp Duty and the Buyer's Stamp Duty, had slowed down the property market and dampened developers' interest to develop more residential units to the extent that the 67 000 private units expected to be completed in the next few years might not materialize. STH responded that although over 60 000 private units were expected to be completed in the next three to four years, the timing for putting these units for sale as well as their selling prices would be determined by developers based on market conditions. Buyers were more cautious in property purchases nowadays on account of the demand-side management measures. Meanwhile, the Government would continue its efforts to ensure the stable and steady development of the property market.

14.28 Mr CHAN Kin-por noted that the Administration would continue to closely monitor the property market by making reference to a basket of indicators, including property prices, the housing affordability for the general public, the volume of property transactions, the supply of residential properties, mortgage payments, rent-to-income ratio, etc. It would consider withdrawing the demand-side management measures after the demand-supply situation of the property market had regained its balance. Mr CHAN enquired about the indicators which would trigger the withdrawal of the demand-side management measures. He further pointed out that as the property market would easily be influenced by external factors, which might include the tension between North and South Korea and the outbreak of the avian flu, there was a need for contingency measures. It was high time that the Administration should review the market situation given that the prevailing uncertainty in the property market had deterred 40% of the eligible applicants selected by lottery from buying subsidized flats at Greenview Villa, which was offered for sale at 30% discount of the market value.

14.29 STH responded that based on the experience from past years, the Administration should try to ensure a stable and steady supply of public and private housing, and should not respond abruptly to changes in the property market by increasing or decreasing the housing supply. While there might be changes in the property market brought about by internal and external factors, some demand-side management measures would need to be introduced to address the situation. With the stabilization of the property market, consideration would be given to withdrawing those measures. As regards the under-subscription of the Greenview Villa, STH said that buyers

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would make purchasing decision based on their own affordability and perception of the property market. The Administration remained of the view that there was a great demand for housing.

14.30 Mr SIN Chung-kai noted that the overheated property market had cooled down with the introduction of the demand-side management measures and that the property prices had started to decline. He enquired whether the Administration would consider revitalizing the property market by adopting measures when the property prices had dropped by a targeted percentage, or when the supply of residential units reached a certain level. He also enquired if there were any objective indicators for taking measures to revitalize the property market.

14.31 STH responded that there were mixed views on the speculation of the property market and more time was needed to monitor the situation. The Administration would take measures as appropriate to ensure the stable and steady development of the property market by taking into account various factors, including the economic situation, interest rates, property prices and volume of property transactions etc. There was, however, no objective indicator for triggering measures to revitalize the market. As it was important that demand-side management measures could be changed promptly as and when necessary having regard to the market situation, it was proposed that those measures could be adjusted by means of subsidiary legislation subject to negative vetting by the Legislative Council.

14.32 Mr LEUNG Kwok-hung stated that in view of the high rentals in the private property market and the difficulties faced by low-income families in renting affordable accommodation, it was necessary to reinstate rent control. He said that he might consider introducing a Private Member's Bill for the purpose. He also enquired if the Administration was prepared to conduct a survey on the need for reinstatement of rent control.

14.33 STH responded that the legislative amendments made to remove rent control and security of tenure had been discussed and agreed after a lengthy discussion. As pointed out by the Chief Executive before, the Administration had no intention to reinstate rent control or security of tenure. However, the Administration would continue to closely monitor the rental market. He further said that views were divided on the need to reinstate rent control with some supporting and others strongly objecting to it. With

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the changing market conditions, it was observed that the rental market had stabilized recently. Assistance had been given by the Commission on Poverty and the Community Care Fund in addressing the financial difficulties faced by low-income families in renting accommodation in the private property market.

14.34 Mr CHAN Kin-por pointed out that as the property market had already cooled down and the rental market was on the decline, the suggested reinstatement of rent control would deal a further blow to the property market.

14.35 Mr Frederick FUNG noted that the Government would be providing land for the production of an average of 20 000 private residential flats per annum in the next 10 years. It had also pledged to produce a total of about 25 000 PRH and HOS flats per year in the next five years. He enquired if the Government was confident that there would be sufficient land for the overall housing production of 45 000 flats per year, given that some of the sites were still under land use planning. STH assured members that the Government would strive to provide land for producing flats both in the public and private sectors to meet the housing demand of the community and would step up efforts to expedite land use planning.

## **Chapter XV : Transport**

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15.1 At the Chairman's invitation, Prof Anthony CHEUNG, Secretary for Transport and Housing (STH) briefed members on the main initiatives and expenditure on the policy area of transport for the coming year (Appendix IV-13).

### **Land transport**

#### Measures to improve the traffic distribution among road harbour crossings

15.2 Mr NG Leung-sing noted that on 8 February 2013, the Administration proceeded with a public consultation on the proposed measures to improve the traffic distribution among road harbour crossings (RHCs). All the three toll adjustment options aimed to divert some traffic from the Cross Harbour Tunnel (CHT) to the Eastern Harbour Crossing (EHC). He considered that while the Administration's proposal might only achieve short-term effect to alleviate traffic congestion in areas in the proximity of CHT, the Administration should consider introducing long-term and effective measures to solve the problem. He suggested that the Administration should study the feasibility of providing interchange facilities on both sides of CHT to divert the traffic, and priority should be given for use by franchised buses. In his view, the proposal would not only alleviate traffic congestion but also lower the transportation cost of passengers and reduce vehicle-induced air pollution.

15.3 STH agreed to reflect the views of Mr NG to the consultants for further study. He concurred with Mr NG that given its central location and connectivity, plus the significantly lower toll charges as compared with those of the other two RHCs, CHT was the most heavily utilized among all three RHCs. As such, the Administration had proposed that the tolls of CHT must be increased whilst those of EHC be reduced so as to divert some traffic from CHT to EHC. As for the tolls of WHC, although WHC itself had spare capacity, its connecting roads, in particular those in Central, were already congested during the morning and evening rush hours. This constraint might only be overcome when the Central-Wanchai Bypass came into operation in 2017. He noted that if the utilization rate of RHCs kept on increasing, traffic congestion would still be serious. As such, the Administration's approach was to encourage the use of public transport by

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providing comprehensive and balanced public transport system.

15.4 Mr WONG Kwok-hing recalled that he had previously requested the Administration to discuss with the Western Harbour Tunnel Company Limited for offering empty taxis a concessionary toll of \$10-\$15 for their return trip with a view to relieving the traffic congestion at CHT and EHC. He requested an update of the relevant progress.

15.5 STH responded that the request for charging empty return taxis a concessionary toll at WHC would be considered under the study on proposed measures to improve the traffic distribution among RHCs. He said that if the request was found practicable, the Administration would have to liaise with the Western Harbour Tunnel Company Limited.

### Franchised bus

15.6 Mr WONG Kwok-hing recapitulated that he had previously requested the Administration at a meeting of the Panel on Transport to discuss with relevant bus companies to lower the section fares of those cross-harbour routes running on Hong Kong Island after they crossed the harbour. He asked about the relevant progress.

15.7 STH said that the Administration had studied Mr WONG's request regarding the fares of cross-harbour routes. The Administration recognized that the proposed section fares might affect the operation of other non-cross harbour routes. He said that the Transport Department (TD) would give a formal reply to Mr WONG regarding the matter.

15.8 Mr Christopher CHUNG expressed concern on the Administration's measures to improve the health conditions of bus captains following the serious traffic accident involving two buses and a taxi in Chai Wan in November 2012, which was allegedly caused by the sudden loss of consciousness of a bus captain in the course of driving. He asked whether the Administration would commission an independent body to study the problems of franchised bus operation.

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15.9 Commissioner for Transport (C for T) said that subsequent to the bus accident happened in Chai Wan, the Administration had reviewed the coverage of health checks together with the two franchised bus companies concerned. The matter had been discussed with major staff unions, which reflected that they were in general satisfied with the coverage of health checks arranged by their companies. The relevant franchised bus companies had also commissioned their medical consultants to analyze the past health records of bus captains to identify if any improvement measures could be devised. The relevant work was in progress and a conclusion had yet to be drawn. She said that the relevant franchised bus companies were open-minded and willing to make improvements. The Administration had been closely monitoring the relevant progress and would review the matter at regular meetings between the Administration and franchised bus companies.

15.10 STH said that the Administration attached great importance to the safety of bus services and health conditions of bus captains. He assured members that TD would duly follow up the matter with the relevant franchised bus companies.

15.11 In response to Mr POON Siu-ping's concern on the decrease in the estimated number of bus route rationalization packages to be processed in 2013 (i.e. 67) compared to those of the past two years, C for T explained that the number of 67 bus route rationalization proposals to be processed in 2013 only referred to those which would be dealt with under the annual route development programmes. Apart from that, TD would also adopt a new "area approach" on bus route rationalization whereby bus services would be reviewed and re-organized on a district basis. As such, the total number of bus route rationalization proposals to be processed in 2013 would exceed that of the past two years.

### Public light bus

15.12 Mr CHAN Kam-lam expressed concern over the prolonged time required by TD in assessing applications for fare adjustment of green minibus routes as some of those submitted as early as June 2012 were still being processed.

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15.13 C for T explained that in assessing the applications for fare adjustment of green minibus routes, TD had to review a lot of relevant information, such as the operating costs of individual routes. In the case that the operators of green minibus had not provided sufficient documents or information for assessment by TD, they would be required to provide them. In addition, TD would need to consult the relevant District Councils which took time to complete.

15.14 Mr Frankie YICK noted that there were at present about 6 000 job vacancies on the Airport Island. He considered that the serious recruitment difficulty was due to the inconvenient transport services on the Airport Island. For example, those airport routes operated by franchised bus companies were indirect and long. He asked whether the Administration would consider allowing green minibus routes to operate on the Airport Island to improve the transportation.

15.15 C for T said that there were in place shuttle bus services between the Airport and Tung Chung provided by franchised bus companies. Companies who wished to provide transportation to their employees could also apply for relevant licence to operate non-franchised bus services. She advised that the Administration had no plan to introduce green minibus routes on the Airport Island but would closely monitor the transportation needs on the Airport Island.

### Railway

#### *Review of the Fare Adjustment Mechanism of the MTR Corporation Limited*

15.16 Mr WONG Kwok-hing noted that the Review of the Fare Adjustment Mechanism (FAM) of the MTR Corporation Limited (MTRCL) had come to the final stage. He asked whether the fares of MTR would be frozen before an agreement on the review of FAM was reached.

15.17 STH replied that the Administration was confident that an agreement on the enhanced FAM would be reached so that it could be applied in adjusting the MTR fares in the coming June 2013. He said that

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the Administration would announce the enhanced FAM shortly after finalizing all the details. Mr WONG Kwok-hing hoped that the Administration could discuss with Members before reaching an agreement of the enhanced FAM with MTRCL.

15.18 Mr LEUNG Kwok-hung expressed doubt on how the Administration could prevent MTRCL from increasing fare to make profits. In his opinion, the most effective measure was to buy back the shares of MTRCL. To this end, he considered that MTRCL should set aside a considerable amount, say 40%, of its profits to set up a fare stabilization fund or a fund for development of infrastructure projects, thus reducing the return of the shares. This would discourage holding of MTRCL's shares because the share price would then drop and allow the Administration to buy back more easily the shares of MTRCL.

15.19 STH replied that in the five-yearly review of FAM with MTRCL, the Government's objective was to incorporate service performance and profitability of MTRCL, as well as public affordability as factors for consideration in FAM. The Administration hoped that FAM could be enhanced on the premise that MTRCL would remain a listed company. He advised that the Administration had no intent to buy back the shares of MTRCL.

15.20 Mr TANG Ka-piu recalled that when MTRCL adjusted fares in 2012, it also offered a new package of fare concessions to rebate passengers the full value of the additional revenue in the year generated by the 2012 fare adjustment, bringing an overall saving in transport expenses of approximately \$670 million to passengers. He asked how the Administration would ensure that MTRCL would return the above amount to passengers fully.

15.21 STH replied that the Administration noted that there was still a gap between the actual amount of passenger savings and the committed amount of \$670 million. He said that the Government would continue to monitor closely the implementation of the fare concessions offered by MTRCL and MTRCL would also review regularly the effectiveness of the concessionary schemes. In the case that the actual savings were less than



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\$670 million, the Government would request MTRCL to consider extending certain concessions or introducing other concessions as appropriate.

### *Railway service*

15.22 Mr POON Siu-ping asked about the guidelines for conducting rail inspection by the Electrical and Mechanical Services Department (EMSD) and the relevant policy.

15.23 Director of Electrical and Mechanical Services said that EMSD adopted a risk-based approach for conducting rail inspection, having considered the capacity, patronage and service frequency of respective railway lines as prime factors as well as previous inspection results. Where defects were identified during the inspection on a railway line, EMSD would strengthen the relevant inspection thereafter. This practice had been adopted with reference to that of advanced countries. He said that EMSD had been reviewing with MTRCL on the maintenance guidelines and inspection results. Where necessary, EMSD would propose improvement measures to MTRCL.

15.24 Mr Michael TIEN pointed out that when the Light Rail was commissioned, it was designed to serve a district with a population of about 300 000. With the development of Tuen Mun, Yuen Long and Tin Shui Wai, the daily patronage of Light Rail had increased from 180 000 in 1988 to 460 000 in 2012. However, he noted that the increase in the number of Light Rail trains was not proportionate to that of patronage, and that further increase in the frequency of Light Rail trains was not possible due to road space limitation, resulting in more frequent service delays. He asked whether the Administration would review the adequacy of Light Rail services and consider constructing an elevated monorial system for busy routes with a view to relieving the demand for Light Rail. He urged the Administration to start the relevant study and planning as early as possible as the relevant works took time to implement.

15.25 STH agreed to study Mr TIEN's suggestion. He said that in meeting the increasing traffic demand of Tuen Mun residents, the Administration would consider whether there was availability of other kinds

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of transport which would satisfy their needs. He added that the Administration would take into account the size of the population and economic activities in planning the transport network in new development areas.

### *Review and update of the Railway Development Strategy 2000*

15.26 Mr SIN Chung-kai noted that Stage 1 public engagement exercise of the Railway Development Strategy 2000 (RDS 2000) had already been completed for some time while the Stage 2 exercise was still in progress, and that the Administration would report the study findings in both stages together in 2014. He asked about the reasons for not announcing the study findings of Stage 1 separately. He also expressed concern over the estimated time required to sort out the funding modes in taking forward the relevant railway projects.

15.27 STH said that the public engagement exercise for the Review and Update of RDS 2000 was conducted in two stages. Stage 1 exercise aimed to consult the public on the proposals of three major regional railway corridors whereas Stage 2 exercise consulted the public on the proposals of seven local enhancement schemes for existing railway lines. Upon completion of the public engagement exercise, the consultants would consolidate the views collected at both stages of the exercise and carry out a comprehensive analysis. The entire study was expected to be completed within 2013 and a report be submitted to the Administration. The Administration aimed to announce the railway development blueprint to the public in 2014. He explained that since the development of major regional railway corridors and local enhancement schemes for existing railway lines were interrelated, the consultants would need to consolidate the views collected at both stages with a view to devising a comprehensive strategy for future railway development. He added that when considering whether a railway proposal should be taken forward, the Administration would take into account the development needs, population growth, as well as the economic and financial viability of the railway proposal. Once a project was confirmed to be taken forward, technical feasibility study would be carried out and an appropriate funding model would have to be considered.

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15.28 Mr KWOK Wai-keung said that since the road traffic on Hong Kong Island was very congested, there was a strong demand for railway services by local residents. While noting that the South Island Line (East) would be commissioned in 2015, he was concerned whether the North Island Line and Siu Sai Wan Line, under consultation in the Stage 2 public engagement exercise for RDS 2000, would be implemented as soon as possible.

15.29 STH replied that railway development projects required a long time for planning and implementation as well as huge investment. As such, the Administration would implement as soon as possible the relevant projects, once confirmed to be feasible.

### **Air services**

#### Security check of air cargoes

15.30 Mr Frankie YICK noted that the United States and the European countries had recently tightened the security check of air cargoes. In his opinion, while the Civil Aviation Department (CAD) was establishing a framework to help affected companies in respect of certification, it was apparent to him that many small and medium enterprises of both Hong Kong and the Pearl River Delta would not be able to meet the relevant standard. Mr YICK called on the Administration to look into the matter seriously.

15.31 Deputy Secretary for Transport and Housing (Transport)5, said that the Hong Kong Economic and Trade Offices concerned were closely monitoring plans for tightening up of security check of air cargoes by the United States and European Union. The Administration noted that there was a general trend of gradual tightening of security check for air cargoes. As such, CAD had been conducting sharing sessions with the relevant industry stakeholders in Hong Kong and the Mainland to explain to them the new international requirements as prescribed.

15.32 Director-General of Civil Aviation (DG of CA), said that the procedures of carrying out the security control of air cargo in Hong Kong

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strictly followed the international standards in aviation security prescribed by the International Civil Aviation Organization (ICAO) in Annex 17 to the Convention on International Civil Aviation. To ensure adherence to the new air cargo security standards promulgated by ICAO which would take effect from mid-July 2013, CAD would enhance the air cargo security regulated agent regime being implemented in Hong Kong. CAD had been communicating with the relevant stakeholders in the air cargo community to introduce additional air cargo security measures as appropriate in the Requirement Document for Consignor and the Regulated Agent Security Programme. He added that the air carriers of Hong Kong had already been conducting a 100% security screening of air cargo on all international passenger flights bound for the United States. The Administration noted that no further new requirements were introduced by the United States authority on freighter aircraft. He supplemented that the tightened air cargo security requirements by the European Union were not applicable to Hong Kong yet.

### Safety issues

15.33 Mr Paul TSE raised his concern over the recent air bridge collapse incident at the Hong Kong International Airport. He said that the incident had aroused concern on whether the Airport Authority Hong Kong (AAHK) had overlooked or delayed the relevant maintenance works.

15.34 STH said that the air bridge collapse incident was the first of its kind in Hong Kong. He said that the Government was very concerned about the incident and had requested AAHK to provide an investigation report in due course. DG of CA supplemented that following the incident, an investigation task force had been set up by AAHK with experienced independent experts to look into the causal factors of the incident. The findings of the task force would be reported to the investigation panel with CAD representatives. The investigation was targeted to complete within three months.

15.35 Dr CHIANG Lai-wan noted that the air traffic in Hong Kong was at present very busy. As a result, a considerable number of aeroplanes were required to hold in the air to wait for approaches. She expressed

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concern over the safety issues in case of mistakes made by air traffic controllers or failure of the computer system. She asked whether the Administration would set a limit on the daily number of flight movements.

15.36 DG of CA said that in late-March 2013, the number of flight movements at the Hong Kong International Airport had been increased to 64 per hour. CAD had conducted a study and had announced the study result to relevant stakeholders a few years ago that the maximum capacity which could be provided by the two-runway system at Hong Kong International Airport was 68 movements per hour. As such, CAD would allow gradual increase in the number of flight movements up to 68 in the coming years by 2015. Further increase would depend on the manpower, system, procedures and so on. He further said that the total of 1 172 flight movements recorded on a day during the recent Easter holidays had broken the single-day record, the number was close to the maximum handling capacity of just over 1 200 flight movements per day at Hong Kong International Airport. He said that CAD would further enhance the operational procedures and relevant systems to ensure safe and efficient air traffic operation at all times. So far, CAD had adequate manpower for air traffic control and the system was in good condition with very few minor problems.

15.37 Mr MA Fung-kwok noted that CAD conducted the Search and Rescue Exercise (SAREX) annually before 2008 and the exercises had been held with different departments and rescue organizations of other countries. He asked for details of these exercises.

15.38 DG of CA said that CAD had conducted SAREX in 2003, 2006, 2008 and 2012. The exercise comprised long-range and short-range search and rescue. It aimed to ensure quick and effective response to emergencies relating to air disaster within the Hong Kong Flight Information Region. He pointed out that Annex 12 to the Convention on International Civil Aviation stipulated that regular training should be provided and appropriate SAREX be arranged for the search and rescue personnel. Since DG of CA had been authorized by the Secretary for Security as the Search Director for air disasters, CAD had been conducting SAREX in accordance with the stipulated requirements to enhance its capabilities and strengthen its

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co-operation and co-ordination with government departments as well as the relevant Mainland and overseas agencies in Search and Rescue. He added that CAD took the initiative to invite rescue units and relevant organizations to participate in SAREX, such as the People's Liberation Army Hong Kong Garrison, United States Navy/Air Force, and those from the South East Asian countries as observers. Besides, different government departments, including Hong Kong Police Force, Marine Department, Civil Aid Service and Government Flying Service, etc, would also be invited to participate in Search and Rescue exercises.

15.39 Director of Marine (D of M) said that the Marine Department had also conducted rescue exercise annually either jointly with neighbouring rescue co-ordination centres or locally with Fire Services Department, Hong Kong Police Force and Government Flying Service. Relevant Mainland authorities might also be invited to participate in the exercise as an observer. The exercise aimed at testing and reviewing the communication arrangement and deployment of resources among different rescue centres/units during emergencies in the sea.

15.40 Mr LEUNG Kwok-hung cautioned that even though there was proper rescue co-ordination, the Administration should ensure the adequate provision of safety facilities, such as children lifejackets, on vessels.

### Construction of a third runway

15.41 Ir Dr LO Wai-kwok and Dr CHIANG Lai-wan noted that AAHK was working on the statutory Environmental Impact Assessment (EIA) and other related planning work of the three-runway system. They asked about the timetable of implementing the project. Dr CHIANG expressed concern about whether the progress of implementing the project would be affected by the current shortage of construction workers.

15.42 STH advised that it would take about two years to conduct EIA. Once EIA and necessary funding would be approved, the Administration would urge AAHK to commence the construction of the project as soon as possible. He said that the three-runway system was expected to commence operation in 2023. As for the shortage of construction workers, STH said

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that the Administration would closely liaise with relevant stakeholders to work out measures to address the problem.

### Flight delays

15.43 Mr TANG Ka-piu expressed concern over the increased frequency of passenger flight delays exceeding 15 minutes at the Hong Kong International Airport over the past three years. He considered that the problem might be due to insufficient manpower at the airport as a result of poor transportation, and unfavourable working conditions and remuneration. He asked about the Administration's measures to improve the working conditions and remuneration of jobs at the Airport to encourage more people to work at the Airport.

15.44 DG of CA said that flight delays were mainly caused by bad weather, airspace restrictions, provision of airport infrastructure such as number of runways and parking bays; and airlines' operational issues such as aircraft checks and maintenance. He highlighted that when the economy was good, the demand for flights would inevitably be greater. He pointed out that since the commissioning of Chek Lap Kok Airport, the number of flights had increased by about 5% annually. To attract more people to work in the aviation industry, apart from the need for companies to offer better remuneration package and better working environment, the Administration would also designate \$100 million to support further training and career development for maritime and air transport. Other new initiatives would also be considered to bring in more aviation personnel for the industry.

### **Ferry services**

15.45 Mr LEUNG Che-cheung pointed out that to enhance long-term financial viability of the six major outlying island ferry routes and maintain fare stability, the Government had been providing special helping measures to the six major outlying island ferry routes. The Administration had also allocated \$114.963 million for the implementation of special helping measures for the current three-year licence period from April/July 2011 to March/June 2014. Nonetheless, he noted that the number of sailings and

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the patronage of those ferry routes seemed to have decreased. For example, the patronage of Central–Cheung Chau ferry route had decreased from 8 414 373 in 2011-2012 to 6 653 595 in 2012-2013. He was concerned whether the decrease in patronage was due to insufficient subsidies provided to those ferry routes, or due to the decrease in the population of outlying islands. He suggested that the Administration could consider the option of purchasing vessels by the Government for operation by contractors. He said that in doing so, the investment and operation costs of ferry operators could be saved and fare concessions could be offered to passengers.

15.46 STH clarified that as the relevant figures provided by the Administration in 2012-2013 only counted up to December 2012 and had excluded those of the fourth quarter, there might not be ultimately a decrease in the number of sailings and patronage of outlying island ferry routes in 2012-2013. To his understanding, there had been stable patronage and number of sailings in general. Knowing that ferry was the major transport means for residents of outlying islands, the Administration had been providing some form of assistance to ferry operators to maintain the viability of ferry service. STH added that the Administration was conducting a mid-term review on the special helping measures provided to the outlying island ferry operators. Where necessary, the Administration would introduce additional measures to help the ferry operators.

### **Maritime development**

15.47 Mr Gary FAN noted that the number of spot checks on local vessels conducted by the Local Vessels Safety Section of the Marine Department had increased from 95 in 2011-2012 to 330 in 2012-2013 but the staff establishment of inspectors had remained unchanged. He expressed concern over the significantly increased workload of inspectors and asked if the Administration had planned to allocate additional resources for conducting the relevant inspections.

15.48 D of M said that subsequent to the recent marine disaster, the Marine Department had strengthened the inspections of local vessels. The Marine Department would deploy additional manpower as far as possible to cater for the additional inspections.



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15.49 Mr KWOK Wai-keung expressed concern over the aging and succession problems of seafarers, in view of the relatively small number of qualified seafarers. He enquired whether the Administration would implement other new initiatives to encourage more young people to work in the maritime industry to solve the succession problem, apart from designating \$100 million to establish a training fund for maritime and aviation transport, and injecting an amount of \$19.2 million into the Sea-going Training Incentive Scheme to continue its operation.

15.50 STH said the Administration was aware of the aging and succession problems of seafarers. In addition to the said training fund, D of M supplemented that about 250 sea-going cadets had participated in the Sea-going Training Incentive Scheme. Of these, more than 100 participants had acquired the qualifications as officers on board sea-going ships. The Administration had been closely working with training institutions such as the Maritime Services Training Institute as well as seafarer unions on measures to attract young people to join the industry.

15.51 Mr Paul TSE supported the Administration's initiative to designate \$100 million to establish a training fund for maritime and aviation transport, to sustain and expand various schemes and scholarships, and to implement other new initiatives to provide more talents for the industry. He, however, questioned about the sufficiency of the amount of the fund. STH said that the use of the fund would depend on the manpower demand in maritime and aviation transport, and the amount of which could be reviewed some time after its implementation.

15.52 Mr Frankie YICK noted that there was a mismatch between the demand and supply of typhoon shelter space. He noted that while the space of some typhoon shelters was found to be insufficient, some typhoon shelters were reported to have very low usage rate. Given the importance to protect vessels under bad weather, he requested the Administration to thoroughly review the current supply and demand of typhoon shelter space.

15.53 D of M advised that there were currently a total of 14 typhoon shelters provided for all local vessels. Due to the mobility of vessels, the

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demand for typhoon shelters might vary from time to time. The Administration's policy was to provide sufficient typhoon shelter space for vessels in Hong Kong as a whole.

### **Logistics development**

15.54 Mr CHAN Kam-lam noted that as a result of the recent strike at the Kwai Chung Container Terminal, some container ships had switched to other ports. He asked whether the Administration would take into account this phenomenon in the Study on the Strategic Development Plan for Hong Kong Port 2030, which was expected to be completed by mid-2013. Mr Paul TSE also enquired about the impact of the strike on the Administration's assessment of the need to develop Container Terminal 10 (CT10). Miss CHAN Yuen-han criticized the Administration's lack of progress in mediating between the employers and employees involved in the strike.

15.55 In response, STH said that since the strike had started in late March, the Bureau had maintained close liaison with terminal operators and kept a close watch on the operations of the Port. There were cases where some container ships skipped calling Hong Kong because of the on-going strike but this phenomenon was believed to be short-term provided that container terminals resumed normal operation as soon as possible and as such, the impact on Hong Kong's economy should be minimal in the long run. Hong Kong's port had competitive advantages in a number of areas, including the free port status, efficient customs, as well as a multi-modal transportation system connecting Hong Kong with the Mainland and the rest of world. He added that the study on the Strategic Development Plan for Hong Kong Port 2030 as well as another study on enhancing Hong Kong's position as an international maritime centre would review comprehensively the challenges and competitions encountered with a view to promoting more effectively the long-term development of Hong Kong as an international maritime centre. He further said that the Administration understood that the cost of using the container terminals in Hong Kong was comparatively higher than that of its neighbouring ports, and therefore the development of Hong Kong as an international maritime centre should move towards high value added maritime services.

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15.56 In respect of the development of CT10, STH said that the Administration was undertaking the Preliminary Feasibility Study for developing CT10 at Southwest Tsing Yi. The Administration would study the findings with those of the Study on the Strategic Development Plan for Hong Kong Port 2030 in deciding whether and if so, when the construction of CT10 should be taken forward.

15.57 Ir Dr LO Wai-kwok said that some logistics industries had reflected that the land for logistics development was far from sufficient. He was concerned about the amount of land which would be allocated for logistics development.

15.58 STH noted the strong demand of land for logistics development. He advised that the Administration would conduct a traffic impact assessment on two sites in Area 49 and Area 38, respectively, in Tuen Mun with a total of 10 hectares of land to ascertain their feasibility to be used for logistics development. The Administration would consult the relevant District Council on the assessment findings with a view to commencing the relevant works as soon as possible.

### **Other issues**

#### Utilization rate of government multi-storey car parks

15.59 Mr CHAN Kam-lam and Mr POON Siu-ping asked whether the Administration had studied the reasons for the low utilization rate of government multi-storey car parks and what improvement measures would be taken to attract more users.

15.60 C for T explained that the government multi-storey car parks were built decades ago. With the development of large shopping malls and commercial buildings with indoor car parks, and the parking concessions provided to attract shoppers, the isolated government multi-storey car parks lost its competitiveness. To increase the utilization rate on public holidays, Day Park/Night Park fees had been introduced in government multi-storey car parks such that the parking fees were comparable to those of commercial

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car parks. However, such promotion was unable to improve the utilization significantly. This being the case, the Administration had planned to dispose some government multi-storey car parks with exceptionally low utilization rate to cater for other developments.

### Traffic impact assessment of the Anderson Road Quarry project

15.61 Miss CHAN Yuen-han noted that the Administration planned to develop Anderson Road Quarry for construction of public housing for about 70 000 odd population. She said that while Members had no objection for the proposed construction in such a densely populated area, she was very much concerned about the traffic impact of the relevant works. She considered that the Administration should take effective measures to address the anticipated traffic congestion due to the increase in traffic.

15.62 C for T said that traffic impact assessment would be carried out for all road-related projects. As she had no information on hand, she agreed to provide information regarding the traffic impact assessment and the planning of road and traffic network associated with the developments along Anderson Road after the meeting.

15.63 Mr WU Chi-wai opined that the Administration should seriously consider reserving funds for installing hillside escalator links and elevator systems at Anderson Road Quarry to relieve the traffic pressure which would be arisen from the public housing development. He asked whether the Administration would make reference to the "Universal Accessibility" Programme and establish a mechanism to provide regular funding for hillside escalator links and elevator systems.

15.64 STH said that the installation of hillside escalator links and elevator systems required time for implementation and involved significant capital investment. An assessment system based on a comprehensive set of objective and transparent evaluation criteria had been established to help determine the priority of proposals on hillside escalator links and elevator systems. Director of Highways (DH<sub>y</sub>) supplemented that the Administration welcomed and would seriously consider views of members or members of the public about the need to provide hillside escalator links

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and elevator systems at any location.

### Road lights

15.65 Mr WU Chi-wai expressed concern over the light pollution caused by road lights. He asked about the standard of luminance of road lights in Hong Kong, when the relevant standard was last reviewed, and whether the Administration would consider lowering the road light luminance with a view to reducing light pollution and saving energy.

15.66 DHy replied that the luminance level of road lights in Hong Kong followed international standards. Different luminance levels of road lights were adopted for different kinds of roads. The luminance level and direction of road lights had been carefully adjusted to avoid light rays intruding into nearby residential flats.

15.67 Mr SIN Chung-kai asked whether the Administration had any plan to replace all road lights with light emitting diode (LED). DHy advised that the performance of LED lights, which could achieve only about 80 to 90 lumen per watt, was not as energy-efficient as that of high-power road lights currently used in Hong Kong, which could achieve about 130 lumen per watt. He said that Highways Department was conducting trials to test the performance of LED road lights to evaluate their suitability for low to medium-power applications in Hong Kong.

### Application of direct issue of driving licence

15.68 Mr Gary FAN noted a complaint case where the holder of Hong Kong driving licence with British nationality, while applying for direct issue of British driving licence without driving examination, was required by the British authority to provide proof of whether they had passed the driving examination in Hong Kong or in the Mainland. He, however, noted that TD was unable to provide such records and asked why such records were not kept by TD.

15.69 C for T clarified that TD did keep records on the countries or places which issued the driving licences, and information on whether the

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licences were obtained by passing the relevant driving examination in Hong Kong or directly issued on the strength of an overseas driving licence. However, it would be difficult to trace back those records of many years ago which were not stored in the relevant computer system. In response to Mr FAN, C for T agreed to provide supplementary information after the meeting on the number of applications for direct issue of a Hong Kong full driving licence on the strength of a driving licence issued by Mainland authorities in the past five years, the number of applications that had been rejected; and whether TD could provide proof for holders of Hong Kong driving licence if they had passed the driving examination in Hong Kong.

## **Chapter XVI : Welfare and Women**

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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 2013-2014 financial year (Appendix IV-14).

### **Public transport concessions for the elderly and persons with disabilities**

16.2 Mr TAM Yiu-chung asked when the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) would be extended to minibuses, the breakdown of the beneficiaries by types of public transport, and the number of concessions taken by ineligible persons. Pointing out that SLW had committed to considering extending the Scheme to trams after having implemented the Scheme on the major modes of public transport, Mr WONG Kwok-hing enquired about when the Scheme would be extended to tram services.

16.3 SLW replied that the Labour and Welfare Bureau (LWB) and the Transport Department were studying the feasibility of extending the coverage of the Scheme to minibuses. Permanent Secretary for Labour and Welfare (PSLW) said that the Scheme was launched on the premise that the public transport operators concerned would continue to absorb the cost of the existing concessions that they voluntarily offered to the elderly and persons with disabilities (PWDs) and that the Government would provide resources to cover the fare differential between the nominal fare and \$2 for each eligible trip. She said that she had not been given the understanding that the Hong Kong Tramways Limited was prepared to adopt this approach. The Administration could liaise with the Hong Kong Tramways Limited to clarify if it was prepared to adopt the same approach. At the request of Mr WONG Kwok-hing, the Administration undertook to provide information on the progress of liaison between the Administration and the Hong Kong Tramways Limited on the above extension. Deputy Secretary for Labour and Welfare (Welfare)1 (DS(W)1) said that as at end January 2013, the average daily trips taken by beneficiaries on the Mass Transit Railway (MTR) and franchised buses under the Scheme were about 643 000. On average, about 209 000 and 358 000 trips were made by the eligible elders a day on the MTR and franchised buses respectively; and about 34 000 and 42 000 trips were made by eligible PWDs a day on the MTR and franchised buses respectively. As the Scheme had been rolled out on ferries

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for just slightly over a month since 3 March 2013, the travel pattern of the beneficiaries had yet to be established. According to the preliminary information, the average number of trips a day made by eligible elders and PWDs on ferries were estimated to be about 4 600 and 140 respectively. Commissioner for Transport said that as reported by franchised bus operators, there were four cases of using the concessions by ineligible persons.

16.4 Mr POON Siu-ping asked when the concessionary fare would be extended to children with disabilities aged below 12 and the target number of beneficiaries. Dr Fernando CHEUNG considered that the Administration should expedite the extension of the concessions to children with disabilities. SLW replied that some 8 000 disabled children with 100% disabilities aged below 12 would be eligible for the concessionary fare and it was expected that the Scheme could be extended to them around early 2014. DS(W)1 supplemented that time was needed to upgrade/modify and test the hardware (e.g. Octopus readers on buses) and software of the fare collection systems of public transport operators concerned before such children could enjoy the \$2 concessionary fare.

### **Disability Allowance**

16.5 Mr WONG Kwok-hing expressed concern about the pledge by the Chief Executive for allowing people with loss of one limb to apply for Disability Allowance (DA) and asked when the Inter-departmental Working Group on Review of the Disability Allowance (Working Group) would complete its review on DA. He also urged the Administration to allow applicants with loss of one limb to receive DA with retrospective effect from January 2013, and asked when people with loss of one limb could enjoy the \$2 concessionary fare.

16.6 PSLW said that the Working Group was in the course of assessing the implications of various options on policy, implementation, finance and other related areas, having regard to the Chief Executive's proposal in his election manifesto to allow people with loss of one limb to apply for DA. The Administration would inform the Panel on Welfare Services of the Working Group's timetable for the review. The Administration would consider the implications on the Scheme having regard to the findings of the Working Group. At the request of Mr WONG, the Administration



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undertook to provide the Panel on Welfare Services with further information on the Working Group's timetable for completing the review on DA as soon as the Working Group was in the position to do so.

16.7 Pointing out that a PWD receiving Higher DA would receive Normal DA for the period of his/her stay in a residential institution over 29 days, Dr Fernando CHEUNG asked if the Administration would consider cancelling this rate deduction arrangement. Director of Social Welfare (DSW) replied that Higher DA aimed to provide financial assistance to those who were severely disabled and required constant attendance, and the arrangement of granting Normal DA instead of Higher DA when constant attendance was provided to the DA recipients in a subsidised residential institution was to avoid double benefits in accordance with the prevailing policy.

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

#### Employment support and training for persons with disabilities

16.8 Referring to the \$4.8 million recurrent provision in 2013-2014 for the job attachment and job trial programmes for PWDs, Mr POON Siu-ping asked if the Administration would increase the service quotas for the programmes. DSW replied that the job attachment allowance and wage subsidy for job trial under the "On the Job Training Programme for People with Disabilities" and the "Sunnyway – On the Job Training Programme for Young People with Disabilities" respectively, would be increased and the payment period extended. The Administration agreed to consider Mr POON's suggestion of increasing the service quotas. This apart, a scheme had been launched in March 2013 to provide subsidies to employers of PWDs for procurement of assistive devices and carrying out workplace modification works, thereby enabling employees with disabilities to work more efficiently.

16.9 Mr KWOK Wai-keung expressed concern about the Government's commitment to providing employment support to PWDs. He pointed out that the Government lacked an updated official survey on the unemployment rate of PWDs and kept no statistics on the employment figures of mentally handicapped persons. As the Government had not set any quota on the employment of PWDs in the Government and the public service sector, it

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failed to set an example for the private sector.

16.10 SLW responded that the previous survey on the employment rate of PWDs was undertaken by the Census and Statistics Department (C&SD) in 2006-2007 and C&SD had started a new round of survey in 2013. He emphasised that the Government had all along encouraged bureaux/departments, subvented organizations and public bodies to employ PWDs and had rolled out different programmes such as the "Enhancing Employment of People with Disabilities through Small Enterprises" Project to assist PWDs in securing employment commensurate with their abilities. He added that in the light of overseas experiences, under a mandatory employment quota system, PWDs would be perceived as a liability, making them difficult to be accepted by their peers at work. That was not conducive to their integration into the community. PWDs should be assisted to find appropriate jobs on the basis of their abilities rather than disabilities. Currently, staff with disabilities represented about 2% of government employees. He undertook that the Administration would continue its proactive efforts to promote employment of PWDs.

### Community care and support for persons with severe disabilities

16.11 Mr POON Siu-ping asked whether the Administration had fully prepared, in particular manpower planning, for the extension of the home-based care services for persons with severe disabilities to all districts in March 2014. Mr Albert HO asked if the Administration had any plan to regularize the "Special Care Subsidy for the Severely Disabled" assistance programme launched in September 2011 under the Community Care Fund (CCF) to provide a monthly allowance of \$2,000 for eligible recipients to assist them in acquiring caring services and medical consumables to meet their special care needs.

16.12 SLW said that the home-based care services would be regularized and extended to all districts and target beneficiaries would include persons with severe disabilities who were not on the waiting list for residential care services. The Administration had taken steps to increase the supply of paramedical staff and anticipated that about 3 250 persons with severe disabilities would be benefitted each year. SLW also said that the Administration would review the feasibility of regularization of CCF projects for persons with severe disabilities.

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### Support for children with disabilities

16.13 Dr Fernando CHEUNG said that in view of the acute shortage of pre-school services for children with disabilities aged between 0 and 6, the Administration should strengthen such services in order to adhere to the early intervention approach of its rehabilitation policy. Dr CHEUNG also expressed concern about the discontinuation of the residential respite service for children with disabilities by some subvented non-governmental organizations (NGOs) starting from March 2014.

16.14 SLW replied that currently under CCF there was a training subsidy for children with special needs from low-income families who were on the waiting list for subvented pre-school rehabilitation services. The Administration was considering the proposal of regularizing the programme under the management of the Social Welfare Department (SWD). DSW said that subvented NGOs offering residential respite services to children with disabilities were allocated a one-off grant from the Lotteries Fund (LF) for the purchase of necessary furniture and equipment and additional manpower on a time-limited basis. Given the time-limited nature, the additional manpower allocated would be phased out by March 2014. While fully recognizing the service need for residential respite for PWDs, SWD would review the service situation with NGOs and follow up as appropriate.

### Mental health social rehabilitation services

16.15 Mr Alan LEONG was concerned about the progress of securing permanent accommodation for the 24 Integrated Community Centres for Mental Wellness (ICCMWs) in the territory. He considered that the Administration should have better long-term planning in the provision of manpower and identification of sites for welfare facilities including ICCMWs.

16.16 SLW advised that the Administration had been making proactive efforts in identifying sites for ICCMWs and, as a transitional measure, allowing them to be set up in commercial buildings so as to facilitate the operation of ICCMWs. DSW said that SWD funded the expenses incurred for renting suitable commercial premises as temporary accommodation of

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ICCMWs and would continue to provide support for individual ICCMWs operators to secure suitable premises. He pointed out that all ICCMWs were in operation either in permanent or temporary accommodation. Currently, seven of them were operating in permanent accommodation while ten would move in permanent accommodation pending completion of local consultation and/or fitting-out works. SWD would continue to identify permanent premises for the remaining seven.

### **Elderly care services**

#### Residential care services for the elderly

16.17 Mr TAM Yiu-chung enquired about the reasons for the change of estimates on the target purchased places of nursing home (NH) places in 2012-2013 and 2013-2014.

16.18 DSW replied that the estimated number of NH places in 2012-2013 was revised downwards from 1 954 to 1 789 because the purchase of 165 NH places under the Nursing Home Place Purchase Scheme (NHPPS) needed to be deferred from 2012-2013 to 2013-2014. The reasons for the deferral included the lack of vacant NH places in self-financing NHs and residential care homes for the elderly (RCHEs) in 2012-2013 and the time taken for RCHEs to make enhancement in meeting the NH requirements, etc. SWD would continue to invite applications from RCHEs and self-financing NHs to provide the remaining NH places under NHPPS.

16.19 Mr LEUNG Yiu-chung expressed concern that elders with special needs were not provided with designated RCHEs catering for their needs and asked if the Administration had any plans to set up RCHEs for hearing impaired elders. DSW replied that the Government had set up RCHEs for visually impaired elders and different categories of residential care homes for physically handicapped or mentally handicapped persons. At Mr LEUNG Yiu-chung's request, the Administration undertook to provide information on the needs of elders with hearing impairment in RCHEs and the services and support to meet their needs.

16.20 Dr Joseph LEE said that the Administration should step up its inspections at RCHEs to help prevent elder abuse and ensure that the elderly

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residents were under proper care. He was also concerned about the monitoring of deployment of the Infirmary Care Supplement (ICS) and Dementia Supplement (DS) by operators of RCHEs for employment of staff or other purposes. DSW responded that in respect of quality assurance and checking mechanism on the service of RCHEs, SWD had enhanced its measures including surprise visits, investigations on complaints etc. ICS and DS allowed RCHEs to employ professional staff, including nurses, to provide enhanced care to the infirm and demented elderly. At the request of Dr LEE, the Administration agreed to provide information on the types and number of professional staff employed using the various supplements, including ICS and DS, for RCHEs to provide enhanced care to the infirm and demented elderly.

### Community care and support services for the elderly

16.21 Mr Frederick FUNG said that the geographical distribution and number of the Enhanced Home and Community Care Services (EHCCS) district teams did not seem to be proportionate with the demand for the services in individual districts. He suggested that more teams should be provided for districts such as Kwun Tong and Sha Tin to cater for the needs of huge demand for services. Deputy Director of Social Welfare (Services) (DD(S)) said that in the past four years the geographical distribution of the 24 EHCCS teams remained unchanged under the principle of one team serving one district but the number of service quotas and manpower provision for each individual district team were allotted according to the service demand in the district concerned.

16.22 Mr Frankie YICK enquired about the reasons for launching the Pilot Scheme on Community Care Services Voucher for the Elderly (the Pilot Scheme) in two phases. Mr Albert HO asked how the Administration came up with the funding allocation of \$380 million for the Pilot Scheme. SLW replied that to ensure smooth implementation, the first phase would be launched from September 2013 onwards for elders with moderate impairment. Subject to the outcome of the first phase, the Administration might include elders with severe impairment in the second phase. DSW supplemented that the first phase of the Pilot Scheme would be launched in eight selected districts, and by adopting a new funding mode, i.e. "money-follows-the-user" approach in the Pilot Scheme, the Administration would need time to develop a quality assurance mechanism to check the

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service offered by participating organizations. As regards the allocation of \$380 million from LF, he said that about \$278 million was for the provision of a maximum of 1 200 vouchers with a price value of \$5,000 per month during the first phase, taking into account the cost increase incurred by inflation, serving elderly applicants who were moderately impaired; and the rest of the funding served the one-off seed money for participating NGOs and social enterprises for the purchase of the required vehicles, furniture and equipment for running the Pilot Scheme.

16.23 Mr LEE Cheuk-yan said that he did not support the Pilot Scheme as he believed that the Government was evading its responsibility in elderly services by shifting the provision of services to NGOs. He considered that the "money-follows-the-user" approach could be further enhanced as a provision of carers' allowance to relieve the burden of family members taking care of elderly, PWDs and patients with chronic diseases. Dr Helena WONG said that the Democratic Party was in support of the carers' allowance with a view to alleviating the pressure and financial difficulties of carers.

16.24 SLW responded that in view of the ageing population, the Administration hoped that through the Pilot Scheme, more organizations especially social enterprises would provide more diversified community care services thereby offering more choices to elders and their carers. As regards carers' allowance, he remarked that the Administration believed that taking care of family was the responsibility of family members. The Pilot Scheme offered services, which was not equivalent to cash, as a kind of professional support to the needy elders and their carers. Nevertheless, the Social Security and Retirement Protection Task Force (SS&RP Task Force) under the Commission on Poverty (CoP) was now working with the Elderly Commission on a pilot scheme under CCF for the provision of carers' allowance for the elderly.

### **Universal retirement protection**

16.25 Members noted that the SS&RP Task Force had invited Professor Nelson Chow to conduct a study on retirement protection in Hong Kong which included, among others, an assessment of the combined retirement protection effect of the current three-pillar system. Miss CHAN Yuen-han pointed out that no funding had been earmarked in the Budget for taking

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forward initiatives on universal retirement protection which might be recommended by the study. Given the Government's huge fiscal surplus and public expectation on the implementation of a universal retirement protection scheme, Mr TANG Ka-piu asked whether the Administration would set up a seed grant for implementing the scheme.

