

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 25 February 2015

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, B.B.S., M.H.

PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P., Ph.D.,
R.N.

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

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

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

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

THE HONOURABLE CYD HO SAU-LAN, J.P.

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

THE HONOURABLE CHAN KIN-POR, B.B.S., J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, S.B.S., J.P.

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE CLAUDIA MO

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

THE HONOURABLE NG LEUNG-SING, S.B.S., J.P.

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

DR THE HONOURABLE KENNETH CHAN KA-LOK

THE HONOURABLE CHAN YUEN-HAN, S.B.S., J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, B.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, S.B.S., J.P.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE SIN CHUNG-KAI, S.B.S., J.P.

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, S.B.S., J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

THE HONOURABLE TANG KA-PIU, J.P.

DR THE HONOURABLE CHIANG LAI-WAN, J.P.

IR DR THE HONOURABLE LO WAI-KWOK, B.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE CHRISTOPHER CHUNG SHU-KUN, B.B.S., M.H., J.P.

THE HONOURABLE TONY TSE WAI-CHUEN, B.B.S.

MEMBERS ABSENT:

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

PUBLIC OFFICERS ATTENDING:

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

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

THE HONOURABLE RIMSKY YUEN KWOK-KEUNG, S.C., J.P.
THE SECRETARY FOR JUSTICE

PROF THE HONOURABLE ANTHONY CHEUNG BING-LEUNG, G.B.S.,
J.P.
SECRETARY FOR TRANSPORT AND HOUSING

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

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

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

THE HONOURABLE GREGORY SO KAM-LEUNG, G.B.S., J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE RAYMOND TAM CHI-YUEN, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE LAI TUNG-KWOK, S.B.S., I.D.S.M., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE EDDIE NG HAK-KIM, S.B.S., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE PAUL TANG KWOK-WAI, J.P.
SECRETARY FOR THE CIVIL SERVICE

PROF SOPHIA CHAN SIU-CHEE, J.P.
SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE WONG KAM-SING, J.P.
SECRETARY FOR THE ENVIRONMENT

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

MR SHIU SIN-POR, S.B.S., J.P.
HEAD, CENTRAL POLICY UNIT

CLERK IN ATTENDANCE:

MR KENNETH CHEN WEI-ON, S.B.S., SECRETARY GENERAL

(Mr LEUNG Kwok-hung yelled in his seat)

PRESIDENT (in Cantonese): Will Members please keep quiet?

(Mr LEUNG Kwok-hung continued to yell in his seat)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, if you continue to yell in your seat, I will order you to leave the Chamber. Mr LEUNG, please observe the Rules of Procedure. If you violate the Rules of Procedure again, I will order you to leave the Chamber.

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Pharmacy and Poisons (Amendment) Regulation 2015.....	34/2015
Competition (Application of Provisions) Regulation.....	36/2015
Competition (Disapplication of Provisions) Regulation	37/2015
Competition (Turnover) Regulation	38/2015
Competition Ordinance (Commencement) Notice 2015....	39/2015
Declaration of Change of Titles (Student Financial Assistance Agency and Controller, Student Financial Assistance Agency) Notice 2015.....	40/2015

Federation of Hong Kong Industries (Variation of Composition and Addition of Scheduled Groups) Notice 2015	41/2015
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Other Papers

- No. 72 — Correctional Services Department Welfare Fund
Report by the Commissioner of Correctional Services of
Hong Kong Incorporated on the Administration of the
Fund for the year ended 31 March 2014
- No. 73 — Hong Kong Arts Development Council
Annual Report 2013/14
- No. 74 — Hong Kong Examinations and Assessment Authority
Financial statements for the year ended 31 August 2014
and Report on Activities September 2013 – August 2014
- No. 75 — Li Po Chun Charitable Trust Fund
Report of the Trustee on the Administration of the Fund
for the year ended 31 August 2014
- No. 76 — Estimates
for the year ending 31 March 2016
Volume I – General Revenue Account (Page 1 to 526)
Volume I – General Revenue Account (Page 527 to 974)
- No. 77 — Estimates
for the year ending 31 March 2016
Volume II – Fund Accounts

Report No. 13/14-15 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

WRITTEN ANSWERS TO QUESTIONS**Measures to Enhance Competitiveness of Hong Kong**

1. **MR MARTIN LIAO** (in Chinese): *President, it has been reported that the competitiveness reports published last year by quite a number of authoritative organizations coincidentally pointed out that alarm had been sounded for Hong Kong's competitiveness. For instance, as indicated by the Global Competitiveness Report 2013-2014 published by the World Economic Forum (the Forum Report), Hong Kong was the 7th in the overall rankings of the Global Competitiveness Index that covered 144 countries/economies. Although that ranking is the same as that in the previous year, Hong Kong's ratings in the two areas of higher education and innovation were significantly on the low side, standing respectively at the 22nd and the 26th positions and showing a downward trend. Besides, as indicated by the World Competitiveness Report 2014 published by the International Institute for Management Development in Lausanne, Switzerland, Hong Kong's competitiveness ranking has dropped below the first three positions for the first time since 2005. Apart from the drop in international rankings, as pointed out in the Blue Book of Urban Competitiveness: Report on China's Urban Competitiveness published by the Chinese Academy of Social Sciences (the Academy Report), the rankings of Hong Kong in several competitiveness indexes have been surpassed by a number of mainland cities, and in the Overall Incremental Competitiveness Index, Hong Kong was even ranked 18th only, a drastic drop by 10 positions from its ranking in the previous year. In this connection, will the Government inform this Council:*

- (1) *as the various aforesaid reports have pointed out that Hong Kong should improve on the two areas of higher education and innovation, of the authorities' new plans and measures to enhance Hong Kong's overall competitiveness in these two areas, apart from the proposals put forth in this year's Policy Address;*
- (2) *as the Forum Report has pointed out that Hong Kong should note that the quality of its research organizations is declining and that scientists and engineering talents are lacking, of the targeted measures the authorities will implement to resolve these two problems; as the Forum Report has also pointed out that Hong Kong's rankings regarding company spending on research and*

development as well as university-industry collaboration in research and development were below the 25th position, whether the authorities will implement new measures or provide other incentives (such as tax concessions), apart from the measures currently implemented by the Innovation and Technology Commission, to encourage and induce enterprises and universities to deploy resources for research and development of innovation and technology; if they will, of the details; if not, the reasons for that; and

- (3) *as the Academy Report has reportedly pointed out that although Hong Kong has remained the most competitive city in the country for 12 consecutive years, its economic edges have gradually weakened and its economy lacks stable growth areas due to the over-reliance of its economy on a few industries such as the finance and real estate industries as well as the impact of competitors from within and outside the country, whether the Government will formulate more new measures to promote economic diversification, so as to enhance Hong Kong's competitiveness?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, my reply to the three parts of the question is as follows:

- (1) The Government attaches great importance to the development of post-secondary education and strives to provide the younger generation with flexible and diversified articulation pathways with multiple entry and exit points. We promote the parallel development of the publicly-funded and self-financing sectors through various support measures. Currently, 38.4% of our young people in the relevant cohort have access to degree-level education. With the sub-degree programmes, the rate of youth pursuing post-secondary courses is nearly 70%, forming a pool of talent for the future development of Hong Kong. In his 2014 Policy Address, the Chief Executive announced a series of initiatives to broaden the opportunities for local students to receive higher education and provide school leavers with broader and more diversified articulation pathways. On full implementation of these measures, and given the declining student population, we envisage that there will be

sufficient publicly-funded and self-financing first-year first-degree places for all secondary school leavers meeting minimum entrance requirements for university admission by the 2016-2017 academic year, assuming the performance of secondary school leavers is maintained at a comparable level.