16.26 SLW said that the study conducted by Professor Nelson Chow would be completed within one year and would include an overall analysis of different options of universal retirement protection. CoP would consider the findings and decide on the way forward and allocate funding as appropriate for taking forward related programmes and measures, which might include the set up of a seed grant.

### **Family, child care and youth services**

#### Youth outreaching teams

16.27 Mr LEUNG Che-cheung requested specific information on the ratio of youth outreaching teams (YOTs) to the number of youth in a district and asked if the number of YOTs set up in a district was in proportion to the size of youth population. Mr Frankie YICK enquired if additional resources could be allocated for setting up additional YOTs to cope with the demand for services in individual districts.

16.28 DD(S) replied that in addition to the youth population, factors taken into consideration for setting up additional YOTs included the youth crime rate and the availability of other youth services in the district. The Administration had not kept detailed statistics on the ratio of YOTs to the number of young people. DSW advised that the number of YOTs in a district was subject to the service demand of individual districts. In 2012-2013, additional YOTs were set up in Tseung Kwan O, Ma On Shan and Tung Chung, and NGOs running the YOTs provided service for both day and night to test out whether this operation model would be more cost-effective. Apart from YOTs, SWD had commissioned three NGOs to each launch in August 2011 a pilot cyber youth outreaching project with funding support from LF to reach out to young people through different cyber platforms and provide them with counselling services.

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### **Neighbourhood Support Child Care Project**

16.29 Referring to the keen demand for child care services among women in employment, Dr Elizabeth QUAT enquired whether the Administration had conducted review on the child care service needs in the community and review the \$18-\$22 hourly payment rate for child carers participating in the Neighbourhood Support Child Care Project (NSCCP) so as to attract more people to join the Project. Mr MA Fung-kwok asked if the service quotas offered by the subsidised day child care centres and NSCCP could meet the demand for services with the increase of birth rate as provided by C&SD; and if the Administration had any plans to increase the service quotas and extend the service hours of NSCCP. He also echoed with Dr QUAT's view that child carers should not be treated as volunteers of the Project.

16.30 Mr LEE Cheuk-yan held the view that child carers should be regarded as employees of the service operators and be remunerated on a par with the statutory minimum wage level. Dr Helena WONG urged that more resources should be injected to child care services in view of the increase of single parent families. Before the enhancement of child care services in full scale, child carers servicing NSCCP should be offered higher salaries.

16.31 SLW said that the Government recognized the importance of child care services in releasing women to join the workforce. He however said that the intent of NSCCP was to encourage mutual support among the neighbourhood and child carers, who worked as volunteers, were rewarded with some kind of incentive payment. He considered that the imposition of statutory minimum wage on NSCCP would drive up the service charge to a level which users of NSCCP might not be able to afford. SLW undertook to relay members' views to the Steering Committee on Population Policy which was now working on how to enhance child care service in developing population strategies. DSW supplemented that NSCCP had been extended to all districts since October 2011 with an increase of minimum number of service places by 64%, the service hours were from 7:00 am to 11:00 pm daily, and the number of service places was flexible subject to the actual demand in individual districts. The Administration would keep in view the service demand and allocate more funding on the Project when necessary.



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### Combating domestic violence

16.32 Dr Helena WONG enquired about the reasons for the low rate of using the counselling services for the batterers involved in domestic violence cases. She urged the Administration to allocate more funding to strengthen services in the areas of counselling services to batterers, education programmes on family and marriage problems as well as publicity campaigns on preventing domestic violence and building relationship, and on taking care of children after divorce.

16.33 DSW responded that the Government had been committed to building harmonious family relationship through a wide range of programmes. In 2013-2014, funding allocated for family and child welfare marked an increase of 7.7% and publicity had been enhanced in particular on marriage and relationship after divorce to prevent domestic violence. To prevent personal and family problems and provide early intervention, more resources had been injected for Integrated Family Service Centres (IFSCs) in 2011-2012 and 2012-2013 bringing the total number of IFSCs from 61 to 65. The Victim Support Programme for Victims of Family Violence which was launched in June 2010 had provided support services for more than 1 500 victims of domestic violence and their family members.

16.34 Mr LEUNG Che-cheung asked whether domestic violence cases in districts such as Yuen Long and Tsuen Wan/Kwai Tsing were attributed to the lack of family services support in these districts; and whether these domestic violence cases were related to mental illness.

16.35 DD(S) said that having regard to the large number of domestic violence cases in Yuen Long and Tsuen Wan/Kwai Tsing, the Administration had strengthened the manpower support in these districts. She said that at present the Administration did not keep statistics on domestic violence cases relating to mental illness. DSW said that SWD kept a central database system on domestic violence, which would be enhanced in 2013-2014. In planning for the enhancement, the Administration would consider the feasibility of including in the database a breakdown of domestic violence cases relating to mental illness.

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### **Social security**

16.36 Miss CHAN Yuen-han asked if the Administration would review the Old Age Living Allowance (OALA) at an earlier date, instead of one year after its launch. She also requested the Administration to remove the income and asset assessment for elders aged 70 or above. In response, SLW said that in April 2013 some 273 000 elders had received OALA through the "auto-conversion" arrangement. The Administration would keep the plan of review on OALA one year after its launch, so that more data could be collected for an in-depth analysis.

16.37 Miss Alice MAK enquired about the difference between the target and actual number of OALA recipients in the auto-conversion stage; the reasons why some eligible elders had not received notification letters under the "auto-conversion" arrangement as scheduled; and how the Administration would deal with the allowance for those eligible elders who had not been notified and had passed away.

16.38 SLW responded that the number of people who received OALA through the "auto-conversion" arrangement was about 270 000 (instead of 290 000) because some 10 000 elders did not opt to receive OALA, and more than 8 000 elders could not meet the income and asset requirements for OALA. Regarding the issue of notification letters to eligible elders, DSW explained that while the data of elderly people in receipt of Higher Old Age Allowance (OAA) had been archived in the Computerised Social Security System in 2000, for some of the cases, their past records of receiving Normal OAA which were outdated had not been transferred to the then new computer system. Thus these cases could not be identified for the "auto-conversion" arrangement, and they would be included in the "postal submission" phase. He said that the number of these cases was small and any allowance not received in the unfortunate event of death of the elders would be treated as "estate" if their eligibility for OALA could be established.

16.39 Regarding a lack of special support to elderly persons having returned to Hong Kong, Miss Alice MAK said that as they were old and had been away from Hong Kong for a long time, their decisions to return to Hong Kong meant that they wanted their basic needs to be met. In this

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connection, she asked whether the Administration would consider allocating additional resources to assist and support these elderly returnees. The Administration was requested to provide further information in this respect after the meeting.

16.40 Mr Paul TSE asked if the Administration had any plans to review its social security system with a view to providing greater incentives or penalties to prompt able-bodied Comprehensive Social Security Assistance (CSSA) recipients to seek employment, so that they could achieve self-reliance and leave the CSSA net ultimately.

16.41 DSW replied that under the CSSA Scheme, the Administration had commissioned NGOs to assist able-bodied recipients including youth or single parents and child carers with their youngest child aged 12 to 14 to seek employment, and able-bodied recipients might be required to perform Work Exposure Services under the Support for Self-reliance Scheme. The employment assistance services had been integrated as "Integrated Employment Assistance Programme for Self-reliance" in January 2013 to provide a one-stop mode on a family basis with more diversified work exposure experience inclusive of structured voluntary work. In addition, recently the Community Care Fund Task Force under CoP was working with SWD on a pilot scheme to allow CSSA able-bodied recipients to save their earnings above the maximum limit of disregarded earnings under the CSSA Scheme so as to provide greater incentive to encourage them to work more actively.

16.42 Noting that there had been on average over 800 CSSA fraud and abuse cases in the past five years, Mr Frankie YICK asked if the Government would launch more publicity work and step up its penalties to combat fraud and abuse. Mr Albert HO sought the Administration's explanation on the difference between the terms "established CSSA fraud cases" and "cases found guilty".

16.43 DSW responded that the number of fraud and abuse cases should be seen against the total number of CSSA cases i.e. more than 200 000. Having said that, the Administration would step up its measures against fraud cases. It would adopt a risk management approach and accordingly conduct regular reviews and random checkings. When SWD found that fraud or abuse was involved in a case, referral would be made to the Police

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for follow-up as appropriate. SWD would continue to launch publicity work in combating fraud and abuse of CSSA. DSW explained that "established CSSA fraud cases" referred to those cases having been investigated by SWD, with prima facie evidence of fraud which would be referred to the Police as appropriate for consideration of taking legal action; and "cases found guilty" were those with court convictions. Mr HO held the view that the term "established" should be revised otherwise it would give an impression that many CSSA recipients had abused the system but eventually very few had been convicted. He requested the Administration to revert to members on whether a more accurate description should be used.

16.44 Mr CHEUNG Kwok-che asked about the feasibility of allowing post-secondary students from CSSA households to choose between remaining on CSSA or to be provided with grant and loans from the Student Financial Assistance Agency (SFAA). DSW replied that under the existing arrangement, members of a family who received assistance under the CSSA Scheme might apply for assistance (including grant and loans) from SFAA if they were taking post-secondary courses funded by the University Grants Committee. If they did so, during the study period, the students concerned would receive financial assistance from SFAA, rather than CSSA, to meet the study and living expenses and SWD would not count the financial assistance these post-secondary students obtained from SFAA towards their families' total resources. The Administration would consider the suggestion by Mr CHEUNG.

### **Poverty alleviation**

16.45 Referring to the number of CSSA cases by case nature and geographical district, Mr Frederick FUNG asked if the Administration had developed special measures to assist the low-income families and the disadvantaged people in poverty stricken districts such as Kwun Tong, Kwai Tsing and Yuen Long.

16.46 SLW replied that upon the setting of the poverty line by CoP, the Administration would use the data to identify different target groups, analyse the features and causes of poverty, and formulate measures to assist them. This apart, the Administration had rolled out different schemes to help the people in need. DSW added that under CSSA, different rates of assistance were payable to different target groups such as the elderly people,

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persons with disabilities and ill health, and single parent families; and that at the district level, the Administration had been working with NGOs and welfare associations to assist the people in need.

16.47 Mr Frederick FUNG was also concerned that upon the re-establishment of CoP, whether there was any overlapping of duties in the Government's support teams to CoP and the poverty alleviation team under LWB. PSLW replied that CoP was supported by the Chief Secretary for Administration's Office whereas the Poverty Team under LWB was designated to carry out poverty alleviation work under the purview of LWB and there was no overlapping of duties.

16.48 Pointing out that in 2012-2013 there was 12% of CSSA cases with actual rent higher than the maximum rent allowance (MRA) levels under the CSSA Scheme, Mr Frederick FUNG urged the Administration to review the adjustment mechanism of MRA with a view to alleviating the CSSA households' burden in paying high rental, especially those living in private housing. DSW replied that in accordance with the established mechanism, the Administration reviewed the MRA levels under the CSSA Scheme on an annual basis having regard to the movement of the Consumer Price Index (A) rent index for private housing. SWD had raised MRA by 7.8% with effect from 1 February 2013. He added that the Administration noted the upsurge of rental of private housing and would keep in view the latest change of the rental and the necessity of further improvement to the rent allowance.

16.49 Mr Frederick FUNG sought information on the median duration of stay on CSSA for unemployment and low-earnings cases taking out other reasons of stay such as ill-health or single parenthood. He also asked what the Administration had done to assist recipients on CSSA for a considerable duration of stay due to unemployment. DSW replied that employment assistance services had been provided under the CSSA Scheme to help able-bodied recipients to achieve self-reliance, and the Administration would study if the information on the median duration of stay on CSSA unemployment and low-earnings cases taking out other reasons could be retrieved.

16.50 In view of the large number of CSSA cases and households in Tung Chung, Mr TANG Ka-piu asked about the measures the

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Administration would take to help residents in financial hardship to seek employment and to be self-reliant. He suggested that different bureaux could join hands to introduce new schemes to address the problem, e.g. developing bazaars in Tung Chung. SLW responded that the Labour Department would set up a job centre in Tung Chung in 2013-2014 to strengthen employment services to residents living in remote areas. He undertook to relay Mr TANG's suggestion on bazaars to the related policy bureaux for consideration.

### **Social welfare planning**

16.51 Mr Alan LEONG said that in planning its budget the Administration had forecast the funding commitment for welfare initiatives over the next five years and wondered why it had not acceded to members' request of reinstating the five-year mechanism for social welfare planning. SLW responded that the Administration had implemented the enhanced mechanism on an annual basis as proposed by the Social Welfare Advisory Committee after consultation with the social welfare sector. In regard to the lack of sites and manpower, he said that LWB had discussed with the Hong Kong Council of Social Service and social welfare organizations on how to make better use of the land owned by NGOs through redevelopment or in-situ expansion. LWB had also considered using LF more flexibly and worked out ways to provide targeted assistance to landowners during the planning and development process. In view of the acute demand for manpower of the welfare sector, the Administration proposed to allocate \$160 million in the five-year period starting from 2013-2014 to 2017-2018 for training programmes of enrolled nurses, and would continue to explore options for attracting new recruits to the elderly services and rehabilitation services for PWDs.

16.52 On land use planning, Mr TANG Ka-piu suggested that the Administration could consider increasing the plot ratio of the four sites earmarked for constructing civil servant quarters, in Tze Wan Shan, Wong Tai Sin, Kwun Tong and Tin Wan, for the provision of more subvented residential care homes for persons with disabilities. SLW said that the Administration would consider Mr TANG's views. LWB would explore with relevant departments on the feasibility of the plan.

16.53 On manpower planning, Dr Joseph LEE asked about the concrete

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measures the Administration would roll out to alleviate manpower shortage for nurses and paramedical staff, e.g. providing designated funding allocation for nursing manpower to improve their pay package for retention of talents. Referring to the funding allocation to increase the staff resources of ICCMWs to dovetail with the launch of the Case Management Programme in three more districts in 2013-2014, he was concerned that the staff resources might not be adequate to meet the international standard of manpower allocation and asked the specific number of new staff employed by the subvented NGOs for implementing the Programme. Mr CHEUNG Kwok-che was of the view that the Government should play a role in monitoring the service quality and the employment of adequate number of staff to meet service needs by NGOs running ICCMWs and in a wider context the subvented NGOs under the Lump Sum Grant subvention system.

16.54 DSW replied that the Administration would continue to explore options for retaining existing staff and attracting new recruits to the elderly services and rehabilitation services for PWDs. In particular, more enrolled nurse training would be provided. The additional funding of \$12.5 million in 2013-2014 was for enhancing the manpower of ICCMWs with a view to dovetailing with the expansion of the Case Management Programme implemented by the Hospital Authority and providing more community support services for persons with mental illness. As for its role in monitoring the manpower employment of subvented NGOs, he said that the Administration had certain criteria for providing resources for subvented services and a quality assurance mechanism was in place to ensure the delivery of quality services by subvented organizations. However, under the Lump Sum Grant subvention system, NGOs operating ICCMWs had the flexibility to deploy the subvention in arranging suitable staffing. Mr CHEUNG Kwok-che asked the Administration to provide information on the manpower requirement for different welfare services, so that the public could monitor the adequacy of manpower for service delivery. At the request of Mr CHEUNG, the Administration undertook to provide information on the staffing establishment of an ICCMW after the allocation of additional funding.

16.55 Miss CHAN Yuen-han asked if the Administration had reserved funding for the appointment of Under Secretary for Labour and Welfare (USLW), which she believed important in alleviating the workload of LWB and assisting in the policy formulation of social welfare services. She was

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also concerned about the various follow-up issues relating to long-term social welfare planning committed by SLW at meetings of the Panel on Welfare Services. SLW replied that if an appropriate candidate was identified, the Government would appoint an incumbent for the post of USLW. He undertook that the Administration would revert to the Panel on Welfare Services on issues relating to long-term social welfare planning before the end of the current legislative session.

### **Women's interests**

16.56 Noting that there was a reduction in the Government's revised estimate for 2012-2013 as compared to the original estimate on measures promoting women interest, Miss CHAN Yuen-han said that the Government should allocate more funding to fulfill its commitments in creating job opportunities for women and alleviating women poverty. Miss Alice MAK enquired about the Government's support to the Women's Commission in regard to the funding support for programmes and activities conducive to women's development, such as women health education and breast screening programme.

16.57 SLW replied that the Administration had attached great importance to promoting and enhancing women's interests. Through the regularization of NSCCP, support to child care services had been enhanced. In addition, the Administration had all along provided support to the Women's Commission on the promotion and publicity on women's interests, including a programme to promote awareness of women's health and breast cancer, and more efforts in this area would be pursued by the Hospital Authority and the Department of Health.

16.58 Dr Helena WONG enquired about the implementation of the Gender Mainstreaming Checklist and gender mainstreaming concept at both the bureaux and departmental level and asked if the Administration would provide "gender sensitivity" training for political appointees including bureaux secretaries, under secretaries and political assistants. SLW responded that gender mainstreaming was one of the important areas of government policies and the Administration had provided training to senior officers in this regard to facilitate the incorporation of gender mainstreaming concepts in the formulation of government policies.



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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).

### **Occupational safety and health**

17.2 Dr Priscilla LEUNG expressed concern about the recent strike at the Kwai Chung container terminal involving dock workers engaged by contractors of the port operator, i.e. Hong Kong International Terminals. Noting that the dock workers, in particular the crane operators, were required to work long hours without rest breaks, Dr LEUNG enquired whether the "Guide on Rest Breaks" published by Labour Department (LD) had binding effect on employers.

17.3 SLW responded that the guide provided useful reference for employers to provide appropriate rest breaks for employees. LD had been and would continue to follow up on the working conditions and occupational safety and health (OSH) of dock workers in the conciliation of the strike.

17.4 Mr LEE Cheuk-yan expressed grave concern about the abominable working conditions of the dock workers, notably the lack of meal and rest breaks as well as long working hours. He cast doubt about the effectiveness of the Occupational Safety and Health Ordinance (Cap. 509) (OSHO) in ensuring OSH of dock workers. He sought information on the inspections to workplaces and enforcement actions taken by LD in this regard.

17.5 Commissioner for Labour (C for L) said that in 2012, LD conducted some 640 inspections in respect of container handling, and issued three improvement notices and initiated 22 prosecutions. To ensure work safety, LD had inspected the maintenance of the machinery and the operating installation during the inspections. C for L further said that issues relating to meal and toilet breaks for dock workers had been raised at meetings held to conciliate the container terminal strike. According to the terminal operator, truck drivers had short meal breaks while crane operators

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and other workers would have their meal and rest breaks when they were on standby. LD would follow up the matter with the terminal operator.

17.6 Mr LEE Cheuk-yan remained concerned about the meal break arrangements for dock workers. He further enquired about whether the arrangements for meal breaks and toilet breaks were within the meaning of general duties of employers under OSHO. If so, he asked whether the employers were liable to prosecution for non-compliance with such requirements.

17.7 C for L and Deputy Commissioner for Labour (Occupational Safety and Health) (DC for L (OSH)) said that under the general duties provisions in OSHO, an employer was required to provide a safe working environment to his employees. DC for L (OSH) said that while there was no specific provision regarding arrangements for meal breaks or toilet breaks, LD had urged the terminal operator to improve the meal break arrangements. It was noted that the terminal operator had issued a memorandum specifying the meal break arrangements for truck drivers with a hotline for the workers to make complaints if necessary. DC for L (OSH) assured members that LD was committed to safeguarding OSH of employees. Mr LEE Cheuk-yan expressed dissatisfaction that the rest breaks arrangements were not specifically covered under OSHO.

17.8 Mr TANG Ka-piu pointed out that there was also no meal break for employees working on outlying ferries and they were required to work for long hours. He enquired whether the Administration would consider studying OSH of these employees. DC for L (OSH) noted the suggestion.

17.9 Expressing concern about employees' OSH under hot weather, Dr Priscilla LEUNG enquired whether LD had stepped up inspection at workplaces with high heat stress such as construction work and container handling. SLW said that the Administration had collaborated with relevant employers' associations, trade unions and the relevant stakeholders on heat stroke prevention. C for L added that LD had since 2010 stepped up site inspection in summer, targeting work types with high heat stress, including jobs at container terminals. He informed members that in 2010 and 2011, some 628 and 536 inspections to these workplaces were conducted, and

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eight and three warning letters were issued respectively. In 2012, 456 such inspections were conducted and no contravention was found. Owing to the extensive publicity campaign launched in the past few years, coupled with the enforcement actions taken, significant improvement had been made to prevent the occurrence of heat stroke at container terminals.

17.10 Mr Frederick FUNG expressed grave concern that most of the construction fatal accidents were related to fall of persons from height and electrocution. He was concerned whether the construction workers were provided with appropriate equipment and OSH education. He sought information on the measures taken by the Administration to enhance OSH in the construction industry.

17.11 C for L responded that with the commencement of a number of mega infrastructure projects in recent years and the growth in the construction workforce, the number of fatalities in the construction industry had increased. In the light of this, LD had put more effort in combating work-at-height hazards. Early this year the Department issued an advisory letter to construction contractors and sub-contractors to remind them of the need to comply with the relevant safety legislation, particularly on taking effective precautionary measures to prevent accidents related to work-at-height. C for L said that in many fall-from-height fatal accidents workers had fallen from heights of just two to three metres. A new sponsorship scheme would be launched for small and medium enterprises to purchase mobile working platforms. In addition, apart from regular promulgation of safety messages through the mass media, LD had arranged for experienced workers or workers' families to visit new works sites to share their experience with site workers and disseminate safety pamphlets. As regards measures to enhance electrical works safety, C for L said that a series of electrical works safety promotional activities were jointly organized by LD, industry stakeholders and the Occupational Safety and Health Council. Publications on electrical works safety had been distributed to stakeholders through electrical and mechanical trade associations and workers' unions, and safety alerts had been issued to around 90 000 registered electrical workers/contractors.

17.12 Mr WONG Kwok-hing and Mr TANG Ka-piu were concerned

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about the occupational safety of professional drivers who were currently not covered by OSHO. Mr WONG said that trade unions of professional drivers strongly urged for extending the coverage of OSHO to professional drivers' driving work. Both members enquired whether the Administration would consider allocating additional resources to kick start the review.

17.13 C for L responded that the Administration had reviewed the coverage of OSHO in 2012. As road safety legislation was already in place for protecting the safety of drivers and there were no circumstantial changes since the last review, the Administration considered it unnecessary to revisit the coverage of OSHO for the time being.

17.14 Mr TANG Ka-piu sought clarification on whether the statistics on fatal accidents in non-industrial undertakings grouped under "Struck by moving vehicle" covered professional drivers. C for L replied in the negative.

17.15 In the light of the increasing number of serious and fatal traffic accidents involving professional drivers, Mr TANG Ka-piu asked whether LD would consider keeping separate statistics on such cases. DC for L (OSH) said that LD kept statistics in accordance with the Hong Kong Standard Industrial Classification only. As professional drivers worked in different industries, LD did not have statistics in respect of fatal accidents of professional drivers.

17.16 Mr TANG Ka-piu remained of the view that LD should keep separate statistics on the occupational injuries and fatal accidents at work involving professional drivers. C for L advised that the Administration would further study the need and expected that it would come to a view on the matter by the first half of 2013.

### **Labour relations**

17.17 Dr Priscilla LEUNG expressed concern about the passiveness of the Administration in resolving the strike at the Kwai Chung container terminal as it had dragged on for quite some time. She enquired about the mechanism in place to settle labour disputes. Miss CHAN Yuen-han held

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the view that it was incumbent upon the Government to intervene in such a large-scale labour dispute at an early stage. Mr KWOK Wai-keung and Mr POON Siu-ping raised a similar concern about the efficiency of the Administration in handling the labour dispute, which should be resolved as early as possible.

17.18 SLW disagreed that the Administration played a passive role in the incident. He drew members' attention to the fact that LD staff members had been working on the scene from the outset of the strike to help resolve the dispute and provide early and timely assistance to the employers and employees in need.

17.19 Miss CHAN Yuen-han said that the Hong Kong Federation of Trade Unions had time and again called for collective bargaining to enhance the employees' rights in the negotiation with employers in respect of employment matters. She enquired whether provisions had been earmarked in the Estimates of Expenditure for the purpose. Mr TANG Ka-piu expressed similar views and asked whether more manpower resources would be allocated to the Registry of Trade Unions to study the ways to take forward the proposal to legislate for collective bargaining.

17.20 SLW advised that in the light of the controversial nature of the subject of collective bargaining, consensus on the issue should be achieved in the community at large before the Administration taking a step forward. C for L said that issues relating to collective bargaining were not under the purview of Registry of Trade Unions. Nonetheless, with reference to the European experience of having frequent strikes, it showed that legislation on collective bargaining was not necessarily more effective in reducing labour disputes. He stressed that labour relations in Hong Kong had all along been generally amicable as compared with the neighbouring regions and worldwide.

17.21 Noting that there was a 5% increase in the number of claims handled by LD in 2012 over 2011 (i.e. from 18 086 to 18 920), Mr POON Siu-ping queried why the Administration considered that the labour relations scene was generally stable. Mr KWOK Wai-keung was concerned about whether adequate resources had been allocated for

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providing timely conciliation service in handling the claims.

17.22 In reply, SLW said that while the number of claims made by individual employees recorded a slight increase of 5%, the number of labour disputes involving over 20 employees decreased by 8% in the same period. In the light of the decreasing trend, the Administration considered the labour relations scene generally stable. The Administration attached great importance to maintaining and fostering harmonious labour relations. To achieve this, it would work closely with the human resources managers clubs, industry-based tripartite committees and the Labour Advisory Board (LAB). C for L added that in the event of a labour dispute, LD would provide timely assistance to employers and employees in need and would draw up appropriate strategies and deploy manpower resources to handle the dispute, having regard to its nature and complexity.

### **Standard working hours**

17.23 While welcoming the setting up of the Standard Working Hours Committee (the Committee), Miss CHAN Yuen-han expressed dissatisfaction that instead of taking forward the proposal to legislate for standard working hours (SWH) to address the phenomenon of long working hours, the Committee was simply tasked to follow up on a related study on SWH. In her view, this had departed from the Chief Executive's pledge made in his election manifesto to establish a SWH regime in Hong Kong. Miss CHAN called on the Administration to report periodically on the progress of the study of SWH by the Committee, particularly about the legislative timetable for establishing a SWH regime. Mr KWOK Wai-keung and Mr LEE Cheuk-yan expressed similar concerns. Mr LEE Cheuk-yan expressed great reservations about putting forward the legislative proposal on SWH within the tenure of the current Government. He sought information on the work plan of the Committee within its three-year term.

17.24 Responding to members' concerns, SLW advised that the Administration was mindful of the complexity and controversy of the subject of SWH. As legislating for SWH would have far-reaching consequences on the society, it was imperative that the community should

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deliberate the relevant issues thoroughly before coming to a view on the subject. Comprising Government officials, representatives of labour unions and employers' associations, academics and community leaders, the Committee would follow up on SWH with reference to the Report of the Policy Study on SWH, which had laid a solid and objective foundation for deliberation on the subject. The Committee would work in an objective, holistic and balanced manner, and carry out informed and in-depth discussion on working hours with a view to building consensus and identifying the way forward. It would advise the Chief Executive on the working hours situation in Hong Kong including whether a statutory SWH regime or any other alternatives should be introduced. Members' concern about the Committee's work plan would be relayed to the Committee for consideration.

17.25 Noting that a provision of \$8.36 million had been earmarked for 2013-2014 for the Committee's work, Mr KWOK Wai-keung enquired whether the provision would include expenses on publicity work to promote public understanding on SWH. Given that SWH was a complicated and controversial issue, Miss CHAN Yuen-han stressed that additional resources should be allocated for public consultation and publicity programmes on the key issues to be considered by the Committee.

17.26 SLW said that the Committee was tasked to, among others, promote public understanding of the subject of SWH and related issues. To this end, resources and manpower would be allocated for launching a publicity campaign to promote public understanding and facilitate community-wide in-depth discussion on the subject with a view to building consensus and identifying the way forward. SLW added that the Committee had just been formed and would hold its first meeting shortly. He undertook to convey members' concerns to the Committee.

### **Employment services**

17.27 Miss Alice MAK said that the Administration should foster family-friendly employment practices and enhance protection for female employees. In particular, the Administration should consider granting full paid maternity leave and extending the duration in line with the

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recommendation of the International Labour Organization.

17.28 Permanent Secretary for Labour and Welfare (PSLW) said that LD had all along been making effort to promoting family-friendly employment practices. The Administration welcomed suggestions on ways to encourage and promote female employment, and the subject would be considered and followed up by the Women's Commission. SLW said that the Administration had been committed to providing comprehensive employment services to assist job seekers, including female workers, to find jobs. The Administration had also provided support services such as child care services for those who were unable to take care of their children while at work. All these would enhance the employability and employment opportunities of female workers.

17.29 Mr Frederick FUNG noted with concern that only 7% of ethnic minority job seekers registered with LD for employment services were able to secure employment in the period from 2010 to 2012, and the corresponding figure for new arrival job seekers was 15%. He enquired about the specific measures in place to help these two groups of job seekers.

17.30 C for L responded that in addition to a wide range of employment services available for all job seekers, resource corners and special counters had been set up at all LD job centres to assist ethnic minority and new arrival job seekers. Tailor-made employment briefings were organized to help these job seekers better understand the local labour market situation and improve job search skills. Having regard to the language barrier encountered by ethnic minority job seekers, special efforts had been made to canvass vacancies that were suitable for them.

17.31 Mr KWOK Wai-keung enquired when the Administration would conduct a mid-term review of the three-year pilot cyber youth outreaching project with funding support from the Lotteries Fund. SLW said that as the pilot project had just commenced, the Social Welfare Department would review the implementation of the project later and revert to the Panel on Welfare Services if necessary.

17.32 Noting that the Youth Pre-employment Training Programme and



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Youth Work Experience and Training Scheme (YPTP&YWETS) registered a drop of enrollment figure from some 11 922 trainees in 2010-2011 to some 9 434 trainees in 2011-2012, Mr CHEUNG Kwok-che enquired why more resources, amounting to \$227.4 million, would be earmarked for its implementation in 2013-2014. The estimated expenditure for 2013-2014 was much higher than the actual expenditure in 2010-2011 and 2011-2012 (i.e. \$102.9 million and \$82.6 million, respectively) and the estimated expenditure of \$69.1 million for 2012-2013.

17.33 C for L explained that additional provision was earmarked for implementing enhancement measures for YPTP&YWETS in 2013-2014. Specifically, LD would increase the allowance payable to employers under YPTP&YWETS so as to encourage employers to offer young people more openings and provide them with on-the-job training. If an employer employed a young person for an on-the-job training post according to the requirements under YPTP&YWETS and paid him \$6,000 or more a month, the allowance payable to the employer would be increased from \$2,000 per month at present to \$3,000 per month. In addition, to encourage participation in workplace attachment training under YPTP&YWETS, the allowance payable to the trainee who had completed the one-month attachment would be increased from \$2,000 to \$3,000.

17.34 Noting that LD had secured 2 512 placements for job seekers with disabilities in 2012, Mr CHEUNG Kwok-che sought information on the number of job seekers with disabilities registered with LD for employment services and how many of them were able to secure full-time employment. Mr CHEUNG also asked about the reasons for the considerable number of job seekers with disabilities (726) received monthly earnings below \$3,000 and why some of them were unable to secure employment.

17.35 Assistant Commissioner for Labour (Employment Services) (AC for L(ES)) replied that the total number of job seekers with disabilities registered with LD for employment services in 2012 was 2 686, and that about 80% of the job vacancies were full-time jobs. As regards the placements secured through LD's assistance with monthly earnings below \$3,000, all of them were part-time jobs. Some job seekers with disabilities would prefer to take up part-time employment to meet their own needs.

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LD did not keep separate statistics on those who made direct application for job vacancies and did not secure placements through its employment services. AC for L(ES) stressed that the wage levels in respect of all placements secured through LD for job seekers with disabilities met the Statutory Minimum Wage (SMW) requirement.

17.36 In response to Dr Fernando CHEUNG's enquiry about the high successful rate of placements for job seekers with disabilities, AC for L(ES) said that the number of placements did not tally directly with the number of job seekers with disabilities as the latter might have sought assistance from LD more than once for placements. In this connection, Dr CHEUNG requested the Administration to provide a breakdown on the number of job seekers with disabilities who had registered with the Selective Placement Division (SPD) of LD for employment assistance and how many of them had secured placements in 2012. Dr CHEUNG also sought information on the manpower of SPD responsible for employment services of persons with disabilities. AC for L(ES) said that SPD had an establishment of 18 officers providing employment services to job seekers with disabilities.

17.37 Given the prevailing low unemployment rate in Hong Kong and the Chief Executive's pledge made in 2013 Policy Address to support the employment of persons with disabilities, Dr Fernando CHEUNG was of the view that the Administration should provide more support to employment of persons with disabilities. Pointing out that government departments had in general employed two percentage employees with disabilities, he enquired whether and when the Administration would consider requiring public and subvented organizations to employ a specified percentage of employees with disabilities.

17.38 PSLW said that the Special Needs Groups Task Force had been set up under the Commission on Poverty to study, among others, issues relating to employment of persons with disabilities. The subject had been discussed at its first meeting, and relevant government bureaux/departments were studying the subject further and would revert to the Task Force.

17.39 Noting that the Financial Secretary had proposed to inject \$15 billion into the Employees Retraining Board (ERB) to provide it with

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long-term support, Mr SIN Chung-kai and Mr Paul TSE expressed concern about the management of the additional funding.

17.40 SLW responded that similar to the operation of the Community Care Fund, the preliminary idea was to entrust the Hong Kong Monetary Authority with the investment of the funding of ERB, which would serve as seed capital, with a view to maintaining stable investment returns to generally support the operation of ERB in the long term.

17.41 Given the low unemployment rate of 3.4% as well as a virtually full employment situation as described by the Financial Secretary, Mr Paul TSE raised queries as to the primary objective of the proposed injection of \$15 billion into ERB and the target beneficiaries of the additional funding.

17.42 SLW responded that ERB would continue to play a pivotal role in enhancing the employability of job seekers with difficulties, including the new arrivals, female workers, rehabilitated offenders, ethnic minority and young people, in response to the economic development in Hong Kong so as to address the problem of manpower mismatch. Of the 130 000 training places to be offered by ERB in 2013-2014, over half of them would be full-time placement-tied training places for the unemployed. In addition, ERB would endeavour to foster the sustainable development of trainees by offering skills upgrading training for employees. SLW stressed that it was important to provide support to the employment of vulnerable and grassroots people and release the manpower to join the labour market.

### **Importation of labour**

17.43 Mr POON Siu-ping was concerned about the approving mechanism for importation of low-skilled workers under the Supplementary Labour Scheme (SLS). Given that LAB comprised equal numbers of representatives from the employer and employee groups, Mr POON enquired how applications for importation of labour under SLS would be handled if there was a tie vote.

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17.44 C for L advised that it was not common to have a tie vote on a matter before LAB. In the circumstances, the Chairman of LAB, i.e. C for L, might exercise his discretion in making a decision for the applications in the light of the objective approving criteria. He pointed out that employers who were genuinely unable to recruit local workers to fill their job vacancies could be allowed to import workers under SLS. Each application had to go through the steps of newspaper advertising and local recruitment at LD before it was submitted to the Government for approval.

17.45 Noting from the Administration that no tailor-made training courses were organized by ERB for local workers in respect of applications under SLS possibly because the work nature and environment of the jobs under application were less appealing to local workers, Mr KWOK Wai-keung sought information on the criteria for the assessment.

17.46 C for L said that there was no hard-and-fast rule for determining whether certain jobs were less appealing to local workers. Currently, many imported workers under SLS were care workers for private residential care homes for the elderly. This was largely attributed to the work nature and less favourable environment of elderly homes, such as long working hours and performing shift or obnoxious duties. Only if employers were genuinely unable to recruit the required workers locally would their SLS applications be considered. He stressed that the employers were required to pay workers imported under SLS at least the median monthly wages of local workers in comparable positions.

### **Implementation of Statutory Minimum Wage**

17.47 Mr POON Siu-ping expressed concern about the enforcement action undertaken by the Administration to check employers' compliance with the SMW rate. Noting that the numbers of warnings issued to and prosecutions instituted against employers of security services were the highest since the implementation of SMW and up to end 2012, but security services did not rank that high among the workplaces inspected during the same period, Mr POON sought information on the criteria for conducting workplace inspections.

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17.48 C for L responded that the compliance with the statutory requirement was satisfactory since the implementation of SMW. LD conducted more workplace inspections to establishments in the retail and catering industries than those in the security services simply because there were relatively more establishments in these first two industries.

### **Alignment of statutory holidays with general holidays**

17.49 Expressing concern about the disparity between the days of statutory holidays and general holidays, Mr KWOK Wai-keung was of the view that the Administration should expedite the alignment of statutory holidays with general holidays with a view to standardizing the leave entitlement of all employees and further promoting family-friendly employment practices. He sought information on the result of the Administration's study on the subject.

17.50 SLW said that LD had commissioned the Census and Statistics Department (C&SD) to collect statistics on the percentage and characteristics of employees taking statutory holidays and general holidays in Hong Kong. Relevant statistical analysis was being conducted. The Administration would revert to the Panel on Manpower in due course after LAB deliberated on the subject.

### **Paternity leave**

17.51 Pending the introduction of the legislation on paternity leave in the 2013-2014 legislative session, Mr WONG Kwok-hing enquired whether the Administration would in the meantime consider earmarking provision for public and government subvented organizations to provide their male employees with paternity leave.

17.52 SLW said that the Administration was not involved in determining the terms of employment of staff working in statutory or public organizations and government subvented organizations. The Administration would continue to encourage public bodies and subvented organizations to adopt family-friendly employment measures for their employees, including the provision of paternity leave, having regard to their

own circumstances.

### **Work Incentive Transport Subsidy Scheme**

17.53 Mr TANG Ka-piu expressed concern that the current subsidy rate under the Work Incentive Transport Subsidy (WITS) Scheme was insufficient to relieve the burden of travelling expenses of the working-poor workers living in remote areas such as outlying islands, Tuen Mun, Yuen Long and the North District. To his knowledge, the actual monthly travelling expense incurred by these workers was higher than the average monthly expense of \$472 as obtained by C&SD via the General Household Survey (GHS) in the third quarter of 2011. Mr TANG enquired whether the Administration would raise the maximum amount of subsidy to the region of \$800 to \$1,000 or allow the WITS target beneficiaries to reimburse the actual travelling expenses if the expenses exceeded the ceiling of \$600.

17.54 SLW advised that to keep the WITS Scheme simple and easy to administer, a flat rate of \$600 per qualified applicant was adopted. The present full-rate WITS at \$600 per month could provide sufficient support to most eligible applicants who needed to work across districts according to the results of the GHS conducted in 2011. SLW assured members that the Administration would continue monitoring the relevant statistics in GHS following the implementation of the enhancement measure of "dual-track" approach, under which applicants might apply for the subsidy on an individual basis, as an alternative to household-based application. Where necessary, the Administration would review and update the level of the subsidy rate.

17.55 Mr LEE Cheuk-yan noted that there were considerable complaints on the design of the application form for WITS, which was considered too complicated and time-consuming for completion. In the light of such comments, Mr LEE asked whether the Administration would consider simplifying the application form so as to enhance the flexibility and accessibility of the WITS Scheme.

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17.56 SLW said that the Administration was mindful of the need to make the application procedures user-friendly and simple. With the introduction of the option of individual-based assessment, the application for WITS would become simpler and more accessible. Applicants who chose to be assessed on an individual basis were not required to report the details and financial position of their household members. In addition, applicants needed not re-submit some supporting information in their subsequent rounds of application. C for L supplemented that following a review to simplify the application forms, applicants would only have to complete a much simpler two-page application form and sign on the third page for individual-based application, and a three-page application form and sign on the fourth page for household-based application.

## **Chapter XVIII : Food Safety and Environmental Hygiene**

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

### **Food supply**

#### **Supply of live cattle and fresh beef price**

18.2 Mr WONG Kwok-hing expressed grave concern about the continuous surge in the price of fresh beef and the business difficulties faced by beef retailers. Noting that the Administration had earlier commissioned a consultant to conduct a market survey to gather information on the prices and costs of fresh beef in Hong Kong in order to have an empirical understanding of the extent of price competition and monopoly power exercised in the market, Mr WONG enquired about the progress of the survey and the measures to be taken to stabilize the price of fresh beef.

18.3 SFH advised that the Administration had commissioned a consultant to conduct a study on issues relating to wholesale supply of live cattle. The study would be completed shortly and the Administration would report the findings to the Panel on Food Safety and Environmental Hygiene in May 2013.

#### **Supply of powdered formula**

18.4 Ms Emily LAU said that Hong Kong was a free port, but the measures taken by the Government to stabilize the supply of powdered formula were clearly government intervention. Noting that the overall annual supply of powdered formula in Hong Kong far exceeded its demand from local infants and children, Ms LAU questioned if there was a critical shortage of powdered formula and why there was a supply chain failure. She also expressed concern about the need for the Government to set up a special hotline to assist local parents in purchasing powdered formula. In her view, such customer service hotline should be operated by the suppliers instead of the Government. She sought information on the operational cost of the special hotline and enquired whether the Government would recover



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the operational cost of the hotline from the suppliers of powdered formula.

18.5 SFH advised that there was a serious shortage of certain brands of powdered formula at the retail level in January 2013. Despite the assurance of major suppliers of powdered formula that they had enhanced their services and had sufficient stock in hand, it was observed that the shortage of powdered formula had become more and more acute. Many local parents still complained that individual brands of powdered formula were out of stock, calls to hotlines of individual suppliers were unanswered and the shortage of powdered formula caused by parallel traders had spread from areas in the New Territories to the urban areas. The community at large was extremely concerned about the situation. SFH stressed that it was the Administration's last resort to impose a restriction on the export of powdered formula in order to ensure its sufficient and steady supply for local parents. As for the operation of the special hotline, SFH advised that the special hotline was manned by the staff of the existing Government hotline 1823 and no additional resources were required.

18.6 Pointing out that the current shortage of powdered formula was limited to certain brands only, Dr Priscilla LEUNG considered it important for the Government to convey to the customers including those from the Mainland the message that there was a sufficient supply of many other brands of powdered formula in Hong Kong. As the Administration would review the effectiveness and necessity to continue with the export control of powdered formula one year after its implementation, Dr LEUNG urged the Administration to consider advancing the review from one year to six months. SFH stressed the importance of ensuring a sufficient and steady supply of powdered formula for local infants and young children. He noted the concerns of Members and would make an official response when he moved the resolution for the Import and Export (General) (Amendment) Regulation 2013 (the Amendment Regulation) in relation to the export control of powdered formula at the Council meeting of 17 April 2013.

18.7 Mr Alan LEONG said that while the Civic Party supported the Amendment Regulation in principle, it was deeply concerned about the drafting of the definition of powdered formula. He considered the Administration's proposed amendment to the definition of powdered

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formula in the Amendment Regulation unclear and unacceptable under the principle of the rule of law having regard to the fact that any person breaching the Amendment Regulation would be guilty of an offence. In particular, he questioned the rationale and the need to include the phrase "any other relevant circumstances" in the Administration's proposed amendment to the definition of powdered formula. He urged the Administration to remove the phrase. SFH advised that the proposed amendment was to clarify the meaning of the phrase "appears to be" in the definition of powdered formula in the Amendment Regulation. The Administration's proposed amendment to the definition would be more objective as product descriptions and users instructions would be taken into consideration when determining whether a product was powdered formula. Taking into account that unscrupulous traders might circumvent the regulation by revising the product descriptions and users instructions, the Administration considered it necessary to include the phrase "any other relevant circumstances" in the definition in order to facilitate law enforcement. Mr Alan LEONG said that the Subcommittee on the Amendment Regulation had deliberated on the proposed new definition and SFH should carefully review members' views before moving the proposed resolution on the Amendment Regulation at the Council meeting of 17 April 2013.

### **Food safety and public health**

#### **Avian influenza (AI) prevention and control measures**

18.8 Referring to recent outbreak of human infection cases of H7N9 AI in the eastern part of the Mainland, Mr WONG Kwok-hing expressed worry about a possible outbreak in Hong Kong taking into account the incubation period of human infection with H7N9 AI virus. He urged the Administration to step up AI prevention measures, such as organizing a territory-wide cleansing campaign. Mr IP Kwok-him shared a similar view with Mr WONG. Stressing the importance for the public to maintain good personal hygiene, Mr IP enquired whether the Administration would allocate resources to organize district-wide cleansing activities for all the 18 districts.

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18.9 SFH advised that the Administration had all along attached great importance to maintaining environmental cleanliness and hygiene. In face of the imminent threats of H7N9 AI to Hong Kong, the Administration had implemented a series of prevention and control measures, including stepping up cleansing work at public markets. In addition, the Administration would partner with the District Councils and other organizations to organize a series of activities including district-wide cleansing activities in all the 18 districts to increase public awareness of environmental hygiene. Public officials would also participate in these cleansing activities. More events and activities would be staged shortly at housing estates, markets, schools and shopping centres to enhance the promotion of personal and environmental hygiene.

18.10 Mr SIN Chung-kai was deeply concerned about the AI prevention measures implemented in Hong Kong and the safety of the imported live poultry. In particular, he was concerned whether all imported live poultry would be tested against H7 AI; whether the Administration would conduct the rapid tests against H7 AI in imported live poultry entering Hong Kong through control points other than the Man Kam To Control Point; and the measures taken at the border control points to inspect food products carried by inbound travellers.

18.11 SFH explained that H7 viruses normally circulated among birds. Although some H7 viruses had occasionally been found to infect humans, this was the first time that humans were infected with the H7N9 virus. At present, rapid test kits were available for detecting influenza viruses subtypes H1, H3, H5 and H7. The results of the tests would be available within a few hours. To enhance the surveillance work on the imported live poultry, samples would be taken from each consignment of the imported live poultry for rapid tests of H5 and H7 AI at the Man Kam To Control Point, which was the only designated point of entry for the imported live poultry in Hong Kong. The consignment would be released to the market for sale only when the test results demonstrated that it was negative for H5 and H7 AI. In addition, all chickens in local chicken farms were required to be vaccinated against H5 AI virus. SFH further advised that travellers bound for Hong Kong were not allowed to bring in any uncooked or undercooked meat and live poultry. Although no restriction had been

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imposed on cooked poultry, travellers were not encouraged to carry it inbound for AI prevention purpose.

### **Safety of food imported from the Mainland**

18.12 Noting that only 88 out of 4 633 registered farms on the Mainland were inspected in 2012 and there were only 12 staff in the inspection unit which was responsible for the inspection of food animal farms outside Hong Kong, Dr Helena WONG expressed concern that this would be a vulnerability in food safety as it would take 52 years for the inspection unit to inspect all the registered farms on the Mainland. Controller, Centre for Food Safety (Controller, CFS) explained that the Administration had introduced preventive measures at all stages along the food supply chain to ensure food safety. The inspection unit, which was responsible for conducting farm inspections outside Hong Kong, only formed part of the food control system. The Centre for Food Safety conducted inspections and surveillance at all stages along the food supply chain starting from the source at which the food was produced or before it was imported into Hong Kong, to boundary checkpoints and retail level. Dr WONG reiterated the importance of conducting inspections at source and requested the Administration to provide written information on the methods for detecting pesticide residues or other contaminants in food at the source from which the food was produced.

### **Market management and hawker control**

#### **Hawker control**

18.13 Mr WONG Kwok-hing expressed concern that the assistants of fixed-pitch hawkers might be unemployed when their employers surrendered their fixed-pitch hawker licences under the five-year assistance scheme. He asked the Administration to consider according a higher priority to those affected hawker assistants when reissuing hawker licences. Director of Food and Environmental Hygiene (DFEH) stressed that the five-year assistance scheme aimed to provide assistance to licensed fixed-pitch hawkers for stall reconstruction and relocation in order to reduce fire risks posed by those stalls. As with similar exercises in the past, the

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scheme would only cover the licensees but not their assistants.

18.14 Miss CHAN Yuen-han expressed dissatisfaction about the scope of the five-year assistance scheme which was restricted to fixed-pitch hawkers at 43 fixed-pitch hawker areas only. Pointing out that hawkers in other hawker areas such as Yue Man Square were also facing similar situations as those in the 43 fixed-pitch hawker areas, Miss CHAN enquired about the rationale for not including those hawkers in the five-year assistance scheme.

18.15 DFEH explained that the objective of the assistance scheme was to reduce the fire risks posed to the public by relocating fixed-pitch hawker stalls away from staircase discharge points of buildings or emergency vehicular access. Hawker stalls at Yue Man Square were operated in the hawkers' bazaars and they were off-the-street. Hence, the fire risk posed by the hawker stalls at Yue Man Square to the public was comparatively low, and the Yue Man Square renewal project, which was led by the Urban Renewal Authority, had a completely different objective from that of the five-year assistance scheme.

18.16 Mr IP Kwok-him was concerned about the fire risks and other environmental hygiene problems brought about by itinerant hawkers. He said that these problems had also been raised at a meeting between Legislative Council Members and members of the Northern District Council. Citing an example of an itinerant hawker occupying an area of 25 square metres for his business, Mr IP considered that itinerant hawkers also posed the same problems of fire risks, noise nuisance and obstruction to public passageways. He enquired about the measures taken to address these problems. DFEH advised that the Food and Environmental Hygiene Department (FEHD) was well aware of the problems caused by the street hawking activities in the Northern District. The hawker control teams of FEHD had carried out frequent inspections in the area and taken enforcement actions if the itinerant hawkers caused obstruction. In view of the mobile nature of the hawking activities and their commodities would be removed after trading hours, DFEH considered that itinerant hawkers posed a comparatively lower fire risk than the fixed-pitch hawkers.

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18.17 Mr CHEUNG Kwok-che asked whether the Administration would consider issuing hawker licences to people with financial difficulties. SFH advised that the Administration had currently no plan to further issue new hawker licences. The Administration would review the hawker policy and their business environment first before considering the need to issue new hawker licences.

### Open-air bazaars

18.18 Regarding the establishment and operation of open-air bazaars, Mr NG Leung-sing asked the Administration to elaborate on how the proponents could convince the Administration that they had obtained sufficient local support for establishing an open-air bazaar in the area; and whether discretion could be used when checking compliance of open-air bazaars with the requirements of food safety and environmental hygiene having regard to the different circumstances in different districts. Mr NG also sought information from the Administration on the government departments, in particular, the leading government department, involved in the provision of assistance to the proponents for establishing and operating open-air bazaars. He further enquired about the districts which had submitted applications for establishing open-air bazaars.

18.19 DFEH advised that the relevant District Councils and residents in the vicinity would be consulted on the establishment and operation of open-air bazaars. While FEHD would process applications for relevant food-related licences and was responsible for up-keeping environmental hygiene in the vicinity of the bazaars, different government departments might also be involved in matters under their respective purviews. For example, the Lands Department was responsible for land allocation, and the Home Affairs Department was responsible for local consultation, liaison with the NGOs/community organisations operating the bazaars and overall co-ordinating with different government departments where necessary. An example was the Tin Sau Bazaar in Yuen Long District.

18.20 Citing the successful examples of fixed cooked food stalls in Cheung Chau and Mui Wo, Mr TANG Ka-piu enquired whether the Administration would consider developing a policy of setting up open-air

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bazaars or hawkers' markets in every district to allow unlicensed itinerant hawkers, including those who sold cooked food, to operate there. In particular, he asked if consideration could be given to setting up an open-air bazaar in Tung Chung where the population was scattered and there were no economic activities on the street. SFH advised that the Administration attached great importance to the District Council's significant role in district administration and any district-based projects should have obtained the support of the relevant District Councils. While the need for establishing open-air bazaars varied among different districts, the Administration would consider the views of District Councils on any suggestions in relation to the establishment of open-air bazaars, including those for selling cooked food.

18.21 Pointing out that a non-governmental organization was appointed as the operation manager of Tin Sau Bazaar, Mr TANG Ka-piu enquired whether this business model would become the future business model for all open-air bazaars. He further asked whether the Home Affairs Bureau (HAB) or the Food and Health Bureau would take the lead in formulating the open-air bazaar policy. SFH advised that the Administration was open about the mode of operation of open-air bazaars, but the mode adopted in Tin Sau Bazaar was worth considering for its greater flexibility and better interaction with local residents and organizations. In response to Mr TANG's further enquiry about the role of the Government in the establishment and operation of open-air bazaars if such proposals had been endorsed by the relevant District Councils, SFH advised that the Administration would stand ready to provide appropriate assistance for the establishment and operation of open-air bazaars. HAB would assist District Councils in identifying suitable organizations to lead the development of open-air bazaars, while FEHD would provide assistance to the relevant parties to facilitate compliance with the requirements on food safety and environmental hygiene.

### Public markets

18.22 Noting that the Administration had no plan to build new public markets, Miss Alice MAK expressed concern that this would lead to a price increase and reduce the choice for consumers. She criticized that following the Director of Audit's report in 2009, the Link Real Estate

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Investment Trust (the Link) had monopolized the provision of markets in some districts and the high rents charged by the Link had forced out the small business and resulted in sharp price increases of goods sold therein. In view of the current high inflation rate, Miss MAK urged the Administration to reconsider constructing new public markets. SFH advised that in addition to the need of the residents in the vicinity, the viability of public markets was also important in the consideration of the construction and operation of a public market. He also pointed out that some public markets were facing difficulties in their operations. The Administration was currently conducting a comprehensive review on public markets and a consultant would be commissioned shortly to come up with improvement proposals for public markets. Miss MAK urged the Administration to study the viability of new public markets in new towns. In her view, certain well-operated public markets, such as Yeung Uk Road Market, Pei Ho Street Market and North Kwai Chung Market, could attract customers from other districts even though they were facing direct competition from food stores nearby and had a dispersed customer base.

### **Columbarium policy**

#### **Regulation of unauthorized private columbaria**

18.23 While noting from the Administration's reply that it was incumbent on the operator of a private columbarium to ensure that the interred cremains were properly handled before it ceased to operate, Dr Kenneth CHAN expressed concern that there might be some irresponsible operators who failed to comply with this requirement. He enquired whether the service of temporary storage for displaced cremains provided by FEHD would be able to meet the need of the affected customers.

18.24 Permanent Secretary for Food and Health (Food) (PSFH(F)) advised that the Administration had been taking enforcement actions against unauthorized columbaria. While it would be the responsibility of the operator of a columbarium to properly handle the interred cremains, the Administration agreed that there was a need to provide temporary storage for those displaced cremains. That said, it was difficult at this stage to



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accurately assess the need for the temporary storage service as some existing unauthorized columbaria might be able to meet the licensing requirements and obtain the licence under the Licensing Scheme. In response to Dr Kenneth CHAN's enquiry about the completion time of the Business Impact Assessment on the proposed Private Columbaria Bill, PSFH(F) advised that the Business Impact Assessment would be completed before the introduction of the Private Columbaria Bill into the Legislative Council in the fourth quarter of 2013.

18.25 Mr CHAN Chi-chuen enquired about the Administration's efforts in enhancing public education and promotion on the selection of private columbaria to protect consumers' interest. SFH said that Announcements of Public Interest had been produced and broadcasted to promote the scattering of cremated ashes in Gardens of Remembrance or Hong Kong waters. The Administration had also produced some points to note to advise on the selection and purchase of private columbarium niches. He welcomed any other suggestions from Members.

### Supply of public columbarium niches

18.26 Mr CHEUNG Kwok-che enquired about the progress of the development of the district-based columbarium development scheme and the identification of suitable potential sites across the 18 districts for columbarium development. PSFH(F) advised that the Administration had consulted the relevant Panels of the Legislative Council on the scheme and started conducting feasibility studies on relevant sites in Tuen Mun, Kwai Ching, the Northern District and the Eastern District.

### **Animal welfare**

#### "Trap-Neuter-Return" for stray dogs

18.27 Mr CHAN Chi-chuen enquired whether the Administration had reviewed and investigated the reasons for the failure of the "Trap-Neuter-Return" trial scheme and the way forward. Director of Agriculture, Fisheries and Conservation (DAFC) advised that the local community and District Councils only supported trapping and neutering

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stray dogs and cats, and they objected to returning them to their own districts. There were also insufficient volunteers to monitor the population of stray dogs.

18.28 Mr CHAN Chi-chuen enquired about the reasons for the larger number of caught stray dogs being euthanized than caught stray cats. DAFC advised that because of the relatively docile temperament of cats, there were fewer nuisance complaints against stray cats and hence fewer stray cats were being euthanized.

18.29 Mr Albert HO expressed grave concern that a large number of healthy animals were unnecessarily euthanized by the Agriculture, Fisheries and Conservation Department (AFCD). Citing that some overseas countries had subsidized animal shelters to keep the trapped and neutered stray animals rather than euthanizing them, Mr HO urged the Administration to consider providing assistance to animal shelters run by volunteers to keep those neutered stray animals. DAFC advised that AFCD was aware of the animal shelters mentioned by Mr HO and had provided assistance to them. However, the animal management centres (AMC) of AFCD received about 13 000 abandoned animals annually. Of these 13 000 abandoned animals, more than 2 000 animals were brought to AMC by their owners for various reasons. DAFC stressed that only animals which were assessed to be unsuitable for re-homing due to health or temperament reasons were euthanized.

### Regulation of pet trading

18.30 Ms Claudia MO expressed grave concern about the public consultation exercise on the legislative proposal for the amendments to the Public Health (Animals and Birds) (Animal Traders) Regulations (Cap. 139B). A number of animal welfare organizations (AWOs) had expressed strong objection to the proposed licensing scheme of animal breeders, in particular, the proposed Animal Breeder Licence Category A (ABLA). She urged the Administration to issue only one type of licence for animal breeders regardless of the number of female dogs kept by them. Ms MO also enquired about the timetable of the legislative proposal. DAFC explained that during the public consultation exercise in December

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2012, there were views supporting the Administration's proposal on the issuance of two types of breeder licences for commercial breeders and home breeders, respectively. He said that the number of home breeders had grown considerably in recent years. The proposed ABLA would be able to regulate the operations of home breeders.

18.31 Ms Claudia MO was concerned about the reply given by the Administration to some AWOs that it would be a breach of Article 105 of the Basic Law if pet owners were not allowed to sell their own pets as pets were considered as private property. Ms MO said that she could not accept the Administration's view that pets could be traded as private property. She added that pet owners could give away their pets when they had difficulties in keeping them. DAFC said that certain pet owners might give away their pets, while some others might want to sell them. He said that the Administration could follow up the issue with the relevant Panel if Members so wished.

### **Subventions for AWOs**

18.32 Dr Helena WONG enquired whether AWOs would be eligible for AFCD's subvention if they had not entered into partnership with AFCD. She requested the Administration to provide a list of AWOs whose applications for subvention had been rejected and the reasons for the rejections. DAFC clarified that when AFCD considered an application for subvention from AWO, a basket of factors, such as the organizational structure and the financial position of the applicant, as well as the nature and details of the proposed project, would be examined. The Administration would provide after the meeting the list of AWOs which had applied for subventions, including those AWOs whose applications had been rejected.

### **Agricultural development**

#### **Agricultural Land Rehabilitation Scheme**

18.33 With regard to the Agricultural Land Rehabilitation Scheme, Mr CHEUNG Kwok-che enquired about the Administration's policy on supporting agricultural development. In particular, he was concerned

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whether the Administration would promote traditional farming or organic farming, and whether the Administration would identify new land suitable for farming. SFH advised that as land was a scarce resource in Hong Kong, subject to the availability of suitable land for farming, the Administration would continue to support the development of agriculture in Hong Kong.

18.34 Mr Steven HO pointed out that the waiting time of the applicants for the Agricultural Land Rehabilitation Scheme (the Scheme) was three years and six months. He considered such waiting time too long. Noting that the number of successful applications for the Scheme had decreased from 20 in 2010 to nine in 2012, Mr HO requested the Administration to step up its efforts in promoting the rehabilitation of abandoned agricultural land through the Scheme. Consideration could also be given to setting up an agricultural park for providing better support for agricultural development. DAFC explained that the long waiting time was due to the scarcity of land resources and the time taken to match the needs of the farmers. It was also difficult for the Administration to obtain suitable farmland as most farmland in Hong Kong was privately owned and the landowners' consent to use their land for farming must be sought. This apart, the land must also have water source and be free of pollution. As regards the allocation of available farmland, DAFC advised that priority would be given to the farmers who were affected by the public development or those with no other employment alternatives owing to their lower education background.

18.35 Miss CHAN Yuen-han enquired about the role of the Administration in the Scheme and whether sufficient resources had been allocated for obtaining farmland. DAFC advised that there was a property market for farmland and most farmers would obtain their farmland with the assistance of property agents. Farmers would seek assistance from the Scheme only when they could not find suitable farmland through property agents. In response to Miss CHAN's view that AFCD failed to act as a middleman to facilitate the rental transaction of farmland, DAFC advised that the Administration should be impartial and could not force the landowners to offer their farmland at a rent lower than their expectation. Miss CHAN was not satisfied with DAFC's explanation and said that she would follow up the subject with the Administration.

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18.36 Noting that 14 hectares of farmland had been returned to cultivation from 2008 to 2012, Mr Tony TSE enquired about the total area of land covered by statutory plans and zoned for agricultural use, and the proportion of which was privately owned. DAFC advised that the use of land was stipulated in the Outline Zoning Plans. The Administration had no accurate data on the total area of land actually used for farming. This was because a piece of land, even though it had been zoned for agricultural use, could still be used for other non-farming purposes such as warehousing; and some land which had been zoned for conservation or green belt purposes might be used for farming. At the request of Mr TSE, the Administration would provide written information on the area of land covered by statutory plans and zoned for agricultural use; the proportion of which was privately owned; and the financial resources allocated for the promotion of the rehabilitation of abandoned agricultural land in 2013-2014.

18.37 Mr Tony TSE enquired whether the Administration had adopted a grading mechanism for evaluating the suitability and quality of farmland for agricultural use and if so, whether such information would be made available to the public. DAFC advised that the majority of the abandoned farmland was suitable for farming and the Administration had not developed such a grading mechanism for the farmland.

### Oyster farming

18.38 Mr Steven HO said that there were about 5 000 to 6 000 rafts for oyster farming but the Administration only assigned one staff to promote good aquaculture practices to oyster farmers. The manpower deployed was far less than those deployed for the support to local fish farmers. He urged the Administration to deploy more manpower to provide better support for oyster farming. DAFC advised that the Administration attached importance to the sustainability and development of the local aquaculture industry including oyster farming. Apart from the concerned officer, there were other supporting teams, such as government laboratory, providing support for oyster farming. The Administration would continue to provide technical support to oyster farmers in improving the quality of the oysters and building public confidence in the safety of locally produced

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oysters.

### **Environmental hygiene**

18.39 Mr CHEUNG Kwok-che expressed dissatisfaction that FEHD had assigned its Pest Control Section to handle issues of street sleepers. DFEH explained that the Section that participated in the relevant joint operations co-ordinated by District Offices of the Home Affairs Department was Cleansing and Pest Control Section. The FEHD officers involved were performing their cleansing duties which included removal of abandoned articles and cleaning of the places concerned.

18.40 Noting that an additional funding of about \$57 million would be allocated to FEHD to cope with a rise in outsourcing contract prices, Mr CHEUNG Kwok-che enquired about the proportion of the additional funds allocated to new and existing outsourcing services. DFEH advised that the additional funding of \$57 million would be used for salary adjustments for the existing outsourcing services owing to the implementation of the statutory minimum wage.

### **Liquor licensing**

18.41 Dr Helena WONG said that residents in Yau Tsim Mong, Wan Chai and Central and Western Districts had been complaining about the nuisance caused by liquor-licensed premises and criticized the Liquor Licensing Board (LLB) for its excessive issuance of liquor licences. Dr WONG enquired about the reasons for the absence of the breakdown of the expenditure involved in the handling of liquor licence applications and appeals. She also sought information on the rank and salary of the four staff deployed for providing secretariat service to LLB. DFEH advised that the four staff who provided secretariat service to LLB were Executive Officers. Details of their salary expenditure would be provided after the meeting.

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19.1 At the Chairman's invitation, Dr KO Wing-man, Secretary for Food and Health (SFH), briefed members on the main initiatives and expenditure on the policy area of health services for the coming year (Appendix IV-17).

### **Chinese medicine**

#### Premises for conducting Chinese medicine business

19.2 Mr WONG Kwok-hing expressed dissatisfaction that there had not been any consultation with the trade prior to the setting of the requirement that all existing licensed Chinese medicine traders who were carrying out their business on domestic premises had to relocate to suitable premises by 31 December 2013 in order to continue their business. SFH responded that the Administration had attached importance to adhering to the principle of assuring the quality of Chinese medicines in the course of formulating policies on Chinese medicine. That said, it would review the needs of the Chinese medicine traders as and when necessary.

#### Good Manufacturing Practice System for proprietary Chinese medicine

19.3 Mr WONG Kwok-hing was concerned that the Chinese medicine manufacturing sector, in particular the small and medium enterprises, lacked the factory premises, personnel and expertise to support the future implementation of the mandatory Good Manufacturing Practice (GMP) for manufacture of proprietary Chinese medicine (pCm). He urged the Administration to consider the suggestion of the industry to provide tax concession for GMP-related investment. Noting that as of mid-March 2013, only eleven out of the 296 local pCm manufacturers (i.e. 3.7%) had been awarded the Certificates for GMP, Mr WONG Ting-kwong sought information about the measures that had been put in place by the Administration to support the industry. He also asked whether consideration could be given to providing financial assistance to local pCm manufacturers to facilitate their compliance with the GMP requirements.

19.4 Agreeing that the building of GMP facilities was an issue that required attention, SFH pointed out that the difficulties facing the industry

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regarding GMP compliance and the feasible measures for the Government to provide assistance to the industry in this regard were high on the agenda of the newly established Chinese Medicine Development Committee, which would give recommendations to the Government concerning the direction and long-term strategy of the future development of Chinese medicines in Hong Kong. That said, the Chinese medicine traders also had to take steps to modernize their practice and enhance the quality standards of their products to meet the development of the Chinese medicine industry in Hong Kong. Director of Health (DoH) supplemented that there was currently no timetable for the introduction of the mandatory GMP requirements for manufacturing of pCm. Mr WONG Ting-kwong urged the Administration to introduce the requirements at a pace appropriate to the capability and needs of the industry, so as not to threaten the survival of the small and medium enterprises in the industry.

### Medical benefits for civil service eligible persons

19.5 Mr WONG Kwok-hing was of the view that the non-inclusion of Chinese medicine in the scope of medical benefits for civil service eligible persons ran contrary to the Administration's policy of promoting the development of Chinese medicine in Hong Kong. SFH advised that the Chinese Medicine Development Committee would explore, among others, the positioning of Chinese medicine in the public healthcare system in Hong Kong.

### Provision of integrated Chinese and Western medical treatment

19.6 Referring to the wide use of Chinese medicine in the community for improving immunity to prevent the infection of the Severe Acute Respiratory Syndrome (SARS) a decade ago, Dr Priscilla LEUNG asked whether a more systematic approach in integrating Chinese and Western medicine for the management of various diseases had been developed in these years.

19.7 SFH responded that during the SARS period, Chinese medicine had been used both for the prevention of SARS and in the management of convalescent and acute SARS patients. Following the exchange of views



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with the Chinese medicine experts in Guangdong on the management of SARS, the Hospital Authority (HA) had formulated research and treatment protocols for using integrated Western and Chinese medicine for the prevention and treatment of SARS, which were being implemented in public hospitals for SARS patients as appropriate. Thereafter, a memorandum of understanding between the Guangdong Provincial Traditional Chinese Medicine Hospital and HA had been signed. The interaction had facilitated the establishment of the 17 public Chinese Medicine Centres for Training and Research in Hong Kong to promote the development of "evidence-based" Chinese medicine, and the increasing interface between Chinese and Western medicine in public hospitals in these years.

19.8 In response to Dr Priscilla LEUNG's further enquiry about whether the Administration had any plan to set up a Chinese medicine hospital in Hong Kong, SFH advised that the Government would consider proposals from interested organizations to develop self-financed Chinese medicine hospitals on private land. The Chinese Medicine Development Committee would also study the formulation of a policy on the development of Chinese medicine hospitals in Hong Kong. Subject to the recommendation of the Committee, consideration would be given to providing government land for the development of private Chinese medicine hospitals through a fair and open manner.

### **Prevention and control measures on influenza infection**

19.9 Mr Christopher CHUNG expressed concern about whether the Administration was well aware of the pathology of the avian influenza A(H7N9), as well as the availability of vaccine for the prevention of infections. SFH advised that Hong Kong had an effective and comprehensive surveillance system in place to guard against novel infectious diseases. The Administration had also maintained close liaison with the Mainland authorities to monitor the latest development since the emergence of cases of human infection with avian influenza A(H7N9) in the Mainland. An expert team of HA had visited Shanghai to exchange information about the clinical treatment of H7N9 infection. In addition, an urgent meeting with the Mainland authorities had been held to exchange information on the preventive and control measures against avian influenza

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A(H7N9). The viral strain had also arrived Hong Kong a few days ago to facilitate the development of the clinical protocol. Given that there was no evidence thus far of sustained human-to-human transmission, the focus of the preventive and control measures would be on minimizing the risk of avian influenza outbreaks among poultry. However, no vaccine for the prevention of avian influenza A(H7N9) was presently available, and it took about six to nine months for the development of a vaccine as advised by the World Health Organization.

19.10 In response to Mr Christopher CHUNG's further enquiry about the disease control strategy in the event of emergence of cases of human infection with avian influenza A(H7N9) in Hong Kong, SFH advised that according to the Preparedness Plan for Influenza Pandemic 2012, the Administration would raise the response level from the current Alert Response Level to Serious Response Level when there was confirmed case of human or poultry infection with avian influenza A(H7N9) in Hong Kong. An early identification and early isolation approach would be adopted for all suspected cases of human infection with avian influenza A(H7N9) for the performance of rapid tests for H7 virus, so as to prevent larger community outbreak. SFH assured Members that the current stockpiling level of antiviral drugs should be sufficient for a possible pandemic.

19.11 Pointing out that receiving vaccination could reduce the risk of high-risk groups from getting seasonal influenza and pneumococcal infections as well as to prevent the related complications, hospitalization and mortality caused by these diseases, Dr KWOK Ka-ki was concerned about the low uptake rate under the seasonal influenza and pneumococcal vaccination schemes launched by the Government. He noted that under the Government Vaccination Programme (GVP), Childhood Influenza Vaccination Subsidy Scheme and Elderly Vaccination Subsidy Scheme (EVSS), the seasonal influenza vaccination uptake rate of children between the age of six months and less than six years, and elders aged 65 or above was 12.2% and 32%, respectively, in 2012-2013 (as at 10 March 2013). The pneumococcal vaccination uptake rate of elders under GVP and EVSS was 39.6%.

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19.12 DoH responded that the Department of Health (DH) had been publicizing the Government's vaccination programmes through a series of publicity activities. It had also received views from stakeholders on the programmes. To ensure effectiveness of the future publicity efforts in promoting the uptake rate under the vaccination programmes, a study to examine the reasons for getting vaccination or otherwise among the target groups would be conducted in 2013 upon approval of the research ethics committee. In response to the Chairman's enquiry about whether the Administration had any plan to brief the Panel on Health Services on the study, DoH advised that subject to approval of the research ethics committee, the Administration could brief the Panel on the study if members so wished.

### **Primary Care**

#### Men's Health Programme

19.13 Noting that the Men's Health Programme which was launched by DH in 2002 consisted primarily of a Men's Health website, Mr TANG Ka-piu called on the Administration to consider establishing designated health centres for men to promote the health of men and provide services that suited their health needs.

19.14 DoH advised that many health promotion programmes had already covered the behavioural risk factors for men, such as smoking, unhealthy dietary habits and inadequate exercise. In addition, the Elderly Health Centres (EHCs) provided integrated health services including health assessment, treatment and health education to elderly aged 65 and above based on their gender and behavioural risk factors.

#### Dental care services

19.15 In view of the ageing population, Mr Michael TIEN urged the Administration to include in the public healthcare system general dental care services for all the one million elderly aged 61 or above. He noted that about half of the 100 000 patients receiving the free emergency dental treatments provided by DH through the 11 government dental clinics in the financial year 2011-2012 were elderly aged 61 or above; and the annual

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expenditure for the provision of dental services was \$47.1 million for the corresponding financial year. In the light of this, he estimated that the inclusion of general dental care services for elderly people in the public healthcare system would entail a recurrent expenditure of \$500 million, which only amounted to about 1% of the recurrent health expenditure.

19.16 Expressing concern about the dental care needs of the increasing ageing population, Mr CHEUNG Kwok-che asked whether consideration could be given to extending the existing dental outreach services to cover elderly people at the grassroots level in the community. Miss Alice MAK was of the view that the Government's policy on dental services, which was to improve oral health and prevent dental diseases through promotion and education, was of no use to the elderly as they were most in need of dental treatment. She urged the inclusion of general dental care services for all elderly in the public healthcare system, or otherwise, provision of subsidies for the elderly in using dental care services in the private sector.

19.17 SFH advised that partly due to the substantial resources required for expanding the scope of the public dental service, the Administration currently did not have plans to do so. However, various programmes had already been put in place to facilitate the elderly in seeking dental services, such as the Pilot Project on Outreach Primary Dental Care Services for the Elderly in Residential Care Homes and Day Care Centres and the Community Care Fund Elderly Dental Assistance Programme. Subject to the availability of manpower in the dental profession and the eligibility criteria, the Administration would actively explore further measures to address the dental care needs of other elderly people.

### Elderly health services

19.18 Noting that as at the end of December 2012, there were some 12 500 elderly people waiting to be enrolled at the 18 EHCs and the average waiting time was about 14 months, Dr Joseph LEE asked whether consideration could be given to increasing the service capacity of EHCs which had long remained at 38 500 enrolment per year. Mr CHEUNG Kwok-che enquired whether more resources could be allocated to the 18 EHCs with a view to serving more elderly people. SFH advised that the

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Administration had currently no plan to expand the service of EHCs.

19.19 In response to Dr Joseph LEE's enquiry on the expected number of non-governmental organizations (NGOs) participating in the Elderly Health Assessment Pilot Programme, DoH advised that the deadline for NGOs to submit their proposals for participation in the Programme was 24 April 2013. Dr Joseph LEE was sceptical as to whether the Administration intended to replace the services of EHCs by the Programme. DoH pointed out that the Programme aimed to promote preventive care for the elderly and encourage its provision in the community.

### **Public hospital services**

#### Commissioning of the North Lantau Hospital

19.20 Mr TANG Ka-piu noted that upon the commissioning of North Lantau Hospital (NLTH) in the third quarter of 2013, only daytime Accident and Emergency (A&E) services would be provided. Pointing out that there would usually be a surge in the number of patients seeking services from the A&E department during the winter influenza peak season, thus putting the department under tremendous pressure, he was concerned about when the service hours of the A&E department of NLTH would be extended to 24 hours.

19.21 Chief Executive, HA (CE, HA) advised that HA would, having regard to the service needs and manpower availability, roll out the services of NLTH in phases. Eight-hour A&E services would initially be provided in September 2013, with a view to extending the service hours to 16 hours, and further to 24 hours within six to 12 months' time subject to manpower availability. CE, HA pointed out that the current manpower shortfall of doctors in HA was around 250. Subject to the turnover rate of doctors and the allocation of Resident Trainee positions for July 2013, it was expected that the manpower situation of doctors in the A&E departments would be improved with the intake of the new recruits. For the recruitment of doctors who were trained in the overseas and wished to practice in Hong Kong, it should be noted that the 2012 Licensing Examination of the Medical Council of Hong Kong (MCHK) recorded a higher passing rate.

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The workforce of HA would be further strengthened if these doctors joined HA upon completion of their internship training in 2014.

### Mental health service

19.22 Mr CHEUNG Kwok-che asked whether consideration could be given to providing psychiatric specialist outpatient services in the evening and on public holidays. Director (Cluster Services), HA (D(CS), HA) responded that given the current manpower constraint, providing psychiatric specialist outpatient services at night or on public holidays might affect the relevant daytime services. To enable patients who had to work during daytime to schedule their appointments in the evening, the service hours of psychiatric specialist outpatient clinics (SOPCs) had already been extended to 6:00 pm from Mondays to Fridays. HA had also set up designated depot clinics in all the seven hospital clusters to enable patients to receive depot injection treatment during non-office hours.

19.23 Dr Elizabeth QUAT asked whether it was reasonable to require each case manager to take care of about 50 to 60 patients with severe mental illness under the Case Management Programme. CE, HA responded that the caseload of case managers had been improved from the past 70 to 80 cases to the current 50 to 60 cases. HA had also commissioned a local university to conduct a detailed study and analysis on the implementation and effectiveness of the Programme

### Cataract service

19.24 Mr CHAN Han-pan expressed concern that while the overall waiting time for cataract surgeries for all hospital clusters had improved in the past three years, the notional waiting time for the surgeries in the New Territories West (NTW) cluster had not shortened, but increased from 19 months in 2010-2011 to 20 months in both 2011-2012 and 2012-2013. CE, HA explained that the difference in the notional waiting time for the cataract surgeries of the seven hospital clusters was attributed to, among others, their turnover rate of doctors in the Ophthalmology specialty. It should also be noted that, in view of the current manpower shortfall in public hospitals, a majority of the new medical graduates employed by HA

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in the annual recruitment exercise would be allocated to pressure areas such as the A&E department. It was expected that the waiting time for cataract surgeries would be further improved when there was an increase in the supply of medical manpower in the coming years.

### Emergency treatment of critical illnesses

19.25 Mr Albert HO was of the view that given that acute stroke and coronary artery disease could both be life-threatening, HA should provide 24-hour intravenous thrombolytic service and emergency percutaneous coronary intervention service in all hospital clusters. CE, HA explained that given that manpower resources could not be made available overnight and in general, it took more than six years for a medical graduate to attain a specialist qualification. Hence, measures to enhance the services for the treatment of critical illnesses could only be rolled out by phases. In 2013-2014, HA would set up 24-hour intravenous thrombolytic service in Pamela Youde Nethersole Eastern Hospital, Queen Elizabeth Hospital (QEH) and Prince of Wales Hospital (PWH). The provision of primary and emergency percutaneous coronary intervention service in United Christian Hospital, Princess Margaret Hospital (PMH) and PWH would also be extended to 12-hour (i.e. from 8:00 am to 8:00 pm) on weekdays in 2013-2014, in addition to the 24-hour percutaneous coronary intervention service currently available in Queen Mary Hospital. In response to Mr Albert HO's concern about the long travelling time for patients in the NTW cluster who suffered from acute stroke and coronary artery disease to receive treatments in the above-mentioned hospitals, CE, HA advised that patients in critical conditions would receive acute interventions in their respective residential catchment cluster in the first place in order to stabilize their conditions and where necessary, be transferred to hospitals in other clusters for follow-up treatment.

### Specialist outpatient services

19.26 Expressing dissatisfaction about the across-the-board increase in the median waiting time of HA's specialist outpatient new cases for all the specialties in 2012-2013, Dr KWOK Ka-ki called on HA to put in place measures to shorten the waiting time to, at the very least, the level in

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2010-2011. CE, HA explained that the increase in the waiting time was due to the higher increase in the number of patients than that of the healthcare personnel. With the enhanced supply of healthcare graduates, it was expected that the waiting time for specialist outpatient services could be shortened in the coming few years.

### Treatment of degenerative diseases

19.27 Dr Helena WONG sought information about the strengthening of treatment of degenerative diseases by HA to meet the service demands of an ageing population. CE, HA advised that additional resources had been provided to HA in the past few years to enhance the management of degenerative diseases. The Administration would also review the overall services for patients suffering from degenerative diseases.

### Diagnosis of Down syndrome

19.28 Dr CHIANG Lai-wan asked whether consideration could be given to introducing the non-invasive sensitive analysis of fetal DNA for T21 screening in the public sector to replace the conventional method of analyzing genetic material obtained directly from the fetus through invasive procedures for the diagnosis of Down syndrome. SFH responded that scientific assessment had to be conducted before a decision could be made in this regard.

### Allocation of resources among hospital clusters

19.29 Miss Alice MAK noted with concern that while the population of the NTW cluster had reached 1.08 million in mid-2012 and ranked the third highest among the seven hospital clusters, the budget allocated to the cluster, which amounted to \$5.18 billion in 2012-2013, ranked only the fourth highest among the hospital clusters. Its number of general class beds (i.e. 2 156 beds) even ranked the second lowest among the seven hospital clusters. She urged HA to take into consideration the population profile when allocating its resources and beds to the hospital clusters, and enhance the transparency on the mechanism in this regard.



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19.30 CE, HA responded that in view of the inadequacy of public hospital services in the New Territories to meet the increasing needs due to population growth, the Pok Oi Hospital had been redeveloped and expanded a few years ago. A new hospital would also be constructed in Tin Shui Wai in order to meet the projected demand for hospital services in the NTW cluster. In addition, an additional \$200 million would be allocated to the cluster in 2013-2014. It was expected that with a steady increase in the supply of healthcare personnel in the coming years, more hospital beds in the NTW cluster would come into operation by phases. In response to Mr CHAN Han-pan's concern about whether the opening of additional hospital beds would further strain the medical manpower of the NTW cluster, D(CS), HA advised that HA would monitor the overall manpower situation and make appropriate arrangements in manpower deployment to meet service needs of different specialties.

19.31 Dr Elizabeth QUAT doubted whether HA could flexibly deploy its healthcare manpower to meet the service needs of each cluster. She cited the number of psychiatric nurses as an example to illustrate the uneven distribution of healthcare manpower among different hospital clusters: while the number of attendances for child and adolescent psychiatric SOPCs in the New Territories East (NTE) cluster was on par with that in the NTW cluster in 2011-2012, there was a total of 640 psychiatric nurses in the NTW cluster, which was more than double that of the NTE cluster (i.e. 305 psychiatric nurses). She also pointed out that there was a high variation in the waiting time of obstetric new cases among the clusters. The longest (90 percentile) waiting time in the Hong Kong East and Hong Kong West clusters in 2012-2013 (up to December 2012) was four and three weeks respectively, which was far shorter than that of the NTE cluster which stood at 24 weeks.

19.32 CE, HA explained that owing to the varying complexity of the conditions of patients and the concentration of certain services, the number of psychiatric nurses varied among hospital clusters. For example, the oldest-established psychiatric hospital, i.e. the Castle Peak Hospital, was located in the NTW cluster. In addition, the NTW cluster also comprised the Siu Lam Hospital for the provision of rehabilitative and infirmity services to severely mentally handicapped adult patients in Hong Kong. Dr Elizabeth QUAT asked whether a specialized hospital should also be

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provided in the NTE cluster to meet the increasing demand for child and adolescent psychiatric outpatient service in the cluster. D(CS), HA advised that due to historical reason, a number of old cases were being followed up by the Castle Peak Hospital in the NTW cluster and the Kwai Chung Hospital in the Kowloon West cluster. These patients, who were in stable conditions in most cases, would not be transferred to other clusters for treatment. This explained why a higher number of attendances were recorded in these two clusters.

19.33 As regards the long waiting time of obstetric new cases in the NTE cluster, D(CS), HA advised that obstetric service in the cluster was provided at PWH. Its teaching hospital status had induced demand from pregnant women residing outside the cluster. Hence, it was not appropriate to make direct comparison between the waiting time of the NTE cluster and that of other clusters.

19.34 Noting that temporary beds were found in wards and hallways of some public hospitals, such as QEH and PMH, Dr Helena WONG asked whether there were not enough beds in public hospitals to meet the demand, and if so, whether the opening of 287 additional acute and convalescent beds in public hospitals in 2013-2014 would solve the problem.

19.35 CE, HA explained that during periods when hospital admission was high, such as during the influenza peak season, temporary beds would be opened in public hospitals to augment hospital capacity. As regards the provision of additional beds in different hospital clusters, due regard would be given to, among others, the medical and nursing manpower situations of HA as well as the service demand of the community.

19.36 In response to Miss Alice MAK's enquiry about the progress of setting up a steering committee to review, among others, the cluster management and staff systems, cost effectiveness and service levels of HA, SFH advised that the committee would be set up in due course.

### Manpower of public hospitals

#### Medical manpower

19.37 Holding the view that the average weekly working hours of doctors could reflect the adequacy of doctors for all specialties, Mr CHAN Han-pan asked whether HA had any plan to change the present arrangement of monitoring the working hours of doctors for all specialties every alternate year to a yearly basis. D(CS), HA advised that apart from conducting full-scale monitoring for all specialties every alternate year, those specialties with doctors reported to have worked more than 65 hours per week in 2009-2010 were required to report the working hours of doctors on a yearly basis from 2010-2011 onwards. With the efforts made to improve doctors' working conditions in recent years, the proportion of doctors working for more than 65 hours per week on average had remained steady at 4.8% under the current medical manpower strain.

19.38 In response to the enquiry of Mr SIN Chung-kai about recruiting non-local doctors under limited registration to address the manpower shortage in public hospitals, SFH advised that HA had long been employing doctors who were trained in the overseas and granted limited registration by MCHK for the purpose of supplementing the manpower in highly specialized clinical areas with a lack of relevant local expertise. Notwithstanding this, the experience gained in the past recruitment exercises revealed that partly due to the need to meet the requirement of having knowledge in Cantonese for those specialties that required substantial direct patient contact, only a small number of candidates were considered suitable for appointment. Only 13 doctors were approved by the Medical Council of Hong Kong under the limited registration scheme in 2012. In the light of this, future effort in this regard would focus on facilitating those overseas-trained Hong Kong residents to return to practise in Hong Kong. To do so, the Administration was in discussion with MCHK to explore the feasibility of increasing the number of its Licensing Examination from once to twice a year in 2014, and modernizing the examination mode having regard to the arrangements in other countries.

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19.39 Dr KWOK Ka-ki urged HA to put in place measures to retain and attract talents in the specialties of Obstetrics and Gynaecology and Radiology, as many experienced doctors in these specialties had departed HA in recent years. C(DS), HA advised that HA would continue to monitor the turnover of doctors in different specialties and make appropriate allocation of the Resident Trainee positions.

### Nursing manpower

19.40 Dr Joseph LEE noted with concern that in 2012, more than half of the 1 038 nurses who left HA were experienced nurses with more than 10 years of services. Pointing out that the majority of the 2 100-odd nurses to be recruited by HA in 2013-2014 would be new nurse graduates, he doubted whether the recruitment exercise would relieve the heavy workload of nurses in public hospitals, since the existing nurse-patient ratio had reached around 1:10 as revealed by a recent survey conducted by a nursing association. This was far higher than the manpower ratio in some overseas places which stood at one nurse to four to six patients.

19.41 CE, HA advised that given that HA provided different types of care to patients having regard to the conditions and needs of each patient, HA did not prescribe any nurse-patient ratio for manpower planning or deployment purposes. However, indicators on the nursing workload and staff requirements for acute hospitals had been developed in consultation with the frontline nurses. At present, the hammering out of another set of indicators for estimating the nursing manpower requirements for the rehabilitation hospitals was underway. On the existing nursing manpower of HA, it should be noted that with the additional resources allocated by the Government to HA, there was a net increase of some 800 nurses each year in the past three years. There also recorded a drop in the turnover rate of nurses and an increase in the number of experienced nurses returning to work in HA in the past year. In addition, HA had employed retired nursing staff to provide training to the newly recruited nurse graduates.

19.42 Dr LEUNG Ka-lau asked HA whether it would give consideration to requiring its serving nurses to undertake overtime work by granting them overtime allowance, so as to immediately relieve the problem of shortage of

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nursing manpower.

19.43 C(DS), HA advised that in the past few years, HA had provided allowance for overtime work and holiday work to provide better incentive for nurses to work beyond their conditioned hours. Noting that the payment for overtime work for nurses only amounted to around \$31 million in 2010-2011, Dr LEUNG Ka-lau considered that HA could encourage more nurses to undertake overtime work. C(DS), HA responded that whether the provision of such allowance could bring a significant positive impact on the nursing workforce in HA depended on the willingness of nurses to work beyond their conditioned hours.

19.44 Dr CHIANG Lai-wan considered that another means to immediately relieve the problem of shortage of nursing manpower was to recruit secondary graduates and provide them with in-service training. SFH advised that at present, in-service training were provided to students of HA Nursing School. These students were one of the main sources of nurse supply for HA in each year. CE, HA supplemented that while HA nursing schools would continue to provide training places to ensure continuous supply of nursing manpower, there would also be an enhanced supply of new nurse graduates from universities in the coming years.

### Information technology manpower

19.45 Mr Charles MOK expressed concern that to cope with the increasing demand for information technology (IT) services, including the development of the territory-wide electronic health record sharing system, HA had employed a large number of IT contract workers through IT contractor agencies, which had resulted in problems such as pay disparity. He sought information on the ratio of IT workers recruited by HA to those employed by IT contractors and working in HA, and the number of the latter who had converted to HA employment terms in recent years.

19.46 CE, HA advised that during the past years, additional resources had been allocated to enhance IT support, including IT manpower resources, in order to cope with the increasing service demand. The IT contractor services were engaged through open tender mechanism in accordance with

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HA's procurement policies. HA would continue to discuss with the IT contractor agencies on the pay and conditions of the contract workers. At present, among the 1 300 to 1 500 IT workers engaged by HA, about 1 000 staff were employed on HA employment terms. This included both permanent and contract posts which were determined according to the permanent or temporary nature of the service needs. Mr Charles MOK urged the management of HA to communicate with the IT contract workers directly, rather than through the IT contractor agencies. CE, HA agreed.

### **Hospital Authority Drug Formulary**

19.47 Dr Priscilla LEUNG expressed dissatisfaction that for the some 1 300 drugs currently included in the HA Drug Formulary, HA did not maintain a breakdown of drug expenditures for different diseases. Expressing concern that many patients who had retired could not afford to purchase the self-financed drugs in the Drug Formulary, she urged HA to collect statistics in this regard and increase the number of drugs, in particular those for the treatment of cancer, mood disorder and diabetes mellitus, in the Drug Formulary.

19.48 D(CS), HA explained that as most of the drugs were not restricted to one clinical indication and there were various treatment and medication options for different types of diseases, HA could not provide a breakdown of drug expenditures prescribed for different diseases. For the appraisal of new drugs for listing in the Drug Formulary, the process followed an evidence-based approach, having regard to the principles of efficacy, safety and cost-effectiveness of drugs; and taking into account various factors.

### **Conveyance of patients by ambulance to public hospitals**

19.49 Mr WU Chi-wai referred to the existing practice of ambulances conveying patients to the A&E departments of the designated hospitals in the patients' catchment area as revealed in a recent investigation of the Ombudsman. This might result in patients being conveyed to a hospital which was not the hospital nearest to the location of the patient in terms of travelling time. Citing the Wong Tai Sin district as an example, he asked whether consideration could be given to providing 24-hour A&E services at

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Our Lady of Maryknoll Hospital so that patients could be conveyed to this Hospital, instead of QEH, for treatment.

19.50 SFH explained that from the professional perspective, an array of factors, instead of the travelling time alone, had to be taken into account in order to identify the most appropriate hospital that a patient in critical condition should be conveyed to. In most cases, these patients would be conveyed to an acute hospital in the proximity of the pick-up location so that patients could receive timely acute services as well as comprehensive medical care. D(CS), HA supplemented that HA had worked with the Fire Services Department in devising the current demarcation of catchment areas and the procedure of taking patients to the designated hospitals. Due regard had been made to the scale, equipment and intake capacity of the hospitals to ensure that patients could receive proper care. D(CS), HA further advised that at present, HA had no plan to provide 24-hour A&E services at Our Lady of Maryknoll Hospital.

### **Private healthcare facilities**

#### Private hospital development

19.51 Mr CHAN Kin-por enquired about the measures to be put in place by the Administration to encourage the provision of more private hospital services at package charges to encourage more members of the public to use the services and thereby, addressed the existing imbalance between the public and private sectors in hospital services.

19.52 SFH advised that for the new hospital at the Wong Chuk Hang site, at least 51% of its inpatient bed days taken up in a year had to be used for provision of services to local residents at packaged charges. For the existing private hospitals, the Administration was in discussion with them to explore the introduction of package charging for the common elective surgeries and the medical supplies, so as to enhance cost transparency and certainty to patients. Private hospitals were also encouraged to communicate with the patients in advance price information on those expensive medicines and diagnostic tests to be provided during hospitalization. That said, it should be noted that as far as emergency

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procedures were concerned, it might be difficult for the private hospitals to make known the charges in advance to the patients. In addition, private hospitals might not be able to communicate the charges that might be levied in advance to patients in circumstances where the services were not provided by the hospitals per se but by private medical practitioners with admission privileges. For these cases, the Administration was exploring whether it was feasible for the private medical practitioners to provide the patients with a quotation on medical cost in advance. SFH advised that the responses from private hospitals thus far were positive. It was hoped that more details in this regard could be announced in due course.

### Inspection of private healthcare institutions

19.53 Mr POON Siu-ping sought explanation for the decrease in the number of inspections to healthcare institutions registered under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) from 246 in 2011 to 237 in 2012. He asked whether DH had set an annual target number of inspections.

19.54 DoH responded that registered healthcare institutions were subject to at least an annual and an ad hoc inspection by the inspection team of the Office for Registration of Healthcare Institutions of DH during a year. DH would also conduct inspections for purposes of applications for changes in services and investigating complaints and sentinel events. DoH further advised that having considered the recommendations on the inspections of private hospitals as set out in the Director of Audit's Report No. 59, DH would take steps to introduce improvement measures to strengthen the inspection programme.