Innovation and technology (I&T) are important economic drivers. They also underpin the development of other economic sectors. To fully capture the opportunities provided by advancements in technology and the commercial potential they offer, the Government is committed to promoting the development of I&T in Hong Kong, and has proposed to set up the Innovation and Technology Bureau to provide focused and high-level leadership and stronger policy co-ordination. In his latest Policy Address, the Chief Executive also proposed to inject \$5 billion into the Innovation and Technology Fund (ITF) and include the Research and Development (R&D) Cash Rebate Scheme under the ITF.

Furthermore, the Government will continue to provide sustained and comprehensive support for Hong Kong's I&T development through different measures. There are five strategic directions, namely the provision of world-class technology infrastructure for enterprises, research institutions and universities; financial support for stakeholders in the industry, academia and research sector to develop and commercialize their R&D results; nurturing talent; strengthening science and technology collaboration with the Mainland and other economies; and fostering a vibrant culture of innovation. Recent examples include:

- (i) focusing on the promotion of private sector investment in R&D and realizing/commercializing R&D results, such as:
 - (a) extending the funding scope of the ITF to render stronger support to downstream R&D and commercialization activities;
 - (b) waiving the industry sponsorship requirement for R&D projects under the ITF initiated by government bureaux/departments and statutory bodies, and

increasing the funding ceiling of the Public Sector Trial Scheme under the ITF to a maximum of 100% of the actual cost of the original R&D project;

- (c) launching a new Technology Start-up Support Scheme for Universities (TSSSU) to provide an annual funding of up to \$24 million to six local universities, initially for three years, to encourage their students and faculty members to start technology businesses and commercialize their R&D results; and
 - (d) launching a new Enterprise Support Scheme (ESS) around March 2015. ESS will replace the Small Entrepreneur Research Assistance Scheme to provide funding support for companies of all sizes to conduct in-house R&D projects. The funding ceiling for each project will be \$10 million, with no requirement for recoupment of Government's contribution;
- (ii) development of the \$4.9 billion Science Park Phase 3 with a strong focus on green technology; and
 - (iii) implementation of the recommendations of a review of the Science Park and industrial estates (IEs), including the strengthening of the Science Park's role in developing the I&T ecosystem; suitably raising the development density of the park to optimize land use therein for the development of new R&D facilities; and proceeding with the formulation of a new IE policy to enhance the value chain of the I&T industries in Hong Kong and further revitalize the IEs.
- (2) The Government has always emphasized the quality of research institutions. On the higher education front, the reported aggregate expenditure on research of the University Grants Committee (UGC)-funded institutions amounted to \$7,576 million in the 2012-2013 academic year, with three of the UGC-funded institutions being ranked among the top 50 in the Quacquarelli Symonds World University Rankings 2014. Furthermore, according to the results of

the Research Assessment Exercise (RAE) 2014 as announced by the UGC upon its latest assessment of the UGC-funded institutions, 12% of the research submissions made by the eight funded institutions in respect of the RAE 2014 were judged by international experts as of world leading standard, while 34% attained international excellence and the remainder overwhelmingly attained international standing or regional standing. This reflects the high quality of academic research done by local universities.

On the applied R&D front, the Government set up five R&D Centres in 2006 to drive and co-ordinate R&D work in five selected technology areas. Over the years, the Centres have undertaken over 700 R&D projects, with a total funding amount of over \$3.9 billion from the ITF. The five R&D Centres have demonstrated satisfactory performance in meeting industry contribution targets, undertaking more R&D projects and realizing/commercializing R&D results. Examples include the "Finer Nu-Torque Cotton Yarn Production" technology jointly developed by the Hong Kong Research Institute of Textiles and Apparel (HKRITA) and The Hong Kong Polytechnic University; the "E-Lock-Based Enabling Technology" developed by the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies (LSCM) in collaboration with the Customs and Excise Department for facilitating logistics flow between Hong Kong and the Mainland; and a tracking system jointly developed by HKRITA, LSCM and the Applied Science and Technology Research Institute for keeping track of the whereabouts of institutionalized elderly people.

On nurturing science and engineering talents, in the 2013-2014 academic year, around 34 000 students were enrolled in UGC-funded programmes in science discipline and engineering and technology discipline, representing about 35% of total enrolment. They are the new blood to serve industry needs.

Other than the newly launched TSSSU mentioned in part (1) of this reply, the Government has also implemented a series of measures to encourage university graduates to pursue a career in the I&T sector. Such measures include:

- (i) *Innovation and Technology Scholarship Award Scheme supported by the Innovation and Technology Commission (ITC)*

The Innovation and Technology Scholarship Award Scheme provides financial support for outstanding science, technology and engineering students of local universities to participate in overseas attachment, internship and mentorship programmes;

- (ii) *Hong Kong PhD Fellowship Scheme by the Research Grants Council (RGC)*

The Scheme was launched in 2009 to attract the best and brightest students from around the world to pursue doctoral studies in Hong Kong. A total of 4 785 applications from 106 countries/regions were received for the 2013-2014 academic year, and 185 elite candidates from 33 countries/regions have accepted offers for the fellowship;

- (iii) *Internship Programme by the ITC*

The Internship Programme under the ITF provides funding support for science, technology and engineering graduates to work on R&D projects funded by the ITF. Over 1 700 internship positions have been provided since the inception of the programme;

- (iv) *Early Career Scheme by the RGC*

The Scheme was introduced to attract, support and nurture new junior faculty members. The Scheme supports qualified researchers to undertake independent research work and develop educational activities;

- (v) *Incubation Programmes at Science Park and Cyberport*

The Incubation Programmes at Science Park and Cyberport provide a spawning ground for young technopreneurs by offering affordable accommodation, shared-use facilities and

equipment as well as business related assistance to support their innovation activities. Over 510 and 260 companies have already benefited from the programmes run by Science Park and Cyberport respectively; and

(vi) *Instilling a Vibrant Culture on Innovation*

ITC will continue to organize and support various activities, such as the annual InnoTech Month, to promote public interest in science and technology.

To encourage and induce enterprises to deploy resources for R&D, the R&D Cash Rebate Scheme launched by ITC in April 2010 provides cash rebate on the investment by enterprises in conducting R&D projects either funded by the ITF or in partnership with designated local public research institutions. To enhance the effectiveness of the Scheme, ITC increased the level of cash rebate from 10% to 30% with effect from 1 February 2012. Besides, under the current tax system, we already allow full deduction on expenditure incurred by a business enterprise for carrying out R&D related to its trade, profession or business, including capital expenditure (such as for the purchase of plant or machinery).