19.55 In response to Mr POON Siu-ping and Dr Helena WONG's enquiries, DoH advised that at present, beauty services companies were not subject to the regular inspection programme of DH. However, after the occurrence of the incident causing one death and serious sickness of three other patients resulting from high-risk medical procedures involving a beauty services company and a laboratory processing health products for advanced therapies in October 2012, DH had enhanced screening of beauty services advertisements promoting invasive procedures. Unannounced



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visits had been made to those beauty services companies suspected of involving in the provision of high-risk medical treatments or procedures to customers, and no irregularities were found so far. Dr Helena WONG sought elaboration on the areas inspected by DH during the visits. DoH advised that the inspections would cover whether these companies had conducted any medical procedures and/or possessed any pharmaceutical products for the purposes of sale, distribution or other use without the presence of registered medical practitioners.

### Regulation of food products involving claims relating to beauty

19.56 Noting the emergence of food products claiming to have skin whitening effect, Dr Helena WONG asked whether DH would verify the accuracy of these claims. DoH replied in the negative, adding that the claim of skin whitening did not fall into the purview of the Undesirable Medical Advertisements Ordinance (Cap. 231) which only regulated advertisements related to medical and health purposes. However, under the Trade Descriptions Ordinance (Cap. 362), a person committed an offence if he, in the course of any trade or business, supplied or had in his possession for sale any goods to which a false trade description was applied.

### **Tobacco control**

19.57 Mr CHAN Kin-por sought explanation for the significant drop in the number of clients served by DH's Smoking Cessation Hotline and its five smoking cessation clinics in 2012 (i.e. from 20 571 in 2011 to 13 262 in 2012, and from 521 in 2011 to 108 in 2012 respectively); and the upsurge of the number of persons using the smoking cessation services provided by Po Leung Kuk from 7 321 in 2011 to 48 918 in 2012. SFH agreed to provide a written response to explain the details.

19.58 In response to Dr KWOK Ka-ki's enquiry about the low success quit rate of the smoking cessation services provided by HA (i.e. 46% in 2012), DoH advised that the success quit rate was comparable to the international experience which in general stood at around 30%.

### **Non-civil service contract staff employed by DH**

19.59 Noting that DH currently engaged some 800 full-time non-civil service contract (NCSC) staff, Mr POON Siu-ping enquired whether consideration could be given to converting these NCSC positions to civil service posts so as to boost staff morale and ensure the quality of the services provided.

19.60 DoH responded that a majority of the NCSC staff members were employed to deliver services which were under review. The remaining NCSC staff members were employed to meet ad hoc and time-limited service requirements. It was not appropriate to create civil service posts to cover these specific service needs as they were not of a permanent nature.

### **Health Protection Scheme**

19.61 Mr WONG Yuk-man asked about the timetable for the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development to complete its review, and the progress in taking forward the Health Protection Scheme (HPS).

19.62 SFH advised that the plan of the Administration was to conclude the review on healthcare manpower planning and professional development in 2013. As regards HPS, the Working Group on HPS was expected to tender its recommendations on HPS to the Health and Medical Development Advisory Committee by 2013. A public consultation exercise on the concrete proposals might then be conducted before taking the matter forward. In response to Mr WONG Yuk-man's further enquiry about the factors to be taken into account in assessing the manpower needs in the various healthcare professions, SFH advised that the review would take into account the healthcare needs of an ageing population, changes in the delivery models of healthcare services, new and additional demands brought about by service reforms in the healthcare sector, potential increase in demand for private healthcare services including those arising from known and planned private hospital developments and implementation of the HPS, as well as potential increase in demand for private healthcare services from clientele outside Hong Kong.

### **Provision of unisex toilets in public hospitals**

19.63 Noting that HA would look into the feasibility of the provision of unisex toilets in public hospitals by examining the relevant factors including building structure and drainage connections, Dr Helena WONG asked whether HA would commit to provide unisex toilets in public hospitals where feasible. CE, HA advised that unisex toilets had been provided in newly developed public hospitals. For the provision of such toilets in the existing public hospitals, HA would review if it was feasible to do so.

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20.1 At the Chairman's invitation, Mr Eddie NG, Secretary for Education (SED) briefed members on the main initiatives and expenditure on the policy area of education for the coming year (Appendix IV-18).

### **Overall expenditure on education**

20.2 Given the paramount need to enhance the quality of education in various aspects, Mr LEUNG Kwok-hung enquired on the plans, if any, of the Administration to seek additional provisions to implement new initiatives. SED advised that where additional resources were required, the Education Bureau (EDB) would put up the relevant funding requests in accordance with established procedures. Permanent Secretary for Education (PS(Ed)) supplemented that the Government had increased its investment in education despite the decline in student population. The estimated recurrent cost per primary student and secondary student in 2013/2014 represented an increase of about 43% and 30% respectively when compared with those in 2009/2010.

### **Kindergarten education**

#### Implementation of free kindergarten education

20.3 Referring to the Committee on Free Kindergarten Education (the Committee) set up by EDB recently, Mr WONG Kwok-hing was of the view that the Committee should conduct a comprehensive review on kindergarten (KG) education, including their scales and modes of operation and professional training for teachers. Mr WONG Yuk-man noted that the Committee was expected to complete its work in two years, and asked the Administration to provide its timetable for implementing free KG education.

20.4 SED advised that in undertaking its study, the Committee would take into account the huge diversity among more than 900 existing KGs and the experience from the implementation of the Pre-primary Education Voucher Scheme (PEVS). Given the intricacies of the issues involved, it was expected that the Committee would complete its work and put forward concrete recommendations to EDB on the practicable implementation of free KG education in two years' time. Citing the rent/KG premises issue as an example of practical matters which might take time to resolve, Permanent Secretary for Education (PS(Ed)) supplemented that pending the outcome of the Committee's study, it was pre-mature at this stage to specify

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any timetable for implementation of free KG education.

20.5 Noting that the monthly salary of KG teachers ranged from \$7,000 to over \$70,000, Mr WONG Kwok-hing asked whether the Committee had any plan and timetable to formulate a salary framework for KG teachers. In reply, SED said that one of the working groups to be set up under the Committee would study relevant issues including staff wastage, salary and qualifications of KG teachers.

20.6 Referring to the large number of deputations which had presented views to the Panel on Education recently on issues related to implementing free KG education, Mr WONG Yuk-man asked whether consideration would be given to these views. In response, SED said that the deputations' views had been well-noted. The Committee would gauge and study carefully the views of different stakeholders.

20.7 In reply to Mr LEUNG Kwok-hung's enquiry on whether EDB would require additional resources to enhance KG education and implement free KG education, SED advised that the requirement for additional resources would be examined by the working groups to be formed under the Committee when studying issues related to implementation of free KG education.

### Issues related to the Pre-primary Education Voucher Scheme

20.8 Whilst noting the expenditure incurred in implementing PEVS in 2012-2013, Mr Christopher CHUNG asked whether local children attending KGs in the Mainland could benefit from PEVS. He also asked whether cross-boundary children attending KGs in Hong Kong would be entitled to free KG education upon its implementation, similar to local children.

20.9 SED advised that under the prevailing policy, cross-boundary students who were born and attending KGs in Hong Kong were eligible to apply for PEVS. However, participation in the PEVS was confined to eligible KGs in Hong Kong only. Children born in Hong Kong were entitled to free primary and secondary education. In this connection, PS(Ed) said that currently, there was no policy to provide recurrent subsidy for education outside Hong Kong. Hence, the idea of making PEVS portable in the Mainland would have significant policy implications and require very careful study.

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20.10 In response to Mr Christopher CHUNG's enquiry about the projected number of cross-boundary children who would enrol in KGs and primary schools in Hong Kong, SED said that while the number of children born in Hong Kong whose parents were not Hong Kong residents was known, it was difficult to ascertain the proportion of these children who would receive their education in Hong Kong. PS(Ed) said that the Administration had been closely monitoring the number and the trend of cross-boundary students coming to study in Hong Kong but there was a limit to which the Administration could base future predictions of whether and if so, when they would come on the basis of historical figures.

### **Primary and secondary education**

#### Allocation of school places

20.11 On account of the shortfall in primary one (P1) places in the North District, Mr IP Kwok-him asked whether additional resources would be allocated to address the problem and the long-term plan, if any, of the Administration to provide P1 places in the district.

20.12 Under Secretary for Education (US(Ed)) advised that having regard to the increase in cross-boundary students, the Administration would implement a basket of measures to address the shortfall of P1 places in the 2013/2014 school year in the North District. In devising the arrangements for the 2014/2015 school year onwards, the Administration would take into account the need to ensure fairness and viability of the existing allocation system, as well as transportation and other support measures. The Administration expected to come up with the proposed arrangements by September 2013 when the P1 places allocation exercise for 2014/2015 school year commenced.

20.13 Mr IP Kin-yuen noted from EDB's information that from the 2008/2009 to 2010/2011 school years, 341 classes had been reduced in secondary schools due to reduction of classes or school closure, and that four secondary schools had been closed during the same period. He also referred to the estimated surplus of 3 600 secondary one (S1) places in the 2013/2014 school year, which might lead to a reduction of about 106 classes. Mr IP enquired on the estimated number of classes that would be reduced in secondary schools in the 2013/2014 school year, as well as the closure, if

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any, of secondary schools due to the decline of secondary student population.

20.14 In response, SED confirmed that there was no government policy to close any secondary schools due to the drop in secondary student population. He further said that the decline in S1 student population was temporary and a rebound was expected a few years later. Under such circumstances, SED stressed that the Administration should introduce timely and targeted measures with the objective to preserve the stability and strengths of schools, and the teaching force in the longer run.

20.15 Regarding the exact number of S1 classes in 2013/2014, PS(Ed) said that the information was not yet available pending the completion of the S1 places allocation exercise as the most significant variable in the exercise was parental choice. On concerns about reduction of classes in the 2013/2014 school year, PS(Ed) highlighted the various relief measures introduced by EDB, including the relaxed criterion of 25 students per class for approving S1 classes and allowing schools to operate only two classes for each level. Schools which operated only one S1 class might submit development plans for EDB's consideration.

### Upgrading language proficiency

20.16 Ms Claudia MO was of the view that the language proficiency of students and language education in Hong Kong should be enhanced. Noting that the Government had proposed to inject \$5 billion into the Language Fund, Mrs Regina IP asked whether and how the projects sponsored by the Language Fund in the past had raised the Chinese (including Putonghua) and English proficiency of the Hong Kong population. In response, PS(Ed) remarked that competency in languages was probably the outcome of an interplay of different factors. On the language standards attained by local students, she said that the findings of international studies had indicated that the language competence by local primary and secondary students was rather high when measured against recognized international benchmarks.

20.17 Referring to the increase in provision by \$2 million for teachers employed under the Native-speaking English Teachers (NET) Scheme in primary schools for the 2013/2014 school year, Mrs Regina IP pointed out that each primary school would only be able to employ one NET to serve

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the entire school, which she considered seriously inadequate. Mr Michael TIEN shared a similar view. To enhance the English proficiency of local students, he urged the Administration to seriously consider providing an additional NET post in each school so that all classes in primary one and primary two could be taught by NET. SED took note of members' views and undertook to convey them to the Standing Committee on Language Education and Research (SCOLAR) for consideration.

### Support measures for non-Chinese speaking students in learning Chinese

20.18 Dr Fernando CHEUNG welcomed the proposed allocation of an additional provision of \$2 million each year to refine the Summer Bridging Programme for non-Chinese speaking (NCS) students in learning Chinese. Dr CHEUNG was of the view that the proposed provision should be further increased so that more NCS parents could take part. In response, PS(Ed) advised that the Summer Bridging Programme would allow the NCS parents to accompany their children. This could not only enhance family support for students' participation, it might also be able to facilitate the integration of the parents (especially mothers) of the NCS student. With the assistance of the Home Affairs Bureau, EDB had contacted ethnic minority communities to understand their culture and needs so as to facilitate their learning of Chinese language.

20.19 Mr IP Kwok-him remarked that NCS students were usually capable of communicating fluently in Chinese verbally, but had difficulties in reading and writing Chinese. He asked whether the Administration had any plan to assist NCS students in this regard. SED responded that in addition to the Summer Bridging Programme, special guidance on learning Chinese was provided to NCS students under a pilot project conducted by EDB in collaboration with the University of Hong Kong. EDB would also study the language needs of NCS students for employment purpose. PS(Ed) informed members that SCOLAR had provided nine programmes at the district level for NCS children from three to six years of age so that they could learn the Chinese language through fun, games and cultural pursuits.

20.20 Regarding the development of a separate curriculum of "Chinese language as a second language" for NCS students, Ms Claudia MO did not subscribe to the Administration's view that an alternative curriculum and assessment with pre-set simpler contents and lower standards would limit



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the range of learning opportunities for NCS students. Dr Fernando CHEUNG expressed his concern that without an alternative curriculum and assessment, NCS students would be placed in a disadvantaged position when taking the Hong Kong Diploma of Secondary Education (HKDSE) Examination in Chinese Language. This would become an impediment in their pursuit of tertiary education in Hong Kong. As the Chief Executive had pledged in his election manifesto to develop the "Chinese language as a second language" curriculum and assessment for NCS, Dr CHEUNG asked when the Administration would implement this initiative, and the resources, if any, allocated for this purpose.

20.21 In response, PS(Ed) explained that when exploring the feasibility of an alternative curriculum and assessment, the Administration must take into account the recognition and credibility of the qualifications so awarded. She cited the example of the past Syllabus A of the English Language subject of the Hong Kong Certificate of Education Examination, which suffered from low recognition by students and employers and was subsequently abolished. PS(Ed) further said that due to the relatively small number of NCS secondary students per cohort, the credibility and acceptance of an alternative local qualification was doubtful. Instead, NCS students were encouraged to sit for internationally recognized Chinese Language examinations, such as the General Certificate of Secondary Education, International General Certificate of Secondary Education, the General Certificate of Education Advanced Subsidiary-Level and Advanced-Level. She also recapped that as part of the support measures, the ambit of the Examination Fee Remission Scheme had been extended to cover these non-local Chinese Language examinations and the subsidies for examination fees for NCS students had also been raised. These international tests were also accepted by local universities for the purpose of admission of undergraduates.

20.22 SED further said that EDB would need to determine the level of Chinese proficiency that NCS students were expected to attain for the different purposes of daily communication, employment or higher studies before consideration could be given to developing an alternative curriculum of Chinese as a second language. On the Chinese proficiency of NCS students, PS(Ed) informed members that some of the NCS students who had taken advantage of the revamped Primary One Allocation System (POA) in 2004 (by which NCS students were allowed, for the first time, to choose mainstream primary schools on par with their local counterparts) had,

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through perseverance and hard work, performed well in their secondary schools, with a few being among the top one-third in secondary schools using Chinese as the medium of instruction. She therefore opined that it was not educationally appropriate to set, from the outset, a lower expectations of NCS students even though alternative credible avenues should be provided.

20.23 Mr Jeffrey LAM remarked that NCS students might not have the opportunities to learn other languages apart from English Language and Chinese Language which were mandatory in the curriculum of mainstream schools in Hong Kong. Mr LAM enquired about the resources allocated for facilitating NCS students in learning languages and integrating into the community. PS(Ed) explained that where a school had a large intake of NCS students, it could flexibly make use of various grants to organize after-school activities for promoting mutual understanding among local Chinese students and NCS students (mostly ethnic minorities) in terms of their culture and customs. EDB had also engaged the Vocational Training Council (VTC) to provide Workplace Chinese and vocational English training programme for NCS school leavers. With the support of SCOLAR, nine projects supporting NCS students from three to six years of in learning Chinese were conducted in four districts with a higher concentration of ethnic minorities.

### The subject of Liberal Studies

20.24 Mr IP Kin-yuen questioned the reasons for the cessation of the Liberal Studies Curriculum Support Grant (LSCSG), and whether disbursement of LSCSG could continue. Dr Helena WONG asked whether the Administration had assessed the impact of the discontinuation of LSCSG.

20.25 SED explained that LSCSG was a one-off time-limited grant provided to schools in the 2010/2011 and 2011/2012 school years specifically for the implementation of the Liberal Studies (LS) subject. In tandem, schools had been provided with the Senior Secondary Curriculum Support Grant (SSCSG) since the 2008/2009 school year. Schools could flexibly use SSCSG for facilitating a smooth implementation of the new senior secondary (NSS) curriculum, including the LS subject. From the 2012/2013 school year, SSCSG was equivalent to the mid-point salary of 0.1 Graduate Master per NSS class.

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20.26 Dr Priscilla LEUNG was gravely concerned about the teaching materials of the LS subject which, in her view, was often loaded with political contents and might mislead students. She asked about the mechanism for lodging complaint about the course contents of the LS subject. Referring to one of the questions on the subject in the 2013 HKDSE Examination which related to local politics, Dr LEUNG remarked that the LS subject should not be confined to topics in politics. In the absence of structured and objective course contents, she considered that LS should not be a mandatory subject for admission to local undergraduate programmes.

20.27 SED advised that in teaching LS under the NSS curriculum, schools and teachers were required to provide students with materials to encourage balanced perspectives and critical analysis. Regarding the mechanism for lodging complaints, PS(Ed) said that a student or a parent could lodge a complaint with the school authorities regarding the teaching materials of the LS subject used in the school. If the complaint case could not be resolved at the school level, EDB would handle the case according to its complaint-handing procedures.

### Computer and information technology subjects

20.28 Mr Charles MOK said that according to the education sector, there were articulation problems for the curricula of computer and information technology (IT) subjects from primary to secondary levels, and then to undergraduate level. Mr MOK asked whether consideration would be given to reviewing comprehensively the computer and IT curriculum so as to tie in with the latest development in technology, and allocating the necessary resources to enable each school to employ an additional IT Assistant on a permanent basis.

20.29 SED considered that the relevant issues should be examined from the wider perspective of technology education. Deputy Secretary for Education(5) advised that in addition to reviewing the NSS curriculum which included technology education subjects, EDB was reviewing technology education in primary and secondary levels. It was expected that the outcomes of the review together with the Information Technology in Education Strategy would be announced by the end of 2013.

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20.30 Regarding IT supporting staff, SED advised that as reflected by some school sponsoring bodies, the mere provision of IT Assistant was insufficient for enhancing the teaching and learning of the computer subject. Other issues, such as the curricular contents and the capacity of the IT infrastructure of schools would also need to be addressed.

### National education

20.31 Noting that the National Education Support Programme Section with a total of 14 Inspectors and Officers of various ranks remained in the establishment of EDB, Dr Helena WONG enquired whether inspections to primary and secondary schools would be conducted with regard to the implementation of national education. She also sought information on the content of the Mainland exchange programmes for Hong Kong students and teachers. In response, SED said that inspection would not be made to schools regarding the implementation of national education. He undertook to provide details on the exchange programmes as requested by Dr WONG after the meeting.

### Direct Subsidy Scheme schools

20.32 Mr Michael TIEN declared that he was a supervisor of a Direct Subsidy Scheme (DSS) school, and remarked that education in Hong Kong was increasingly a privilege for the affluent class. While DSS schools were required to set aside 10% of the school's total school fee income to provide fee remission for needy students, Mr TIEN noted that only about half of the 73 DSS schools had fully utilized the provision for fee remission, which was not in line with the original policy intent. He asked whether the EDB would require such DSS schools to participate in the school places allocation system so that more students from the lower income families could be placed into these schools.

20.33 SED advised that a basket of measures in respect of the governance of DSS schools as recommended by a working group had been implemented in DSS schools and it was expected that information on the latest progress would be available by the end of this year. Meanwhile, the Administration would examine how DSS schools could effectively utilize the 10% of fee income for fee remission purpose.

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### **Post-secondary education**

#### Publicly-funded undergraduate places

20.34 Dr Kenneth CHAN noted that there were 7 219 and 13 040 students who had taken the Hong Kong Advanced Level Examination (HKALE) and HKDSE Examination respectively in 2012 and met the general entrance requirements of University Grants Committee (UGC)-funded institutions, but had not been admitted. He considered that the serious shortfall in publicly-funded first-year-first-degree (FYFD) places warranted an immediate review by the Administration.

20.35 SED advised that in the 2012/2013 academic year, apart from the 30 300 UGC-funded FYFD places for candidates of the HKALE and HKDSE Examination, the number of publicly-funded sub-degree places had been increased to 8 000. It was expected that by 2015/2016, over one-third of the relevant age cohort would have the opportunity to pursue degree-level education. Taking into account sub-degree places, about two-thirds of secondary students could have access to post-secondary education by then.

20.36 Notwithstanding SED's explanation, Dr Kenneth CHAN considered that students who could fulfill the general requirements for university admission should be offered undergraduate places, instead of having to pursue sub-degree programmes for articulation to the senior year of UGC-funded undergraduate programmes. He reiterated his view that the number of UGC-funded FYFD places should be increased.

20.37 In this connection, SED said that one of the objectives of implementing the New Academic Structure and NSS curriculum was to provide flexible and diversified study pathways for secondary school leavers to cater for their different needs and competency. Regarding the suggestion to increase the provision of UGC-funded FYFG places, the Administration would listen to various views and keep in view the matter.

#### Enrolment of non-local students at University Grants Committee-funded institutions

20.38 Regarding the growth in the number of non-local students enrolled in UGC-funded undergraduate programmes in recent years, Dr Kenneth CHAN said that while internationalization of the tertiary sector should be

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encouraged, the opportunities of local students for higher education should also be safeguarded.

20.39 Mr Gary FAN noted that according to the information provided by the Administration for each of the 2008/2009 to 2011/2012 academic years, out of 10 000 non-local students pursuing UGC-funded programmes, about 9 000 students were from Mainland China. The number of Mainland students pursuing UGC-funded post-graduate programmes was twice as that of local students. Mr FAN questioned whether the predominance of Mainland students, instead of a more balanced mix of international students, was in line with the recommendation in the Higher Education Review Report published in 2010 on internationalization of the UGC-funded sector.

20.40 Secretary General, UGC (SG, UGC) advised that the admission of students to undergraduate and post-graduate programmes was a matter for individual institutions pursuant to the principle of institutional autonomy. The key criterion for admission, in particular post-graduate programmes, was academic strength and merits rather than the places of origin of the candidates.

20.41 Deputy Secretary for Education(1) further informed members that in the 2011/2012 academic year, non-local students came from over 70 countries. Over 4 000 applications by candidates from 106 countries had been received recently under the Hong Kong PhD Fellowship Scheme. These demonstrated the effort of the tertiary sector on implementing initiatives on internationalization had started to bear fruit. The number and proportion of non-local students from countries other than the Mainland had increased steadily in recent years.

20.42 Dr Helena WONG expressed concern about the high percentage of non-local students enrolled in UGC-funded post-graduate programmes. She considered it inequitable that while non-local students pursuing UGC-funded programmes were in fact subsidized by public funds, local students pursuing self-financing post-secondary programmes were required to pay high tuition fees. Dr WONG asked whether consideration would be given to setting a cap on the admission of non-local students by UGC-funded institutions.

20.43 SG, UGC reiterated that similar to reputable overseas institutions, UGC-funded institutions adopted a merit-based system for admission of

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students, regardless of their places of origin. The high percentage of Mainland students admitted to UGC-funded institutions might partly be due to the strengths of these candidates with regard to the requirements of the programmes.

20.44 PS(Ed) further said that there was no question of favourable treatment for non-local students, as the rates of successful application for UGC-funded research post-graduate programmes from local students and non-local students were 25% and 9% respectively. The relatively high proportion of Mainland students in Hong Kong might also be due to geographical proximity, similar to the case of Singapore which was a favourite place for study for students from the Association of Southeast Asian Nations.

### Financial support for students

20.45 Referring to the proposal to inject \$480 million into the HKSAR Government Scholarship Fund to subsidize 20 outstanding local students to take degree courses or teacher training programmes in prestigious universities outside Hong Kong, Mrs Regina IP questioned the reasons for according priority to applicants who would pursue programmes in English language and early childhood education. She was concerned about the mismatch of talents because students with strong academic performance might not necessarily be good at teaching. Mrs IP was of the view that the funding should instead be deployed for providing training for serving teachers in KGs or commissioning local research on early childhood education.

20.46 Dr LAM Tai-fai shared Mrs IP's view and considered that the scholarships could be awarded to serving teachers for further study. He said that if the recipients of the scholarship could not be guaranteed a teaching post after graduation, nor be obligated to fulfill the undertaking to teach in Hong Kong, then, the Administration should critically re-examine its proposal and make necessary modifications to subsidize serving teachers to pursue local or overseas studies.

20.47 SED said that the proposed scholarships aimed at attracting high-calibre students to join the teaching profession in Hong Kong while the Administration would consider in due course how the current system for nurturing teaching professionals should be enhanced. A committee would

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be set up to advise on the selection mechanism and overall implementation strategy of the proposed scholarships. SED also referred to his meetings with Hong Kong students during his recent overseas duty visits, when many of them had indicated their intention to return to Hong Kong after graduation. Regarding the support for serving teachers, SED advised that they were also eligible to apply for the proposed scholarships. PS(Ed) also assured members that the financial provision for training of teachers would not be reduced as a result of the proposed injection of \$480 million into the Scholarship Fund.

20.48 Mr TAM Yiu-chung expressed concern that the awardees of the scholarships might not have long-term commitment in the teaching profession. He asked whether consideration would be given to extending the coverage of the scholarships to local and Mainland universities, and remarked that if the value of scholarship per student was lower, the number of awardees could be increased. Mr TAM also requested the Administration to implement other support measures to attract young people to join the teaching profession.

20.49 In this connection, PS(Ed) highlighted that the purpose of the proposed scholarships was to attract outstanding local students to join the teaching profession, so as to eventually rectify a common misconception that outstanding students would shun teaching careers. She added that the Scholarship for Prospective English Teachers was currently offered to local students enrolled in local universities and who intended to become English teachers. Regarding the coverage of the proposed scholarship, PS(Ed) clarified that in principle, there was no restriction on the applicants' choice of study programmes but due to the limited quota, priority would be given to applicants who would pursue programmes specializing in English language and early childhood education. English was selected as the priority theme given the community's concern about students' command of English. In addition, studying in a place where English was the medium of everyday communication would give prospective teachers an immersion experience that could much enhance their English proficiency. As the proposed scholarships were for studies at prestigious universities outside Hong Kong, the awardees could in principle pursue programmes in Mainland universities.

20.50 Dr KWOK Ka-ki noted that in 2012, only 18 students, out of about 1 100 applications, were admitted to the early childhood education



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programmes at Hong Kong Institute of Education (HKIEd). Given the keen competition, Dr KWOK opined that if the intended objective of the proposed scholarships was to attract local students to join the teaching profession, the Administration should increase local publicly-funded places rather than providing scholarships for overseas study. Noting that after acquiring a degree from an overseas university, the scholarship recipient could only teach in Hong Kong as a permitted teacher and not a Graduate Master/Mistress, Dr KWOK Ka-ki considered that this outcome might fall short of the objective of the proposed scholarships.

20.51 Regarding the competition for places of the early childhood education programme, SED advised that there were other relevant teacher training courses targeted at applicants who intended to join the teaching profession, the competition for which varied. Apart from HKIEd and four other tertiary institutions, one more institution would provide teacher training programmes shortly. The proposed scholarships were an additional initiative to nurture a quality teaching force. SED also said that under the current arrangement of permitted teachers, fresh university graduates could join the teaching profession while they could continue to pursue professional training.

20.52 Mr LEUNG Kwok-hung deplored the proposed injection of \$480 million. He doubted the effectiveness of the proposed scholarships and considered that the requirement on awardees to undertake to teach in Hong Kong for two years did not demonstrate sufficient commitment on the part of the Administration to nurture a quality teaching force.

20.53 Ms Claudia MO was of the view that the award of scholarships as currently proposed was actually a vote of no confidence on the faculty of education of local tertiary institutions. She enquired about the details of the teaching obligation after graduation and whether the awardees had to repay the Government if they were terminated by their employers before fulfilling their undertaking.

20.54 Mr CHAN Chi-chuen concurred with some members that the funding in question could be better deployed for other support measures or training for teachers. He sought clarification on the repayment arrangement, if any, if an awardee could not secure a teaching post after graduation or had only worked in the teaching profession for a period shorter than the duration of the scholarship. He also asked whether

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working as a supply teacher or teaching extra-curricular classes would be regarded as fulfilling the teaching obligation.

20.55 In reply, SED stressed that the proposed scholarships was an attempt to diversify the initiatives to nurture talents and encourage students to join the teaching profession. Whether an awardee had fulfilled the requisite undertaking to teach in Hong Kong after graduation and the measures to deal with non-fulfillment would need to be considered in the circumstances of individual cases. He agreed to provide further information in writing after the meeting.

### **Integrated education and special education**

20.56 Referring to the Administration's plan to raise the ceiling of the Learning Support Grant (LSG) for schools which had admitted students with special educational needs (SEN) from \$1 million to \$1.5 million per school per annum, Dr Fernando CHEUNG pointed out that only those schools currently in receipt of the maximum level of LSG might benefit from the proposal. Dr CHEUNG urged the Administration to provide more support to these schools, such as enhancing the School-based Educational Psychology Service (SBEPS). In response, SED advised that the proposal to raise the ceiling of LSG had been made in response to the suggestion of the school sector. While the Administration had plans to enhance the service of Educational Psychologists (EP) for schools, it should be noted that the supply of trained EP at present was insufficient to meet the demand for service.

20.57 Noting that the estimated expenditure on support and services provided to secondary schools with SEN students was about \$517 million for 2013-2014, Mr Frankie YICK said that on average, each secondary school would receive less than \$1 million. For example, when a provision of about \$35 million was allocated for SBEPS, each secondary school could only be provided with about 23 hours of service in a year, which was grossly insufficient.

20.58 In response, Deputy Secretary for Education(3) (DS(Ed)3) said that SBEPS provided useful support to schools with SEN students. The service currently covered about 60% of public-sector primary and secondary schools. EDB had plans to progressively extend the service to cover all such schools by the 2016/2017 school year. By then, each EP would

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provide service to six to 10 schools, and the service hours would depend on the number of SEN students enrolled in each school and their support needs.

20.59 On the provision of \$316 million in 2013-2014 for secondary schools with a large intake of students with low academic achievement to employ additional teachers, Mr Frankie YICK said that on average, each secondary school could only have an additional provision of \$600 000, equivalent to the mid-point salary of two teachers. He questioned the adequacy of this level of financial provision.

20.60 DS(Ed)3 explained that for secondary schools with an intake of territory-wide band 3 students, an additional 0.3 Graduate Master (GM) per one full class of these students was provided. Schools with a high intake of students at the bottom 10% of junior secondary students were provided with an additional 0.7 GM per one full class of these students. Depending on the number of such students admitted, a school could be provided with as many as seven additional teachers under this initiative. The provision of additional teachers would enable individual schools to exercise greater flexibility in arranging teaching in smaller groups.

20.61 Dr KWOK Ka-ki said that the number of SEN students in mainstream schools had increased significantly in the past five years, citing the three-fold increase in the number of students identified to have Autism Spectrum Disorders or Attention Deficit Disorder. Dr KWOK considered that the proposed allocation of \$12 million to VTC each year and the injection of \$20 million into the relevant Funds for establishing scholarships for tertiary students with special needs were not effective measures to cater for SEN students.

20.62 In response, SED advised that the increase in the number of SEN students was a result of the implementation of the Early Identification and Intervention of Learning Difficulties Programme for all public-sector primary schools. The Administration had all along taken measures to enhance the support services for SEN students. The Chairman asked SED to provide further information in this regard in writing after the meeting.

20.63 Mr TANG Ka-piu declared that he was a member of the Island District Council, and enquired on the progress of the construction of a special school with hostel facilities in Tung Chung, for which a provision of about \$100 million had been earmarked as early as 2005. PS(Ed) said that

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having regard to the views of the district, another site had been designated for construction of the special school in Tung Chung. DS(Ed)3 supplemented that while the Administration would aim to consult the District Council early on the proposal, the project would need to be taken forward in accordance with the established procedures, including the need to conduct feasibility study on various technical aspects.

### **Support for students from needy families**

20.64 Noting that to be eligible for the school lunch subsidy funded by the Community Care Fund, primary students must be in receipt of full grant under the Student Financial Assistance Schemes, Mr TANG Ka-piu requested the Administration to consider relaxing the eligibility criteria so that primary students receiving half grant under these Schemes could also be entitled to school lunch subsidy. PS(Ed) advised that the school lunch subsidy was one of the assistance programmes under the Community Care Fund implemented on a pilot basis. Students receiving full grant under the Student Financial Assistance Schemes were the target students as they were regarded as most in need of assistance.

20.65 Mr TANG Ka-piu pointed out that some students attending schools in faraway districts such as Tung Chung had not been able to select Applied Learning (ApL) courses of interest to them because they could not afford the expenses to travel to the teaching venues of the course providers. He asked whether consideration could be given to providing travelling subsidy to these students. PS(Ed) said that if there was a sizable number of students taking the ApL course, it might be possible for the schools concerned to liaise with the course provider to operate the course in the school premises to obviate the need for students to travel to faraway venues.

20.66 Notwithstanding the Administration's reply, Mr TANG Ka-piu remarked that there might be practical difficulty to pool students from different schools to form a cluster for engaging a course provider to operate ApL courses in-situ, in particular since schools might not be equipped with the necessary facilities for conducting certain courses.

### **Provision of international school places**

20.67 Mr CHAN Kin-por said that when considering whether to set up offices or regional headquarters in Hong Kong, one of the major

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considerations of multi-national corporations was the availability of international school places for the children of their staff. The prevailing insufficient provision of international schools places was a major impediment to the relocation of the staff of overseas corporations to Hong Kong. Mr CHAN was concerned whether the Administration had any long-term plan to provide sufficient international schools places.

20.68 SED responded that the Government had just submitted a paper to the Panel on Education on the findings of a consultancy study on the provision of international school places at primary and secondary levels in Hong Kong. It was projected that there would be a shortfall of 4 203 primary places in the 2016/2017 school year. Three vacant school premises had been allocated recently to three operators for international school development to provide over 1 000 additional primary and secondary school places by 2016/2017. SED further said that EDB would engage various chambers of commerce in discussion and the communication among chambers of commerce, foreign enterprises and international schools would also be encouraged.

### **Other issues**

#### Duty visits outside Hong Kong

20.69 Regarding the expenditure on duty visits outside Hong Kong incurred by SED in his official capacity, Mr Gary FAN noted that the expenditure on air-fare for four duty visits in 2012-2013 amounted to nearly \$900,000, as compared to about \$630,000 for eight duty visits in 2008-2009. He enquired about the reasons for the marked difference in the costs of air-fare, and whether the estimate of expenditure on duty visits for 2013-2014 had been prepared prudently.

20.70 In response, SED explained that the arrangements for duty visits outside Hong Kong were in full compliance with all prevailing rules and guidelines. Whether economy class or business class air-fare would be booked would depend on the circumstances of the visits concerned, such as whether the visit programmes would commence immediately upon arrival after long-distance flights.

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### Staff establishment

20.71 Mr Martin LIAO noted that the planned deletion of posts were primarily from the ranks of Certificate Master, Primary School Master and Education Officer. Given the decline of primary student population in the past decade and the expected rebound in the next few years, he asked whether the Administration would review and adjust the establishment of teaching posts accordingly. PS(Ed) advised that the information on the establishment of teaching posts pertained to government schools only. All teachers in government schools were civil servants employed by the HKSAR Government and were subject to posting and deployment to different government schools. Therefore, there would be no forced redundancy. However, in the aided school sector, teachers were employed by their respective schools and might not be able to be re-deployed to other schools as in the case of their civil-service counterparts.

20.72 Mr Martin LIAO noted that according to the Administration, the phasing out of civil service janitor posts in government schools aimed at providing government schools with funding and management flexibility. He asked whether the Administration had assessed the impact, if any, on schools upon the outsourcing of janitor service. In reply, PS(Ed) confirmed that upon outsourcing of janitor posts in government schools, services provided would be monitored in accordance with the established procedures and requirements.

## **Chapter XXI: Administration of Justice and Legal Services**

21.1 At the invitation of the Chairman, Mr Rimsky YUEN, Secretary for Justice (SJ), and Miss Emma LAU, Judiciary Administrator (JA), highlighted the key programme areas and major expenditures under their respective portfolios in 2013-2014 (Appendices IV-19-a and IV-19-b).

### **Legal aid**

21.2 Mr WONG Kwok-hing said that there were instances whereby employers appealed to the court against the claims awarded by the Labour Tribunal to their employees. As the employees concerned could not afford legal costs to recover outstanding wages from their employers and the legal costs invariably exceeded the wages to be recovered, legal aid should be granted to these employees on application automatically and not requiring them to make a contribution towards the legal proceedings.

21.3 SJ and JA responded that they were not in a position to give a response to this question since the administration of legal aid came under the ambit of the Legal Aid Department (LAD).

21.4 Mr NG Leung-sing noted that a total of 26 judicial review cases were filed in 2012 with at least one of the parties being legally aided. He sought information on the total amount of expenses borne by the Government in respect of the proceedings arising from the 26 judicial review cases. In reply, JA said that she believed the requested information would be available from LAD.

21.5 Mr NG Leung-sing enquired whether there was any mechanism in place to prevent people from making use of the provision of legal aid to apply for judicial review against government policies. He pointed out that as a result of a judicial review case filed against the Director of Environmental Protection by a person receiving legal aid in 2009, projects related to the Hong Kong-Zhuhai-Macao Bridge were delayed for almost a year and that incurred a huge sum of additional costs.

21.6 JA responded that the provision of legal aid was a matter for the Administration. It was understood that the granting of legal aid by LAD was subject to the merit test and the means test.

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### **Unrepresented litigants**

21.7 Mr TAM Yiu-chung enquired about the effectiveness of the legal services provided by the Resource Centre for Unrepresented Litigants (the Resource Centre) and whether any performance pledges had been set.

21.8 JA advised that the Resource Centre provided information about general civil procedures to unrepresented litigants. The staff of the Resource Centre also provided oaths and declaration services to unrepresented litigants and guidance on filling in court forms and submission of court bundles. There were various free legal services offered by the legal profession and other agencies in Hong Kong. In March 2013, the Home Affairs Bureau launched a two-year pilot scheme which provided free legal advice on the civil procedural matters for different stages of the proceedings for litigants in person.

21.9 Mr TAM Yiu-chung noted that a high proportion of hearings heard in the Family Court involved unrepresented litigants (i.e. 236 of 423 hearings in 2012, representing 56% of the total number of hearings). He was concerned that there were instances where parents seeking separation or divorce could not agree on the arrangements for their children and in the absence of legal representation, the welfare of children involved in family court proceedings might be compromised.

21.10 JA advised that whilst the Judiciary was not in a position to give legal advice to litigants, the registry staff would render assistance on procedural matters. Information on various free legal services offered by other agencies was also available at the Judiciary's premises.

21.11 Mr Albert HO shared the concern of Mr TAM and enquired whether the Judiciary had any statistics on the number of cases in which provision was made for official solicitors to act for children in proceedings heard in the Family Court.

21.12 JA replied that no such statistics was maintained in the Judiciary's registries.



## **Chapter XXI: Administration of Justice and Legal Services**

### **Law drafting**

21.13 Mr WONG Yuk-man expressed concern that members of the public often found it difficult to comprehend the Chinese texts of the legislation. He considered that it might be attributable to the quality of the translation process.

21.14 Acting Law Draftsman of the Department of Justice (DoJ) advised that the Law Drafting Division was committed to providing quality professional drafting service. Amongst others, DoJ sought to make legislations more accessible to members of the public, yet upholding clarity and policy intent of legislations. SJ added that since the completion of the Law Translation Programme in 1997, legislations had been drafted in both Chinese and English. Both texts were equally authentic. Neither was a translation of the other. Measures to enhance the quality of the Chinese texts of laws were set out in detail in the Administration's reply SJ022..

### **Judicial manpower and recruitment work**

21.15 As regards the recruitment work of the Judiciary, Mr Albert HO was of the view that recruiting judges and judicial officers (JJO) from other jurisdictions could help build up diversified expertise in the Judiciary. He enquired whether there was any established policy for the Judiciary to recruit JJO from other jurisdictions as in the appointments of JJO to the Court of Final Appeal (CFA).

21.16 JA responded that open recruitment exercises would be conducted for judicial vacancies at the level of the Court of First Instance and below. She pointed out that the Judiciary has not recruited from overseas for well over a decade.

21.17 SJ advised that for the Department of Justice (DoJ), in accordance with the established policy, lawyers were recruited on the basis of their professional qualities and might include those from other recognized jurisdictions. He noted that the language barrier might be one of the factors that discouraged applications from other jurisdictions.

21.18 Mr Albert HO was concerned that to maintain a biliterate judicial service would unduly restrict the pool of talents that could be appointed as

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judges. He sought clarification as to whether applicants for JJO grades were required to fulfil the Chinese language proficiency requirement before they would be short-listed or considered for appointment.

21.19 JA replied that proficiency in Chinese language was not a mandatory requirement, but applicants for judicial offices would have an advantage if they were proficient in Chinese. SJ advised that according to his understanding, the respective Head of the Department could seek waiver for the Chinese language proficiency requirement having regard to operational need. Indeed, a number of lawyers who did not meet the Chinese language proficiency requirement had been appointed as GC in DoJ.

21.20 Mr Albert HO sought further information on the number of appointments made in 2012 where the Chinese language proficiency requirement was waived. SJ agreed to provide the requested information after the meeting.

21.21 Ms Emily LAU expressed concern about the persistent shortage of judicial manpower over the past years, affecting the quality of services provided by the Judiciary. She queried whether the judicial manpower position was attributable to the retirement of JJO, the slow progress in the recruitment of judicial officers, or failure to attract talents from outside the Judiciary.

21.22 JA explained that the Judiciary spared no efforts in conducting recruitment exercises in the past years, but there were fillable vacancies arising from the creation of new judicial posts, elevation of JJO to higher positions within the Judiciary and retirement of JJO. Given the increased caseload and the increased number of complex cases, the Court of Appeal of the High Court remained a pressure area. A total of 55 judicial appointments to all levels of court had been announced since April 2012 and announcements on further judicial appointments would be made later in 2013. The Judiciary remained optimistic that the number of judicial vacancies would be further reduced.

21.23 Dr Priscilla LEUNG enquired whether in view of the long waiting time, there was any plan for the deployment of additional judicial resources or implementation of appropriate measures to help attract capable legal

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practitioners to join the bench.

21.24 JA replied that the substantive judicial manpower position had been enhanced recently and open recruitment exercises would continue to be conducted to fill judicial vacancies.

### **Prosecutions**

21.25 Mr WONG Kwok-hing questioned whether it was appropriate to set aside a huge amount of DoJ's estimated expenditure for the handling of the substantial corruption case ESCC 2530/2012 (HKSAR v HUI Rafael Junior and four others).

21.26 SJ responded that the Panel on Administration of Justice and Legal Services had been consulted about the related staffing proposal concerning the case in question. It was noted that the case in question was very complex, and the volume of the evidence (including financial-related evidence) was very substantial. It was also understood that an extensive array of Counsel, local Senior Counsel and overseas Queen's Counsel were engaged by the defendants. There was thus a real need to increase the manpower of DoJ to ensure that there were sufficient resources at the appropriate levels to handle the case.

21.27 Mr IP Kwok-him expressed concern over the drop in conviction rates in 2010 and 2011 at the Magistrates' Court. He asked whether consideration would be given to reviewing if it was related to the standards of advocacy of Government Counsel and if so, to implementing appropriate measures to enhance the advocacy capability of the Government Counsel of the DoJ.

21.28 SJ pointed out that the majority of prosecutions were carried out by Court Prosecutors or Government Counsel of the Prosecutions Division though counsel from the private bar and solicitors in private practice were also employed to prosecute on behalf of the Division having regard to the nature and complexity of the cases concerned and the workload of the Division. DoJ had always placed emphasis on the advocacy capability of prosecutors, and a high standard of performance was being maintained.

## **Chapter XXI: Administration of Justice and Legal Services**

21.29 Mr Dennis KWOK noted that the Securities and Futures Commission (SFC) was empowered under the Securities and Futures Ordinance (Cap. 571) to mete out disciplinary measures and prosecute offenders to combat misconduct and crimes in the securities and futures markets. In the light of the prosecution decisions made by SFC, Mr KWOK asked:

- (a) what policies were in place to govern the DoJ's oversight of the prosecution decisions made by the SFC;
- (b) whether the internal policies adopted by SFC in making its prosecution decisions were in line with the prosecution policies developed by DoJ; and
- (c) whether the Prosecutions Division found the decisions made by SFC in relation to criminal prosecutions satisfactory; and if not, whether consideration would be given to tightening the controls by DoJ of the SFC's prosecution decisions.

21.30 Director of Public Prosecutor of DoJ (DPP) replied that in principle, the prosecutorial responsibility should be in the hands of the prosecutions service of the DoJ. Even if a regulatory agency was tasked to also perform the prosecutorial function for the sake of convenience, it was important to ensure that appropriate safeguards and controls were in place. In this regard, DoJ had held a series of discussions with SFC and would seek to implement appropriate measures and controls over the prosecutorial function performed by SFC, which was limited to cases at the Magistracy level. These would include measures to ensure compliance with the prosecution policies and guidelines of the DoJ, as well as consistency of prosecution decisions made by SFC. SJ said that since taking the office in 2012, he had engaged in the discussions with the SFC over this issue.

21.31 Mr Dennis KWOK noted with concern that in some cases of unlawful assembly or the public order offences, the law enforcement agencies suggested that the delay in pressing charges against individuals was attributable to the delay in the provision of legal advice by the DoJ. He considered such delays unsatisfactory.

## **Chapter XXI: Administration of Justice and Legal Services**

21.32 DPP advised that various factors might have contributed to the time gap between the events and the prosecutions in respect of some of these cases. These included the time taken for the investigations, difficulties in identifying or locating the suspects, verification of the admissibility of the evidence (especially the video records), etc. In this regard, the Prosecutions Division had implemented a new policy to facilitate more speedy handling of appropriate cases between the Division and the Police.

### **Support services for courts' operation**

21.33 Mr WONG Yuk-man considered it important for unrepresented litigants to have access to audio records or transcripts of the proceedings at the end of a court hearing rather than after the conclusion of the trial, thereby facilitating them in seeking free legal advice outside the court. He suggested that for the benefit of the litigants, the litigants should be made aware of the arrangements where it was available.

21.34 JA explained that applications for the reproduction of audio records before the conclusion of the trial were subject to certain provisions in the legislation and it would be up to the presiding judge to decide. To maintain judicial independence, it would be inappropriate for the Judiciary Administration to comment.

21.35 Mr Martin LIAO sought clarification on the related staff cost arising from the creation of seven non-judicial posts in the Judiciary in 2013-2014.

21.36 JA advised that in anticipation of increased caseload with enhanced complexity, seven non-judicial posts were created to strengthen or provide the necessary support services for courts' operation; and to provide support for IT strategies planning work and for enhancing in-house professional IT support.

### **Briefing-out expenses**

21.37 Mr IP Kwok-him expressed concern about the increase in the expenses in briefing-out to lawyers in private practice, especially in the magistracies. He asked whether consideration would be given to setting a

## **Chapter XXI: Administration of Justice and Legal Services**

cap on the total number of briefing-out cases in order to control the briefing-out expenses.

21.38 SJ responded that although the costs for engaging Court Prosecutors were relatively low, the Prosecutions Division would sometimes engage Government Counsel to prosecute in cases of significance or where complex points of law were expected to arise. Also, counsel from the private bar and solicitors in private practice were regularly employed to prosecute on behalf of the Prosecutions Division where there was such a need. Since a few years ago, considerable restrictions had been placed on the establishment of Court Prosecutors Grade but in the overall, the Administration was satisfied with the performance of Court Prosecutors over the years and professionalism in the handling of cases in the magistracies had been maintained. Looking ahead, DoJ was considering the long term development of the Court Prosecutors grade.

### **Labour Tribunal**

21.39 Mr TANG Ka-piu expressed concern over the long waiting time in the Labour Tribunal and the lack of statistics showing the breakdown of claims awarded to the employers and the employees, and the classification by nature and amount of claims.

21.40 JA pointed out that there had not been considerable improvement to the waiting time since more and more complicated cases were heard by the Tribunal, albeit the total caseload did not increase significantly. As regards the statistics showing the breakdown of various types of claims, the Judiciary's stance was that each case was adjudicated on its own merit and any statistics of claims so compiled should not be taken to reflect the respective success rates of these claims in the court. The Judiciary considered that there was no immediate need to compile such statistics.

21.41 Mr TANG Ka-piu considered that it was unfair to the employees who were often awarded a much smaller sum of money if they attempted to settle the claims through conciliation.

21.42 JA advised that the parties to the disputes had to enter into an agreement prior to engaging in the conciliation services offered by the Labour Department. If conciliation failed, intended claimants could

## **Chapter XXI: Administration of Justice and Legal Services**

consider bringing their claims to the Labour Tribunal.

### **Arbitration and mediation**

21.43 Dr Priscilla LEUNG asked whether consideration would be given to requiring owners or Owners' Corporations to consider the use of arbitration as an alternative to resolve building management disputes as arbitration was proven to be effective in resolving such disputes in other jurisdictions.

21.44 SJ advised that the use of arbitration and mediation in handling disputes involving building management (including water seepage and disputes between unit owners) had been taken into account in considering the development of arbitration and mediation in Hong Kong. In particular, the Steering Committee on Mediation set up in November 2012 had formed a subcommittee to advise on ongoing and new initiatives to foster the use of mediation in resolving commercial and community disputes including building management disputes. DoJ would update the Panel on Administration of Justice and Legal Services on the work of the subcommittee in this specific area.

21.45 Mr Tony TSE considered that with the promotion of wider use of mediation in building management cases, the Judiciary should be able to cut down on the waiting time for such cases heard by the Lands Tribunal. He asked whether there were any statistics of the various types of building management cases heard by the Lands Tribunal in 2012 and the average waiting time thereof.

21.46 JA advised that the average waiting time for building management cases to be heard by the Lands Tribunal was 25 days in 2012, but the Judiciary did not have such information by type of cases. In January 2008, the Judiciary set up a Building Management Mediation Co-ordinator's Office in the Lands Tribunal with a view to facilitating the parties in seeking mediation services. It was envisaged that the average waiting time for such cases could be improved with the wider use of mediation services.

21.47 Mr Tony TSE further asked whether the Administration had commissioned any study to explore if a separate tribunal should be established to deal with disputes arising from the Mandatory Building

## **Chapter XXI: Administration of Justice and Legal Services**

Inspection Scheme and the Mandatory Window Inspection Scheme.

21.48 SJ responded that he was not aware of any such study commissioned by the Administration.

### **Complaints against judicial officers**

21.49 Dr Priscilla LEUNG enquired about the mechanism for handling complaints against the JJOs. She suggested that the Judiciary Administration should enhance public awareness of the respective mechanism.

21.50 JA responded that if the parties to litigation felt aggrieved by a judge's decision, they could appeal (where this is available) through the existing legal procedures. The Judiciary recognized that whilst respecting judicial independence, it was important to have a mechanism in place for handling complaints against a judge's conduct (as opposed to a judge's judicial decision). According to the established mechanism, all complaints against JJO are handled by the Chief Justice and/or the Court Leader of the relevant level of court. The relevant Court Leader would investigate the matter and send a reply to the complainant. If the complainant is dissatisfied with a Court Leader's reply, he/she may pursue the matter with the Chief Justice. The procedure for lodging a complaint against a judge's conduct was published on the website of the Judiciary.



## Appendix I

### Programme of special meetings of Finance Committee to examine the Estimates 2013-2014 from 8 to 12 April 2013

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Civil Service	8 April	3:30 pm - 4:30 pm
3.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none"> <li>• Financial Services</li> </ul>	8 April	4:40 pm - 6:00 pm
4.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none"> <li>• Public Finance</li> </ul>	8 April	6:05 pm - 6:45 pm
5.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	9 April	2:00 pm - 3:40 pm
6.	Secretary for Security	9 April	3:50 pm - 5:50 pm
7.	Secretary for the Environment	9 April	6:00 pm - 7:10 pm
8.	Secretary for Development <ul style="list-style-type: none"> <li>• Works</li> </ul>	10 April	8:30 am - 10:00 am
9.	Secretary for Development <ul style="list-style-type: none"> <li>• Planning and Lands</li> </ul>	10 April	10:05 am - 11:45 am
10.	Secretary for Constitutional and Mainland Affairs	10 April	11:55 am - 1:25 pm

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
11.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	10 April	2:30 pm - 4:05 pm
12.	Secretary for Commerce and Economic Development • Communications and Technology	10 April	4:10 pm - 5:25 pm
13.	Secretary for Home Affairs	10 April	5:35 pm - 7:00 pm
14.	Secretary for Transport and Housing • Housing	11 April	9:30 am - 11:15 am
15.	Secretary for Transport and Housing • Transport	11 April	11:20 am - 1:00 pm
16.	Secretary for Labour and Welfare • Welfare and Women	11 April	2:30 pm - 5:00 pm
17.	Secretary for Labour and Welfare • Labour	11 April	5:05 pm - 6:40 pm
18.	Secretary for Food and Health • Food Safety and Environmental Hygiene	12 April	9:00 am - 10:40 am
19.	Secretary for Food and Health • Health	12 April	10:45 am - 12:35 pm
20.	Secretary for Education	12 April	3:30 pm - 5:30 pm
2*.	(i) Judiciary Administrator (ii) Secretary for Justice	12 April	5:40 pm - 6:55 pm

\* Session 2 re-scheduled from 8 April 2013

## Appendix II

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

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Civil Service	79	8	2
2.	(i) Judiciary Administrator (ii) Secretary for Justice	30 41	— —	— 2
3.	Secretary for Financial Services and the Treasury • Financial Services	149	10	1
4.	Secretary for Financial Services and the Treasury • Public Finance	218	14	3
5.	Director of Administration	64	3	1
	Director of Audit	5	—	1
	Permanent Secretary to Chief Executive	36	1	1
	Commissioner, Independent Commission Against Corruption	30	—	3
	Secretary General, Legislative Council Secretariat	14	1	1
	The Ombudsman	10	1	—

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
6.	Secretary for Security	289	8	6
7.	Secretary for the Environment	354	18	2
8.	Secretary for Development • Works	245	12	3
9.	Secretary for Development • Planning and Lands	346	4	8
10.	Secretary for Constitutional and Mainland Affairs	126	10	7
11.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	337	9	2
12.	Secretary for Commerce and Economic Development • Communications and Technology	193	16	5
13.	Secretary for Home Affairs	421	15	4
14.	Secretary for Transport and Housing • Housing	87	8	5
15.	Secretary for Transport and Housing • Transport	305	8	1

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
16.	Secretary for Labour and Welfare • Welfare and Women	743	12	4
17.	Secretary for Labour and Welfare • Labour	236	5	1
18.	Secretary for Food and Health • Food Safety and Environmental Hygiene	240	8	3
19.	Secretary for Food and Health • Health	329	29	3
20.	Secretary for Education	544	6	2
	<b>Total :</b>	5 471	206	71

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the afternoon of 8 April 2013 (Sessions 1, 3 & 4)  
3:30 pm to 6:58 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon CHAN Kam-lam, SBS, JP  
Hon LEUNG Yiu-chung  
Hon TAM Yiu-chung, GBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Hak-kan, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon LEUNG Ka-lau  
Hon WONG Kwok-kin, BBS  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP

Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Frankie YICK Chi-ming  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Dr Hon Kenneth CHAN Ka-lok  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Hon IP Kin-yuen  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Tony TSE Wai-chuen

**Public officers attending:**

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

Session 1 – Civil Service

Mr Paul TANG, JP	Secretary for the Civil Service
Mr Raymond WONG, JP	Permanent Secretary for the Civil Service
Mr Eddie MAK, JP	Deputy Secretary for the Civil Service (1)

Ms May CHAN	Deputy Secretary for the Civil Service (2)
Ms Shirley LAM, JP	Deputy Secretary for the Civil Service (3)
Mr Peter CHAN, JP	Director of General Grades
Ms Wendy CHAN	Principal Executive Officer (Management), Civil Service Bureau
Mrs Lesley WONG, JP	Director of Accounting Services
Mr Patrick LI, JP	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Cindy LAI, JP	Deputy Director of Health
Ms Candice HO	Secretary, Public Service Commission

### Session 3 – Financial Services

Prof K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Julia LEUNG, SBS, JP	Under Secretary for Financial Services and the Treasury
Miss AU King-chi, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Miss Salina YAN, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) <sup>1</sup>
Mr Eddie CHEUNG	Deputy Secretary for Financial Services and the Treasury (Financial Services) <sup>2</sup>
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) <sup>3</sup>
Mr Raymond SY	Administrative Assistant to Secretary for Financial Services and the Treasury
Miss Terie TAM	Chief Executive Officer (Financial Services), Financial Services and the Treasury Bureau
Mrs Lily OU-YANG, JP	Commissioner for Census and Statistics
Ms Annie CHOI, JP	Commissioner of Insurance
Ms Teresa WONG	Official Receiver
Ms Ada CHUNG, JP	Registrar of Companies
Mr Daryl HO	Head (Market Development), Hong Kong Monetary Authority



Session 4 – Public Finance

Prof K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Mable CHAN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>2</sup>
Mr YEUNG Tak-keung	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>3</sup>
Mr Raymond SY	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 Charlix WONG	Designate Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Mr CHU Yam-yuen, JP	Commissioner of Inland Revenue
Mrs Mimi BROWN, JP	Commissioner of Rating and Valuation
Ms Maisie CHENG, JP	Director of Government Logistics
Mr Alan SIU, JP	Government Property Administrator
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mr FONG Siu-wai	Assistant Director of Architectural Services (Property Services)
Mrs Lesley WONG, JP	Director of Accounting Services

**Clerk in attendance:**

Mr Andy LAU	Assistant Secretary General 1
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**Staff in attendance:**

Ms Anita SIT	Chief Council Secretary (4) <sup>1</sup>
Mr Derek LO	Chief Council Secretary (1) <sup>5</sup>
Mr Daniel SIN	Senior Council Secretary (1) <sup>7</sup>
Mr Ken WOO	Council Secretary (1) <sup>5</sup>

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the afternoon of 9 April 2013 (Sessions 5, 6 & 7)  
2:02 pm to 7:10 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon CHAN Kam-lam, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Hak-kan, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon WONG Kwok-kin, BBS  
Hon IP Kwok-him, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon WONG Yuk-man  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP

Hon Steven HO Chun-yin  
Hon Frankie YICK Chi-ming  
Hon WU Chi-wai, MH  
Hon YIU Si-wing  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK  
Hon CHAN Chi-chuen  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen

**Public officers attending:**

Ms Esther LEUNG, JP

Ms Emily TSANG

Deputy Secretary for Financial Services  
and the Treasury (Treasury)<sup>1</sup>  
Treasury Officer (LegCo & Personnel  
Unit), Financial Services and the  
Treasury Bureau (The Treasury Branch)

## Session 5 – Central Administration and Other Services

Ms Kitty CHOI, JP	Director of Administration
Miss Helen TANG, JP	Deputy Director of Administration (1)
Mr David CHIU	Principal Executive Officer (Administration), Administration Wing
Mrs Helen CHAN, JP	Government Economist
Mr Kim SALKELD, JP	Head, Efficiency Unit
Ms Olivia NIP, JP	Deputy Head, Central Policy Unit
Mr David SUN, BBS, JP	Director of Audit
Ms Harriet WONG	Departmental Secretary, Audit Commission
Ms Alice LAU, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mr Ryan WONG, IDS	Acting Commissioner, Independent Commission Against Corruption
Mr Ricky YAU	Director of Investigation (Private Sector), Independent Commission Against Corruption
Mrs Jennie AU-YEUNG	Assistant Director (Administration), Independent Commission Against Corruption
Mr Kenneth CHEN	Secretary General, Legislative Council Secretariat
Mr Joseph KWONG	Accountant, Legislative Council Secretariat
Mr Alan LAI, GBS, JP	The Ombudsman
Ms Gwenny TSUI	Chief Manager, Office of The Ombudsman

## Session 6 – Security

Mr LAI Tung-kwok, SBS, IDSM, JP	Secretary for Security
Mr John LEE, PDSM, PMSM, JP	Under Secretary for Security
Mr Joshua LAW, JP	Permanent Secretary for Security
Mrs Erika HUI, JP	Commissioner for Narcotics
Mr YUE Fung-lin	Principal Management Services Officer (Security), Security Bureau

Mr TSANG Wai-hung, PDSM  
Mr Andy CHAN, FSDSM  
Mr CHAN Kwok-ki, IDSM  
Mr SIN Yat-kin, CSDSM  
Mr Clement CHEUNG, JP  
Captain Michael CHAN, MBS,  
GMSM, AE  
Mr LAM Kwok-wah  
Mr Sam HUI

Mr Ricky CHU

Ms Andy LUI

Mr Norman LO, AE, JP  
Mr Francis LIU, JP

Commissioner of Police  
Director of Fire Services  
Director of Immigration  
Commissioner of Correctional Services  
Commissioner of Customs and Excise  
Controller, Government Flying Service

Chief Staff Officer, Civil Aid Service  
Chief Staff Officer, Auxiliary Medical  
Service  
Secretary-General, Independent Police  
Complaints Council  
Secretary, Secretariat, Commissioner on  
Interception of Communications and  
Surveillance  
Director-General of Civil Aviation  
Director of Marine

#### Session 7 – Environment

Mr WONG Kam-sing, JP  
Ms Christine LOH, JP  
Ms Anissa WONG, JP

Miss Vivian LAU, JP  
Mr TSE Chin-wan, JP

Mr Albert LAM, JP

Mr Andrew LAI, JP

Mr Alan WONG, JP

Mr CHAN Chi-chiu, JP  
Mr Frank CHAN, JP

Mr HON Chi-keung, JP

Secretary for the Environment  
Under Secretary for the Environment  
Permanent Secretary for the  
Environment/Director of Environmental  
Protection  
Deputy Secretary for the Environment  
Deputy Director of Environmental  
Protection (1)  
Deputy Director of Environmental  
Protection (2)  
Deputy Director of Environmental  
Protection (3)  
Director of Agriculture, Fisheries and  
Conservation  
Director of Drainage Services  
Director of Electrical and Mechanical  
Services  
Director of Civil Engineering and  
Development

**Clerk in attendance:**

Mr Andy LAU

Assistant Secretary General 1

**Staff in attendance:**

Ms Miranda HON

Mr Derek LO

Mrs Mary TANG

Mr Daniel SIN

Mr Ken WOO

Chief Council Secretary (1)1

Chief Council Secretary (1)5

Senior Council Secretary (1)1

Senior Council Secretary (1)7

Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the morning of 10 April 2013 (Sessions 8, 9 & 10)  
8:30 am to 1:25 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
Hon CHAN Kam-lam, SBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Hak-kan, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon IP Kwok-him, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon WONG Yuk-man  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin  
Hon WU Chi-wai, MH

Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Christopher CHEUNG Wah-fung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen

**Public officers attending:**

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

Session 8 – Works

Mr Paul CHAN, MH, JP	Secretary for Development
Mr WAI Chi-sing, JP	Permanent Secretary for Development (Works)
Ms Grace LUI, JP	Deputy Secretary for Development (Works)1
Mr Enoch LAM, JP	Deputy Secretary for Development (Works)2



Mr Raymond LEE	Head of Energizing Kowloon East Office
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mr HON Chi-keung, JP	Director of Civil Engineering and Development
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services
Mr Peter LAU, JP	Director of Highways
Mr CHAN Chi-chiu, JP	Director of Drainage Services
Mr MA Lee-tak, JP	Director of Water Supplies
Mrs Betty FUNG, JP	Director of Leisure and Cultural Services

#### Session 9 – Planning and Lands

Mr Paul CHAN, MH, JP	Secretary for Development
Mr Thomas CHOW, JP	Permanent Secretary for Development (Planning and Lands)
Mr Thomas CHAN, JP	Deputy Secretary for Development (Planning and Lands) <sup>1</sup>
Mr Rex CHANG, JP	Deputy Secretary for Development (Planning and Lands) <sup>2</sup>
Ms Bernadette LINN, JP	Director of Lands
Mr LING Kar-kan, JP	Director of Planning
Mr AU Choi-kai, JP	Director of Buildings

#### Session 10 – Constitutional and Mainland Affairs

Mr Raymond TAM, GBS, JP	Secretary for Constitutional and Mainland Affairs
Mr LAU Kong-wah, JP	Under Secretary for Constitutional and Mainland Affairs
Ms CHANG King-yiu, JP	Permanent Secretary for Constitutional and Mainland Affairs
Mr Gordon LEUNG, JP	Deputy Secretary for Constitutional and Mainland Affairs (1)
Miss Charmaine LEE	Deputy Secretary for Constitutional and Mainland Affairs (2)
Mr Daniel CHENG, JP	Deputy Secretary for Constitutional and Mainland Affairs (3)

Miss Helen CHUNG	Administrative Assistant to Secretary for Constitutional and Mainland Affairs
Mr Ronald CHAN	Political Assistant to Secretary for Constitutional and Mainland Affairs
Ms Angela HO	Chief Executive Officer (Constitutional and Mainland Affairs)
Mr LI Pak-hong	Chief Electoral Officer
Miss Cathy CHU	Director, Beijing Office
Mr John LEUNG, JP	Director, Hong Kong Economic, Trade and Cultural Office (Taiwan)
Mr Alan CHU	Director, Hong Kong Economic and Trade Affairs, Guangdong
Ms Joyce TAM	Director, Hong Kong Economic and Trade Affairs, Shanghai
Mr Danny LAU	Director, Hong Kong Economic and Trade Affairs, Chengdu
Mr William W L CHAN	Chief Executive Officer (Newspaper and Article Admin/Communications Authority)

**Clerk in attendance:**

Mr Andy LAU	Assistant Secretary General 1
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**Staff in attendance:**

Mr Derek LO	Chief Council Secretary (1)5
Ms Sharon CHUNG	Chief Council Secretary (1)6
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Ken WOO	Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the afternoon of 10 April 2013 (Sessions 11, 12 & 13)  
2:30 pm to 6:57 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Albert HO Chun-yan  
Hon LEUNG Yiu-chung  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon CHEUNG Kwok-che  
Hon WONG Kwok-kin, BBS  
Hon IP Kwok-him, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon WONG Yuk-man  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin  
Hon Frankie YICK Chi-ming

Hon WU Chi-wai, MH  
Hon YIU Si-wing  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, JP  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen

**Public officers attending:**

Ms Esther LEUNG, 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 11 – Commerce, Industry and Tourism

Mr Gregory SO, GBS, JP	Secretary for Commerce and Economic Development
Mr Andrew WONG, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Carol YUEN, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)1
Mr David WONG	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2
Mrs Alice CHEUNG, JP	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
Mr Kenneth MAK, JP	Director-General of Trade and Industry
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Mr Peter CHEUNG, JP	Director of Intellectual Property
Mr SHUN Chi-ming, JP	Director of the Hong Kong Observatory
Mrs Jessie TING, JP	Postmaster General
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

## Session 12 – Communications and Technology

Mr Gregory SO, GBS, JP	Secretary for Commerce and Economic Development
Miss Susie HO, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Mr Daniel LAI, BBS, JP	Government Chief Information Officer
Mr Roy TANG, JP	Director of Broadcasting
Miss Eliza LEE, JP	Director-General of Communications

Mr Vincent LIU, JP

Deputy Director of Film, Newspaper  
and Article Administration  
Head of Create Hong Kong

Mr Jerry LIU

Session 13 – Home Affairs

Mr TSANG Tak-sing, GBS, JP

Secretary for Home Affairs

Ms Florence HUI, SBS, JP

Under Secretary for Home Affairs

Mr Raymond YOUNG, JP

Permanent Secretary for Home Affairs

Ms Gracie FOO, JP

Deputy Secretary for Home Affairs (1)

Ms Elizabeth TAI

Acting Deputy Secretary for Home  
Affairs (3)

Mrs Pamela TAN, JP

Director of Home Affairs

Mrs Betty FUNG, JP

Director of Leisure and Cultural  
Services

Mr Michael WONG, JP

Director of Information Services

Mr William H P CHAN, JP

Director of Legal Aid

**Clerk in attendance:**

Mr Andy LAU

Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO

Chief Council Secretary (1)5

Ms Alice LEUNG

Chief Council Secretary (2)2

Ms YUE Tin-po

Chief Council Secretary (4)3

Mr Daniel SIN

Senior Council Secretary (1)7

Ms Josephine SO

Senior Council Secretary (2)2

Mr Joey LO

Senior Council Secretary (4)3

Ms Anki NG

Council Secretary (4)3

Mr Ken WOO

Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the morning of 11 April 2013 (Sessions 14 & 15)  
9:30 am to 1:11 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon WONG Kwok-kin, BBS  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon WONG Yuk-man  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin  
Hon Frankie YICK Chi-ming

Hon WU Chi-wai, MH  
 Hon Gary FAN Kwok-wai  
 Hon MA Fung-kwok, SBS, JP  
 Hon CHAN Yuen-han, SBS, JP  
 Hon LEUNG Che-cheung, BBS, MH, JP  
 Hon Alice MAK Mei-kuen, JP  
 Hon KWOK Wai-keung  
 Dr Hon Fernando CHEUNG Chiu-hung  
 Hon SIN Chung-kai, SBS, JP  
 Dr Hon Elizabeth QUAT, JP  
 Hon Martin LIAO Cheung-kong, JP  
 Hon POON Siu-ping, BBS, MH  
 Hon TANG Ka-piu  
 Dr Hon CHIANG Lai-wan, JP  
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
 Hon CHUNG Kwok-pan  
 Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
 Hon Tony TSE Wai-chuen

**Public officers attending:**

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Emily TSANG	Treasury Officer (LegCo & Personnel Unit), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 14 – Housing

Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr D W PESCOD, JP	Permanent Secretary for Transport and Housing (Housing)
Miss Agnes WONG, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Eugene FUNG	Director of Sales of First-hand Residential Properties Authority
Ms Annie TANG, 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)
Ms Bernadette LINN, JP	Director of Lands
Mr AU Choi-kai, JP	Director of Buildings

Session 15 – Transport

Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Joseph LAI, JP	Permanent Secretary for Transport and Housing (Transport)
Ms Rebecca PUN, JP	Deputy Secretary for Transport and Housing (Transport)1
Mr Andy CHAN	Deputy Secretary for Transport and Housing (Transport)2
Mr Patrick CHAN, JP	Deputy Secretary for Transport and Housing (Transport)3
Mrs Sharon YIP	Deputy Secretary for Transport and Housing (Transport)4
Ms Julina CHAN, JP	Deputy Secretary for Transport and Housing (Transport)5
Mr Daniel CHUNG	Head (Airport Expansion Project Coordination Office)
Mr Francis LIU, JP	Director of Marine
Mr TUNG Hon-ming. JP	Deputy Director of Marine
Mr Peter LAU, JP	Director of Highways
Mrs Ingrid YEUNG, JP	Commissioner for Transport
Ms Carolina YIP, JP	Deputy Commissioner for Transport (Transport Services and Management)
Mr David TO	Deputy Commissioner for Transport (Planning and Technical Services)
Mr Norman LO, AE, JP	Director-General of Civil Aviation
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services

**Clerk in attendance:**

Mr Andy LAU

Assistant Secretary General 1

**Staff in attendance:**

Ms Miranda HON

Chief Council Secretary (1)1

Ms Sophie LAU

Chief Council Secretary (1)2

Mr Derek LO

Chief Council Secretary (1)5

Ms Mary TANG

Senior Council Secretary (1)1

Mr Daniel SIN

Senior Council Secretary (1)7

Mr Ken WOO

Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the afternoon of 11 April 2013 (Sessions 16 & 17)  
2:30 pm to 6:38 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon Starry LEE Wai-king, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon CHEUNG Kwok-che  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon WONG Yuk-man  
Hon James TIEN Pei-chun, GBS, JP  
Hon Steven HO Chun-yin  
Hon Frankie YICK Chi-ming  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon CHAN Chi-chuen

Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Tony TSE Wai-chuen

**Public officers attending:**

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Emily TSANG	Treasury Officer (LegCo & Personnel Unit), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 16 – Welfare and Women

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Ms Doris CHEUNG, JP	Deputy Secretary for Labour and Welfare (Welfare)1
Mr Donald CHEN	Deputy Secretary for Labour and Welfare (Welfare)2
Mr Francis CHENG	Administrative Assistant to the Secretary for Labour and Welfare
Mr Stephen SUI	Commissioner for Rehabilitation
Mr Patrick NIP, JP	Director of Social Welfare
Mrs Anna MAK	Deputy Director of Social Welfare (Services)

Mr FUNG Pak-yan, JP	Deputy Director of Social Welfare (Administration)
Mrs Ingrid YEUNG, JP	Commissioner for Transport
Mr Albert SU	Assistant Commissioner for Transport (Management and Paratransit)

Session 17 – Labour

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Mr Francis CHENG	Administrative Assistant to the Secretary for Labour and Welfare
Mr CHEUK Wing-hing, JP	Commissioner for Labour
Mr Byron NG, JP	Deputy Commissioner for Labour (Labour Administration)
Mr David LEUNG, JP	Deputy Commissioner for Labour (Occupational Safety and Health)
Mrs Tonia LEUNG, JP	Assistant Commissioner for Labour (Employment Services)

**Clerk in attendance:**

Mr Andy LAU	Assistant Secretary General 1
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**Staff in attendance:**

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Ken WOO	Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the morning of 12 April 2013 (Sessions 18 & 19)  
9:00 am to 12:40 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Kwok-kin, BBS  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon WONG Yuk-man  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP

Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin  
Hon Frankie YICK Chi-ming  
Hon WU Chi-wai, MH  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen

**Public officers attending:**

Ms Esther LEUNG, 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 – Food Safety and Environmental Hygiene

Dr KO Wing-man, BBS, JP	Secretary for Food and Health
Mrs Marion LAI, JP	Permanent Secretary for Food and Health (Food)

Mr K W KONG	Head, Resource Management and Administration, Food and Health Bureau
Mr Alan WONG, JP	Director of Agriculture, Fisheries and Conservation
Mr Clement LEUNG, JP	Director of Food and Environmental Hygiene
Dr Gloria TAM, JP	Controller, Centre for Food Safety, Food and Environmental Hygiene Department
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Dr LAU Chau-ming, JP	Government Chemist

Session 19 – Health

Dr KO Wing-man, BBS, JP	Secretary for Food and Health
Mr Richard YUEN, JP	Permanent Secretary for Food and Health (Health)
Mr K W KONG	Head, Resource Management and Administration, Food and Health Bureau
Dr Constance CHAN, JP	Director of Health
Dr Cindy LAI, JP	Deputy Director of Health
Dr LEUNG Pak-yin, JP	Chief Executive, Hospital Authority
Dr CHEUNG Wai-lun, JP	Director (Cluster Services), Hospital Authority
Dr LAU Chau-ming, JP	Government Chemist

**Clerk in attendance:**

Mr Andy LAU	Assistant Secretary General 1
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**Staff in attendance:**

Mr Derek LO	Chief Council Secretary (1)5
Ms Elyssa WONG	Chief Council Secretary (2)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Jove CHAN	Senior Council Secretary (2)6
Mr Ken WOO	Council Secretary (1)5



**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 8 to 12 April 2013**

**Meeting held in the afternoon of 12 April 2013 (Sessions 20 & 2)  
3:30 pm to 7:01 pm  
Legislative Council Complex Conference Room 1**

**Members present:**

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon LEUNG Yiu-chung  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Hak-kan, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon CHEUNG Kwok-che  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung

Hon WONG Yuk-man  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin  
Hon Frankie YICK Chi-ming  
Hon YIU Si-wing  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK  
Hon CHAN Chi-chuen  
Dr Hon Kenneth CHAN Ka-lok  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kiwok, BBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen

**Public officers attending:**

Ms Esther LEUNG, 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 20 – Education

Mr Eddie NG, SBS, JP	Secretary for Education
Mr Kevin YEUNG	Under Secretary for Education
Mrs Cherry TSE, JP	Permanent Secretary for Education
Ms Michelle LI, JP	Deputy Secretary for Education (1)
Ms Jessie WONG	Deputy Secretary for Education (2)
Mrs Betty IP, JP	Deputy Secretary for Education (3)
Mrs Michelle WONG	Deputy Secretary for Education (4)
Dr Catherine CHAN	Deputy Secretary for Education (5)
Mrs Angelina CHEUNG	Deputy Secretary for Education (6)
Ms Rhoda CHAN, JP	Principal Assistant Secretary for Education (Finance)
Mr Tony TANG	Principal Assistant Secretary for Education (Quality Assurance and School-based Support)
Dr Richard T ARMOUR	Secretary-General, University Grants Committee
Mrs Carrie YAU, GBS, JP	Executive Director, Vocational Training Council
Ms Nancy SO	Controller, Student Financial Assistance Agency

## Session 2 – 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 Rimsky YUEN, SC, JP	Secretary for Justice
Mr Arthur HO, JP	Director of Administration and Development
Mr Kevin ZERVOS, SC, JP	Director of Public Prosecutions
Mr Frank POON, JP	Solicitor General
Mr Gilbert MO	Acting Law Draftsman
Mr Benedict LAI, SBS, JP	Law Officer (Civil Law)

**Clerk in attendance:**

Mr Andy LAU

Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO  
Mr Daniel SIN  
Mr Ken WOO

Chief Council Secretary (1)5  
Senior Council Secretary (1)7  
Council Secretary (1)5

**Presentation by Secretary for the Civil Service  
at the Special Meeting of the Finance Committee  
on Monday, 8 April 2013**

Chairman and Honourable Members,

Of the items relating to civil service expenses in the 2013-14 Draft Estimates of Expenditure, I would like to highlight the following two items.

2. **First, civil service establishment.** The civil service has supported the Fourth Term Government in implementing many new policies and initiatives in a professional and effective manner. We will, on the one hand, continue to work with bureaux/departments to enhance efficiency through measures such as internal redeployment, streamlining and re-engineering, and on the other hand, render support to the civil service by strengthening the establishment to cope with additional workload. We will support creation of new civil service posts where operational need is fully justified and when the work involved cannot be undertaken by re-deployment of existing staff or through alternative modes of service delivery.

3. There has been a modest increase of about 1% in the civil service establishment each year since 2006-07. The 2013-14 Draft Estimates of Expenditure project a 1% increase or an additional 1 708 posts in the civil service establishment. Subject to the approval of the 2013-14 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 171 422 posts at the end of March 2014.

4. **Second, financial provisions.** In the 2013-14 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. The following items are particularly worthy of note –

- (a) Head 37 Department of Health: Programme 7 "Medical and Dental Treatment for Civil Servants": a financial provision of \$1,047.3 million is proposed for providing medical and dental services for serving civil servants, pensioners and their eligible dependants at government families clinics and dental clinics, as well as for the reimbursement of medical fees and hospital

charges. For the former, an allocation of \$627.3 million is proposed, representing an increase of \$45.3 million (or 7.8%) over the 2012-13 Revised Estimate. The additional provision is mainly for setting up additional dental surgeries, enhancing the services at the Kowloon Families Clinic, and procuring additional equipment. With regard to the reimbursement of medical fees and hospital charges, an allocation of \$420 million is proposed, representing an increase of \$70 million (or 20%) over the 2012-13 Revised Estimate. The additional provision is to meet an anticipated increase in applications for reimbursement of medical expenses from eligible persons; and

- (b) Head 120 Pensions: Programme 1 "Public and Judicial Service Pension Benefits": an amount of \$24,568.7 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$3,444.5 million (or 16.3%) over the 2012-13 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2013-14 and the full-year effect of pension payments to those retiring in 2012-13.

5. Chairman, as the backbone of the Government, the civil service assists the Administration in formulating, explaining and implementing policies and contributes to the stability and continuity of government operation. The Civil Service Bureau will continue to strive to maintain a professional and efficient civil service to deliver quality services to the public.

6. 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, 8 April 2013**

Chairman,

I will briefly introduce the estimates of expenditure for financial services and our key initiatives in 2013-14.

**Estimates of Expenditure**

2. For 2013-14, I have allocated about \$880 million from my operating expenditure envelope to the Financial Services Branch and departments under its purview. The amount represents an increase of some \$30 million over last year.

**Key Areas of Work in the Coming Year**

3. We will focus our work in respect of financial services in the coming year on leveraging our competitive advantages to reinforce Hong Kong's status as an international financial centre, managing market systemic risks in view of a volatile international market, and protecting investors.

**(I) Enhancing Financial Co-operation between Hong Kong and the Mainland**

4. Benefiting from the strong support of the Central Government and the relevant Mainland authorities, the offshore Renminbi (RMB) business in Hong Kong has seen rapid development, with notable growth in RMB cross-border trade settlement, RMB bond issuance and RMB investment products. On 6 March 2013, the China Securities Regulatory Commission (CSRC) announced that the RMB Qualified Foreign Institutional Investors (RQFII) pilot scheme would be further expanded. The types of institutions eligible for applying for RQFII qualification have been enlarged to cover Hong Kong subsidiaries of Mainland commercial banks and insurance companies or financial institutions which are registered and have major operations in Hong Kong. Meanwhile, the investment restrictions of RQFII funds have also been relaxed to allow institutions to design the types of products in accordance with market conditions. In addition, the

Securities and Futures Commission (SFC) is working with the CSRC to study the mutual recognition of funds between Hong Kong and the Mainland. All these measures will be conducive to the launch of more innovative and diversified RMB investment products in Hong Kong.

## **(II) Promoting Market Development**

5. On promoting market development, I would like to give a brief account of our priorities.

### **(i) Fund and Asset Management Business**

6. Hong Kong is now a premier asset management hub in Asia. To seize new opportunities, we plan to extend the profits tax exemption for offshore funds to include transactions in private companies which are incorporated or registered outside Hong Kong and do not hold any Hong Kong properties nor carry out any business in Hong Kong. This will allow private equity funds to enjoy the same tax exemption as offshore funds. To attract more funds to domicile in Hong Kong, we are considering legislative amendments to introduce the Open-ended Investment Company such that overseas fund management companies will have one more choice for establishing funds in Hong Kong. These measures will not only benefit the fund industry and related financial service industries, but also stimulate a wide range of economic activities and create more jobs.

7. We have introduced two bills into the Legislative Council (LegCo) recently for improving the Islamic finance platform and reforming the trust law respectively, with a view to creating a favourable environment for the asset management industry.

8. To promote the development of the private wealth management industry, the Hong Kong Monetary Authority (HKMA) is encouraging the industry to establish a trade organisation, implement an enhanced competency framework and the work on training for practitioners. The SFC is also willing to provide assistance to manpower training for the asset and wealth management sectors.

### **(ii) Bond Market**

9. To promote the sustainable development of our bond market, we propose to expand the size of the Government Bond Programme from the current \$100 billion to \$200 billion. We also plan to launch a further issuance of inflation-linked retail bonds (iBond) worth not more than



\$10 billion with a maturity of three years.

(iii) Captive Insurance Companies

10. We will reduce the profits tax on the offshore insurance business of captive insurance companies to attract more enterprises to set up captive insurance companies in Hong Kong. This will promote the development of reinsurance business, making our risk management services more diversified.

(iv) Financial Services Development Council

11. Since its establishment in January this year, the Financial Services Development Council (FSDC) has convened two meetings. The committees established under the FSDC have also held meetings to discuss the work directions and plans in various areas. As a high-level and cross-sectoral advisory body, the FSDC will assist the Government in facilitating the diversified and sustainable development of the financial services industry.

(v) Implementation of the new Companies Ordinance

12. The Companies Bill was passed by LegCo in July last year. The new Companies Ordinance will help strengthen Hong Kong's competitiveness as an international commercial and financial centre. We are according priority to the necessary work for bringing the new Ordinance into operation in the first quarter of 2014.

(vi) Improvement to Corporate Insolvency Law

13. We are continuing our work in improving the corporate insolvency law, and will launch a public consultation on relevant legislative proposals this quarter. Effective corporate insolvency procedures will enhance protection for creditors and foster financial and commercial development.

**(III) Investor Protection**

14. The third key area of work is to enhance investor protection. I would like to highlight some major initiatives.

(i) Enhancing the Mandatory Provident Fund System

15. On the Mandatory Provident Fund (MPF) System, we and the

Mandatory Provident Fund Schemes Authority (MPFA) are pursuing a basket of measures, with a view to achieving a substantial reduction in MPF fees. The MPFA is implementing the recommendations of its Consultancy Study on MPF Trustees' Administration Costs within the existing legislative framework. At the request of the Administration, the MPFA is following up on other more fundamental measures in parallel, including developing proposals for the introduction of Default Fund, and for the implementation of a cap on MPF fees that will be introduced in case of market failure for consultation within this year.

(ii) Establishment of an independent Insurance Authority

16. Establishing an independent Insurance Authority (IIA) will help provide better protection for insurance policyholders. We seek to introduce an amendment bill into LegCo in 2013 with a view to setting up the IIA in 2015.

(iii) Establishment of a Policyholders' Protection Fund

17. We plan to introduce a bill on the establishment of a Policyholders' Protection Fund into LegCo next year for providing a safety net for policyholders.

(iv) Regulatory Regime of Initial Public Offering Sponsors

18. To maintain market quality, the SFC has consulted market participants on a package of proposals to enhance the regulatory regime of initial public offering sponsors. We are following up with the SFC on one of the proposals which is to introduce legislative amendments to clarify the legal liability of sponsors.

(v) Scripless Securities Market

19. We are working with the SFC, the Hong Kong Exchanges and Clearing Limited and the industry to develop a legal framework for the implementation of a scripless securities market in Hong Kong. Our target is to introduce the relevant bill into LegCo within this year.

(vi) Regulatory Regime for Stored Value Facilities and Retail Payment Systems

20. We will study possible legislative amendments this year to put in place a legal framework for establishing a regulatory regime for stored value

facilities and retail payment systems. The HKMA will consult the public on this issue.

(vii) Investor Education

21. Apart from market regulation, enhancing investor education to help investors make informed decisions and providing an effective avenue for resolving monetary disputes as they arise are also considered important measures for investor protection. For this purpose, the cross-sectoral Investor Education Centre came into operation in November last year while the Financial Dispute Resolution Centre was established last June.

**(IV) International Regulatory Requirements**

22. To comply with international regulatory requirements, we will focus on two priorities.

(i) Regulation of the Over-the-Counter Derivative Market

23. For the purpose of implementing the Group of Twenty commitments, we will introduce a regulatory regime for the Over-the-Counter derivative market. We briefed the LegCo Panel on Financial Affairs on the legislative proposals in March 2013, and plan to introduce the relevant bill into LegCo this quarter.

(ii) Basel III

24. In accordance with the international banking supervisory standards, the HKMA will introduce the Banking (Disclosure) (Amendment) Rules 2013 and the Banking (Capital) (Amendment) Rules 2013 into LegCo this month to tie in with the implementation of Basel III capital standards in Hong Kong. The HKMA will ensure that such requirements not only take local market situations into account, but also help promote the stability of the banking system.

25. To conclude, we will continue to keep a close watch on market developments and the trend of market regulation at the international level. We will work closely with the regulators and the industry to implement the abovementioned working plans, and foster the sustained development of the financial services of Hong Kong. Chairman, my colleagues and I are happy to answer any inquiries from Members.

**Presentation by Secretary for Financial Services and the Treasury  
at the Special Meeting of the Finance Committee  
on Monday, 8 April 2013**

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 Programmes**

2. The estimated total recurrent expenditure for the three programmes mentioned above for 2013-14 is \$8,323.59 million, with about \$5,000 million on revenue and financial control, about \$2,400 million on provision of central support services within the Government, and about \$900 million on maintenance of government properties. The estimated expenditure for these three programmes for 2013-14 is about \$1,330 million higher than the revised estimate for 2012-13.

**Key Areas of Work in the Coming Year**

3. As regards our work in the coming year, I would like to highlight the following key areas:

- (a) The Budget proposes setting up a working group to be led by the Treasury Branch to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. Scholars and experts will be invited to join. The Treasury Branch will start the relevant work upon completion of the legislative proceedings in relation to the estimates for 2013-14. It is expected that a report will be submitted to the Financial Secretary by the end of this year.

- (b) We are committed to establishing a network of comprehensive avoidance of double taxation agreements (CDTAs) with our major trading and investment partners, and have signed 27 CDTAs so far. In the future, we will push ahead with our efforts on this front to enhance the competitiveness of Hong Kong as an international financial, investment and business centre. At the same time, we will amend the Inland Revenue Ordinance (Cap. 112) to put in place a legal framework for entering into tax information exchange agreements and enhance the existing arrangements for exchange of information under CDTAs. This will ensure that Hong Kong's tax information exchange arrangement is on par with the international standard so as to preserve Hong Kong's international reputation as a co-operative jurisdiction, and help further expand the CDTA network. Our plan is to introduce into this Council relevant amendments to the Inland Revenue Ordinance by late April 2013.
- (c) To prevent cost recovery items being turned into heavily subsidised items, we need a systematic review. All policy bureaux and departments are required to review their respective fees and charges, and submit plans for their revision for the coming one or two years. We will first deal with fees that have not been revised for years and do not directly affect people's livelihood, and items which have low cost recovery rates. In making proposals for fee revisions, we will review the fees and charges in the light of the specific circumstances of the services provided, public affordability and acceptance, and the views of Members. We will make appropriate fee revisions as and when necessary. There will not be substantial revisions at one go to avoid affecting people's livelihood. The Government will also strictly control costs and reduce the need for increasing fees and charges as far as possible.
- (d) We will continue to relocate those government offices which are non-location bound from core business districts. Upon completion of the new Trade and Industry Tower at the Kai Tak Development Area by end 2014, the floor area in the Trade and Industry Tower in Mong Kok will be released for commercial use. We are also planning the development of a government office building in West Kowloon for reprovisioning government departments currently accommodated in leased premises in Mong Kok or affected by the proposed Central Kowloon Route

project, and departments in the government office buildings at the Wan Chai waterfront. The new building is scheduled for completion in 2018. We are also actively undertaking preparatory work for the phased relocation of departments in the three government office buildings at the Wan Chai waterfront. While some departments will be relocated to the new government office building in West Kowloon, we have also reserved sites in districts such as Kai Tak and Tseung Kwan O to construct new government office buildings for reprovisioning purpose. Construction works are expected to commence starting from 2015-16 and the first building is scheduled for completion in 2019-20.

4. 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  
April 2013

**Presentation by Secretary for Security  
at the Special Meeting of the Finance Committee  
on Tuesday, 9 April 2013**

Chairman,

- In the draft Estimates for the new financial year (2013-14), the allocation on the security policy area group is \$36.6 billion, representing 8.3% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$31.1 billion.

**Law and Order**

- The overall law and order situation in Hong Kong remained stable in 2012. The overall crime figure was about the same as the level in 2011, whilst the violent crime figure registered a decrease of 2.1% as compared with 2011. Most categories of crimes — such as robberies, blackmail, burglaries, thefts, criminal intimidation, wounding and serious assault, as well as missing motor vehicles — also decreased in number. The Police will always remain alert to maintain the law and order of our society.
- The major operational targets of the Commissioner of Police for 2013 are to combat violent crimes, triads syndicated and organised crimes, dangerous drugs, "quick-cash" crimes, technology crime, and to maintain professionalism in ensuring public safety (including public events, road safety as well as major incidents and disasters) and counter terrorism work.
- The Police will also create 45 new posts for addressing the policing needs in Tseung Kwan O and Kai Tak areas; and strengthening the Sexual Conviction Record Check Scheme.

**Control Points and e-Channel Service**

- To maintain Hong Kong's status as an international trade and tourism hub, the Immigration Department (ImmD) has all along strived to provide a smooth and effective immigration clearance service. The number of visitors arriving Hong Kong has continued to grow over

the past few years. In 2012, the total number of visitor arrivals reached 48.6 million, representing a 16% increase from 2011.

- ImmD has adopted a series of measures to cope with the passenger traffic. In the 2013-14 financial year, there will be a net increase of 154 posts in ImmD, among which 116 will be deployed for carrying out immigration control and related duties at new and existing control points. We have commenced recruiting suitable candidates for these new posts and will provide suitable training for them with a view to having them deployed to control points as soon as possible to relieve the manpower pressure thereat.
- ImmD has also strived to increase its handling capacity and efficiency through strengthening its e-Channel service. Since the introduction of Mainland frequent visitor e-Channel service, the usage rate was satisfactory in that the number of users has accounted for more than 20% of all Mainland visitors. To further alleviate the pressure at boundary control points, we will increase the number of visitor e-Channels available for use by Mainland visitors to 100 within this year. On the other hand, the handling capacity of Lok Ma Chau and Man Kam To control points would increase upon completion of improvement works within the current year.
- ImmD will flexibly deploy its staff resources to deal with rising cross-boundary passenger and vehicular flow and other immigration control duties including implementing the complementary immigration measures on Mainland pregnant women under the "zero quota" policy, and facilitation measures for cross-boundary students. In the light of the trend of passenger traffic, ImmD will continue to review its manpower and resources requirements as required.

### **Capital Investment Entrant Scheme**

- We welcome investors coming to Hong Kong for investment. From 2003 to end 2012, nearly 17 000 applicants have been given formal approval to reside in Hong Kong under the Capital Investment Entrant Scheme, investing almost \$130 billion.
- We will review the scheme this year, taking into account overseas practices, operational experience, etc., to ensure that the scheme is up to date and to serve the best overall interest of Hong Kong.



## **Assistance to Hong Kong Residents Overseas**

- We will continue to provide assistance to Hong Kong residents in distress outside Hong Kong. We will review the coverage of the Outbound Travel Alert (OTA) system biannually. Since its launch in late 2009, we have extended the OTA coverage from 60 countries and regions to 85. The newly added places are popular tourist or business destinations for Hong Kong residents.
- With effect from 30 November 2012, we have also issued OTA information via the "GovHK Notifications" mobile platform so that the public can conveniently receive relevant information via smartphones.

## **Screening Torture Claims**

- The enhanced torture claim screening mechanism was implemented by ImmD since December 2009 to ensure that the screening is processed in a fair and effective manner. The administrative mechanism was underpinned by legislative framework through the amendment of the Immigration Ordinance last year. Under the statutory mechanism, claimants may continue to receive publicly-funded legal assistance through the Duty Lawyer Service. Retired judges and magistrates have been appointed as members of the statutory Torture Claims Appeal Board to determine appeals. As at the end of 2012, ImmD has commenced screening over 4 000 claims and made decision on over 2 700 claims.