- (3) The Government attaches great importance to diversifying the industries so as to enhance the overall competitiveness of Hong Kong. Since its establishment in 2013, the Economic Development Commission (EDC), led personally by the Chief Executive, has been studying how to make use of Hong Kong's prevailing advantages and opportunities. The EDC has also been exploring the overall strategy and policy to broaden our economic base and enhance our long-term development, and identifying industries which present opportunities for Hong Kong's further economic growth.

Regarding the development of industries, the working groups underpinning the EDC (namely Working Group on Transportation; Working Group on Convention and Exhibition Industries and Tourism; Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries; and Working Group on Professional Services) have submitted specific recommendations on relevant industries in the past two years. Such

- (3) *the median and maximum salaries of HA's non-local doctors, as well as their average working hours per week since 2012, with a tabulated breakdown by year and clinical department;*
- (4) *the number of non-local doctors with limited registration who are currently employed by tertiary institutions or private healthcare institutions and, among such doctors, of the longest number of years for which the registration concerned has been continuously renewed; and*
- (5) *given that the importation of foreign manpower on a long-term basis will have impact on local manpower planning in the long run, whether HA has set any target on the number of imported non-local doctors; if it has, the targets set since 2012 as well as the short, medium and long term targets set for the future; if not, the reasons for that?*

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

- (1) In accordance with section 14A of the Medical Registration Ordinance (Cap. 161), the Medical Council of Hong Kong (MCHK) may approve the registration of persons who possess only qualifications for practising medicine outside Hong Kong as medical practitioners with limited registration, subject to specified restrictions and conditions. Medical practitioners with limited registration may engage in teaching, research and hospital work in Hong Kong, including employment with the Hospital Authority (HA) as full-time medical practitioners for carrying out research, clinical or hospital work as specified by the HA. Each approval for limited registration will be valid for a maximum period of one year, and upon expiry the relevant person may apply for renewal for a period not exceeding one year.

Details concerning the employment of non-local doctors by the HA in the past three years are set out below:

	2011-2012	2012-2013	2013-2014
(i) Number of applications received by the HA from non-local doctors	160	72	40
(ii) Number of applications for limited registration submitted by the HA to the MCHK	14	6	4
(iii) Number of applications approved by the MCHK	13	6	4
(iv) Number of non-local doctors who accepted the HA's employment offer	11	5	1 ⁽¹⁾
(v) Number of applicants applying for renewal of registration	7	4	Still in the first year of their contracts
(vi) Number of applicants granted approval for renewal of registration	7	4	

Note:

- (1) Of these non-local doctors, three will assume duty in late February/March 2015.
- (2) At present, there are some 5 500 doctors working in the HA. In 2012-2013, 2013-2014 and 2014-2015 the number of doctor vacancies in public hospitals was around 250, 310 and 340 respectively. There are currently 13 non-local doctors employed by the HA, who serve in the anaesthesia, emergency medicine, pathology, family medicine and internal medicine departments. The situation is similar to that of the past few years.
- (3) At present, the median monthly salary of non-local doctors working in the HA is \$92,020 and the maximum is \$121,114 per month (both including pay and allowances). The remuneration is the same as that of a local doctor of equivalent rank.

There is no difference in the average weekly working hours of non-local doctors and other HA doctors. As working conditions

may vary among specialties, the average working hours per week for doctors serving different specialties also differs. According to the data collected by the HA, doctors on average worked between 48.5 hours and 59.5 hours a week in the second half of 2012, depending on the specialty in which they work. As for the second half of 2013, the average working hours for doctors ranged between 43.5 hours and 57.5 hours per week. The HA is still collecting data for 2014.

- (4) As at 31 December 2014, there were a total of 146 medical practitioners with limited registration in Hong Kong, who were either employed by tertiary institutions (84 persons), the HA (13 persons), clinics that have been exempted from the provisions of section 7 of the Medical Clinics Ordinance (34 persons) or clinics registered under the Medical Clinics Ordinance (15 persons). Of these medical practitioners, the longest period of practice through repeated renewals of registration approved by the MCHK is 20 years.
- (5) The HA assesses the manpower situation of doctors on a yearly basis. Recruitment and manpower deployment exercises are conducted in the light of demand for services, service development needs, turnover rate and manpower supply in the market. In general, vacancies for Consultant and Associate Consultant in the HA are filled by internal transfer or promotion of suitable HA doctors as far as possible. As for vacancies for resident trainees, recruitment is conducted annually to recruit medical graduates of local universities and other qualified doctors to fill the posts and for specialist training provided by the HA. Individual departments may also recruit doctors within the year to cope with their service and operational needs.

At present, medical practitioners with limited registration serving in the HA constitute only a very small percentage of the total number of HA doctors. Locally-trained doctors will continue to be the HA's main source of manpower supply, while medical practitioners with limited registration will be employed where necessary to address short-term manpower shortage.

Small and Medium Enterprises Financing Guarantee Scheme

3. **MR CHUNG KWOK-PAN** (in Chinese): *President, in January 2011, the Hong Kong Mortgage Corporation Limited (HKMC) launched the Small and Medium Enterprises Financing Guarantee Scheme (SFGS) which aims to help small and medium enterprises and non-listed enterprises with financing difficulties secure loans for meeting operational needs and enhancing productivity and competitiveness. Under the SFGS, HKMC may provide 50%, 60% or 70% guarantee for approved loans (loan guarantees) taken out by eligible enterprises. Given the uncertainties of the global economy in recent years, HKMC implemented special concessionary measures on 31 May 2012 to increase the loan guarantee ratio to 80% of the approved loans, with applications closing on the 28th of this month. In this connection, will the Government inform this Council whether it knows:*

- (1) *(i) the number of applications received, (ii) the number of applications for which loan guarantees were granted, and (iii) the total amount of loan guarantees made, by HKMC under the special concessionary measures each month since April 2013, with a breakdown by the trade of the enterprises;*
- (2) *(i) the number of default cases processed, (ii) the number of default claims received from banks or financial institutions participating in SFGS, (iii) the number of default claims for which compensation was made and its percentage in the total number of default claims, as well as (iv) the total amount of compensation paid, by HKMC under the special concessionary measures since April 2013; and*
- (3) *the average time taken at present by HKMC from receipt of a default claim to making a compensation; the current number of outstanding claims and why the processing of these cases has not been completed; whether HKMC will take measures to expedite the processing of these cases; if HKMC will, of the details?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): *President, the Hong Kong Mortgage Corporation Limited (HKMC) launched the market-based SME Financing Guarantee Scheme (SFGS) on 1 January 2011 to provide a market-based loan guarantee scheme for Hong Kong enterprises to assist them in meeting their financing needs.*

In the light of the uncertain external economic environment, the Government has provided a total loan guarantee commitment of \$100 billion for the HKMC to implement time-limited special concessionary measures under the SFGS from 31 May 2012, under which 80% loan guarantees are offered at a concessionary guarantee fee rate. The application period of the special concessionary measures was originally nine months until end of February 2013, which was subsequently extended twice to end February 2015. My reply to the question is as follows:

- (1) From April 2013 to January 2015, the HKMC has received 3 836 applications under the special concessionary measures, of which 3 337 were approved⁽¹⁾. The total guarantee amount approved was around HK\$9.9 billion.