## **Public Safety**

- To enhance public safety, the Fire Services Department (FSD) will create 165 additional posts in the new financial year. Of these new posts, 111 are to tie in with the commissioning of a new fire station at Cheung Yip Street in Kowloon Bay in the latter half of 2013, and to strengthen the manpower of the Tsim Tung Fire Station and Shun Lee Fire Station in response to the increased fire risks in these areas. The other 54 posts are for adding 5 ambulance shifts and establishing a special support unit to further enhance emergency ambulance services.
- To ensure the safety of frontline personnel, FSD replaces fire services and ambulance equipment in a timely manner. The expenses on procurement of fire appliances, vessels, ambulances and major

equipment, etc. for 2013-14 are estimated to be around \$300 million.

- In terms of fire prevention, FSD will continue to promote a fire safety culture in collaboration with various sectors in the community. The department will continue to adopt a 4-pronged approach to enhance the fire safety of buildings through publicity, law enforcement, inspection and partnership with owners/occupiers and property management of buildings, and educate the public about the appropriate responses in case of a fire. FSD will also provide support to FEHD in improving the fire safety of hawker pitches.
- In 2013-14, FSD will gradually roll out the pilot scheme on reduction of weekly conditioned hours of work for operational staff from 54 to 51 in different districts. Phase I of the pilot scheme has commenced on 15 March 2013. The Department will ensure that the reduction arrangement will not affect the fire-fighting and rescue services.

### **Custody and Rehabilitation of Detainees**

- The Correctional Services Department (CSD) has been implementing various measures to improve ageing correctional facilities. The partial redevelopment programme of the Tai Lam Centre for Women has already commenced in mid-2012 and will be completed in end-2016. The Department is also conducting improvement works of a relatively smaller scale in other penal institutions to enhance the rehabilitation and security facilities. We will continue to explore proposals to redevelop other correctional institutions and conduct improvement works as appropriate.
- To strengthen the security and maintain discipline and order in correctional institutions, CSD officers need to conduct searches on persons in custody to prevent their possession of contrabands such as drugs and weapons. In end-2012, the Department put the first low radiation X-ray body scanner into use at the Lai Chi Kok Reception Centre to replace manual rectal searches. In view of the satisfactory outcome, the Department plans to install one X-ray body scanner each in Pik Uk Correctional Institution, Lo Wu Correctional Institution and Tai Lam Centre for Women in 2013-14.
- To ensure that there is effective monitoring on whether some rehabilitated persons have relapsed into drugs when they re-integrate into society, CSD will collect their urine specimen for testing. To strengthen the integrity of the urine specimen testing arrangements, CSD will set up a Urine Specimen Collection Centre next to the Lai

Chi Kok Reception Centre this year. The urine specimen will be collected and processed by staff outside the Rehabilitation Division to minimise any possible conflict of interest. Besides, CCTV will be installed in the centre to record and monitor the testing process.

### **Combating Drug Abuse Problem**

- The concerted efforts of the Government, the anti-drug sector and the community in combating drug abuse problem over the past years have brought improvements in the drug scene, evident in the substantial decline in young drug abusers. Nonetheless, we need to remain alert to the problem of hidden drug abuse. We will continue to take forward anti-drug measures along the five-pronged anti-drug strategy, namely preventive education and publicity, treatment and rehabilitation, legislation and law enforcement, research and external co-operation to sustain the momentum of our war against drugs.
- The Government has injected new resources to support anti-drug initiatives in different areas. In 2013-14 the Social Welfare Department (SWD) will extend the Enhanced Probation Service (EPS) territory-wide to all seven magistrates' courts. Through more focused, intensive and structured treatment programmes, the EPS will continue to help young offenders under the age of 21 convicted of drug-related offences to turn a new leaf.

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

**Security Bureau**  
**April 2013**

**Presentation by Secretary for Environment  
at the Special Meeting of the Finance Committee  
on Tuesday, 9 April 2013**

Chairman,

I am delighted to attend the Special Meeting of the Finance Committee today to brief Members on the part of new financial year's Estimates relating to the Environment Bureau (ENB) as well as our work focuses in key policy areas.

**Increase in Resource Allocation**

2. This Administration attaches much importance to protecting our environment, and we will allocate more resources in related work. Our vision is to develop Hong Kong into a quality living, healthy and green city. In this financial year, the ENB and departments under my portfolio are allocated with about \$18.5 billion, representing a net increase of roughly \$5.4 billion or 41% over the revised estimate for 2012-13.

3. Of the total allocation of \$18.5 billion, recurrent expenditure accounts for about \$6.0 billion, up \$0.5 billion net or 9% as compared with the revised estimate for 2012-13. The additional allocation is mainly for meeting the increase in operation fees of various waste facilities, conducting studies relating to the electricity market, promoting energy efficiency and carbon audit, carrying out studies on external lighting and related measures, as well as promotional work on waste reduction, producer responsibility schemes and recycling activities at the community level. As regards the number of posts, there will be a net increase of 21 posts in the ENB and the Environmental Protection Department (EPD) in 2013-14.

4. Apart from recurrent expenditure, the provision for non-recurrent expenditure, capital account and cash flow for projects under Capital Works Reserve Fund in 2013-14 is about \$12.5 billion, representing a net increase of \$4.9 billion or 64% as compared with the revised estimate for 2012-13. This is mainly due to the funding reserved for injection into the Environment and Conservation Fund (ECF), phasing out highly polluting pre-Euro IV diesel commercial vehicles and providing one-off subsidy to vehicle owners to replace the catalytic converters of liquefied petroleum gas

taxis and light buses.

5. I will now give a brief outline of the work priorities of ENB in the coming year.

### **Improving Roadside Air Quality**

6. Firstly on improving air quality, our work will focus on protecting public health and we will accord top priority to reducing roadside air pollution. We will adopt an incentive-cum-regulatory strategy to offer an ex-gratia payment up to 30% of the taxable values of new vehicles to about 86,000 owners of pre-Euro and Euro I to III diesel commercial vehicles in order to expedite early retirement of these heavily polluting vehicles. The Government has earmarked \$10 billion for the ex-gratia payment to implement the incentive-cum-regulatory measure. We expect the emissions of respirable suspended particulates and nitrogen oxides from vehicles will be reduced by 80% and 30% respectively if these heavily polluting diesel commercial vehicles are all replaced with Euro V ones. After consulting the Advisory Council on the Environment, the relevant transport trades and other stakeholders, we will submit legislative proposal for effecting the proposal to the Legislative Council, and seek funding approval from the Finance Committee (FC) for the ex-gratia payment.

### **Recycling Resources for Gainful Use**

7. Hong Kong has a waste crisis that can only be dealt with by taking multi-pronged actions ranging from waste reduction at source, enhancing waste recovery as well as building a comprehensive and modern waste treatment infrastructure that can handle different types of waste. Our overall approach is "reduction first" and to treat waste as a "resource" that should be put to gainful use.

8. On promoting waste reduction at source, we will continue the progressive implementation of mandatory producer responsibilities schemes (PRSs). We are preparing legislative proposals to extend the Environmental Levy Scheme on Plastic Shopping Bags and to introduce a new PRS on waste electrical and electronic equipment. We are also consulting the public on introducing a new PRS on glass beverage bottles. On the other hand, upon the Government's invitation, the Council for Sustainable Development will in this year engage stakeholders and members of the public on the implementation details of Municipal Solid Waste charging.

9. Furthermore, the Government plans to develop five pilot "community green stations" in the territory to support promotion of green living at the community level. We have reserved \$65 million in this financial year for the construction and operation of these stations.

10. We are now relying mainly on the three strategic landfills to dispose of our waste, and these landfills will reach full capacity one by one before 2020 even though we have fully implemented all practicable waste reduction measures. Therefore, the Government is planning to establish a number of waste facilities in order to properly tackle our waste problem. We are planning to develop in phases organic waste treatment facilities (OWTF), and the first phase of the OWTF which can treat 200 tonnes of food waste daily will be constructed in Siu Ho Wan of North Lantau. We are planning to submit funding application to the Public Works Subcommittee and the FC of the LegCo in the 4th quarter of 2013, with a view to awarding the contract for the design, construction and operation of Phase 1 OWTF in early 2014. We expect the facility to be in operation in 2016.

11. I am glad to visit South Korea last week with Members of the Panel on Environmental Affairs, to study waste treatment facilities there and their implementation of waste policies. The experience learnt during the visit would be a good reference in formulating our policies in recycling of resources. South Korea's waste management practices reflect squarely that we have much room for improvement in our work on waste avoidance and recovery, resources recycling, as well as end-of-pipe treatment. The Government will soon publish a policy blueprint with a comprehensive waste management strategy and action plans for sustainable waste management in future.

### **Capital Injection into the Environment and Conservation Fund**

12. For effective promotion of environmental policies and measures, we must cultivate a green culture and develop a green community. We need therefore to raise public awareness of environmental protection, and provide financial support for the public to take part in building a green community. To this end, we propose to inject \$5 billion into the ECF to generate investment returns to further enhance public awareness of environmental protection, conduct environmental research, and encourage public participation in green campaigns. We will later consult the Panel on Environmental Affairs on the proposed injection, with detailed proposal on the way forward for the ECF.

## **Conclusion**

13. Chairman, Government has carried out substantive and effective work to protect our environment. In the coming year, we will continue to take forward various policies, focusing on improving air quality, recycling resources for gainful use and waste treatment, and transforming Hong Kong into a green city. We look forward to receiving the LegCo's continued support in the new financial year. Chairman, together with my colleagues, I would be pleased to answer Members' questions.

**Environment Bureau**  
**April 2013**

**Presentation by Secretary for Development  
at the Special Meeting of the Finance Committee  
on Wednesday, 10 April 2013**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). The Controlling Officers under my purview have provided replies to 152 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 2013-14, the allocation for the DEVB for its recurrent expenditure on works portfolio is \$9,515.65 million, representing an increase of \$368.38 million or 4.0% as compared with the revised estimate of \$9,147.27 million for 2012-13. The additional provision is mainly for meeting the additional expenditure for purchasing Dongjiang water under the new water supply agreement (\$206.68 million), the expenditure for continually taking forward the Energizing Kowloon East initiative (\$12.72 million), and implementing other works-related initiatives.
- In 2013-14, we will create 22 civil service posts for supporting various works-related programmes and tasks.
- Now, I would like to brief Members on the priority tasks of the works portfolio in the new financial year.

**The Overall Infrastructure Programme**

Capital Works Expenditure

- In the past few years, the Government has been increasing the expenditure on capital works projects to boost economic development, create job opportunities and enhance Hong Kong's long-term competitiveness.



- In 2012-13, the actual capital works expenditure was \$62.4 billion. It is estimated that capital works expenditure for 2013-14 is \$70.1 billion, with 74 600 job opportunities to be provided, of which 8 600 are for professional and technical staff and 66 000 for workers. The overall number of job opportunities is 7 900 more than that of 2012-13. With the major infrastructure projects and other projects entering the construction phase in the next few years, the estimated annual expenditure on capital works is expected to exceed \$70 billion.

### Progress of Major Infrastructure Projects

- Various major infrastructure projects have made good progress in the past year. Among them, the Hong Kong-Zhuhai-Macao Bridge, Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, South Island Line (East), Kai Tak Development and the Shatin to Central Link have commenced construction. Besides, funding approval will be sought from the Legislative Council (LegCo) this year for the Tuen Mun–Chek Lap Kok Link project to enable early commencement of the works.
- In the coming year, we will seek funding approval for different types of projects, including stages 3A and 4 infrastructure at north apron area of Kai Tak Airport at an estimated expenditure of \$2.3 billion, reconstruction and rehabilitation of Kai Tak nullah from Tung Kwong Road to Prince Edward Road East at a cost of \$1.3 billion, and fresh water supply to Pak Shek Kok reclamation area, Tai Po - Stage 2 at a cost of \$160 million. In addition, the expansion of Tai Po water treatment works and ancillary raw water and fresh water transfer facilities – part 2 works at an estimated expenditure of \$6.2 billion has already commenced in January this year, while the regulation of Shenzhen River stage IV of the Liantang/Heung Yuen Wai Boundary Control Point project with an estimated value of \$600 million is also expected to commence in the third quarter of this year.
- Apart from the major infrastructure projects, the DEVB will also continue to press ahead with other works projects, including the construction of the underground stormwater storage tank in Happy Valley, the Landslip Prevention and Mitigation Programme, the cycle track network in the New Territories, Water Mains Replacement and Rehabilitation (R&R) Programme, the study on seawater desalination, as well as greening and heritage conservation.

## **Manpower Resources in Construction Industry**

- We have been monitoring the overall manpower resources in the construction industry to keep in line with our future development. To meet the manpower demand arising from future works projects, we obtained a total of \$320 million in 2010 and 2012 to support the Construction Industry Council (CIC) in strengthening its training under various initiatives to enhance the skill levels of local workers, and attracting new entrants to the construction industry through promotion and publicity activities.
- The Enhanced Construction Manpower Training Scheme provides training allowances for trades facing labour shortages to attract new entrants to the industry. As at January this year, more than 2 000 training places have been provided under the scheme. About 60% of the trainees were aged below 35 and many were new entrants indicating that more young people are attracted to join the industry.
- We provide subsidies for trade tests, specified training courses and skills enhancement courses to encourage and assist in-service construction workers to be registered as skilled workers. Besides, subsidies are provided for senior construction workers to assist them to advance to the frontline supervisor/management level.
- Meanwhile, the CIC will continue to provide a free online employment platform Construction JobsNet, which offers a mode of recruitment different from the traditional “by word of mouth” method and facilitates job matching between employers and job seekers.
- In recent years, we have been nurturing a “caring culture” in the construction industry. We will continue to adopt a multi-pronged approach, including the “Build Up” publicity campaign, and initiatives to enhance construction site safety and improve site cleanliness and tidiness as well as the welfare of workers. To enhance construction safety in public works projects, we will implement a series of enhancement measures including strengthening the existing merit and demerit systems in tender assessment and performance reporting for contractors, enhancing the Pay for Safety and Environment System, and reinforcing the safety training for site supervisors. We will also introduce more welfare facilities for workers in public works projects to improve the site operating environment, such as the provision of drinking facilities, toilets, bathrooms, lockers, uniforms, shelters at work places and sheltered

rest areas, and formalisation of the afternoon tea rest time arrangement. The initiatives will help send a positive message to the public, which will uplift the image of the construction industry and attract more new entrants, especially young people, to the industry.

- Apart from monitoring the safety practices of contractors, the DEVB will also focus its efforts on safety promotion work. We are launching a series of safety promotional campaigns in conjunction with the CIC, including Safety Pal, Zero Accident Ambassador Award and Innovative Safety Initiative Award. We will also organise the Construction Safety Week (CSW) in May 2013. A territory-wide “Zero Accident Declaration Ceremony” will be organized during the CSW to promote and foster the safety commitment of every level in the construction industry towards achieving “zero accident” in the site environment.

### **Procurement System for Public Works Projects**

- While massive infrastructure development programmes bring to Hong Kong substantial economic and social benefits, we are mindful of the need to take anticipative actions to ensure the economical delivery of quality infrastructures. We are carrying out a strategic review of the existing procurement system for public works projects to enhance competitive tendering. The review aims to remove any redundant entry barriers and attract more local and overseas contractors and consultants into our construction market, so as to enhance competition in tendering for public works projects. It also aims to encourage more innovation and creativity in the design and construction of projects and facilitate the economical delivery of quality infrastructures. In addition, procurement strategies that encourage the enhancement of productivity, including a wider use of mechanisation and prefabrication for trades with anticipated labour shortage, will be devised and integrated into the procurement system to minimise the demand for workers in those trades. The strategies will include incorporating additional contractual provisions in both consultancies and contracts to foster productivity enhancement, inviting alternative designs, as well as revising the marking schemes for tendering and performance reports.

### **Security of Payment**

- To improve the business operating environment of the construction industry, we are carrying out work to prepare for introducing a new legislation to enhance the security of payment in construction-related

contracts and to expedite the resolution of disputes. The new legislation will enhance the cash flow of the construction supply chain and attract more overseas construction enterprises to invest and carry out business in Hong Kong, thereby enhancing our infrastructure delivery capacity and increasing competition. It will also help combat wage arrears as employers improve their cash flow. We have established a Working Group on the Security of Payment Legislation for the Construction Industry with representatives from the industry to advise on the proposed content of the new legislation.

### **Promotion of Professional Services**

- When negotiating trade agreements with the Mainland and other countries, we have been pursuing the most preferential trade conditions for Hong Kong's service industry, including the professional services. Under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), a number of preferential measures have been sought for Hong Kong's construction industry, including the mutual recognition of qualifications between the two sides for six professional disciplines. At present, a total of 1 490 Hong Kong professionals have obtained Mainland qualifications through the mutual recognition and can register for practice in the areas concerned. Under the "early and pilot implementation" arrangements in Guangdong Province since May 2012, Hong Kong professionals who have obtained Mainland's class 1 registered architect qualification, class 1 registered structural engineer qualification or supervision engineer qualification through the mutual recognition are progressively allowed to register for practice in Guangdong Province (subject to passing the Mainland legal tests for those in the first two disciplines). At the same time, their status of registered practitioners will be recognised as enterprise qualifications for setting up enterprises in Guangdong Province. Currently, over 500 professionals (224 class 1 registered architects, 50 class 1 registered structural engineers and 228 building surveyors) can apply to set up enterprises in Guangdong Province. These preferential measures will greatly facilitate local professionals and enterprises in the construction industry to set up business in the Mainland with sole ownership and complete control.
- In the coming year, we will strengthen our liaison with the Mainland authorities and endeavour to seek more market liberalisation measures for Hong Kong's construction industry under the framework of CEPA, including expanding the scope of mutual recognition of qualifications to cover more professionals, allowing them to register

for practice in Guangdong Province and recognising their registration status as enterprise qualifications for setting up enterprises there. We will also pursue the extension of the pilot schemes to other provinces of the Mainland early. Separately, we will assist in liaising with the Mainland authorities to facilitate the establishment of a more substantive presence of the professional discipline in strategic locations of the Mainland to better support the professionals working there.

- We organised a cross-sectoral brain-storming meeting for the construction industry and a series of construction expert group meetings on Qianhai development in January. After consulting the construction industry, we are currently negotiating with the Qianhai Authority on the signing of a framework cooperation agreement. Based on this, we will explore more preferential early and pilot measures allowing Hong Kong professionals with simplified procedures to register for practice and to set up enterprises in Qianhai, so as to facilitate them to directly provide professional services there.

### **Energizing Kowloon East**

- Since its establishment in June 2012, the Energizing Kowloon East Office (EKEO) has adopted the “place-making” approach to actively take forward the transformation of Kowloon East into another core business district. The Conceptual Master Plan 2.0 was published with focus on enhancing Connectivity, Branding, Design and Diversity (CBD2) in Kowloon East and 10 main tasks were formulated for sustainable development.
- The 10 main tasks aim at enhancing connectivity, improving environment and releasing development potential in Kowloon East. The EKEO is actively launching various initiatives with a view to creating a new walkable, sittable, stayable and playable “place” in the area.
- Kowloon East, as another core business district in Hong Kong, has the potential to supply an additional office floor area of 4 million square metres. To expedite the plan, the Government is considering relocating the existing facilities in the two action areas of Kowloon East and vacating the land for the comprehensive development of commercial and other uses. It is expected that the two action areas will be able to provide about 500 000 square metres of floor area in total.

- It is estimated that in future the office floor area available for development in Kowloon Bay and Kwun Tong will reach 2.9 million square metres. These two areas, coupled with the 1.06 million square metres of land which may be developed for office use at the Kai Tak Development, will provide an estimated 4 million square metres of new office floor area, which is equal to twice the total office area in Central.
- The Chief Executive has announced that the former runway tip in the Kai Tak Development Area can be developed into a world-class tourism and entertainment hub – Kai Tak Fantasy. It will have synergy effect with the Energizing Kowloon East initiative in facilitating the transformation of Kowloon East and promoting the long-term economic development of Hong Kong.
- The unique context of Kai Tak Fantasy calls for an integrated approach in quality planning and urban design to optimise its potential for a world-class harbour-front development. In the quest for design excellence and on the basis of the agreed land uses and development parameters, the EKEO will organise an international idea competition to generate original concepts, master planning, urban design layouts and proposals for Kai Tak Fantasy. The EKEO will consult the public on the entries for the competition and take into account the designs and concepts of the winning entries. We will carry out planning and engineering study and relevant statutory procedures before implementing the recommendations.
- The EKEO will continue to adopt the visionary place-making approach to push ahead the Energizing Kowloon East initiative. It will continue to carry out community engagement activities, urban improvement works and place-making projects, update the Conceptual Master Plan, initiate studies and provide one-stop service for the implementation of both private and public sector projects so as to speed up the transformation of Kowloon East.

### **Enhancing Land Supply Strategy**

- The Financial Secretary has stressed in the 2013-14 Budget that the Government is determined to continue to increase land supply and create a land reserve. In addition, more resources and manpower will be allocated to expedite the supply of land and the launch of land development projects.
- We will apply for funding to carry out studies and design work in the

coming five years and progressively roll out the land development projects relating to reclamation outside Victoria Harbour on an appropriate scale and the development of caverns.

- To increase land supply and build up land reserve, we will select suitable sites and press ahead with reclamation outside Victoria Harbour while endeavouring to keep the impact on the community, environment and marine ecology to a minimum. The strategy will also facilitate the disposal of public fill generated from redevelopment, infrastructure projects and building works, and the contaminated sediments from fairway dredging.
- In Stage 2 Public Engagement Exercise on Enhancing Land Supply Strategy, we have put forward five near-shore reclamation sites for land reserve and other uses. They are Lung Kwu Tan, Ma Liu Shui, Siu Ho Wan, Sunny Bay and Tsing Yi Southwest, with a total area of about 600 hectares. We believe that the central waters between Hong Kong Island and Lantau Island has potential for building artificial islands on a larger scale. Subject to the availability of an efficient transport system, these artificial islands will become new development areas in the expansion of the urban area in the long term. The total area of the near-shore reclamation sites and artificial islands is about 2 000 to 3 000 hectares.
- As regards cavern development, we are examining the possibility of relocating suitable existing government facilities to caverns so as to release land for alternative uses and to improve the living environment in the area. The Feasibility Study on Relocation of Sha Tin Sewage Treatment Works to Caverns was launched by the Drainage Services Department in May 2012, while the Study on Long-term Strategy for Cavern Development was carried out by the Civil Engineering and Development Department in September 2012. Besides, we will also consult the public during Stage 2 Public Engagement Exercise on a pilot scheme to relocate other three facilities to caverns, namely the Diamond Hill Fresh Water and Salt Water Service Reservoirs, Sai Kung Sewage Treatment Works and Sham Tseng Sewage Treatment Works.
- We plan to seek funding approval from LegCo after Stage 2 Public Engagement Exercise for conducting detailed technical studies on the potential sites for reclamation and cavern development.
- We will further explore the potential of developing underground spaces in the urban areas. This includes studying the possibility of

linking up the underground spaces of existing or planned buildings and facilities in the urban areas. Pilot sites will be identified for further study and public consultation.

- The Finance Committee of LegCo approved a funding of \$790.5 million in mid-2011 to purchase and convert an industrial building for relocating the Water Supplies Department (WSD) Mongkok office. Over the past year or so, we have strived to identify a suitable industrial building in the New Territories West for the relocation of the WSD Mongkok office. However, since no suitable option is available, we have given up the plan of purchasing an industrial building. In view of this, we have reserved a government site in Tin Shui Wai for the construction of a new building, so that the WSD Mongkok office can be relocated and the site vacated at an early date to improve the environment and traffic in the district. Our target is to complete the construction of the new building by the end of 2017 for the relocation of the WSD Mongkok office so as to implement improvement plans for the Mongkok district as soon as possible.

### **Building a Safe City**

- The portfolios of the departments under the DEVB cover several areas of public safety. We will maintain a high degree of vigilance and enhance our efforts in the following areas.

### Water Supply and Water Leakage

- The Total Water Management Strategy was promulgated in 2008. It puts emphasis on firstly containing the growth of water demand through conservation while the Government will strengthen water supply management.
- In the area of water conservation, the WSD completed the Domestic Water Consumption Survey last year and formulated the following four core water conservation measures based on the public's consumption patterns, namely:
  - (1) To set up a temporary Water Resources Education Centre, which was officially opened in March 2013;
  - (2) To launch a "Let's Save 10L Water" Campaign;
  - (3) To organise the "Save Water, Cherish the World" roving exhibition; and
  - (4) To publish water saving tips.



- We have also established a technical standard for water saving devices and have been implementing the voluntary Water Efficiency Labelling Scheme for various plumbing fixtures and appliances to inform consumers of their water consumption and water efficiency. At present, the scheme covers showers for bathing, water taps, washing machines and urinal equipment. We are carrying out studies to extend it to cover flow controllers.
- We will adopt a multi-pronged approach in handling water mains bursts and leakage, including identification of burst-prone water mains by leakage detection, and implementation of the R&R Programme as well as water pressure management. These works have yielded positive results, with the number of water mains burst incidents dropping from a peak of about 2 500 in 2000-01 to 243 in 2012-13 (up to February 2013). The WSD has completed about two-thirds of the R&R Programme since its launch in 2000 and anticipates to complete the whole programme by 2015. The WSD is planning the way forward for the next phase of the programme after 2015.
- Furthermore, to ensure that Hong Kong can have a stable water supply to cope with the demand for fresh water and other uncertainties (such as acute climate changes and low rainfall), we commissioned a two-year planning and investigation study of desalination plant at Tseung Kwan O in December 2012. The study will ascertain the feasibility and cost effectiveness of constructing a desalination plant at Tseung Kwan O Area 137, plan and formulate implementation strategy and timetable.

### Flood Prevention

- A number of flood prevention projects were completed and commenced in 2012, including the completion of the Hong Kong West Drainage Tunnel and Lai Chi Kok Drainage Tunnel in August and October 2012 respectively. In January 2012, we commenced the review studies of the Drainage Master Plans in East Kowloon and West Kowloon. We also commenced, in September 2012, the construction of the underground stormwater storage tank beneath the Happy Valley Recreation Ground in the middle of the Happy Valley Racecourse.
- We will complete the construction of the Tsuen Wan Drainage Tunnel in the second quarter of 2013 and commence the review studies of the

Drainage Master Plans in Sha Tin, Sai Kung and Tai Po. Besides, we will also commence a study to assess the risk level of rivers in rural catchment areas and develop flood warning systems for flood-prone rivers.

### Slope Safety

- Under the Landslip Prevention and Mitigation Programme launched in 2010, we have systematically implemented landslide risk mitigation measures for natural hillsides which will affect urban development or important transport corridors. We have also conducted various studies and implemented necessary risk mitigation measures for 50 natural hillsides. In 2013, we plan to upgrade 150 government man-made slopes; carry out safety-screening studies on 100 private man-made slopes; and conduct studies and implement necessary risk mitigation measures for 30 natural hillsides. In addition, design and construction guidelines on risk mitigation measures for natural hillsides will be developed, so that the industry can apply the latest knowledge when carrying out design and construction works in this new area.
- Under the programme, we will carry out landscaping works alongside stabilisation works for man-made slopes and risk mitigation measures for natural hillsides. Vegetation cover will be used as far as possible to make the appearance of slopes and hillsides more natural and blend with their immediate surroundings. We will, on average, plant about 300 000 vegetations each year.

### Lift Safety

- The Lifts and Escalators Ordinance (the Ordinance), enacted in April 2012, with major provisions came into full operation in December 2012, aims to enhance the safety of lifts and escalators in Hong Kong.
- The Ordinance introduces a series of enhanced regulatory measures against registered contractors. It clearly stipulates the obligations of registered contractors including their responsibility to carry out lift maintenance works properly and safely; increases the maximum fine from HK\$10,000 to HK\$200,000; introduces a registration renewal system under which registered contractors are required to renew their registration every five years; and empowers the Registrar to cancel or suspend the registration of registered contractors pursuant to the Ordinance.

- Following the incident at King’s Road, North Point in early March in which all the ropes of a lift snapped, the Director of Electrical and Mechanical Services (DEMS), being the Registrar under the Ordinance, served a written notice of intention on Shineford Engineering Limited (Shineford) on 18 March, informing Shineford that the DEMS would suspend its registration as a registered lift contractor for six months. In addition, the DEMS does not rule out taking further legal action against persons found to have contravened the Ordinance.
- We welcome the decision made by the DEMS, which demonstrates not only the Government’s determination and ability to regulate lift safety but also the effectiveness of the Ordinance in facilitating the law enforcement departments to carry out regulatory work efficiently.
- The Electrical and Mechanical Services Department (EMSD) will vigorously enforce the Ordinance to further enhance the safety of more than 60 000 lifts in Hong Kong. In addition, the EMSD will review the existing monitoring mechanism, including examining whether more inspections should be conducted for lifts maintained by registered contractors with relatively low performance ratings under the “Registered Lift Contractors’ Performance Rating” mechanism.
- The EMSD will strengthen its support to the relevant responsible persons and its public education on lift safety. Initiatives include a review on the existing “Registered Lift Contractors’ Performance Rating” mechanism to facilitate lift owners or their property management companies to choose the right maintenance contractors.
- The Government will in due course set up a Lift and Escalator Safety Advisory Committee with members comprising both the representatives of the trade as well as individuals and organisations outside the trade, such as property management companies and the Consumer Council. We will solicit views from various sectors of the community to ensure public safety in the use of lifts and escalators.

### Tree Safety

- The Greening and Landscape Office (GLO) and the Tree Management Office (TMO) under the Greening, Landscape and Tree Management Section are actively promoting greening with due emphasis on protection of public safety as a priority consideration. The GLO continues to develop greening guidelines and best practices

so as to enhance the quality of landscape design. The topics under study this year include the continuous development of the integrated landscape design framework; formulation of standards, guidelines and best practices related to greening, landscape planning and design; and provision of input in the greening and landscape aspect of strategic government infrastructure projects.

- The TMO has continuously updated the guidelines for tree risk assessment and management, having regard to the experience of tree risk assessment work in previous years. The newly revised guidelines were promulgated in December 2012 and a new round of tree risk assessment by the tree management departments has started. The TMO 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 strive to raise the professional standard of tree management, seek experts' views and enhance the care of Old and Valuable Trees. We will also continue with our efforts to foster a culture of tree care in our community and enhance people's knowledge through different channels and encourage community surveillance of trees.

### **Heritage Conservation**

- The Government is pressing ahead with the conservation of historic buildings. We have launched a number of revitalisation projects for historic buildings under a diversified approach, which has helped not only preserve historic buildings and enhance the urban cultural landscape, but also brought much benefit to local economy.
- Good progress has been made for the various revitalisation projects launched by our Bureau in recent years. Four of the six projects under Batch I of the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme) have commenced operation, including the Former North Kowloon Magistracy, Old Tai O Police Station, Lui Seng Chun and Phase One of the Former Lai Chi Kok Hospital project, which are all well-received by the public. The remaining two projects (namely the revitalisation of Mei Ho House into a youth hostel, and the revitalisation of Fong Yuen Study Hall into a Tourism and Chinese Cultural Centre cum Ma Wan Residents Museum) and Phase Two of the Former Lai Chi Kok Hospital project will also start operation in 2013.
- As regards the three projects under Batch II of the Revitalisation

Scheme, including the revitalisation of the Old Tai Po Police Station into a landmark for the promotion of sustainable living and conservation, the revitalisation of the Blue House Cluster in Wan Chai to provide diversified community services, and the revitalisation of Stone Houses at Hau Wong Temple New Village in Kowloon City into a themed cafeteria-cum-visitor information centre, renovation works for the Stone Houses project have already commenced in late 2012. Works for the remaining two projects (namely the Old Tai Po Police Station and the Blue House Cluster) will also commence in early 2013. The completion of works and commencement of operation of the revitalised sites will provide the public with an opportunity to appreciate and use the historic buildings. This will not only enhance their awareness of heritage conservation and revitalisation but also enable them to cherish historic buildings even more in future.

- We announced the selection results for Batch III of the Revitalisation Scheme including King Yin Lei, Haw Par Mansion, Bridges Street Market and the Former Fanling Magistracy on 21 February 2013. Haw Par Mansion will be converted by the Aw Boon Haw Foundation into the Haw Par Music Farm for providing training in Chinese and Western music as well as social outreach activities for the public. The Bridges Street Market will be revitalised by the Journalism Education Foundation Hong Kong Limited into the Hong Kong News-Expo, while the Former Fanling Magistracy will be revitalised as the Hong Kong Institute of Leadership Development by the Hong Kong Federation of Youth Groups. The DEVB will take follow-up action and provide co-ordination on the three selected projects, including assisting selected organisations to complete the detailed design of their projects and pre-construction preparatory work at an early date, as well as seeking funding approval from LegCo for individual projects. As regards King Yin Lei, we have accepted the recommendation of the Advisory Committee on Revitalisation of Historic Buildings in not choosing any applicants as partners, but will invite application again in due course to identify the right partner and use for this historic building.
- The Central Police Station Compound will be revitalised as a centre for heritage, art and leisure. Revitalisation works have already commenced in late 2011 and are expected to be completed by the end of 2015.
- As for the project to transform the former Police Married Quarters on Hollywood Road into “PMQ” by the DEVB in collaboration with the

Architectural Services Department and the Musketeers Foundation, funding application was approved by the Finance Committee of LegCo on 8 July 2011. Project works have already commenced in early 2012 for completion by the end of 2013. We expect that the revitalized facility will come into operation in the first quarter of 2014.

- We strive to strike a balance between the need to respect private property rights and the need to preserve our heritage. The DEVB 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 preservation-cum-development projects) to encourage and facilitate the preservation of historic buildings under their ownership.
- In addition, the Chief Executive has announced in the 2013 Policy Address that, in light of the experience gained over the past few years, we need to review the policy on the conservation of privately-owned historic buildings. This will include formulating a set of more detailed mechanism and criteria for determining the extent and means to use public resources for the conservation of privately-owned historic buildings, and studying whether there is a need to enhance conservation of such buildings in the context of town planning. We will also examine whether the setting up of a heritage trust will help in the conservation of privately-owned historic buildings and if so, the feasibility of setting up a trust in the context of Hong Kong. We have invited the Antiquities Advisory Board (AAB) to take part in the policy review and make recommendations on the scope, detailed content and mode of the review, set the timetable and canvass the views of stakeholders and the public. We hope that the AAB will work on the consultation paper by the end of this year and carry out public consultation in conjunction with the DEVB.

## **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, 10 April 2013**

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 210 written questions from Members accounting for the use of resources under the purview of Planning and Lands. We are here to respond to any further questions that Members may wish to raise.
- My 2013-14 Recurrent Expenditure on Planning and Lands is \$4,081.79 million, representing an increase of \$194.3 million (5%) compared with the revised estimate of \$3,887.5 million for 2012-13. The additional resources are mainly for the work relating to increasing housing and office land supply and undertaking planning enforcement against unauthorised developments under the Town Planning Ordinance.
- In 2013-14, there will be an increase of 135 civil service posts. The number of civil service directorate posts remains unchanged.
- Now I would like to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

**Land Supply**

- The Government will continue to adopt a multi-pronged approach to increase land supply in the short, medium and long term through optimal use of developed land and identification of new land for development, to meet the housing and other development needs of Hong Kong.

*Increasing Supply of Housing Land in the Short to Medium Term*

- The ten initiatives put forward in the 2013 Policy Address will help

increase the supply of housing land in the short to medium term. They include the conversion of 36 Government, Institution or Community (G/IC) and other Government sites, 13 devegetated, deserted or formed Green Belt sites, and 16 industrial sites to residential use; increasing the development density of residential sites as far as allowable in planning terms; taking forward the planning for residential development at West Rail Kam Sheung Road Station and Pat Heung Maintenance Depot, etc.

- The objective of the ten initiatives is to increase and expedite land supply so as to enhance the supply of housing. Seven of them already will make available over 300 hectares (ha) of land for housing based on known developments if they are all implemented. Indeed, as a result of our all-out efforts to enhance the short to medium-term housing land supply, we have included in the 2013-14 Land Sale Programme 46 residential sites, including 28 new sites.

#### *Long-term Land Supply*

- Creating new land is an essential source of land supply in the long term. The Government is determined to develop new land extensively so that land can be used to meet future demand in a timely manner. Therefore, we will expeditiously take forward a series of long-term land supply projects, including the North East New Territories New Development Areas (NDAs), Hung Shui Kiu NDA, development of New Territories North, review of deserted agricultural land in North District and Yuen Long, development of Lantau Island, reclamation on an appropriate scale outside Victoria Harbour, and rock cavern and underground space development.

#### *North East New Territories New Development Areas (NENT NDAs)*

- Based on the Recommended Outline Development Plans announced in the Stage 3 Public Engagement exercise in June 2012, the NENT NDAs could provide 533 ha of developable land, including 150 ha of housing land to provide some 53 800 residential units. In response to the public comments received, we are considering appropriately increasing the development intensity, increasing the proportion of public housing to over half, identifying sites for new Home Ownership Scheme developments and taking forward, as appropriate, the “Hong Kong property for Hong Kong people” measure for suitable private housing sites. Land for housing development in the NDA will be available in 2019 at the earliest. We plan to publish the



report on the Stage 3 Public Engagement around the middle of this year.

#### *Hung Shui Kiu New Development Area (HSK NDA)*

- For HSK NDA, various preliminary land use options have been formulated and technical assessments are being conducted with a view to deriving a Preliminary Outline Development Plan for the next stage of Community Engagement exercise to be conducted in the third quarter of 2013. Land in the NDA is expected to be available for development from 2021 onwards.

#### *Developing the New Territories North*

- As mentioned in the 2013 Policy Address, a planning study will be undertaken by the Planning Department to identify further development opportunities in the New Territories North, with a view to developing a modern new town there of a similar scale as the Fanling/Sheung Shui New Town.

#### *Increasing Supply of Commercial Land*

- Apart from housing land, the Government is also committed to increasing the supply of commercial land to facilitate the further development of different economic activities in Hong Kong. To this end, we shall expedite the development of the Kowloon East core business district, and are considering speeding up the release of two clusters of government sites for commercial development in Kowloon East. THB will also discuss with the Airport Authority Hong Kong ways to accelerate the development of the North Commercial District on Chek Lap Kok Airport Island.
- Relocation of government departments from the Central Business District (CBD) could also release more office space to the market. For instance, we are now proceeding with the relocation of departments in the three government office buildings at the Wan Chai waterfront. The Department of Justice also plans to relocate to the former Central Government Offices in 2015, vacating its existing offices for use by other departments currently occupying commercial office premises in Central and Admiralty, thereby releasing more CBD office space to the market.
- I have mentioned the reclamation on an appropriate scale outside

Victoria Harbour, and rock cavern and underground space development in the last session. I will not repeat the projects here.

### *Land Sale Arrangement*

- The Government has been optimising the land sale arrangements and has resumed Government-initiated Sale Mechanism since 2010 to proactively supply government land to the market. Among the 51 residential sites sold or to be sold in 2011-12 and 2012-13, 48 (over 90%) sites were initiated by the Government and only three were triggered by developers.
- The Government has effectively resumed the lead in supplying government land since resuming the Government-initiated Sale Mechanism while retaining the Application Mechanism. However, to address lingering concerns in the community over government land supply should developers choose not to trigger sites for sale under the Application Mechanism, the Government has decided to abolish the Application Mechanism from 2013-14.
- The Government includes in the Land Sale Programme sites that it anticipates can be made available for sale in the year, and will continue to announce in advance on quarterly basis the land sale programme, providing transparency and certainty for the market.
- The Government plans to initiate the sale of all the sites in the Land Sale Programme, subject to the outcome of the necessary planning procedures for the relevant sites, to increase land supply to the greatest extent.

### *2013-14 Land Sale Programme and Sites to Be Sold in April-June 2013*

- The 2013-14 Land Sale Programme comprises 46 residential sites capable of providing about 13 600 flats, nine commercial/business sites and one hotel site which could provide about 330 000 square metres gross floor area and 300 hotel rooms respectively. Out of the 46 residential sites, 28 are new sites.
- In April to June 2013, the Government will tender seven residential sites, which could provide about 2 400 flats in total. Coupled with the West Rail property development project at Long Ping Station (South) (about 720 flats) planned to be tendered in the same quarter, the eight residential sites could produce about 3 100 flats.

- In addition, one commercial site in Ma On Shan and the Murray Building hotel site situated in Central on Hong Kong Island will be tendered in the same quarter to meet the market demand. They could provide about 15 000 square metres of commercial gross floor area and 300 hotel rooms respectively.
- We would like to reiterate the Government's firm commitment to increasing land supply, and will continue to adopt a multi-pronged approach to develop land resources actively and build up a land reserve. For land with potential for development, we will review and assess its development feasibility as soon as possible. When a plot of land is ready for development, we will make appropriate arrangements, such as allocating it for public housing development, land sale, or other uses.

## **Urban Renewal**

### *“Pilot scheme” for redevelopment of industrial buildings*

- In his 2012-13 Budget, the FS invited the Urban Renewal Authority (URA) to launch redevelopment projects of industrial buildings in the form of a pilot scheme to provide a new impetus to our work on the revitalisation of industrial buildings. The URA has since commenced two industrial building redevelopment projects. We shall review the effectiveness of the pilot scheme before deciding on the level of long-term commitment of the URA on the redevelopment of industrial buildings.

### *Implementation of the new Urban Renewal Strategy (URS)*

- All the key initiatives under the new Urban Renewal Strategy promulgated on 24 February 2011 have been progressing well –
  - (i) “Demand-led” scheme and “facilitator” scheme

The URA launched the “Demand-led Redevelopment Project Pilot Scheme” in July 2011 which has been well received. So far, three projects under the “demand-led” Scheme have been commenced. To address the aspirations of property owners and speed up the pace of urban renewal, the Chief Executive has called upon the URA in his 2013 Policy Address to forge ahead

with its “demand-led” redevelopment scheme. The URA is expected to select more suitable “demand-led” projects for implementation in 2013-14;

The URA has set up a dedicated Urban Redevelopment Facilitating Services Company Limited to render facilitation service since 2011.

(ii) “Flat for Flat” scheme at Kai Tak

The site at the Kai Tak Development earmarked to facilitate early implementation of the URA’s “Flat-for-Flat” Scheme was handed over to the URA in July 2012. Construction is in progress. The flats are expected to be ready for occupation in 2016.

(iii) Kowloon City District Urban Renewal Forum

The first District Urban Renewal Forum (DURF), set up in Kowloon City in 2011 to advise the Government on a holistic and integrated approach to renewal of the Kowloon City district, has just completed its Stage One public engagement programme based on a draft renewal plan prepared with the support of a planning consultant. It is now refining the draft plan for Stage Two public engagement, taking into account public views received and the social impact assessment study findings. The district urban renewal plan for Kowloon City recommended by Kowloon City DURF is expected to be ready in 2013.

(iv) “Urban Renewal Trust Fund”

The \$500 million independent Urban Renewal Trust Fund was set up in 2011. New service contracts for the social service teams providing assistance and advice to residents affected by URA-implemented redevelopment projects were issued under the Trust Fund in 2012. A new Urban Renewal Heritage Preservation and District Revitalisation Funding Scheme to provide support to urban renewal preservation and revitalisation projects proposed by the community was also launched under the Trust Fund in end 2012.

## **Building Safety**

- To further enhance building safety in Hong Kong, we have adopted a multi-pronged package of measures since 2010, covering legislation, enforcement, support and assistance to owners, as well as publicity and public education.
- Over the past year, a number of important legislative proposals to enhance building safety have been enacted and put into force. I would like to take this opportunity to thank the Legislative Council for its support. The Buildings Legislation (Amendment) Ordinance 2012 was enacted in July 2012, introducing a number of measures to enhance building safety including, inter alia, enabling the Buildings Department (BD) to apply for court warrant for gaining entry into individual premises for inspection and enforcement action. In addition, the Building (Minor Works) (Amendment) Regulation 2012, which came into effect on 3 October 2012, has included building works associated with subdivided flats under the Minor Works Control System.
- We are planning to introduce the Signboard Control System (SBCS) in 2013 to enhance the safety of existing unauthorised signboards. The details of the SBCS will be set out in a subsidiary legislation to be tabled at the Legislative Council.
- The Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme were fully implemented on 30 June 2012 to help tackle the problem of building neglect at source. The BD will continue to implement a series of publicity measures in the community to enhance public awareness of the two schemes. The Hong Kong Housing Society and the URA will also provide financial and technical assistance to the owners of target buildings.
- On the enforcement front, with respect to the revised enforcement strategy in 2011, the BD will continue its large scale operations (LSOs) on dilapidated buildings as well as unauthorised building works (UBWs). At the same time, the BD will continue its LSO on UBWs associated with sub-divided flats. In 2012, the BD had issued a total of 12 292 removal orders against UBWs and 811 repair orders and investigation orders in relation to dilapidated buildings. During the same year, 2 104 prosecutions had been instigated against failure to comply with removal orders.

### *UBWs in New Territories Exempted Houses (NTEHs)*

- Since last April, BD has put into force the enhanced enforcement policy against UBWs in NTEHs. Over the past one year, BD has completed surveys in nine villages, covering a total of 2 400 NTEHs. It has issued 122 removal orders against the First Round Target unauthorised structures found from the surveys. BD will continue to implement the policy in order to ensure building safety and to prevent the spread of unauthorised building works.
- As at the deadline on 31 December 2012, BD has received over 18 000 reports under the Reporting Scheme for UBWs in NTEHs, involving some 35 000 different UBWs. BD is processing the reports and the relevant safety certifications. BD will also analyse the information collected and conduct safety assessment on the different types of UBWs, with a view to formulating an appropriate strategy for follow-up.

### *“Operation Building Bright” (OBB)*

- Since the launch of the OBB in May 2009 up to the end of February 2013, it has so far subsidised owners of about 1 995 old buildings to carry out repair works and created over 36 700 job opportunities. We estimate that the \$3.5 billion funding of the OBB will be able to provide assistance to more than 3 100 buildings aged 30 years or above and create more than 60 000 job opportunities related to the construction industry.

### *Approval of building plans*

- In support of Government’s effort to increase housing land supply, the BD will enhance its manpower in the New Buildings Division to increase the efficiency of the approval of building plans and related application.

### *Resources*

- The BD will be allocated additional resources to complement its work on different fronts. In the coming financial year, the total amount of resources to be allocated to the BD is around \$1.1 billion representing a rise of 9.2% over the revised estimate for 2012-13. The number of civil service posts in the establishment will increase by more than 80,

representing a rise of nearly 7%.

## **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 Constitutional and Mainland Affairs  
at the Special Meeting of the Finance Committee  
on Wednesday, 10 April 2013**

Chairman,

I wish to brief Members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau (“CMAB”) in 2013-14.

**I. Estimates of Expenditure of CMAB**

2. In 2013-14, CMAB is allocated \$500.1 million, which is \$45.8 million (about 10.1%) higher than the revised estimates for 2012-13.

3. The estimated increase mainly caters for the provision of funding for the following items –

- (a) conducting a survey to collect information related to Hong Kong residents in the Mainland;
- (b) enhancing the functions of the Mainland Offices;
- (c) conducting public consultation on the electoral methods for the Chief Executive (“CE”) election in 2017 and the Legislative Council (“LegCo”) election in 2016 at an appropriate juncture;
- (d) enhancing the promotion of human rights; and
- (e) increasing subvention to implement the new provisions introduced under the Personal Data (Privacy) (Amendment) Ordinance 2012.

**II. Electoral Arrangements**

Constitutional Development

4. As mentioned by the CE in his 2013 Policy Address, the Administration will launch a comprehensive consultation on the electoral



methods for the CE election in 2017 and the LegCo election in 2016 and initiate the constitutional procedures at an appropriate juncture. In this regard, we will make preparation in 2013-14 for the public consultation on the two electoral methods for 2016 and 2017. For budgetary purposes, we have set aside about \$7.3 million (excluding staff cost) and plan to create six time-limited posts for the public consultation exercise when it is launched.

### District Council Seats

5. The District Councils (Amendment) Bill 2013 (“the Amendment Bill”) was introduced into the LegCo in February this year for the implementation of the abolition of all District Council (“DC”) appointed seats from 1 January 2016. The LegCo has formed a Bills Committee to scrutinise the Amendment Bill.

6. We are conducting a review on the number of elected seats for the fifth-term DCs. We will consult the LegCo Panel on Constitutional Affairs and the DCs later. If any change to the number of DC elected seats is required after the review, we will amend the relevant subsidiary legislation to reflect the outcome of the review.

### 2013 Voter Registration

7. The Registration and Electoral Office (“REO”) will strengthen the publicity efforts to encourage eligible persons to register as electors, and remind registered electors to update their registration particulars. The REO will also continue to implement checking measures to ensure the accuracy of the registered particulars of electors as far as practicable.

## **III. Rights of the Individual**

8. In 2013-14, the estimated total provision in human rights under the Bureau, including subventions to the Equal Opportunities Commission (“EOC”) and the Office of the Privacy Commissioner for Personal Data (“PCPD”), amounts to \$177.6 million. This represents an increase of \$2.9 million when compared with the revised estimates for 2012-13 at \$174.7 million.

### Promotion of Rights of People of Different Sexual Orientation

9. In the aspect of promotion of equal opportunities of sexual minorities, we will strengthen the promotion of equal opportunities for people of

different sexual orientations and transgendered persons through public education and publicity, including increasing the provision for the Equal Opportunities (Sexual Orientation) Funding Scheme to support more community projects, promoting the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation to different levels of management in public and private sector organisations, and promoting the message concerned through a variety of channels. We will also study relevant legislative and administrative measures adopted by overseas jurisdictions, and are planning to establish a new platform to exchange views with different stakeholders on this issue.

#### Promotion of Children's Rights

10. In 2013-14, we have earmarked about \$2.15 million for implementing programmes for enhancing children's rights promotion, which constitutes an increase of about 17% when compared with the 2012-13 revised estimates.

#### EOC and PCPD

11. The EOC continues to be responsible for the implementation of the four anti-discrimination ordinances. The total subvention for the EOC in 2013-14 is \$94.2 million. The PCPD continues to enforce the Personal Data (Privacy) Ordinance, including all the provisions of the Personal Data (Privacy) (Amendment) Ordinance 2012 which have come into full operation since 1 April 2013. We will work closely with the PCPD to ensure the smooth implementation of the new provisions. The total subvention for the PCPD in 2013-14 is \$63.4 million.

### **IV. Mainland Affairs and Co-operation with Taiwan**

12. In 2013-14, the financial provision under Programme (3) for the Mainland and Taiwan Offices is \$203.3 million, representing an increase of 15.2% when compared with the revised estimates for 2012-13. This mainly covers the increased provisions for enhancing the functions of the Mainland Offices.

#### Setting up more Mainland offices

13. The 2013 Policy Address has proposed to set up a Hong Kong Economic and Trade Office ("ETO") in Wuhan. We will actively take forward the relevant preparatory work and plan for the Wuhan ETO to commence operation in 2014. Furthermore, we will study the feasibility of

setting up liaison units in other Mainland cities.

#### Enhancing the Functions of the Mainland offices

14. We will co-ordinate the implementation of a series of initiatives to enhance the functions of the Mainland Offices, which include strengthening liaison with Hong Kong residents and groups in the Mainland and providing them with information and assistance as far as possible; establishing an Immigration Division in the Chengdu ETO in collaboration with the relevant bureau and department to provide more timely assistance to Hong Kong residents in distress in the Mainland; stepping up policy research efforts to facilitate Hong Kong residents and enterprises to seize the development opportunities, as well as stepping up the collection of aggregate data on Hong Kong residents in the Mainland and gauging their situation and service needs through different means; and enhancing communication and publicity targeted at different sectors in the Mainland with a view to promoting the strengths of Hong Kong and fostering mutual understanding and respect between Hong Kong and the Mainland.

#### Regional Co-operation

15. The Hong Kong Special Administrative Region (“HKSAR”) will continue to deepen regional co-operation with the Mainland, targeting in particular at Guangdong, Beijing, Shanghai, the Chengdu-Chongqing Economic Zone, the Economic Zone on the West Coast of the Taiwan Strait and other provinces and regions in the Pan-Pearl River Delta Region.

#### Qianhai and Nansha Development

16. For the development of Qianhai and Nansha, the HKSAR Government will continue to maintain close contact with relevant ministries of the Central Government, Guangdong and Shenzhen to reflect views of Hong Kong industries when the respective authorities compile implementation measures of the Qianhai Policies and supporting policies for the implementation of the Nansha Development Plan, with a view to promoting the early introduction of policies and implementation details that would facilitate Hong Kong industries’ investments in Qianhai and Nansha. We will also bring the above to the attention of the upcoming Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland to encourage the industries’ active participation.

## Development of Hong Kong – Taiwan Relations

17. We will continue to make use of the communication platform between the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (“ECCPC”) and its Taiwan counterpart, the Taiwan-Hong Kong Economic and Cultural Co-operation Council (“THEC”), to take forward the new co-operation areas agreed at the Third Joint Meeting between ECCPC and THEC last year. Looking forward, we will continue to pursue with the Taiwan side co-operation on various fronts such as health and food safety, insurance supervision co-operation, and further strengthening the economic and trade relations between the two places.

### **V. Promoting the Basic Law**

18. We have continued to set aside, in 2013-14, about \$16 million for organising promotional activities to promote the public’s awareness and understanding of the Basic Law.

Constitutional and Mainland Affairs Bureau  
April 2013

**Presentation by Secretary for Commerce and Economic Development  
at the Special Meeting of the Finance Committee  
on Wednesday, 10 April 2013**

**Foreword**

- Chairman, I would like to set out the key matters within the policy areas of commerce, industry and tourism.

**Industry Policy**

- Echoing the direction for formulating a holistic industry policy as outlined in the Policy Address, the Budget points out that we must take advantage of the development of the Mainland market; expand and strengthen the competitiveness of our pillar industries; and support the development of new industries for a more diversified and solid economic base.
- The Economic Development Commission (EDC) led by the Chief Executive held its first meeting on 13 March. The four working groups underpinning the EDC will commence work accordingly.

**Intellectual Property**

- On intellectual property (IP), I am leading the Working Group on IP Trading which has just convened its first meeting. The Working Group would examine the overall strategies to promote the development of Hong Kong as an IP trading hub and the policy measures needed.
- In addition, the Government has conducted a comprehensive review on the positioning of Hong Kong's patent system, and is planning to introduce an "original grant" patent system to complement the efforts to develop Hong Kong into an innovation and technology hub and IP trading hub.

## **Support for SMEs**

- SMEs are the important pillar of Hong Kong's economy. This year, the Government will continue to provide support to SMEs in various aspects.

### Extending the application period of the special concessionary measures under SME Financing Guarantee Scheme (SFGS)

- First of all, the Hong Kong Mortgage Corporation Limited launched the special concessionary measures under its SFGS in May last year to provide 80% loan guarantee to enterprises at a concessionary fee rate. The Government has provided a total loan guarantee commitment of \$100 billion. The 2013-14 Budget has announced the extension of the application period of the special concessionary measures from end of February this year for one year up to end of February 2014 to continue to assist enterprises in obtaining loans in the commercial lending market.

### Raising the cumulative grant ceiling of SME Export Marketing Fund (EMF)

- In order to encourage SMEs to actively explore business opportunities in the export markets, we propose to raise the cumulative grant ceiling for each SME under the EMF from \$150,000 to \$200,000, subject to the meeting of relevant additional conditions. We will consult the Commerce and Industry Panel of Legislative Council (LegCo) and seek approval from the Finance Committee, with a view to implementing the proposal in June 2013.

### Strengthening support to SMEs on export credit insurance

- In addition, the Hong Kong Export Credit Insurance Corporation has introduced since 1 March 2013 a "Small Business Policy" scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million to provide more flexibility for exporters in taking out insurance cover. Within a period of two years from 1 March 2013, SBP holders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount.

### Dedicated Fund on Branding, Upgrading and Domestic Sales

- To assist Hong Kong enterprises in upgrading and restructuring their business and promoting domestic sales in the Mainland, we have launched a dedicated fund of \$1 billion in June 2012. 54 applications and 17 applications have been approved under the Enterprise Support Programme and Organisation Support Programme respectively and the total amount of funding approved is about \$81.9 million. In 2013-14, we will continue to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland through the dedicated fund.

### Setting up more Design Galleries

- To further assist Hong Kong enterprises particularly SMEs in exploring the Mainland market, Hong Kong Trade Development Council will set up more Design Galleries in Mainland cities other than Beijing and Guangzhou to offer platforms for Hong Kong enterprises to showcase their products.

### **Development of Tourism Infrastructure**

- On tourism, we will continue to invest in tourism infrastructure to sustain Hong Kong's position as an important tourism hub of Asia.
- Construction works of the Kai Tak Cruise Terminal are going ahead smoothly. The terminal building and the first berth will commence operation in June 2013. We will introduce the commissioning arrangements of the terminal to the Panel on Economic Development of LegCo in April.
- To support the commissioning of the terminal, we have provided additional resources for the Hong Kong Tourism Board (HKTB) to step up the promotion of cruise tourism in Hong Kong and the new terminal. The HKTB will encourage the travel trade to provide different shore excursion programmes and facilitate the development of new cruise itineraries.
- We will also continue to develop the two theme parks. The current expansion of the Hong Kong Disneyland (HKD) is nearing completion, with the opening of the last new themed area, Mystic Point, later this year. The HKD will launch a new night-time parade

and put in place a themed area featuring “Marvel heroes”. Meanwhile, the HKD is actively pursuing new hotel project.

- On the other hand, the Ocean Park will develop the Tai Shue Wan area into a new integrated theme zone with the main focus on an all-weather waterpark (the Project). The estimated capital cost of the Project is about \$2.3 billion and it is scheduled for completion in the second half of 2017. The Government will offer a \$2.3 billion loan to Ocean Park. Last month we briefed the Panel on Economic Development of LegCo about the project and the financing arrangement. We are planning to submit a funding proposal to the Finance Committee in May.
- Meanwhile, the re-tender of the Ocean Hotel is on-going. We will continue to work closely with the Ocean Park to ensure the smooth implementation of its hotel development.
- On the overall hotel supply, at the end of 2012, there were around 67 000 rooms. It is estimated that some 10 000 new hotel rooms will be provided in the coming two years. We also estimate that the total number of hotel rooms will reach 84 000 by the end of 2017.

### **Manpower of the Retail Industry**

- The retail industry is one of the main pillars of the Hong Kong’s economy. As manpower of the industry has become tighter, we have set up the Task Force on Manpower Development of the Retail Industry. The aim is to study the business outlook of the retail industry and review its manpower needs.

### **Authorised Economic Operator Programme**

- We attach great importance to efficient customs clearance of Hong Kong’s imports, exports and re-exports at home and outside Hong Kong. Beginning from 2013-14, the Customs and Excise Department will earmark dedicated resources to enhance the promotion of the Authorised Economic Operator Programme. It will encourage industry participation, and seek mutual recognition of similar programmes with other customs authorities. This will allow credible and competent local companies to enjoy prioritised clearance and less inspection both in Hong Kong and abroad.



## **Competition Ordinance**

- As regards the Competition Ordinance (the Ordinance), we are making preparations for the phased implementation of the Ordinance. Our first and foremost work is to establish the Competition Commission and the Competition Tribunal.

## **Conclusion**

- Chairman, I would be pleased to answer questions from Members.

**Presentation by Secretary for Commerce and Economic Development  
at the Special Meeting of the Finance Committee  
on Wednesday, 10 April 2013**

**Introduction**

- Chairperson, I will highlight the main points in the policy area of communications and technology.

**Broadcasting**

- On broadcasting, we will continue to promote the development of digital terrestrial television (DTT) and digital audio broadcasting (DAB) in Hong Kong. The two free TV licensees will continue to optimise their DTT network to bring the coverage on par with that of the analogue TV broadcasting by the end of this year. We will also continue to organise publicity campaigns to further boost up the DTT take-up rate as well as promote the DAB service.

**Telecommunications**

- On telecommunications, the second public consultation on the arrangements for the frequency spectrum upon expiry of the existing assignments for 3G mobile services in October 2016 is ongoing. The 3 1/2 month consultation period will come to an end tomorrow. We will analyse the views received carefully in order to map out the way forward.

**Creative Industries**

- The Budget mentioned that the Government will proactively provide appropriate support for emerging industries with the potential. Cultural and creative industries are one of these emerging industries, contributing nearly \$90 billion or 4.7% to local GDP in 2011. The number of persons engaged in cultural and creative industries exceeds 190 000. Cultural and creative industries are very important for Hong Kong's economy.

- We will continue to run the CreateSmart Initiative (CSI) and inject an additional \$300 million into the CSI so as to provide support for the trade to undertake programmes that nurture talents, expand markets, build brands, and stage large-scale creative events to develop Hong Kong into Asia's creative capital. We will seek funding approval from the Finance Committee later on. We have also launched the First Feature Film Initiative to support those filmmakers with no prior experience in directing commercial films to implement their first commercial film project.

### **Innovation and Technology**

- On innovation and technology, we will implement a number of new measures this year. The measures include –
  - (a) we will provide funding support to six universities engaging in technological research and development. Each of them will be provided with a maximum of \$4 million per annum for three years in order to enhance the universities' capabilities in technology transfer as well as commercialisation and realisation of research and development results;
  - (b) to enhance the funding support for the Partner State Key Laboratories (PSKLs) in Hong Kong by increasing the existing ceiling of \$2 million per annum to \$5 million per annum until 2015-16; and
  - (c) to provide funding support to the Hong Kong Branch of Chinese National Engineering Research Centre (CNERC). CNERC will be provided with a maximum of \$5 million per annum for three years in order to enhance its capabilities in conducting research projects.
- On hardware support, Phase 3 development of the Science Park will be completed in stages from 2014 to 2016 increasing the gross floor area by some 50%. The Hong Kong Science and Technology Parks Corporation would also continue to revitalise the three existing industrial estates, whilst exploring the feasibility of expanding the Yuen Long Industrial Estate to meet the long term development of the high-tech industry.

## **Testing and Certification**

- On promotion of testing and certification services, the Hong Kong Council for Testing and Certification (HKCTC) just completed a comprehensive review of the implementation progress of a three-year industry development plan in end March 2013, and proposed to Government a series of recommendations to support further development of the testing and certification industry. Government will later brief the Panel on Commerce and Industry of the Legislative Council on the details of HKCTC's review findings and recommendations.

## **Digital 21 Strategy**

- As regards information technology (IT), the estimated non-recurrent expenditure of the Government on computerisation in 2013-14 amounts to \$2.25 billion, which is 62% above the sum of \$1.39 billion in the previous financial year. The increased provision will help enhance public service and create new business opportunities for the IT industry.
- IT has been developing rapidly in Hong Kong over the past few years, adding impetus to the local economic and social development. In view of the technological advancement, we must continue to seize all opportunities. As such, we are conducting a comprehensive review on the Digital 21 Strategy so as to formulate a blueprint for IT development in Hong Kong to meet the evolving needs of the community.

## **International IT Fest 2013**

- We will hold the first International IT Fest in Hong Kong from 8th to 21st of this month. Featuring a variety of information and communications technology (ICT) events, International IT Fest 2013 will showcase Hong Kong's flourishing development as an IT hub.

## **Cloud Computing**

- Cloud computing is a major future development trend. We will invest more than \$200 million on the implementation of Government Cloud Platform (GovCloud) over the next five years. The first phase of GovCloud is expected to be rolled out by the end of this year to

enable more agile and cost-effective delivery of e-government services including electronic information management, human resource management and e-procurement.

- On the other hand, the one-stop InfoCloud portal we launched in January this year provides useful references for both cloud consumers and service providers, especially small and medium enterprises (SMEs) to facilitate their selection, management and provision of cloud services.

### **Enhancing ICT Adoption among SMEs**

- To assist SMEs in making good use of ICT, we will continue to work with the industry and professional bodies to implement the Sector-specific Programme. We are also exploring measures to facilitate the local industry to provide appropriate software and services to SMEs through the use of cloud computing, so as to enhance the adoption of IT among SMEs and facilitate the development of digital economy.
- Chairperson, my colleagues and I stand ready to answer questions from Members.

~ End ~

**Presentation by Secretary for Home Affairs  
at the Special Meeting of the Finance Committee  
on Wednesday, 10 April 2013**

Chairman,

The Home Affairs Bureau (HAB) is responsible for quite a diversified policy portfolio covering a total of seven Heads of Expenditure. Our priority areas with additional resources provided in the new financial year are as follows:

**Signature Projects Scheme**

2. To enhance district administration, the Administration has put forth the Signature Projects Scheme (SPS) and earmarked an allocation of \$100 million for each District Council (DC) to implement one or two SPS projects. The Home Affairs Department (HAD) has sought funding approval for the projects from the Legislative Council to finance preliminary work of individual SPS project. DCs may partner with relevant non-profit-making organisations, business organisations, statutory bodies or government departments to implement the SPS projects. DCs must monitor progress and evaluate the effectiveness of their SPS projects. HAD will closely monitor the implementation of SPS projects.

**Promotion of District Arts and Culture**

3. An additional sum of \$20.8 million per annum will be injected into the Community Involvement Fund starting from 2013-14. This would strengthen the support for District Councils (DCs) to promote arts and culture in 18 districts. DCs may use the additional funding, with the advice from the Leisure and Cultural Services Department (LCSD), to provide better planning and support for arts and cultural activities at the district level. This will help arts and culture to further take root in local communities.

**District Minor Works Programme**

4. The District Minor Works (DMW) Programme is one measure in district administration. By end of January 2013, more than 3 200 DMW

projects have been completed in 18 districts. The DMW Programme has not only improved the local environment, it has also provided job opportunities. We proposed and the Finance Committee of the Legislative Council has approved an increase of funding for the DMW Programme from \$320 million to \$340 million in 2013-14. This additional \$20 million will be used to pay consultancy and Resident Site Staff fees centrally. As a result, District Councils will have more resources at their disposal to carry out works projects.

### **Combating unlicensed guesthouses**

5. To ensure the safety of tourists and the public, the Office of the Licensing Authority (OLA) of HAD has adopted a multi-pronged approach including strengthening law enforcement action, enhancing deterrent effect and stepping up publicity to combat and raid unlicensed guesthouses. In 2012, the numbers of OLA's inspection, prosecution instituted and convicted cases increased remarkably, as compared with 2011. In 2013, the OLA will continue to spare no efforts to strengthen its enforcement action against unlicensed guesthouse activities, particularly those unlicensed guesthouses holding out their premises through the Internet. The OLA will also launch a new and extensive publicity programme to appeal to tourists to patronise licensed guesthouses.

### **Acquiring Artworks of Local Artists**

6. Regarding the promotion of arts development, the Government provides an additional funding of \$50 million in this year's Budget specifically for LCSD to acquire outstanding artworks by local artists for display in public museums, and to commission them to create artworks for exhibition under public art schemes. I believe these will help raise the profile of local visual artists and provide opportunities for young and budding artists to showcase their talent and build audience, thereby facilitating local arts development. To maintain flexibility, there is no time limit for the use of the funding. Regarding the acquisition of artworks for display in museums, LCSD will consult the expert advisors beforehand. The number of commissioned artworks from artists will depend on the form and design of the artworks. So far we have not prescribed fixed amounts for the acquisition of artworks for display in museums and commissioning artists for creating artworks.

## **Training for Arts Administrators**

7. The Government is committed to the grooming of arts administrators. Currently LCSD, the Hong Kong Arts Development Council (HKADC) and the Arts Capacity Development Funding Scheme under HAB also organize or subsidise a number of programmes to provide both local and overseas internship, training and further education opportunities. The Government plans to provide an additional funding of \$150 million to strengthen the training of arts administrators at various level of seniority over the next five years. We have sought the views of the Advisory Committee on Arts Development on this matter, and are formulating an overall plan in consultation with the relevant organisations.

## **Hong Kong Arts Development Council's arts space project at Wong Chuk Hang**

8. We will explore more arts space for young artists and budding arts groups. We have allocated additional resources to HKADC for converting units in an industrial building in Wong Chuk Hang into arts space. The converted units, which are expected to be ready in the second half of 2013, will be leased to arts workers as studios at a concessionary rent. The Government and HKADC will continue to identify venues suitable for converting into arts space for the use of young artists and budding arts groups.

## **Artspace @ Oil Street**

9. In addition, the renovation and conversion of the former Clubhouse of the Royal Hong Kong Yacht Club at Oil Street in North Point into a visual arts exhibition and activity centre is close to completion, and some parts of the centre are expected to open by the end of May this year. This new art space will become a platform for boosting creativity among artists, and help nurture young arts talents and promote public arts, as well as encouraging public participation in artistic creations.

## **West Kowloon Cultural District**

10. The statutory planning process of the West Kowloon Cultural District (WKCD) Development Plan was completed in early January this year. The West Kowloon Cultural District Authority (the Authority) is embarking on design competitions for various arts and cultural facilities so that construction works can start as soon as possible. Among these, the winning design team for the architectural design of the Xiqu Centre, the first



major arts and cultural facility in WKCD, has been selected; the selection of a design consultant for the Park and the M+ design competition are underway. With the funding approval of the Finance Committee in January this year, the Government has commenced the design and site investigation of government infrastructure works for their staged completion to tie in with the commissioning of the Phase 1 WKCD development. The West Kowloon Bamboo Theatre organized by the Authority during the Chinese New Year received overwhelming response, achieving a record of 100 000 participants. The Authority will continue to organize arts and cultural activities to build audience, and to promote the WKCD project in the international arena.

### **Cultural Exchanges**

11. Regarding the promotion of cultural exchanges and cooperation, we will further strengthen international cultural cooperation and cooperation with places in the vicinity, particularly with the Mainland and Taiwan, as well as with other Asian countries. Among our major external cultural exchange programmes this year will be the 8<sup>th</sup> Asia Cultural Co-operation Forum, which offers a platform for cultural officials across Asia to exchange their views on policies and experiences in promoting cultural and arts development. Meanwhile, the “Hong Kong Week” will be held again in Taipei this year to promote cultural exchanges between Taipei and Hong Kong.

### **Sports facilities**

12. To promote higher levels of sports participation in the community, we need to provide sufficient venues to allow people at all levels to have regular opportunities for practice, training and competition. When planning the development of sports facilities at the district level, we note that there is a shortage of public sports facilities, which we will strive to build more. Since 2007 (till February 2013), we have completed new facilities and upgraded existing facilities at a cost of over \$9 billion. Venue upgrading and new construction projects are currently underway, including the velodrome-cum-sports-centre in Tseung Kwan O which is expected to be completed within this year. In 2013, we intend to seek Legislative Council’s funding support of more than \$700 million for the construction of a sports centre in Area 4, Tsing Yi.

### **Multi-purpose Sports Complex at Kai Tak**

13. The Multi-purpose Sports Complex (MPSC) will alleviate Hong Kong’s shortage of sports venues. In January 2013, we invited initial,

non-binding expressions of interest from the private sector and other stakeholders with regard to the development of the MPSC at Kai Tak. We have received 42 submissions from different sectors, and will analyse the submissions and publish a report within this month. We shall commence the consultancy study to advise on detailed financial models for the procurement and financing of the MPSC shortly. It is our aim to confirm the MPSC's procurement and financing arrangements as soon as possible in preparation for the public tender process of the construction work.

14. This concludes my presentation. My colleagues and I will be glad to answer questions from Members. Thank you.

**Presentation by Secretary for Transport and Housing  
at the Special Meeting of the Finance Committee  
on Thursday, 11 April 2013**

Chairman,

I would like to brief Members on the Government's major initiatives on housing in the new financial year.

**(1) Supply of Public Rental Housing**

2. Our objective is to provide Public Rental Housing (PRH) to low-income families who cannot afford private rental accommodation. As at end-December last year, there were about 115 300 general applications on the Waiting List (WL) for PRH, and about 106 900 non-elderly one-person applications under the Quota and Points System. Starting from 1 April 2013, the WL income limit is on average 6% higher than that of last year.

3. The Hong Kong Housing Authority (HA) will construct about 79 000 PRH flats in the coming five years. The Government has also decided to increase the supply of PRH and we will adopt a production target of at least 100 000 PRH units in total for the five years starting from 2018. In addition, there is an average of about 7 000 flats recovered every year from surrender of flats by existing tenants as well as through enforcement actions against abuse of PRH resources. Including these recovered flats, there would be an average of some 22 000 flats available for allocation each year over the next five years.

**(2) Rent payment for PRH tenants for two months**

4. To help ease the burden of the grassroots, the Financial Secretary proposed to pay two months' rent for tenants living in the PRH units of the HA and the Hong Kong Housing Society (HKHS).

**(3) New HOS flats**

5. The Government has decided to resume the development of Home

Ownership Scheme (HOS). We will provide a total of some 17 000 HOS flats over the four years starting from 2016-17 and thereafter will provide an annual average of about 5 000 HOS flats. In end-March, the HA launched the sale of the remaining some 800 surplus HOS flats which were formerly built at a ratio of 60:40 for eligible Green Form and White Form (WF) applicants respectively.

#### **(4) HOS Secondary Market**

6. Prior to the completion of the first batch of new HOS flats, the HA has launched an interim scheme to allow 5 000 WF buyers each year to purchase HOS flats with premium not yet paid in the HOS secondary market. The successful applications will be announced by the HA in May 2013.

#### **(5) Subsidised Housing under the HKHS**

7. The HKHS has recently introduced Greenview Villa, which provides nearly 1 000 small and medium-sized flats to respond to the home ownership needs of low to medium-income households. The Government has also set aside a site in Sha Tin for the HKHS to develop a similar housing project, which is expected to provide some 700 flats.

#### **(6) Private Property Market**

8. As regards the private property market, we would adopt a multi-pronged approach to increase the housing land supply. As mentioned in the Budget speech, it was estimated that 24 000 first-hand residential property could be offered for sale this year<sup>1</sup>. As for the next three to four years, the figure would be 67 000<sup>2</sup>. The supply of the first-hand residential property would be the highest since September 2007.

9. As a result of the persistent low-interest rate environment and the influx of capital, the property market is irrationally exuberant and this is contrary to the economic fundamentals. To ensure the healthy and stable

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<sup>1</sup> This includes the then 12 000 uncompleted units for which we were speeding up the processing of their pre-sale consent applications, 8 000 uncompleted units ready for pre-sale and 4 000 unsold units in completed projects.

<sup>2</sup> This includes 4 000 completed but unsold flats, 48 000 flats which are under construction (net of the sold uncompleted flats) and 15 000 flats from disposed sites where construction work is ready to start.

development of the property market, the Financial Secretary announced the enhancement to the Special Stamp Duty and the introduction of the Buyer's Stamp Duty in October 2012. The Legislative Council is now scrutinizing the relevant Bill. In response to the market situation, the Financial Secretary announced another round of demand-side management measures in February this year, i.e. to increase the ad valorem stamp duty for residential and non-residential properties, and to advance the charging of ad valorem stamp duty on non-residential property transactions from the conveyance on sale to the agreement for sale. The Financial Services and the Treasury Bureau will submit the relevant Bill next week.

#### **(7) Long Term Housing Strategy**

10. The Long Term Housing Strategy Steering Committee is now assessing the housing needs of the community in the medium to long-term, to map out a housing supply strategy, and to ensure the optimal use of the existing land and housing resources. We will release the consultation document in around mid-2013 for public consultation.

#### **(8) Regulating the Sale of First-hand Residential Properties**

11. The new Ordinance on the regulation of the first-hand sales of residential properties will commence operation on 29 April 2013. The implementation of the Ordinance will help enhance the transparency and fairness of the sales of residential properties and consumer protection. The Sales of First-hand Residential Properties Authority set up early this month has issued guidelines, practice notes, etc on the Ordinance, while the Sales of First-hand Residential Properties Electronic Platform will be available for public access starting from the end of this month.

#### **Conclusion**

12. Chairman, my colleagues and I will be pleased to answer questions from Members.

**Transport and Housing Bureau  
April 2013**

**Presentation by Secretary for Transport and Housing  
at the Special Meeting of the Finance Committee  
on Thursday, 11 April 2013**

Honourable Chairperson,

Today, I would like to brief Members on our priority areas under the Transport portfolio in the new financial year.

2. Regarding major transport infrastructure projects, the construction works of the West Island Line, the South Island Line (East), the Kwun Tong Line Extension, Shatin to Central Link and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link are in progress. We expect them to be completed progressively from 2014 to 2020. With these new lines, areas inhabited by more than 70% of the population in Hong Kong will be brought into the railway catchment area.

3. As for the long-term railway development of Hong Kong, we are conducting the Stage 2 public engagement exercise for the Review and Update of the Railway Development Strategy 2000 to discuss the proposals of seven local enhancement schemes. Upon completion of the public engagement exercise, the consultants will consolidate the views collected at both stages of the exercise and carry out a comprehensive analysis. The entire study is expected to be completed within this year.

4. We are also pressing ahead with the related projects within Hong Kong of the Hong Kong-Zhuhai-Macao Bridge (HZMB), including the Hong Kong Boundary Crossing Facilities and the Hong Kong Link Road projects, and various local road infrastructure projects.

5. In accordance with the Operating Agreement signed in 2007, the Government is conducting a five-yearly review of the Fare Adjustment Mechanism with the MTRCL. The Government's objective is to enhance the coverage, with a view to incorporating service performance and profitability of the MTRCL, as well as public affordability as factors for consideration in the Fare Adjustment Mechanism. The review has come to the final stage.

6. On 8 February 2013, the Administration proceeded with a public consultation on proposed measures to improve the traffic distribution among the road harbour crossings. All three toll adjustment options aim to divert some traffic from the Cross Harbour Tunnel (CHT) to the Eastern Harbour Crossing (EHC). Overall speaking, the three options are forecast to bring about 30% to 40% queue reduction at CHT during rush hours, economic benefits ranging from \$520 million to \$560 million and improvement to air quality on the road.

7. On civil aviation, to cater for the increasing air traffic demand, the Government has given in-principle approval to adopt the three-runway system. The Airport Authority (AA) is carrying out the relevant planning work, including the Environmental Impact Assessment and scheme designs. The Government will make a final decision on whether to proceed with the three-runway system in due course. In the meantime, AA will continue to implement the midfield expansion project and conduct Scheme Design study on building another 10 remote aircraft parking stands to cope with air traffic demand in the medium term.

8. The Chief Executive has announced in the Policy Address to further develop Hong Kong as an international maritime centre, moving towards high value added maritime services. To meet this policy goal, the Financial Secretary proposes to designate \$100 million to establish a training fund for maritime and aviation transport, so as to sustain and expand various schemes and scholarships, and to implement other new initiatives, thus providing more talents for the industry. We will consult the industry and will submit funding application to the Finance Committee of the Legislative Council. The Administration is conducting the Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre, and the Study on the Strategic Development Plan for Hong Kong Port 2030 to update the port cargo forecasts and recommend how to make more efficient use of the existing port facilities. We are also undertaking the Preliminary Feasibility Study for developing Container Terminal 10 (CT10) at Southwest Tsing Yi. We will take into account the study results, the then global and local economic situation, the performance of the port sector, and the views of stakeholders to decide on the need for developing CT10.

9. On the logistics front, we just released the third logistics site in Tsing Yi for open tendering on 28 March. Besides, we have reserved 10 hectares of land in Tuen Mun West for the provision of high value added logistics services. We will conduct detailed traffic impact assessment on this

development proposal to ascertain its feasibility. We will also carry out district consultation on the assessment results.

10. Chairman, I would like to respond to the recent strike at the Kwai Chung Container Terminal. First of all, the Administration is deeply concerned about the incident. The Secretary for Labour and Welfare is actively conducting mediation to facilitate dialogue and communication between the employers and employees, with a view to resolving the dispute as soon as possible through consensus. During this period, the Transport and Housing Bureau has been closely in touch with port operators and the industry to maintain an overview of container terminal and port operations. In the short term, there have been shipping companies having to adjust their ship schedule to Hong Kong, and some freight has been delayed. But I believe, so long as our container terminals resume normal operation as soon as possible, the impact on Hong Kong's economy should be minimal in the long run. Our port has competitive advantages in a number of areas, including our free port status, efficient customs, as well as a multi-modal transportation system connecting Hong Kong with the Mainland and the rest of world.

11. My colleagues and I would be pleased to answer questions from Members. Thank you Chairperson.

**Transport and Housing Bureau**  
**April 2013**



**Presentation by Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
on Thursday, 11 April 2013**

Chairman and Honourable Members,

In 2013-14, government recurrent spending on social welfare and women's interests will reach \$55.7 billion, accounting for 19.1% of the total recurrent government expenditure of the same year, second only to education. In comparison with the revised estimate for 2012-13 (\$42.7 billion), there is an increase of \$13 billion (i.e. about 30.5%). 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 2013-14, the Administration's estimated expenditure on elderly care services in the social welfare policy area amounts to \$5.58 billion, representing an increase of 12% when compared with the revised estimate (\$4.98 billion) of last year. This reflects our commitment in this area. I will introduce the new initiatives to be implemented by the Administration with additional resources allocated in 2013-14 as follows.

*Community care services (CCS) for the elderly*

3. The Administration's policy objective in elderly care services is to encourage "ageing in place as the core, institutional care as back-up". To further promote "ageing in place", the Administration will continue to strengthen CCS. Specific measures include the launch of the First Phase of the Pilot Scheme on CCS Voucher for the Elderly this September, the provision of additional resources for additional day care places and extended service hours at the new day care centres and units for the elderly.

*Launching the Pilot Scheme on CCS Voucher for the Elderly*

4. The Administration has allocated \$380 million from the Lotteries Fund to launch the First Phase of the Pilot Scheme on CCS Voucher for the

Elderly from September 2013 onwards. By adopting the “money-follows-the-user” approach in the provision of assistance, eligible elderly under the Pilot Scheme can, through the use of voucher, choose CCS that suit their individual needs freely and flexibly. We can also encourage different types of service providers (including non-governmental organisations (NGOs) and social enterprises (SEs)) to provide diversified CCS. To encourage NGOs and SEs to participate in the First Phase of the Pilot Scheme, the Administration will provide one-off seed money to them for the purchase of the required vehicles, furniture and equipment.

5. The First Phase of the Pilot Scheme (which will last for two years) will be launched in eight selected districts<sup>3</sup>. The Social Welfare Department (SWD) estimates that a maximum of 1 200 vouchers will be issued during the First Phase, serving elderly applicants who are moderately impaired.

#### *Increasing the provision of CCS places*

6. The implementation of the Pilot Scheme for CCS voucher for the Elderly will not affect the provision of existing subsidised CCS. We will continue to increase conventional subsidised service places (including day care services and home care services) to cope with the demand. In the past five years (from 2008-09 to 2012-13), the Administration had allocated additional funding to provide about 2 600 CCS places for the elderly (about 2 000 places for the Enhanced Home and Community Care Services and 600 day care places). In 2013-14, the Administration proposed to increase funding by about \$9 million to provide an additional 100 day care places and extend the service hours of the new day care centres and units for the elderly.

#### *Residential care services (RCS) for the elderly*

7. Although we have strengthened CCS, some frail elderly still need RCS. The Administration will continue to allocate additional resources to increase the provision of subsidised residential care places and enhance the quality of residential care places offering a continuum of care (COC).

8. From 2013-14 to 2015-16, seven new contract residential care homes for the elderly (RCHes) will commence operation. The Administration has also earmarked sites in another eight development projects for the

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<sup>3</sup> Eastern, Wong Tai Sin, Kwun Tong, Sham Shui Po (covering the district, as well as eligible elders living in Yau Tsim Mong and Kowloon City districts), Shatin, Tai Po, Tsuen Wan and Tuen Mun.

construction of new contract RCHEs. With the new funding proposed in 2013-14 and other committed resources, over 1 180 additional subsidised residential care places for the elderly (including about 730 nursing home places and about 450 care-and-attention places) will commence service from 2013-14 to 2015-16.

9. Apart from increasing the provision of residential care places, we also attach great importance to the quality of residential care places. The Administration proposed to allocate about \$164 million additional recurrent funding to increase the subvention for about 7 000 residential care places with COC by 10% in 2013-14 so that RCHEs can provide more targeted services for the elderly, and to upgrade the remaining 7 850 ordinary residential care places in subvented RCHEs to places with COC, so that more elderly people can receive COC in these RCHEs.

#### **Public transport concessions for the elderly and persons with disabilities**

10. To encourage the elderly and eligible persons with disabilities to participate more in community activities, and hence helps build a caring and inclusive society, the Administration has launched the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) to enable elderly people aged 65 or above and eligible persons with disabilities to travel on MTR, franchised buses and ferries any time at a concessionary fare of \$2 per trip. Following the launch of the Scheme on MTR and four franchised bus companies in end-June and early-August 2012 respectively, the Administration launched the Scheme on ferries and the New Lantao Bus on 3 March 2013. By the end of January 2013, the average daily trips of beneficiaries exceeded 600 000.

#### **Enhancing rehabilitation and support services for persons with disabilities and their carers**

11. 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. To this end, the Administration has been allocating additional resources to strengthen the rehabilitation services. Taking into account the expenditure of the Labour and Welfare Bureau (LWB), SWD (excluding related expenditure under CSSA Scheme and Social Security Allowance (SSA) Scheme) and Transport Department (Rehabus service) alone, the overall recurrent expenditure for rehabilitation services has already increased from \$2.8 billion in 2007-08 to \$4 billion in 2012-13. In 2013-14, the relevant recurrent expenditure will further increase to \$4.4 billion, representing an increase of 57% (or \$1.6 billion)

when compared with 2007-08.

*Increase the number of places of rehabilitation services*

12. Residential care services are provided for persons with disabilities who cannot live independently and those who cannot be adequately cared for by their families/carers. At present, there are 11 730 subvented residential care and 16 774 day training service places. In 2013-14, additional funding of \$35.6 million will be allocated to provide 145 residential care and 145 day training places. Coupled with the allocation for recurrent expenditure already earmarked, a total of 522 additional residential care and 426 day training places in 2013-14 will come on stream.

13. We are now actively studying the feasibility of redeveloping the former sites of Siu Lam Hospital in Tuen Mun and Kai Nang Sheltered Workshop and Hostel in Kwun Tong into integrated rehabilitation services centres. Subject to the findings of the technical feasibility study and progress of preparation work, we estimate to provide an additional of about 2 147 residential care and 1 590 day training places for the period of 2014-15 to 2017-18. We will continue to proactively identify other sites for use by rehabilitation services to meet demand.

14. We are mindful of the need of the service users of residential care homes and day training centres for persons with disabilities for a higher level of care and support owing to ageing. We will allocate an additional annual recurrent provision of \$67.9 million to increase the manpower for residential care homes and day training centres for persons with disabilities to meet the needs of ageing service users.

*Enhance employment support services for persons with disabilities*

15. To promote the employment for persons with disabilities, thereby facilitating their self-reliance and integration into the community, we have all along provided employment support and vocational rehabilitation training for them so as to enhance their job skills and assist them in securing suitable employment commensurate with their abilities.

16. We will allocate an annual recurrent provision of \$4.8 million to increase the job attachment allowance and wage subsidy for job trial under the “On the Job Training Programme for People with Disabilities” and the “Sunnyway – On the Job Training Programme for Young People with Disabilities” respectively. The job attachment allowance will be raised from \$1,250 to \$2,000 per month, with a payment period up to 3 months.

The maximum monthly payment of the wage subsidy will be increased from \$3,000 to \$4,000. The maximum payment period will be extended from three to six months.

17. Under the Work Orientation and Placement Scheme (WOPS) of the Labour Department (LD), an employer is granted an allowance for employing a job seeker with disabilities. The amount of allowance is equivalent to two-thirds of the monthly salary of the employee with disabilities (subject to a maximum of \$4,000 per month). The payment period of allowance is up to six months. In tandem, a mentor arranged by the employer for the employee with disabilities will receive an incentive pay of \$500. To encourage employers to offer persons with disabilities more openings, LD will introduce a two-month work adaptation period under WOPS. An additional allowance up to a maximum of \$5,500 per month for two months will be paid to an employer who employs a person with disabilities with employment difficulties and provide him/her with training or support during the work adaptation period. The mentor will also receive an additional incentive pay of \$500. The additional annual recurrent expenditure is estimated to be \$7.1 million.

*Enhance community support services for persons with disabilities*

18. In March 2011, SWD launched a three-year pilot scheme to provide persons with severe disabilities who are living in the community and are on the waiting lists for subvented residential care services with a package of home-based care services. Following the completion of the three-year pilot scheme, we will regularise the service in March 2014, and extend it to all the districts in Hong Kong. We will also extend the coverage of service targets to include persons with severe disabilities who are not on the waiting list for residential care home services. We anticipate that 3 250 persons with severe disabilities will be served, and the annual recurrent expenditure will amount to \$203.3 million.

*Strengthen rehasus service*

19. In tandem with the Administration's on-going efforts to improve the accessibility of public transport for persons with disabilities, Rehasus provides point-to-point scheduled and dial-a-ride transport services for persons with disabilities who have difficulties in using public transport. The rehasus fleet currently comprises 129 vehicles, running 83 scheduled routes, three feeder routes and the Dial-a-ride service. Having regard to service demand and to enhance service quality, the Administration will provide additional funding of about \$5.9 million to increase the rehasus

fleet to 135 by acquiring six new buses in 2013-14. The Administration will also allocate \$49.2 million to subsidise the recurrent expenditure of the rebus service. This allocation represents more than 80% of its total operating cost.

### **Enhancing social rehabilitation services for persons with mental health problems**

20. The Administration 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.

21. In 2010, we have consolidated the existing resources of \$65 million, together with an additional provision of \$70 million, to revamp the existing mental health community support services and rolled out the district-based one-stop service delivery mode of the Integrated Community Centres for Mental Wellness (ICCMWs) across the territory. During the period from the commencement of service in various districts in 2010 to end-2012, ICCMWs had served about 27 000 ex-mentally ill persons and persons who are suspected to have mental health problems. The outcome is considered satisfactory. ICCMWs have also organised over 5 700 public education activities to enhance community understanding of mental health. In 2011-12 and 2012-13, we allocated additional provision of \$48 million. In 2013-14, we will continue to allocate additional provision of \$12.5 million to enhance the manpower of ICCMWs with a view to dovetailing with the Case Management Programme implemented by the Hospital Authority, and providing services for more persons in need. In other words, the total amount of resources allocated for ICCMWs will be over \$190 million in 2013-14.

### **Social Security**

22. The social security system in Hong Kong is made up of two key components: the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance Scheme. Excluding one-off additional payments, the estimated total expenditure of these two schemes in 2013-14 is about \$39.3 billion, which is 38.9% higher than the revised estimate (\$28.3 billion) last year. The increase is mainly for the implementation of the Old Age Living Allowance (OALA). The estimated total expenditure of these two schemes represents 13.5% of the recurrent government expenditure, compared with 10.7% last year, and represents 70.6% of the recurrent social welfare expenditure, compared with 66.3%

last year.

### OALA

23. SWD launched OALA this April to supplement the living expenses of needy elderly persons aged 65 or above. Eligible elderly persons can receive \$2,200 per month, and SWD has made lump-sum allowance payment dating back to 1 December 2012 at the earliest on 5 April to more than 270 000 OALA recipients through the “auto-conversion” arrangement. The new allowance, involving an additional allocation of about \$8.3 billion in 2013-14, is expected to benefit more than 400 000 elderly people.

### Providing an extra payment to recipients of CSSA, Old Age Allowance (OAA), OALA and Disability Allowance (DA)

24. Besides, the Financial Secretary proposes to provide an extra allowance to CSSA recipients, equal to one month of the standard rate CSSA payments; and an extra allowance to OAA, OALA and DA recipients, equal to one month of the allowances. This proposal will involve an additional expenditure of about \$2.7 billion. We estimate that about 1.12 million recipients will benefit.

### **Long-term social welfare planning**

25. In view of the rapidly changing social and economic environment in Hong Kong and the increasing complexity of social problems, the planning cycle should keep pace with development. The Administration has, since 2012, implemented the enhanced mechanism as proposed by the Social Welfare Advisory Committee after consultation with the social welfare sector. The mechanism provides an annual platform for consultation and planning for the future development and delivery of welfare services at district level, central level, and advisory committees level on a regular basis. We will continue to closely monitor the implementation and effectiveness of the enhanced mechanism.

26. The planning of sites and manpower for welfare services, which featured in this year’s Policy Address, are among the major concerns of the welfare sector. We understand and are concerned about the shortage of sites for welfare services, in particular for residential care places. The current-term Government will, therefore, focus on the work and planning in this respect. We have adopted a multi-pronged approach to identify suitable sites in a pragmatic and flexible manner. It is worth noting that LWB has been discussing with the Hong Kong Council of Social Service

and social welfare organisations on how to make better use of the land owned by the non-governmental organisations through redevelopment or in-situ expansion to provide diversified subvented and self-financing facilities to meet the needs of welfare services. We will, in the process, proactively consider using the Lotteries Fund more flexibly and work out ways to provide targeted assistance to landowners during the planning and development process.

27. On the other hand, we are concerned about the shortage of allied health workers and frontline care staff in the welfare sector, particularly in the elderly services and rehabilitation services for persons with disabilities. To address the problem, we have allocated funding to increase the number of training places for nurses and allied health professionals (including physiotherapists, occupational therapists, etc.) for the three years starting from 2012-13. In view of the expansion of RCS and the acute demand for the paramedical staff of the welfare sector, the Administration proposed to allocate \$160 million in the five-year period starting from 2013-14 to 2017-18 to organise 10 more classes of the two-year full-time Enrolled Nurse Training Programme for the Welfare Sector. The Programme will provide a total of 1 240 training places. Trainees have to work for the welfare sector for at least two years after satisfactory completion of the training. It will help the welfare sector (especially RCHEs) recruit and retain EN graduates to alleviate the shortage of nurses. Relevant policy bureaux will work with the welfare sector and relevant organisations to explore feasible options for retaining existing workers and attracting new recruits to the elderly services and rehabilitation services for persons with disabilities.