The number of applications received, the number of applications approved and the amount of guarantee approved per month under the special concessionary measures and the breakdown statistics by trade are set out in Table 1 and Table 2 respectively.

- (2) From April 2013 to January 2015, the HKMC has received 196 net default claims⁽²⁾ under the special concessionary measures, involving a net default claim amount of about HK\$420 million. The HKMC had paid compensations to 11 claims (accounting for 5.6% of the total number of net default claims received). The total amount of compensations involved was about HK\$20 million.
- (3) Under normal circumstances, the HKMC would respond to a lending institution within 10 working days upon receipt of its default claim indicating whether the claim concerned is approved or not or the additional information/documents the lending institution would need to provide. Of the default claims received from April 2013 to January 2015, 185 cases are still under processing.

(1) Three hundred and ninety applications had been withdrawn by the lending institutions, 80 applications were under processing and 29 applications had been rejected.

(2) Excluding default claims with the outstanding amounts fully repaid after submission of the claims by the lending institutions, and default claims withdrawn by the lending institutions on their own initiative.

To ensure the prudent use of public funds, in processing a default claim, the HKMC needs to conduct due diligence review to verify whether the lending institution has complied with the Master Deed of Guarantee of the SFGS signed with the HKMC as well as its relevant internal policies and procedures in handling loan applications, credit monitoring and default cases under the special concessionary measures. The primary reason why the HKMC cannot complete processing of the default claims is that the lending institutions concerned have yet to provide the HKMC with the required or sufficient documents for such purpose.

To expedite the processing of default claims, the HKMC has had meetings with the lending institutions over the past year to explain the requirements of its due diligence review and to have a better understanding of the internal policies and operation of the individual lending institutions.

Table 1

Special concessionary measures under SFGS — Number of applications received and approved each month for the period from April 2013 to January 2015

<i>Month</i>	<i>Number of applications received</i>	<i>Number of applications approved</i>	<i>Guarantee amount approved (HK\$ million)</i>
April 2013	189	167	507.28
May 2013	233	200	628.82
June 2013	240	221	634.49
July 2013	267	244	707.66
August 2013	241	214	656.48
September 2013	204	191	608.27
October 2013	143	128	357.68
November 2013	155	133	375.69
December 2013	142	133	390.98
January 2014	203	180	538.05
February 2014	265	204	673.95
March 2014	121	101	285.58
April 2014	137	119	363.86
May 2014	147	132	397.24

<i>Month</i>	<i>Number of applications received</i>	<i>Number of applications approved</i>	<i>Guarantee amount approved (HK\$ million)</i>
June 2014	205	180	490.32
July 2014	205	181	518.76
August 2014	159	144	422.40
September 2014	128	114	376.56
October 2014	125	107	298.37
November 2014	82	71	239.21
December 2014	110	100	262.25
January 2015	135	73	196.29
Total	3 836	3 337	9,930.19

Table 2

Special concessionary measures under SFGS — Applications approved by trade for the period from April 2013 to January 2015

<i>Trade</i>	<i>Number of applications approved</i>	<i>Guarantee amount approved (HK\$ million)</i>
<i>Manufacturing</i>		
Textile and clothing	121	442.99
Plastics	59	156.40
Electronics	54	187.40
Printing and publishing	46	94.42
Others	374	1,208.17
<i>Non-manufacturing</i>		
Trading	1 587	4,989.54
Wholesale and retail	280	760.74
Engineering	121	284.68
Construction	108	344.46
Transportation and logistics	92	220.08
Others	495	1,241.31
Total	3 337	9,930.19

Note:

The HKMC has not compiled statistics on the number of applications received by trade.

Provision of Book Drops at Railway Stations by Hong Kong Public Libraries

4. **DR PRISCILLA LEUNG** (in Chinese): *President, currently, Hong Kong Public Libraries provide book drops at three major interchange railway stations, namely Central, Kowloon Tong and Nam Cheong Stations. Regarding the provision of book drops at railway stations, will the Government inform this Council:*

- (1) *of the respective numbers of loaned materials returned through the aforesaid book drops at the three interchange stations since April 2013;*
- (2) *whether it has reviewed the effectiveness of providing book drops at interchange stations; if it has, of the details; if not, the reasons for that; and*
- (3) *whether it has considered relocating the existing book drops at the interchange stations to other locations inside the stations where passengers must walk past, and providing book drops at other railway stations with higher passenger flows for the convenience of library service users; if it has, of the details and the estimated costs; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Leisure and Cultural Services Department (LCSD) has provided book drop service under a trial scheme at three Mass Transit Railway (MTR) interchange stations, namely Central, Kowloon Tong and Nam Cheong since late September 2011, and completed a review on the trial service in early 2013. The reply to various parts of the question is as follows:

- (1) From April 2013 to January 2015, the number of library materials returned through the book drops at the Central, Kowloon Tong and Nam Cheong MTR stations were 299 744, 350 843 and 136 664 respectively.
- (2) In the review of the trial scheme completed in 2013, the LCSD examined the usage statistics and the public's views collected

through an opinion survey. The review findings show that during the period from the launch date of the book drop service to late December 2012, the monthly average usage of the book drop service at the three stations was only about 29% of the total maximum capacity (25 250 items as compared to 86 400 items). Both the usage statistics and the opinion survey findings reveal that only a small portion of library patrons chose to return their borrowed library items through the book drops at the MTR stations. Indeed, the majority of patrons still preferred visiting the libraries in person to return and borrow books on the same occasion. Whilst the trial book drop service was generally supported by the public as reflected in the opinion survey, the cost of providing the service was high due to the expenses for the logistics services (say for collecting and transporting library items among the MTR stations, the central processing centre and public libraries twice a day). The average cost of the service was around \$9 per returned item and the additional expenditure incurred was around \$3.5 million per annum. Despite the increase in service usage in 2013 and 2014, the monthly average usage remained to be only 38% and 41% respectively. In light of the cost-effectiveness of the service and patrons' habit of using the library service, we consider it appropriate to maintain the existing service at the three MTR interchange stations and have no plan to extend the service to more MTR stations at this stage.

- (3) To install book drops at MTR stations, it is necessary to comply with the fire safety requirements and meet other conditions such as the operational management inside the stations and delivery arrangements of books. The locations of book drops at the above three stations fulfil the requirements and conditions as evaluated by the fire engineering consultant and endorsed by the government departments concerned. All the book drops are conveniently located near the main passages inside the stations.

When considering the introduction of the trial book drop scheme at MTR stations, we have duly taken into account factors such as the passenger flow and service coverage before deciding to install book drops at the above three major interchange stations. These three stations can serve patrons travelling on six major railway lines (those

travelling on the Island Line and Tsuen Wan Line may use the book drops in Central Station; those travelling on the Kwun Tong Line and East Rail Line may use the book drops in Kowloon Tong Station; while those of the West Rail Line and Tung Chung Line may use the book drops in Nam Cheong Station). These three MTR stations are the most suitable ones for installing book drops in terms of passage flow and service coverage.

Easing Impacts of New Development Projects on Traffic in East Kowloon

5. **MR WONG KWOK-KIN** (in Chinese): *President, in recent years, the Government has launched a number of large-scale development projects in East Kowloon and the adjacent areas, such as the Kai Tak Development, Energizing Kowloon East, the Anderson Road Public Housing Development and the Development of Anderson Road Quarry site. However, since the traffic in East Kowloon is already very congested at present and there is insufficient space in the area for road network expansion, local residents are concerned that the additional vehicular flows arising from such new development projects will aggravate the traffic congestion in the area. In this connection, will the Government inform this Council:*

- (1) *of the design capacities of the following five road sections: Kwun Tong Road, Kwun Tong Bypass, Clear Water Bay Road near Choi Hung Interchange, Clear Water Bay Road bound for Lung Cheung Road and the roundabout at Kwun Tong Town Centre bound for Hoi Yuen Road; the (i) average vehicle speed, (ii) average traffic throughput, and (iii) annual growth rate of traffic throughput in these road sections during peak hours in the past five years; the percentages of the present traffic throughput of these road sections in their design capacities (set out such information in a table); what short-term and medium-term measures are in place to (i) alleviate the traffic congestion in these road sections, and (ii) divert the additional vehicular flows that will arise from the new development projects;*
- (2) *of the progress of the various sub-projects (including the Central Kowloon Route, the Trunk Road T2 and the Tseung Kwan O-Lam*

Tin Tunnel) of the Route 6 Project, which are planned to ease the traffic loads on the roads in East Kowloon; whether the authorities will submit the funding proposals for these sub-projects to the Finance Committee of this Council within the current term of the Government;

- (3) given the authorities' advice in 2011 that the judicial review of the environmental impact assessment (EIA) report of the Hong Kong-Zhuhai-Macao Bridge had affected the EIA of the Route 6 Project, of the respective lengths of delay, the original and revised work progress schedules, as well as the cost estimates and the rates of increase in such estimates of the various sub-projects of the Route 6 Project (set out such information in a table); and*
- (4) of the number of views received by the authorities on the proposed works of the Tseung Kwan O-Lam Tin Tunnel, the Central Kowloon Route and the Trunk Road T2 during their gazettal periods, and whether all the views received have been dealt with?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Government has been closely monitoring the traffic situation in East Kowloon. When handling new development projects (especially housing development projects), the Government will request project proponents to conduct traffic impact assessments and put forward mitigation proposals to ensure that the transport infrastructure would be able to cope with the additional traffic flow brought by the new development projects.

My reply to the various parts of Mr WONG Kwok-kin's question is as follows:

- (1) The designed capacities of Kwun Tong Road, Kwun Tong Bypass, Clear Water Bay Road and Hoi Yuen Road, and the average vehicle speed, traffic volume, growth rate of traffic volume, volume to capacity ratio of Kwun Tong Road, Kwun Tong Bypass and Clear Water Bay Road during the morning peak hours from 2009 to 2013 are at the Annex. As the traffic survey statistics for 2014 are still being processed, such information is not shown in Annex.

Moreover, as the Transport Department only collects statistics on traffic flow of major roads, data for the roundabout at Kwun Tong Town Centre bound for Hoi Yuen Road is not available.

Larger-scale development projects in Kwun Tong District in recent years include the Anderson Road Public Housing Development and the Anderson Road Quarry Development as well as the Kwun Tung Town Centre Redevelopment project.

In the short term, to tie in with the Anderson Road Public Housing Development, the Government has already completed a series of road improvement works to increase the traffic capacity at road junctions in the vicinity. In the medium term, the Government also proposes a series of road and junction improvement measures (such as widening of road junctions, increase the number of traffic lanes and flyovers, adjustment of traffic signal timing, and so on) to complement the Anderson Road Quarry Development.

In addition, the Civil Engineering and Development Department proposes to construct four pedestrian links connecting the Anderson Road Quarry Development area and the neighbouring housing estates, Kwun Tong town centre, Kwun Tong rail station and the proposed Bus-to-Bus Interchange at the Tseung Kwan O Tunnel toll plaza. According to the alignment of the proposed links, there will be footbridges with lift towers or escalators to attract residents of the public housing estates and private estates on the hillside so as to reduce their demand for shuttle services of minibuses and buses.

As regards the Kwun Tung Town Centre Redevelopment project, most bus and minibus stops in town centre will be relocated to the public transport interchange at Development Areas 2 and 3 of the Redevelopment project after completion of the Redevelopment project. Moreover, to facilitate vehicles travelling to and from the public transport interchange, the Urban Renewal Authority will widen a road section from Hip Wo Street leading to the public transport interchange within the area of the Redevelopment project so as to relieve the road traffic in the vicinity.

(2) to (4)

Since the Court of First Instance handed down its judgment on the judicial review (JR) case regarding the environmental impact assessment (EIA) reports of the Hong Kong-Zhuhai-Macao Bridge (HZMB) projects on 18 April 2011, there was a need for numerous public works projects under design and planning stages at that time to review the contents of the submitted EIA reports and the EIA in progress in order to meet the requirements laid down by the Court's judgment. In view of the uncertainties brought about by the JR, the Government had to review the comprehensiveness of the then ongoing EIA of the Route 6 projects, including the Central Kowloon Route (CKR), Tseung Kwan O-Lam Tin Tunnel (TKO-LLT) and the Trunk Road T2, and consider how best to meet the requirements on baseline assessment imposed by the judgment of the Court of First Instance.

Subsequently, the Court of Appeal handed down its judgment in respect of the JR of the EIA Report of the HZMB local projects in September 2011, unanimously allowed the Director of Environmental Protection (DEP)'s appeal. The judgment confirmed the validity of the environmental permits issued by the DEP. Accordingly, the procedures of the major infrastructure projects which were not finished because of the JR could be resumed. Therefore, the above JR case had not impacted too much on the overall design and planning works on the Route 6 projects. The current progress of various projects of Route 6 is as follows.

Upon the gazettal of the CKR project, more than 300 submissions were received and are now being handled in accordance with the statutory procedures. Meanwhile, the Highways Department is formulating the detailed design of the CKR. Subject to the Chief Executive-in-Council (CE-in-C)'s authorization of the road works of the project, we will seek funding from the Finance Committee of the Legislative Council in a timely manner for the works in accordance with the established procedures for public works projects.

Upon the gazettal of the TKO-LTT project, more than 1 400 submissions on the road scheme of the project and more than 300 submissions on the sewerage works of the project were received.

The project was authorized by the CE-in-C in April 2014. Detailed design of the TKO-LTT has commenced. We will seek funding from the Finance Committee of the Legislative Council in a timely manner for the works in accordance with the established procedures for public works projects.

Upon the gazettal of the Trunk Road T2, no objection was received and the project has hence been authorized. Detailed design of the Trunk Road T2 has commenced. We will seek funding from the Finance Committee of the Legislative Council in a timely manner for the works in accordance with the established procedures for public works projects.