### **Complementing the work of Commission on Poverty**

28. Poverty alleviation is one of the priorities of this term of the Government. The Commission on Poverty (CoP) has commenced its work. Its focus is to develop poverty alleviation policies. This includes reviewing the effectiveness of existing poverty alleviation policies, formulating new policies to prevent and alleviate both poverty and social exclusion, as well as promoting upward social mobility. As one of the official members of CoP, I and my colleagues in LWB and other relevant policy bureaux will complement the work of the CoP.

29. One of the priority tasks of the CoP is to set Hong Kong's poverty line in the light of our actual situation. The CoP and its Social Security and Retirement Protection Task Force (SS&RPTF) are considering this in detail. The Chief Secretary for Administration is the chairperson of this



Task Force, and I am the vice chairperson. Poverty line can be viewed as a tool for analysis. Its functions are to enable us to identify and target various groups of people, formulate poverty alleviation initiatives targeted at the specific characteristics and needs of the identified groups, and analyse and monitor the effectiveness of the initiatives through comparison of changes in the population below the poverty line before and after the implementation of the various poverty alleviation initiatives, thereby enabling the Government to assist the needy people in a more focused and targeted manner with better use of our limited public resources. We are confident that we could set the poverty line for Hong Kong within 2013.

30. I understand that the community is also interested in the subject of retirement protection. The SS&RPTF has agreed to invite Professor Nelson Chow to conduct a study to review our three-pillar retirement protection system, namely the Mandatory Provident Fund system, the social security system and voluntary private savings. The study will assess the combined retirement protection effect of the current three-pillar system, and analyse the different retirement protection options put forth by the community. Retirement protection is a very complex and controversial subject. With a comprehensive, in-depth and objective study, we think we can provide a solid foundation for discussion in the future. We expect the study would be completed within a year or so.

### **Enhancing short-term food assistance service projects**

31. The Short-term Food Assistance Service Projects aim at providing short-term food assistance to people who have temporary difficulty coping with basic food expenditure. By the end of January 2013, these projects had served over 110 000 persons in total. A sum of \$100 million was earmarked in the Budget last year to continue the services. The Financial Secretary, in his Budget this year, announced that the Administration will allocate another \$100 million for the services when necessary. The Administration will explore possible enhancements to the service, and then seek approval of the Legislative Council Finance Committee in around mid-2013 for the additional funding earmarked in the Budget.

### **Women's Interests**

32. The Administration has been working closely with the Women's Commission (WoC) 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 2013-14, we have earmarked \$29.6 million to promote women's interests and support the

Commission's work. This includes the provision for assisting WoC in implementing the "Funding Scheme for Women's Development" and "Capacity Building Mileage Programme" with a view to supporting women's groups to organise programmes that facilitate women's development and support women's learning needs.

33. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

– End –

**Presentation by Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
on Thursday, 11 April 2013**

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2013-14 is estimated to be \$1,740 million, representing an increase of \$320 million (or 23%) over the revised estimate of \$1,420 million last year. The increase in provision is mainly for promoting employment. In 2013-14, 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, safeguard employees' entitlements to Statutory Minimum Wage (SMW), combat illegal employment and wage offences, and protect employees' rights and benefits. In parallel, we will continue to safeguard the occupational safety and health of the working population through enforcement and education. We will also continue with our efforts in manpower development. I am going to highlight some key areas of our work.

**Promoting Employment**

2. Employment is the key to people's livelihood. The Hong Kong Special Administrative Region Government has all along been committed to providing comprehensive employment services to assist job seekers to find jobs. The annual unemployment rate in Hong Kong in 2012 is 3.3%, signifying a stage of virtually full employment for local workers. Despite that, some young people without working experience, middle-aged persons with low educational attainment and skills and persons with disabilities often encounter various degrees of difficulties in looking for or changing jobs. To enhance the employability and employment opportunities of young people, middle-aged persons and persons with disabilities, The Labour Department (LD) will increase the allowance payable to employers under the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme (YPTP&YWETS), the Employment Programme for the Middle-aged (EPM) and the Work Orientation and Placement Scheme (WOPS) so as to encourage employers to offer them more openings and provide them with on-the-job training.

3. At present, an employer is granted a monthly training allowance of \$2,000 for employing a young or middle-aged person and providing him/her with on-the-job training under YPTP&YWETS and EPM. The payment period of the training allowance for YPTP&YWETS is six to 12 months while that for EPM is three to six months. Under the enhancement measures, on condition that the young or middle-aged person is employed according to the programme requirements and paid \$6,000 or above a month, the allowance payable to the employer will be increased to \$3,000. Moreover, to encourage participation in workplace attachment training under YPTP&YWETS, the allowance payable to the trainee who has completed the one-month attachment will be increased from \$2,000 to \$3,000. As for WOPS, an employer is granted an allowance for employing a job seeker with disabilities and providing him/her with appropriate training, support and assistance. The amount of allowance is equivalent to two-thirds of the monthly salary of the employee with disabilities (subject to a maximum of \$4,000 per month). The payment period of allowance is up to six months. LD will also enhance WOPS by paying an additional allowance up to a maximum of \$5,500 per month for two months to an employer who employs a person with disabilities with employment difficulties. It is estimated that around 10 000 people would benefit when the aforementioned enhancement measures of the three employment programmes are implemented, involving an additional recurrent expenditure of about \$82.5 million per year.

4. In addition, LD will set up a job centre in Tung Chung in 2013-14 to strengthen employment services to residents living in remote areas. By then, job seekers residing on Lantau Island, including areas like Tung Chung, Mui Wo and Tai O can seek employment support in this job centre, thus reducing the time required by job seekers in the region for receiving employment services and saving their travelling expenses.

### **Enhancing Work Incentive Transport Subsidy (WITS) Scheme**

5. Starting from the claim month of January 2013, the WITS Scheme has been enhanced to the effect that applicants may apply for the subsidy on an individual basis, as an alternative to household-based applications (i.e. the “dual track” approach). The income and asset limits for WITS have also been relaxed contemporaneously. LD is proceeding with the publicity and preparatory work on the implementation of these enhancement measures. Eligible applicants may apply for subsidy amounting to \$3,600 for the period from January to June 2013 starting this July.

## **Promoting Labour Relations**

6. We are committed to maintaining and fostering harmonious labour relations, which underpin Hong Kong's social harmony and economic prosperity. In 2012, the overall economy of Hong Kong was supported by the relatively resilient domestic demand albeit the unfavourable external economic environment, and the labour relations scene was generally stable. Whilst the number of claims handled by LD in 2012 registered a slight increase of 5% (from 18 086 to 18 920) over 2011, the number of labour disputes (involving over 20 employees) decreased by 8%. In the year, the successful rate of conciliation stood at a relatively high level of over 70% (73.2%). We will continue to closely monitor the labour relations scene and provide timely assistance to employers and employees in need.

7. We will keep up our efforts to enhance public awareness on the Employment Ordinance (EO) and family-friendly employment practices through various channels such as publications, talks and roving exhibitions, etc. Meanwhile, with a view to fostering harmonious labour relations, we will promote good people management practices through the human resources managers clubs and industry-based tripartite committees, a new television Announcement in the Public Interest as well as a large-scale seminar for employers and employees.

## **Amending the Reinstatement and Re-engagement Provisions of EO**

8. To enhance employees' protection in circumstances of unreasonable and unlawful dismissal under EO, we plan to introduce a Bill into the Legislative Council later this year to amend the reinstatement and re-engagement provisions of the Ordinance.

9. Under the existing provisions, if an employee is unreasonably and unlawfully dismissed, the Labour Tribunal (LT) may, subject to the mutual consent of the employer and the employee, make an order for reinstatement or re-engagement. However, in the absence of the employer's consent, LT has no power to make an order for reinstatement or re-engagement even if it considers such an order appropriate.

10. The amended provisions will empower LT to, without the need to first secure the agreement of the employer, make a compulsory order for reinstatement or re-engagement of an employee who has been unreasonably and unlawfully dismissed, if LT considers making such an order appropriate and compliance by the employer reasonably practicable. An employer who fails to comply with the order will be required to pay a further sum to

the employee. Under the proposal, failure to pay the further sum is an offence.

### **Legislating for Statutory Paternity Leave**

11. The Hong Kong community attaches increasing importance to a father's responsibilities in the family. There are views that the Administration should legislate for the provision of paternity leave by employers so as to benefit all male employees.

12. After careful study and thorough deliberations, the Labour Advisory Board supported in November 2012 legislating for three days' paternity leave with pay at four-fifths of the employee's average daily wages. After consulting the Panel on Manpower of the Legislative Council in January 2013, the Administration is now formulating the relevant details of the proposal with a view to taking forward the legislative exercise promptly.

### **Implementing Statutory Minimum Wage**

13. The implementation of SMW is smooth. While the employment market has remained generally stable, low-income employees have enjoyed substantial improvement in their employment earnings. The latest seasonally adjusted unemployment rate (December 2012 – February 2013) fell by 0.2 percentage point to 3.4%, when compared with the pre-SMW situation (i.e. February – April 2011). Total employment surged to an all-time high of 3 712 000.

14. LD is actively preparing for implementation of the new SMW rate of \$30 per hour which will take effect from 1 May 2013 (i.e. the Labour Day). According to the data of the 2012 Annual Earnings and Hours Survey, some 210 300 low-paid employees would be covered. Extensive publicity and promotional activities are being organised to familiarise the community with the new rate and to assist employers and employees in understanding their respective obligations and entitlements. Moreover, LD will undertake targeted enforcement action to ensure employers' compliance with the new requirements. LD will also adjust the monthly wages of young people with employment difficulties employed under Action S5 to \$6,725 accordingly.

### **Protecting Employees' Rights and Benefits**

15. Since the implementation of the Minimum Wage Ordinance (MWO) on 1 May 2011, the state of law-compliance has been satisfactory. During May 2011 to December 2012, labour inspectors conducted 60 834

workplace inspections. Including reported cases, 144 cases (0.24%) involving suspected violation of MWO were detected. Follow-up action on all such cases confirmed that most employees had received SMW or recovered the shortfall of wages. LD will continue to launch targeted enforcement action at district and territory levels to ensure compliance. All complaints about breaches of MWO will be swiftly and thoroughly investigated. As at end-2012, 34 convicted summonses of 8 cases against employers for underpayment of SMW were recorded.

16. The Employment (Amendment) Ordinance 2010 has come into operation with effect from 29 October 2010. Under EO, a new criminal offence is introduced against employers who wilfully and without reasonable excuse fail to pay any sum under the LT or the Minor Employment Claims Adjudication Board (MECAB) award comprising wages and entitlements attracting criminal sanction under EO. As at end-2012, 67 convicted cases involving 110 convicted summonses under the new ordinance were recorded.

17. To safeguard the employment opportunities of local workers, the Administration takes rigorous enforcement action against illegal employment. In 2012, together with the Police and the Immigration Department, LD mounted 241 joint operations to raid establishments suspected to have employed illegal workers. The concerned departments will continue to work closely to exchange intelligence and take targeted action on combating illegal employment. We have also spared no effort in combating wage offences and defaults of LT or MECAB awards. Last year, we secured a total of 525 convictions against wage offences, a drop over 876 convictions in 2011 (down by 40%). At the same time, there were 115 summonses where company directors or responsible persons were convicted of wage offences, representing a decrease when compared with 161 summonses in 2011 (down by 29%). With the improved economic situation last year, and the stringent enforcement action of LD to clamp down on employers evading wage liabilities, the above prosecution statistics show that the situation of defaulting wages had been improved. Nevertheless, we will not be complacent. LD will continue to strengthen intelligence gathering, evidence collection and proactively conduct inspections to detect wage offences. If there is sufficient evidence, we will prosecute the employers and responsible persons involved for the wage defaults.

18. In 2012, the Protection of Wages on Insolvency Fund (PWIF) recorded a decrease of applications by 20% as compared with that of 2011. At present, the local economy is still under the impact of uncertainties

incurred by external factors. LD will continue to monitor the trend of business closures and assist affected employees with ex gratia payments through PWIF. Last year, we revised the Protection of Wages on Insolvency Ordinance to expand the scope of PWIF to cover pay for untaken annual leave and statutory holidays under EO, thus enhancing protection to employees. The revision has come into operation with effect from 29 June 2012.

### **Studying Standard Working Hours**

19. The Standard Working Hours Committee, as mentioned by the Chief Executive in the 2013 Policy Address, has just been set up on 9 April. It comprises representatives of labour unions and employers' associations, academics, community leaders and government officials. The Committee, which will have its first meeting as soon as possible, will serve as a platform for society to carry out informed and in-depth discussion on working hours, build consensus and map out the way forward.

### **Enhancing Occupational Safety and Health**

20. In the first three quarters of 2012, the number of occupational injuries in all workplaces stood at 30 152, which was more or less the same as that in the corresponding period in 2011, while the injury rate per thousand employees was about 14. Nonetheless, with the commencement of mega infrastructure projects (MIPs) and a large number of old building repair works in recent years, the number of construction workers continued to increase. These developments pose challenges to the occupational safety situation of the sector. In the first three quarters last year, 2 354 industrial accidents were recorded in the construction sector, up 2.3% as compared to the same period in 2011. The number of fatal construction accidents increased from 23 in 2011 to 24 in 2012. LD has been stepping up inspection of construction sites and taking rigorous enforcement actions against contractors who disregard work safety. We will enhance the collaboration with the Development Bureau and works departments to urge MIP contractors to implement safety management system and step up scrutiny of safety audit reports. We will also strengthen our efforts in inspection, education and promotion with focus on high-risk processes such as work-at-height and electrical works. Through a multi-pronged strategy, the Administration will continue to promote occupational safety and health in collaboration with the industry, unions and workers.



## **Manpower Development**

21. Employees Retraining Board (ERB) and the Vocational Training Council (VTC) will continue to provide diversified training services, with a view to helping the labour force enhance their skills and competitiveness, thereby meeting the changing manpower needs of the economy.

22. 2013-14, ERB plans to offer 130 000 training places. Adequate resources have also been reserved for providing an additional 40 000 training places. This will enable ERB to respond promptly to the demand from training bodies for increasing or redeploying the training places should there be significant changes in the economy and the labour market. The ERB will also continue to provide tailor-made courses for people with special training needs, such as the new arrivals, ethnic minorities and youths.

23. In his Budget, the Financial Secretary proposed to inject \$15 billion into ERB to provide it with long-term support. We will explore the injection arrangements with relevant parties and seek funding approval from the Legislative Council Finance Committee in due course.

24. Moreover, VTC will provide 193 000 training places in the 2013/14 academic year for those seeking to pursue vocational training. In 2013-14, LWB's related recurrent subvention to VTC will reach \$195.8 million. To cater for the training needs of the youth and service industries, VTC has launched a pilot Traineeship Scheme, with beauty care and hairdressing industries as the starting point. In the coming year, VTC will consult other service industries facing manpower shortage (e.g. retail, catering and elderly services industries) with a view to exploring the feasibility of extending the pilot scheme to these trades and the relevant arrangements.

25. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

– End –

**Presentation by Secretary for Food and Health  
at the Special Meeting of the Finance Committee  
on Friday, 12 April 2013**

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 2013-14 Estimates, about \$5.8 billion has been earmarked for recurrent expenditure in the policy portfolio of "Food Safety and Environmental Hygiene", representing an increase of \$230 million (4.2%) over the previous year and accounting for 2.0% of recurrent government expenditure.

3. New resources available in the next financial year are mainly used to provide –

- additional funding of about \$57 million to the Food and Environmental Hygiene Department (FEHD) to cope with the rise in outsourcing contract prices;
- an additional \$5.8 million to provide secretariat support and legal advisory service to the Fishermen Claims Appeal Board for handling claims related to the trawl ban and marine works projects;
- an additional \$4.8 million to administer an assistance scheme for improving the fire safety of fixed-pitch hawker areas; and
- an additional \$4 million to step up patrol and regulatory work in enforcing the trawl ban.

4. I will now proceed to outline the policy priorities and work progress.

## **Food Safety**

5. On efforts to safeguard food safety, the key components of our food safety regulatory measures include food surveillance, proper handling of food incidents, updating of food standards, effective enforcement of food safety laws and appropriate import control on food and food animals. We will continue to take forward the relevant work to ensure that food for sale in Hong Kong is fit for human consumption.

6. The Regulation which governs pesticide residues in food will come into operation in August 2014. The Centre for Food Safety will conduct briefings for food traders and local farmers and develop practical guidelines to help them prepare for the commencement of the Regulation.

7. Plans are also underway to strengthen regulation of genetically modified food. Based on the practice as advocated by the Codex Alimentarius Commission (Codex) and the World Health Organization, we have proposed to introduce a mandatory pre-market safety assessment scheme in Hong Kong, which has gained the support of the Panel on Food Safety and Environmental Hygiene (the Panel). The Administration will launch a public consultation on the subject in the second half of this year.

## **Labelling of Powdered Formula and Food Products for Infants and Young Children**

8. The Government has been promoting the merits of breastfeeding to encourage its adoption. Nevertheless, we have also noted that for various reasons, many local parents have chosen not to breastfeed. For the infants and young children of these parents, powdered formula is their only or very essential foodstuff. Hence the Government will, having regard to the Codex standards and international practices, enact legislation with the aim of regulating the nutritional composition of powdered formula products intended for consumption by infants under the age of 6 months to ensure that adequate nutrition is provided by these products. Meanwhile, to help parents make informed food choices, we will also introduce legislative control on the nutrition labelling of powdered formula and food products intended for infants and young children under the age of 36 months. Early this year, we have completed the public consultation on the legislative proposals, which are generally welcomed by the trade and the community at large. We have obtained the support of the Panel and plan to introduce the relevant legislation into the Legislative Council (LegCo) in 2013.

## **Supply of Powdered Formula**

9. As I mentioned just now, for parents who have not opted for breastfeeding, powdered formula is the only or very essential foodstuff for their infants and young children. Thus, an adequate and stable supply of powdered formula is of utmost importance to these parents and their infants and young children. Consequently, when the Government noted a serious shortage of individual brands of powdered formula at the local retail level due to parallel trading activities at the beginning of this year, amendments were made to the Import and Export (General) Regulation (“the Amendment Regulation”). Since the Amendment Regulation came into effect on 1 March, parallel trading activities related to powdered formula has dropped substantially, while the supply of powdered formula at retail outlets has apparently become sufficient and stable compared with the previous situation.

10. We will continue to maintain close liaisons with major suppliers of powdered formula and retail representatives and urge them to step up efforts in improving the supply chain management to ensure an adequate and stable supply of powdered formula for local infants and young children. Among other things, they should ensure sufficient local supply, improve the stock replenishment mechanism, set up services for advance order at retail outlets and provide support to hotlines for taking purchase orders by ensuring that there is sufficient manpower to handle purchase orders arising from a surge in demand. The Administration will review the effectiveness of these enhancement measures after the Amendment Regulation has been in force for one year.

## **Assistance for Hawkers**

11. To further improve and enhance the fire resistance capability and electrical installations of hawker stalls, the FEHD will launch a five-year assistance scheme for about 4 300 hawkers in the 43 fixed-pitch hawker areas. The required funding of \$230 million has been approved by the Finance Committee (FC) in March 2013. The scheme will be rolled out this summer.

## **Columbarium Policy**

12. On regulation of private columbaria, our aim is to introduce the relevant Bill into the LegCo in the fourth quarter of 2013 as scheduled. Prior to the introduction of the licensing scheme, we will strengthen public education to remind consumers of the issues that require attention when

purchasing private columbarium niches.

13. Meanwhile, in the interest of encouraging wider use of environmentally-friendly and sustainable means of handling cremains, the Administration will continue with its efforts to foster the necessary mind-set change.

14. To promote the district-based columbarium development scheme, the Government has identified 24 potential sites across the 18 districts for columbarium development and is forging ahead with the technical feasibility studies related to these sites as well as the consultation with relevant District Councils. In February 2013, the FC approved funding of \$66.4 million for undertaking detailed design and site investigations of the site formation and associated infrastructural works for the construction of a columbarium and related facilities at Sandy Ridge Cemetery.

### **Fisheries Development**

15. To help restore the fisheries resources and promote the sustainable development of the fisheries industry, the legislation which bans trawling activities in Hong Kong waters has taken effect. To facilitate the granting of ex-gratia allowances, a committee comprising non-official members is handling appeals filed by applicants.

16. Apart from the trawl ban, we are also processing applications for registration of local fishing vessels so as to control the fishing effort in Hong Kong waters.

17. In the 2013 Policy Address, the Chief Executive has proposed the setting up of a \$500 million Sustainable Fisheries Development Fund. We are consulting the trade and other stakeholders before finalising the details of the Fund. We plan to seek funding approval from the LegCo in the fourth quarter of 2013.

### **Agricultural Development**

18. On supporting agricultural development, the Government has been making use of the Agricultural Development Fund under the Vegetable Marketing Organisation to facilitate the further development of local agriculture by developing modern and environmentally-friendly farming technologies with emphasis on preservation of natural resources and the agricultural ecology, and yielding quality and high-value agricultural produce safe for consumption, thereby assisting the industry in moving

towards sustainable development. The Government will continue with its work in this area.

### **Alignment of Fees and Charges for Municipal Facilities and Services in the Urban and New Territories Regions**

19. The Administration has earlier announced the arrangement for alignment of fees and charges for municipal facilities and services provided by the FEHD. The lower rate will prevail where the fee or charge for a certain facility or service differs between the urban areas and the New Territories. The associated legislative amendment exercise is expected to be completed in mid-2013.

20. As the next step, the FEHD will conduct a comprehensive review of the charging policy and rates of these facilities and services. In the course of the review, we will have due regard to public affordability as well as the fiscal discipline pursued by the Government over the years, with a view to striking a reasonable balance between the two.

### **Public Markets**

21. The FEHD is committed to enhancing the operating environment of the public markets under its management through the implementation of various measures. These include carrying out enhancement projects to upgrade facilities, maintaining and keeping the markets in good and hygienic conditions to provide customers with a pleasant environment, and holding promotional activities from time to time to attract patronage.

22. At the request of the Panel, the Administration is examining the policy, positioning and functions of public markets, including putting forward proposals regarding improvement of the operating environment of the public markets and other related matters. A preliminary report will be submitted in the second half of 2013.

### **Animal Welfare**

23. The Agriculture, Fisheries and Conservation Department (AFCD), in conjunction with the Police and the Society for the Prevention of Cruelty to Animals (Hong Kong), provides a platform for relevant professional departments and Animal Welfare Organisations (AWO) to enhance mutual support, with a view to ensuring effective investigation of animal cruelty cases. The Administration will continue to enhance the work in this respect.

24. In the coming year, the AFCD will allocate about \$8 million to public education and publicity for promoting animal welfare. In addition, the AFCD will set aside \$1 million for AWOs to organise activities relating to animal welfare.

25. Last year, we conducted a public consultation on the proposals to better regulate pet trading, including tightening regulation of persons who breed and sell dogs and raising the penalties under the relevant legislation. We aim to introduce the Amendment Regulation into the LegCo within 2013.

### **Avian Influenza (AI) Prevention and Control Measures**

26. The Government has been implementing a series of AI prevention and control measures at the poultry farm, wholesale, retail and import levels. Over the past three years, 18 000 dead wild birds and 15 000 specimens from poultry and the environment were tested. No H7 AI virus had been detected.

27. In response to the human infection cases of H7N9 AI in the eastern part of the Mainland, the Mainland authorities have immediately stepped up surveillance of live poultry and poultry products bound for Hong Kong. Since 11 April, Hong Kong has also started to conduct rapid tests against H7 AI on imported live poultry upon their arrival at the Man Kam To Control Point.

28. The Government will continue to liaise closely with the Mainland authorities and keep the public informed of developments on the H7 AI front. We will stay alert and monitor developments closely.

29. 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, 12 April 2013**

Chairman and Honourable Members,

In 2013-14, the estimated recurrent government expenditure on health is \$48.8 billion, which amounts to 16.7% of the Government's total recurrent expenditure and represents an increase of \$2.64 billion or 5.7% over the revised estimate of 2012-13.

2. New resources available in the next financial year are mainly used to provide:

- (1) an additional recurrent funding of \$2.47 billion to the Hospital Authority (HA) to meet new and increasing demands and further improve healthcare services, including:
  - attraction and retention of manpower, including recruitment of an additional 200 registered nurses;
  - provision of support to the North Lantau Hospital (NLH) Project Phase 1, the Redevelopment of Caritas Medical Centre (CMC) Phase 2, as well as the construction and opening of a new Pharmacy in the new Ambulatory Block of Tseung Kwan O Hospital (TKOH) and Kwun Tong Jockey Club Health Centre General Out-patient Clinic;
  - provision of around 290 additional general (acute and convalescent) hospital beds;
  - increase in the quota at general out-patient clinics for patients with episodic diseases;
  - inclusion of two chemotherapeutic drugs for cancer treatment in the HA Drug Formulary and expansion of the application of two special drugs for patients with Parkinson's disease and cancer;



- refining waiting list management of specialist out-patient clinics to shorten the waiting time for specialist outpatient dispensing service, diagnostic radiological service and magnetic resonance imaging service, benefitting around 15 000 patients;
- enhancement of mental health service, including the extension of the Case Management Programme to serve an additional 2 800 patients with severe mental illness and improvement of psychiatric-inpatient services; and
- enhancement of psychiatric consultant liaison service for early identification and treatment of patients with psychiatric symptoms.

(2) an additional funding of about \$220 million to the Department of Health (DH) for the following initiatives:

- enhancement of the Elderly Health Care Voucher Scheme. Starting from 1 January 2013, the annual voucher amount for each eligible elder has been doubled from \$500 to \$1,000;
- provision of essential port health services in association with the establishment of Kai Tak Cruise Terminal as a new boundary control point;
- introduction of new infection control and laboratory diagnostic programmes to fight against rapidly emerged “superbugs”; and
- strengthening the regulation of private healthcare facilities and supporting the development of private hospitals;

3. Here below I would like to highlight four specific topics, namely planning of public and private hospitals, mental health, healthcare reform and Chinese medicine development.

### **Public Hospital Development**

4. We have made continuous efforts to deploy resources for expanding our public healthcare infrastructure, building new hospitals and improving

existing hospital facilities. The construction work of the NLH was completed at the end of 2012 and it will come into operation in phases this year. The expansion of TKOH and the redevelopment of CMC Phase 2 will be completed in 2013 and 2014 respectively. We are currently preparing for the redevelopment of Queen Mary Hospital, Kwong Wah Hospital, the United Christian Hospital and Kwai Chung Hospital. The total estimated cost for these projects will amount to \$33 billion. We have also reserved funding for construction and renovation of facilities in a number of public hospitals and clinics, including the construction of Tin Shui Wai Hospital and Centre of Excellence in Paediatrics, as well as the renovation of Kwai Chung Hospital and the reprovisioning of Yaumatei Specialist Clinic.

5. On information technology facilities for healthcare, we will continue to develop the territory-wide Electronic Health Record (eHR) Sharing System as planned. We are about to draft the legislation on the eHR Sharing System with a view to introducing the Bill to the Legislative Council in 2013-14 and launching the eHR Sharing System by the end of 2014. This will enable sharing of patients' records among healthcare service providers in both public and private sectors with the patients' consent.

### **Private Hospital Development**

6. To maintain a dual-track healthcare system which encompasses both public and private elements and has served us well, and ensure that it can develop in a balanced and sustainable manner, apart from investment in public healthcare infrastructure, we will also continue to support private healthcare development. In March, we have successfully granted a site at Wong Chuk Hang through an open tender for the development of a private hospital with 500 beds. The new hospital will not only increase the overall capacity of the healthcare system in Hong Kong, but also provide a new charging and service delivery mode for the public to choose. We will examine the experience gained from this exercise, review the market response and assess the needs of the community in formulating the way forward for the future development of private hospitals.

### **Mental Health**

7. The Government is committed to promoting mental health of the public. Comprehensive mental health services covering prevention, early identification, timely intervention and treatment are provided for persons in need, so as to facilitate their rehabilitation and re-integration into society.

We will from time to time review the existing services, and where necessary, render targeted support to persons with mental health problems. The Case Management Programme and redevelopment of Kwai Chung Hospital just mentioned are a few examples. To further strengthen efforts on this front, a Review Committee on Mental Health, which I will chair personally, has been set up. The Committee will look into the existing policy on mental health as well as review the current service provision, with a view to mapping out the future direction for development of mental health services in Hong Kong. Its first meeting will be held next month.

### **Healthcare Reform**

8. Having regard to the outcome of the Public Consultation on Healthcare Reform, we are taking forward a number of reform initiatives. These include reviewing the healthcare manpower strategy, developing detailed proposals for the Health Protection Scheme (HPS) and facilitating the development of healthcare services.

9. As regards the review on healthcare manpower planning, the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development will complete its review in the year and make recommendations on how to cope with anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development, with a view to ensuring the healthy and sustainable development of Hong Kong's healthcare system. As for HPS, we are considering the details of the scheme and will put up concrete recommendations in the year. To further enhance the quality and transparency of private hospital services as well as better protect consumer rights, we are conducting a review on the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance so as to provide high quality healthcare services and better protection for the public by strengthening the regulatory control over private hospitals.

### **Chinese Medicine Development**

10. The Government has been adopting an approach based on the concept of "evidence-based medicine" to facilitate the development of the Chinese medicine industry in Hong Kong. Since the enactment of the Chinese Medicine Ordinance in 1999, we have strived to establish and improve the regulatory regime for Chinese medicine to accord a professional status for Chinese Medicine Practitioners and ensure the safety, quality and efficacy of Chinese medicines. With a well-established regulatory regime for Chinese medicine, the Chief Executive has proposed to set up a Chinese Medicine

Development Committee to proactively examine the future development needs of the Chinese medicine sector, so that traditional Chinese medicine, which has been widely recognised by the public, can play a more active role in promoting the health of the general public. The Committee was set up in January 2013 and held its first meeting in March 2013. At the meeting, the directions and objectives for the development of Chinese medicine in Hong Kong were discussed and it was agreed that further deliberation and study should be focused on four key areas, namely personnel training and professional development, Chinese medicine service, research and development as well as development of Chinese medicine industry. The Chinese Medicine Practice Sub-committee and the Chinese Medicines Industry Sub-committee will also be formulated in due course to focus on the study of the above specific areas of concern.

11. Chairman, my colleagues and I are now happy to answer questions from Members.

**Presentation by Secretary for Education  
at the Special Meeting of the Finance Committee  
on Friday, 12 April 2013**

Mr. Chairman,

The Government has all along been investing heavily in education for the purpose of nurturing human capital, thereby facilitating social mobility and sustaining the development of Hong Kong. In 2013-14, the total provision for education is \$76.9 billion, of which \$63 billion is for recurrent expenditure which accounts for more than one-fifth of the total recurrent government expenditure. Education is the largest spending area of the Government's total expenditure. We have heard comments that the increase in provision for education is less than those in previous years or the growth is smaller when compared with other policy areas. I must stress that the present-term Government attaches great importance to investment in education. At a time when there is change in the demographic structure of Hong Kong with a declining student population and a growing elderly population, it is even more important for us to nurture our new generation to meet future challenges. Take secondary school education as an example, in spite of the continuous decline in student population, we have been increasing our investment in students. In 2013-14, the unit cost per secondary student is 8.8% higher than that of last year. The unit cost per primary student has also increased by 3.8%.

**New Initiatives in 2013-14**

2. In 2013-14, in addition to implementing practicably the new education initiatives launched in recent years, we will take forward the various new education initiatives announced in the Policy Address and the Budget. Now, I would like to give you a brief account of these initiatives.

*Upgrading Language Proficiency*

3. Hong Kong is an international city. Our people should possess good language proficiency. In 2013-14, we will inject \$5 billion into the Language Fund to promote bi-literacy and tri-lingualism among our people. The proposed injection of \$5 billion into the Language Fund will serve as seed money to generate a more stable return for the fund to facilitate its

relatively longer term diversified planning. We will invite the Standing Committee on Language Education and Research to put forward specific proposals.

#### *Nurturing Distinguished Teachers*

4. A quality teaching force is the key to raising the quality of education. In 2013-14, we plan to inject an additional \$480 million into the HKSAR Government Scholarship Fund (GSF) to set up scholarships for outstanding local students to take degree courses or teacher training programmes in prestigious universities outside Hong Kong. Students who receive the awards must undertake to teach in Hong Kong upon graduation for at least two years or a period equivalent to the duration of receiving the scholarships, whichever is longer. It is expected that about 20 scholarships will be awarded each year. Since the number of scholarships is limited, priority will be given to those who study in programmes under specific specialised areas. At present, the specific specialised areas are English Language and Early Childhood Education. The Education Bureau (EDB) will revise the specific specialised areas depending on the needs and circumstances in the future.

#### *Upgrading Qualifications Training*

5. We propose to allocate \$10 million per year, starting from 2013-14, to support the Industry Training Advisory Committees set up under the Qualifications Framework to launch new initiatives to enhance the knowledge, skills and exposure of workers in the industries, so as to further increase their competitiveness in the labour market. These include introducing award schemes for outstanding practitioners to engage in learning activities in different places around the world; designing training programmes and package, according to the Specifications of Competency Standards, that meet the needs of the industries, as well as stepping up promotion and publicity of the Qualifications Framework for its wider acceptance among all sectors.

#### *Support for Students with Special Education Needs*

6. In recent years, there is an increasing number of students with special education needs (SEN) attending the Vocational Training Council (VTC). To further support students with SEN, from 2013-14 onwards, we propose to allocate \$12 million to the VTC each year to purchase equipment and learning aids for students with SEN, providing them with psychological and student counselling services, and enhancing the support for teaching and

learning.

7. We also propose to make injections of \$20 million each into the GSF and Self-financing Post-secondary Education Fund respectively to establish scholarships to give recognition to deserving tertiary students with SEN.

#### *Relief Measures for Tertiary Students*

8. To alleviate the financial burden of fresh tertiary graduates, we will continue to relax the repayment period of student loans and give all student loan borrowers who complete their studies in 2013 the option to start repaying their student loans one year after graduation.

#### *Enhancement to Kindergarten Education*

9. To follow up with the pledge made in the Chief Executive's Election Manifesto and the Policy Address, we have set up a dedicated committee in April to study how to practicably implement free kindergarten (KG) education. The committee will listen to stakeholders' opinions on the existing policy on KG education, identify issues for possible improvement, examine the various aspects of free KG education and make practicable recommendations to the EDB on the implementation of free KG education. Currently, we anticipate that the committee will complete its work in two years. This does not mean that KG education will stay put during the period. The committee will explore measures that can be implemented in the short or medium term to help the KG sector face the existing challenges. The Government will actively consider providing support in this regard. Also, I wish to point out that as announced in the Policy Address, we will provide KGs under the Pre-primary Education Voucher Scheme with an additional one-off grant in the 2013/14 school year. The KGs concerned can make use of this grant to improve their teaching resources, environment and facilities. A total provision of some \$160 million will be involved.

#### *Support for Non-Chinese Speaking (NCS) Students in Learning Chinese*

10. We strive to support NCS students to integrate into the local community and master their Chinese. Starting from the 2013-14 financial year, we will allocate an additional provision of \$2 million each year to refine the Summer Bridging Programme for NCS students progressing to Primary 1 to Primary 4 by allowing NCS parents to accompany their children during the Programme. Through parent-school collaboration, NCS students would be better supported in learning Chinese and enhancing their Chinese proficiency. Also, we will make better use of the routine

events organised by ethnic minority communities and step up our collaboration with non-governmental organisations to encourage NCS parents' participation in diversified Chinese activities together with their children with a view to enhancing exposure to, and use of Chinese by both parties. The Standing Committee on Language Education and Research would further discuss the development in this area.

*Further Stepping Up Support for Integrated Education*

11. To help ordinary schools cater for their students with SEN, the EDB has been providing schools with additional resources, professional support and teacher training. To further step up the support for schools enrolled with a larger number of students with SEN, we will allocate additional resources to improve the funding arrangement of the Learning Support Grant (LSG) with effect from the 2013/14 school year. Specifically, we will raise the ceiling of LSG for public sector primary and secondary schools from \$1 million to \$1.5 million per school per annum. Schools may pool together and flexibly deploy the LSG and other school resources for employing additional teachers, teaching assistants or hiring professional services to render appropriate support for the students with SEN.

12. Mr Chairman, my colleagues and I will be happy to answer questions from Members.

Education Bureau  
12 April 2013



**Presentation by Secretary for Judiciary Administrator  
at the Special Meeting of the Finance Committee  
on Friday, 12 April 2013**

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 2013-14, a total provision of \$1,272.1 million is sought to enable the Judiciary to achieve its objectives.

**2013-14 Draft Estimates**

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Administration back in 2005, the Judiciary submitted its resource requirements for 2013-14 to the Administration in July 2012, 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 2013-14 for the Judiciary, amounting to \$1,272.1 million, represents an increase of \$135.5 million, or 11.9%, over our revised estimates for 2012-13. With this provision sought, the Judiciary is provided with the financial resources required for the filling of all the substantive Judges and Judicial Officers (“JJOs”) posts at all levels of courts on its establishment, the engagement of temporary judicial manpower to help improve waiting times in pressure areas in the interim and the recruitment of additional support staff to meet the needs arising from the increased level of judicial and registry services.

**Judicial Manpower**

4. Since 1 April 2013, there are 193 judicial posts at all levels of courts on the establishment of the Judiciary. Compared with the position a year ago, four additional JJO posts were created to enable the Judiciary to cope with its increasing workload and new responsibilities. One District Judge post and one Member, Lands Tribunal post were created in July 2012 to help cope with the upsurge in workload arising from the compulsory sale land

cases in the Lands Tribunal. On 1 April 2013, one Judge of the Court of First Instance of the High Court post and one Deputy Registrar of the High Court post were created to cope with the new responsibilities arising from the setting up of the Competition Tribunal.

5. Apart from creating additional judicial posts, the Judiciary has also completed the latest round of recruitment exercises at all levels of court by the latter half of 2012. Between April 2012 and today, a total of 55 judicial appointments to all levels of courts have been announced. These comprise 28 JJOs who have been elevated to a higher position within the Judiciary and 27 JJOs who have joined from outside the Judiciary. As a result, the vacancy position of the Judiciary has improved greatly. Compared to the position a year ago, the number of fillable JJO vacancies has decreased from 32 to 16, even after four additional posts were created during this period. It should also be pointed out that announcements on further judicial appointments would be made in 2013, and the number of judicial vacancies will be further reduced.

6. Notwithstanding the above-mentioned positive developments, there is no room for complacency. There are three major concerns:

- (a) The High Court remains a pressure area and its waiting times still exceeded their targets;
- (b) The temporary judicial manpower constraints will remain for a while as there would be anticipated retirements at all levels of courts in the next few years;
- (c) Judicial manpower planning and recruitment exercises take time, and advance planning is required to enable that adequate and suitable judicial manpower is provided to cope with the operational need of the Judiciary.

7. In this regard, the Chief Justice has come to the view that action should be taken on three fronts to tackle the above concerns. First, the Chief Justice notes that as far as the High Court is concerned, a closer look should be taken into the manpower position of the Court of Appeal, and the implications of such position on the Court of First Instance. He notes that while all the existing Justice of Appeal vacancies have been filled since November 2012, the work pressure of the Court of Appeal has remained acute, and that it has to continue to rely heavily on the drawing of resources from the Court of First Instance to help cope with its workload. The Chief Justice has therefore instructed that a review of the judicial manpower

position of the Court of Appeal should be conducted as a matter of priority. Ground work on the review has already commenced. Depending on the outcome of the review, the Judiciary will present its findings and put forward any proposals to the Administration for consideration in accordance with the established budgetary arrangements as mentioned at paragraph 2 above.

8. Secondly, the Chief Justice notes that a number of judicial vacancies will be coming up in the next few years as a result of retirements. He has decided that consideration should be given to launching another round of recruitment exercise, possibly starting from the latter part of this financial year. As regards judicial recruitment, the Chief Justice is confident that there are suitable talents from both within and outside the Judiciary to be appointed to various judicial positions. And the Chief Justice also takes the firm view that only those who are found suitable for the judicial appointment should be appointed, even if this means that some of the judicial vacancies would remain unfilled for a short period of time.

9. Thirdly, the Chief Justice notes that in the interim, there would still be pressure areas. To address the situation and also to respond to the fluctuation of workload from time to time, the Judiciary will continue to engage deputy JJOs to cope with the operational needs as a short term measure. The deputy JJOs provide the needed judicial manpower before substantive JJOs are appointed and help reduce waiting times to a certain extent in the interim. But it should be recognized that there is a limit to which the workload can be helped out by the appointment of deputy JJOs and that the judicial manpower situation must ultimately be addressed by filling the vacancies substantively.

10. The Chief Justice is confident that the Judiciary shall maintain the high standards that the public expects of the Judiciary.

### **Enhancement of Support Staff Manpower**

11. To provide adequate support to JJOs and operate effective and efficient registry and other support services, 46 net additional civil service posts will be created in 2013-14. In 2012-13, we have just completed the latest round of recruitment of Judicial Clerks and new staff are joining us starting in March 2013. 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 2013-14.

## **The Judiciary Information Technology Strategy Plan**

12. The Judiciary has formulated an Information Technology Strategy Plan (“ITSP”). In this regard, the Judiciary will make a submission to the Finance Committee of the Legislative Council in May 2013 for funding approval to taking forward the ITSP and in particular a Six-year Action Plan. It is expected that, with the implementation of the ITSP, the Judiciary would provide more effective and efficient services to all its stakeholders through the greater application of information technology in its operation. The Judiciary will also be equipped with better tools in improving access to justice and in responding responsibly to the rising expectation of court users and the public.

### **Conclusion**

13. 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.

14. Thank you.

**Presentation by Secretary for Justice  
at the Special Meeting of the Finance Committee  
on Friday, 12 April 2013**

Chairman and Members,

The estimated expenditure of the Department of Justice (DoJ) for 2013-14 amounts to \$1,401.7M, representing an increase of 9.7 per cent (or \$124.4M) over the revised estimated expenditure for 2012-13. This increase is mainly due to the filling of vacancies and the creation of 29 posts to cope with increasing demand for legal services. We also expect an increase in the amount of fees payable to briefing-out lawyers in private practice and hence have made a provision of \$300.8M in 2013-14, which is 9.9 per cent higher than the corresponding figure in the 2012-13 revised estimates. This is to provide the necessary support for the expected legal proceedings.

2. I would now highlight the DoJ's work in the new financial year.

**Programme 1 - Prosecutions**

3. In the coming year, our focus is to further enhance the capability and effectiveness of the Prosecutions Division in advising upon and prosecuting criminal cases.

4. Over the past few years, the Prosecutions Division has implemented various measures to improve its efficiency and effectiveness with good results. We will seek further improvements in this direction in this financial year through various initiatives. These include reviewing and where necessary updating our published Prosecution Policy and Practice, and considering whether specific areas of the criminal justice system should be reformed. We will also seek to enhance the efficiency and effectiveness of our handling of particular types of cases through establishing subject coordinators or specific units, as appropriate.

5. In addition, we will focus on the provision of continuous training for prosecutors to enhance their professional skills, as well as the implementation of the Joint Training Programme with the Hong Kong Bar Association and the Law Society of Hong Kong for newly qualified practitioners. Riding on the success of the previous runs of the Programme,

we will regularise the Programme by holding it on a bi-annual basis.

## **Programme 2 – Civil**

6. Apart from providing legal advice on a wide range of legal issues on civil matters to all government bureaux and departments, the Civil Division represents the Government in all forms of civil litigation and dispute resolution. The advice and litigation cases handled by the Division cover diverse legal issues and areas of law, and they are increasing in both volume and complexity. Amongst others, the number of challenges by way of judicial review applications will continue to increase as the awareness of civil rights grows. These challenges will remain to be a major area of work for the Division.

7. The Mediation Team of the Civil Division continues to assist me and the new Steering Committee on Mediation to further the promotion and development of mediation in Hong Kong to resolve disputes. With the concerted efforts of all concerned, the Mediation Ordinance has been enacted and come into operation, and the Hong Kong Mediation Accreditation Association Limited (HKMAAL) has been established. Looking ahead, the Steering Committee will monitor the operation of the Ordinance and the development of accreditation and training standards, as well as the implementation of ongoing and new initiatives to encourage and support the more extensive use of mediation.

## **Programme 3 – Legal Policy**

8. In line with the principal function of the Department to uphold the rule of law, the Legal Policy Division will continue to provide timely and competent advice on the Basic Law, human rights and other constitutional issues to the Government so as to ensure that all legislation proposed, and actions taken, by the Government is consistent with the human rights and other provisions of the Basic Law.

9. This year, we will continue to promote Hong Kong as a leading centre for legal services and dispute resolution in the Asia Pacific. Specifically, in collaboration with legal professional and arbitral bodies, we will promote Hong Kong's legal and arbitration services with a view to securing greater market access in the Mainland, including Qianhai and Nansha. We will promote legislation in this legislative session to enhance our arbitration regime and to implement the recent arrangement with Macao on reciprocal enforcement of arbitral awards. As part of our on-going effort to reform various aspects of HKSAR's common law system and to implement the Law

Reform Commission's Report on Privity of Contract, we also plan to introduce the Contracts (Rights of Third Parties) Bill to the Legislative Council.

#### **Programme 4 – Law Drafting**

10. The Law Drafting Division will continue to provide quality professional drafting and related advisory service on demand by policy bureaux.

11. We are continuing to review how legislation can be made even more accessible. We will also endeavor to draft the legislation in both languages effectively and in as comprehensible a style as possible, so that it does not require a legal professional to understand the meaning of our legislation.

12. The Legislation Publication Ordinance was enacted in June 2011. It provides the statutory backing for a verified and authenticated electronic database of Hong Kong legislation. The contract was awarded in December 2012. It is expected that the new legislation database will be in operation in around 2016 or 2017.

#### **Programme 5 – International Law**

13. In the coming year, the International Law Division will continue with its work in the provision of advice on international law issues, negotiation of international agreements or contribution as legal advisers in negotiations, and handling of requests for international legal co-operation for the benefit of the HKSAR. We will also continue to handle and co-ordinate requests to and from the HKSAR concerning surrender of fugitive offenders, transfer of sentenced persons, mutual legal assistance and international child abduction cases.

14. In the past year, counsel of the International Law Division have actively participated in the work of the Hague Conference on Private International Law ("Hague Conference"). Indeed, our collaboration with the Hague Conference on regional initiatives reached a new height when its Council on General Affairs and Policy in April last year endorsed the proposal to establish its Asia Pacific Regional Office in Hong Kong. The Regional Office was set up in December last year. This marks not only a new chapter for the Hague Conference, but also constitutes a significant vote of confidence in Hong Kong's position both as a regional legal services centre and as a springboard for the Hague Conference to further develop its work and extend its influence in the region. We will continue to contribute

to the work of the Hague Conference to promote and strengthen international cooperation. In addition, we will continue to attract reputable international law-related organizations to set up offices in Hong Kong.

### **Conclusion**

15. The above sets out the major work of the Department in the coming financial year. My colleagues and I will be pleased to take questions from Members.

16. Thank you.