Annex

Table 1: Design capacity of various road sections in Kwun Tong

<i>Road section</i>	<i>Design capacity (Passenger car unit/hour)</i>
Kwun Tong Road (eastbound and westbound each)	9 000
Kwun Tong Bypass (eastbound and westbound each)	5 400
Clear Water Bay Road (eastbound and westbound each)	5 400
Hoi Yuen Road (southbound only)	5 400

Table 2: Average vehicle speed at Kwun Tong Road, Kwun Tong Bypass and Clear Water Bay Road

<i>Road section</i>	<i>Average vehicle speed during the morning peak hours (km/h)</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Kwun Tong Road eastbound	34.5	29.4	27.7	35.8	40.2
Kwun Tong Road westbound	45.0	43.4	37.2	51.4	45.9
Kwun Tong Bypass eastbound	66.8	67.5	65.6	64.3	66.6
Kwun Tong Bypass westbound	69.0	66.9	60.3	61.1	65.8
Clear Water Bay Road near Choi Hung Interchange (eastbound)	30.3	20.5	26.3	30.3	21.0

<i>Road section</i>	<i>Average vehicle speed during the morning peak hours (km/h)</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Clear Water Bay Road bound for Lung Cheung Road near Choi Hung Interchange (westbound)	27.4	24.2	22.6	20.3	19.7

Table 3: Traffic volume at Kwun Tong Road, Kwun Tong Bypass and Clear Water Bay Road

<i>Road section</i>	<i>Traffic volume during the morning peak hours (vehicle/hour)</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Kwun Tong Road eastbound	5 530	5 590	5 580	5 780	5 720
Kwun Tong Road westbound	4 850	4 930	5 020	5 050	4 950
Kwun Tong Bypass eastbound	3 730	3 860	4 010	3 850	4 160
Kwun Tong Bypass westbound	4 400	4 310	4 080	4 140	4 060
Clear Water Bay Road near Choi Hung Interchange (eastbound)	2 410	2 510	2 500	2 530	2 640
Clear Water Bay Road bound for Lung Cheung Road near Choi Hung Interchange (westbound)	2 850	2 470	2 710	2 680	2 740

Table 4: Year-on-year growth rate of traffic volume at Kwun Tong Road, Kwun Tong Bypass and Clear Water Bay Road

<i>Road section</i>	<i>Year-on-year growth rate of traffic volume during the morning peak hours</i>			
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Kwun Tong Road eastbound	+1.08%	-0.18%	+3.58%	-1.04%
Kwun Tong Road westbound	+1.65%	+1.83%	+0.60%	-1.98%
Kwun Tong Bypass eastbound	+3.49%	+3.89%	-3.99%	+8.05%

<i>Road section</i>	<i>Year-on-year growth rate of traffic volume during the morning peak hours</i>			
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Kwun Tong Bypass westbound	-2.05%	-5.34%	+1.47%	-1.93%
Clear Water Bay Road near Choi Hung Interchange (eastbound)	+4.15%	-0.40%	+1.20%	+4.35%
Clear Water Bay Road bound for Lung Cheung Road near Choi Hung Interchange (westbound)	-13.33%	+9.72%	-1.11%	+2.24%

Table 5: Volume to capacity (v/c) ratio at Kwun Tong Road, Kwun Tong Bypass and Clear Water Bay Road

<i>Road section</i>	<i>v/c ratio* during the morning peak hours</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Kwun Tong Road eastbound	0.74	0.75	0.74	0.77	0.76
Kwun Tong Road westbound	0.65	0.66	0.67	0.67	0.66
Kwun Tong Bypass eastbound	0.83	0.86	0.89	0.86	0.92
Kwun Tong Bypass westbound	0.98	0.96	0.91	0.92	0.90
Clear Water Bay Road near Choi Hung Interchange (eastbound)	0.54	0.56	0.56	0.56	0.59
Clear Water Bay Road bound for Lung Cheung Road near Choi Hung Interchange (westbound)	0.63	0.55	0.60	0.60	0.61

Note:

- * A v/c ratio is normally used to reflect the traffic situation during peak hours. A v/c ratio equal to or less than 1.0 means that the road has sufficient capacity to cope with the anticipated traffic volume. A v/c ratio above 1.0 indicates the onset of mild congestion and a v/c ratio between 1.0 and 1.2 indicates a manageable degree of congestion.

Concern About Interference with Autonomy of Tertiary Institutions

6. **MR IP KIN-YUEN** (in Chinese): *President, the University Grants Committee (UGC) announced the results of the Research Assessment Exercise 2014 (the RAE results) on 27 January this year. However, one day before the announcement, a newspaper reported part of the RAE results (including concrete figures), which were then confidential information. Following that, reports and articles were published in that newspaper consecutively for several days, alleging that the academic research results of the Faculty of Law of the University of Hong Kong (HKU) were inferior to those of the law faculties of other local universities and other faculties of HKU, for which the former Dean of the Faculty of Law of HKU (the former Dean) should be the one to blame, and considering that the former Dean, who had been unanimously recommended by the members of the search committee for the appointment of the post of Vice-President and Pro-Vice-Chancellor of HKU, was unsuitable for the appointment. Some teaching staff members of tertiary institutions have expressed concerns that the aforesaid practice of the newspaper has seriously interfered with institutional autonomy. In this connection, will the Government inform this Council:*

- (1) *whether it knows if UGC will investigate why the newspaper was able to obtain the information on the RAE results which was then confidential and whether the requirements under the Official Secrets Ordinance (Cap. 521) or other confidentiality rules have been contravened, and publish the investigation results; if UGC will not conduct such an investigation, the reasons for that;*
- (2) *whether it knows the workflow for compiling the RAE results; the names and post titles of those persons who had access to the initial drafts or the final version of the RAE results prior to the announcement of such results;*
- (3) *whether it knows if UGC had submitted the RAE results to the Chief Executive's Office, the Executive Council, the Education Bureau, the Central Policy Unit or other organizations prior to the announcement of such results; if UGC had, the reasons for that;*
- (4) *as it has been reported that some government officials or some persons entrusted by such officials tendered views on the selection of the Vice-President and Pro-Vice-Chancellor of HKU to members of*

the Council of HKU, or even attempted to influence their voting preference, whether the authorities know the details of the communications between such persons and members of the Council of HKU; if they know, of the details; if not, the reasons for that and whether they will investigate whether such communications constituted interference with academic freedom and institutional autonomy; and

- (5) *of the specific measures in place to ensure that the process for selecting senior management staff of tertiary institutions is free from the influence of external pressure, so as to safeguard the autonomy of tertiary institutions?*

SECRETARY FOR EDUCATION (in Chinese): President, academic freedom and institutional autonomy are core values treasured by Hong Kong and are cornerstones of our higher education sector, as enshrined in the Basic Law. The eight higher education institutions funded by the University Grants Committee (UGC) are autonomous bodies established pursuant to their respective ordinances and each has established a Council to serve as the governing body. The UGC Notes on Procedures (NoP) also clearly state that institutions enjoy autonomy in the development of curricula and academic standards, selection of staff and students, initiation and conduct of research, internal allocation of resources, and so on. As indicated in the NoP, the institutions need to have freedom of choice and of action to properly undertake the work expected of them by the community in order to gain public support. However, this does not mean that they could ignore public interest or are exempted from public scrutiny. In fact, in view of the significant funding these institutions receive in the form of government subvention and private contributions, as well as the importance of higher education to the overall development of society, it is incumbent upon the Government and the community at large to have a legitimate interest in the operation of the institutions. Therefore, while the Government and the UGC attach great importance to safeguarding institutional autonomy, institutions are also expected to remain committed to transparency and accountability in their operation, to ensure that funding is put to appropriate uses that serve the best interests of the community and students.

In line with the principle of accountability, the UGC conducted the Research Assessment Exercise 2014 (RAE 2014) as part of its commitment to assessing the performance of the UGC-funded institutions. Using international

benchmarks and more precise measures, the RAE examines the research quality and areas of relative strengths of the institutions and makes recommendations for institutions to seek further improvements. The objective is to encourage world-class research and promote the pursuit of excellence among the institutions. The UGC stresses that the RAE 2014 is not a ranking exercise and the assessment is not targeting at individual academic staff. It is not appropriate to simply use the RAE 2014 results to make direct comparison of the research performances across institutions or put them in ranking order, amidst differences in their roles, missions, discipline focus and background.

Regarding the questions put forward by Mr IP, our reply is as follows:

(1) to (3)

As stated in the press release (at Annex) issued by the UGC on 5 February 2015, regarding the result announcement of the RAE 2014, the results of the exercise were kept strictly confidential until the public announcement on 27 January 2015. All relevant confidential papers for discussion at the UGC meeting were returned to the UGC Secretariat immediately after the meeting. Moreover, the Education Bureau has all along been working in partnership and maintaining good communication with the UGC, and strict confidentiality has been observed throughout the process.

Besides, it is noteworthy that the community is not only concerned that part of the RAE results were reported in advance; in fact, the community is even more concerned about the actual research performance of the relevant institutions as demonstrated in this exercise, and the analysis of the relevant assessment results.

(4) and (5)

As mentioned above, the NoP state that institutions enjoy autonomy in selection of staff, among others. All UGC-funded institutions, including The University of Hong Kong (HKU), are autonomous statutory bodies which select and appoint academic staff in accordance with relevant requirements in respective ordinances and their internal procedures. The Government is not involved in the process. Taking the positions of Pro-Vice-Chancellors as an example, section 12(6) and statute VII of The University of Hong

Kong Ordinance (Cap. 1053) provide that the Pro-Vice-Chancellors shall be appointed by the Council on such terms and conditions as the Council shall prescribe, and that a Pro-Vice-Chancellor shall hold office for such period as the Council shall determine.

Regarding recent media reports in relation to the selection of one of the Pro-Vice-Chancellors of HKU, we reiterate that the Chief Executive and the Government have not intervened in the selection process. We note that the Chairman of HKU Council has openly stated that the Council has all along been adhering to the established procedures with regard to the selection of the Pro-Vice-Chancellor concerned. The selection process is still ongoing and there has not been any impropriety. We appeal to all sectors of the community not to attempt to influence the selection process through media pressure.

Annex

*University Grants Committee's response to enquiries on result announcement of
Research Assessment Exercise 2014*

The following is issued on behalf of the UGC:

The UGC today (5 February) responded to enquiries on the result announcement of the RAE 2014 as follows:

Academic freedom and institutional autonomy are core values treasured by Hong Kong and are cornerstones of our higher education sector. All eight higher education institutions funded by the UGC are autonomous bodies with their own Ordinances and governing Councils. The UGC Notes on Procedures clearly state that institutions enjoy autonomy in the development of curricula and academic standards, selection of staff and students, initiation and conduct of research, internal allocation of resources, etc. The UGC has all along supported and safeguarded academic freedom and institutional autonomy in accordance with the Notes on Procedures, in the context of appropriate financial and public accountability.

Academic and administrative matters fall squarely within the autonomy of the UGC-funded institutions in accordance with their own governing Ordinances and internal procedures. While institutions should be mindful of the public interest and be held accountable for their decisions, the UGC appeals for society's continued respect for institutional autonomy.

Regarding the result announcement of the RAE 2014, the results of the RAE 2014 were kept strictly confidential until the public announcement on January 27, 2015. All relevant confidential papers for discussion at the UGC meeting were returned to the UGC Secretariat immediately after the meeting.

Ends

Thursday, February 5, 2015

Issued at HKT 19:44

Issues Relating to Proofs of Identity

7. **MR CHAN CHI-CHUEN** (in Chinese): *President, according to the Registration of Persons Regulations (Cap. 177 sub. leg. A), every Hong Kong resident shall apply for an identity card within 30 days of his 11th birthday. In addition, the Immigration Ordinance (Cap. 115) stipulates that every identity card holder who has attained the age of 15 shall have with him at all times his identity card. In this connection, will the Government inform this Council:*

- (1) *of the justifications for the authorities to authorize, through legislation, law enforcement officers to demand members of the public in public places to produce proofs of identity for inspection; if the justifications are mainly concerned with the identification of illegal immigrants, whether the authorities will, in the light of the downward trend of the number of illegal immigrants arrested in recent years, review or abolish the relevant authorization;*
- (2) *of the respective numbers of cases in each of the past three years in which Hong Kong residents aged 11 or above were prosecuted and convicted for failing to apply for identity cards within the specified timeframe;*

- (3) *of the respective numbers of cases in each of the past three years in which Hong Kong residents aged 15 or above were fined, detained and arrested for failing to produce proofs of identity on the demand of law enforcement officers;*
- (4) *of the respective numbers of persons who were prosecuted and convicted in each of the past three years for possessing or making forged proofs of identity;*
- (5) *of the expenditure on and staff establishment for handling new registration and replacement of smart identity cards in each of the past three years;*
- (6) *given that the Government is planning to introduce the next generation smart Hong Kong Identity Cards (HKIC) for all HKIC holders from 2018 to 2022, whether the authorities have consulted the Office of the Privacy Commissioner for Personal Data (OPCPD), so as to ensure that the practices of collection, handling, storage and disclosure of personal data under the Next Generation Smart Identity Card System (SMARTICS-2) comply with relevant legislation; if the authorities have so consulted, of OPCPD's views;*
- (7) *given that SMARTICS-2 will introduce an additional interface to support the use of wireless technology, so that the data stored in the chips of identity cards can be read by a chip reader within a distance of 2 centimetres, whether the authorities have measures in place to prevent lawbreakers from reading the relevant data; if the authorities do, of the details; if not, how the authorities ease the worries of the public;*
- (8) *whether it knows the current number of countries the national identity cards issued by which involve the use of wireless technology to read the data stored in the chips of the identity cards; whether these countries have uncovered cases in which the personal data stored in the chips of the identity cards were read unlawfully without the knowledge of the card holders; and*
- (9) *given that the Government of the United Kingdom (UK) announced the abolition of its identity card scheme in 2010, in the hope of saving about £800 million within 10 years, whether the authorities*

know if there are other countries that have followed UK's practice; if there are, of the reasons why such countries have abolished their identity card schemes; whether the Hong Kong Government will consider following UK's practice in this regard?

SECRETARY FOR SECURITY (in Chinese): President, according to Article 24 of the Basic Law, residents of the Hong Kong Special Administrative Region (HKSAR) shall include permanent residents and non-permanent residents. Hong Kong permanent residents shall have the right of abode in the HKSAR and shall be qualified to obtain, in accordance with the laws of the Region, permanent identity cards which state their right of abode. The non-permanent residents of the HKSAR shall be persons who are qualified to obtain Hong Kong identity cards (HKICs) in accordance with the laws of the Region but have no right of abode.

The Registration of Persons (ROP) Ordinance (Cap. 177) aims to provide for the registration of and recording of particulars relating to persons in Hong Kong and persons elsewhere who have the right of abode in Hong Kong, for the issue, carrying, production and application of identity cards and for purposes connected therewith. The ROP Regulations (Cap. 177A) are made under section 7 of the ROP Ordinance. According to section 3 of the ROP Ordinance and regulations 3, 25 and 25A of the ROP Regulations, every person in Hong Kong aged 11 or above (including those who have been permitted to stay in Hong Kong for more than 180 days) is required to be registered and apply for an identity card unless exempted under or excluded from the provisions of the ROP Ordinance and ROP Regulations. Besides, regulation 22 of the ROP Regulations provides that a valid permanent identity card shall be evidence that the person to whom the card relates enjoys the right of abode in Hong Kong.

Regulation 11(1) of the ROP Regulations provides that the Chief Executive in Council may, by order published in the Gazette, require that every person, or every person of such class or such description as may be specified in the order, shall carry his identity card when in such area or place, on such occasion, for such purpose or in such circumstance as may be specified in the order. Regulation 11(2) of the ROP Regulations stipulates that any police officer or member of the Immigration Service may, during the currency of an order made under regulation 11(1), require any person to whom the order relates to produce his identity card on demand for inspection.

On the other hand, according to section 17C(1) of the Immigration Ordinance (Cap. 115), every person who has attained the age of 15 years and is the holder of an identity card or is required to apply to be registered under the ROP Ordinance shall have with him at all times proof of his identity. Section 17B(1)(a) of the Immigration Ordinance provides that proof of identity in relation to any persons includes, but is not limited to, his valid identity card.

Section 49 of the Public Order Ordinance (Cap. 245) provides that where a police officer reasonably believes that it is necessary for the purpose of preventing, detecting or investigating any offence for which the sentence is fixed by law or for which a person may (on a first conviction for that offence) be sentenced to imprisonment, the officer may require any person to produce proof of his identity for inspection. The proof of identity as mentioned includes, but is not limited to, his valid identity card. Moreover, police officers are empowered under sections 54(1) and 54(2) of the Police Force Ordinance (Cap. 232), whereas members of the Immigration Service are empowered under section 5(6) of the Immigration Ordinance and sections 12(1) and 14(1) of the Immigration Service Ordinance (Cap. 331), to demand the production of proof of identity by specified persons under specified conditions as stipulated in the respective ordinances. Such proof of identity also includes, but is not limited to, their valid identity cards.

On top of the above, there are other ordinances concerning the enforcement of law in areas such as environmental protection, education, public health, urban renewal and town planning, and so on. Under these specific ordinances, an officer duly authorized is empowered to inspect the identity card of any person whom he has reason to believe that he is related to an offence which has been or is being committed.

Regarding the numbers of intercepted illegal immigrants and persons arrested for unlawful employment, there is indeed an increasing trend in recent years:

<i>Year</i>	<i>Illegal Immigrants</i>	<i>Illegal Workers</i>
2012	2 042	5 849
2013	2 170	6 052
2014	2 720	6 100

Our response to the various parts of the question raised by Mr CHAN Chi-chuen is as follows:

- (1) As mentioned above, apart from the provisions of the ROP Ordinance, the ROP Regulations and the Immigration Ordinance, ordinances in a number of various different areas also authorized relevant officers to certain class of persons to produce their proof of identity (including a valid HKIC) for inspection under specified circumstances. In order to continue combating illegal immigrants and unlawful employment effectively, as well as to cater for other law-enforcement needs, the Government considers it necessary to maintain the provisions of the relevant ordinances and regulations.
- (2) According to our records, there were no cases in the past three years where persons were prosecuted or convicted for failing to apply for identity cards within the specified time frame under the ROP Ordinance and the ROP Regulations.
- (3) According to our records, the number of Hong Kong residents aged 15 or above prosecuted/convicted in the past three years for breaching relevant provisions of the Immigration Ordinance, the Public Order Ordinance, the Police Force Ordinance or the Immigration Service Ordinance due to a failure to produce their proof of identity on the demand of police officers or members of the Immigration Service is as follows:

<i>Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i> <i>(as at September)</i>
Prosecuted	80	84	73
Convicted	69	72	61
Fine	56	61	49
Caution/Absolute discharge	12	11	12
Others (for example, Community Service Order, and so on)	1	0	0

- (4) According to our records, the number of cases of prosecution/conviction in the past three years for breaching section 7A(1) of the ROP Ordinance by using or having in custody or possession of a forged identity card is as follows:

<i>Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i> <i>(as at September)</i>
Prosecuted	338	303	274
Convicted	331	297	271

The Government does not maintain relevant statistics on cases of prosecution/conviction for the making of forged identification documents.

- (5) The Immigration Department (ImmD) does not maintain the breakdown on the number of staff deployed or the expenditure involved in handling relevant applications.
- (6) As mentioned in the paper that we submitted to the Legislative Council Panel on Security (LC Paper No. CB(2)654/14-15(03)), the ImmD will engage external consultants to conduct Privacy Impact Assessments (PIAs) at different stages of implementing the Next Generation Smart Identity Card System (SMARTICS-2), namely during feasibility study, System Analysis and Design, and before and after system rollout. Such assessment reports will be submitted to the Privacy Commissioner for Personal Data (PCPD) for comment to ensure the effectiveness of the security measures in protecting personal information in SMARTICS-2 and smart HKIC. The external consultant has already completed the first PIA on SMARTICS-2 and confirmed that access protection measures such as Basic Access Control (BAC) and mutual authentication were effective means to prevent unauthorized access to personal data stored in the smart HKIC through contactless interface. The ImmD has submitted the PIA report and the related parts of the feasibility study report to the PCPD for comment. We will report to the Panel on Security upon receipt of PCPD's comment in due course.
- (7) As mentioned in the paper that we submitted to the Legislative Council Panel on Security (LC Paper No. CB(2)654/14-15(03)), the

proposed new smart HKIC will be designed strictly in accordance with ISO 14443 (type A or B), a proven and internationally adopted standard for smart card chips for secured documents. In addition, with a view to ensuring trusted and secured wireless communication and data transmission between the chip and the reader and preventing "passive" or "remote" reading of chip data, access to the chip must be initiated by the cardholder. In addition, identity of the chip and the reader must be defined, mutual authentication must be confirmed before communication, and all communication and data transmission must be encrypted throughout the process. The chip in the proposed new smart HKIC will not be powered by any standalone battery and will not be able to send out any signal by itself. Reading of chip data through wireless data transmission can only be done if all of the following five steps are carried out : (i) the smart HKIC card is directly placed onto an authorized card reader by the cardholder; (ii) a non-unique key text string will be captured by the card reader; (iii) the first encrypted key generated by the reader will be authenticated by the chip; (iv) after the encrypted key is authenticated, the real-time and exclusive encrypted communication channel will be established; and (v) the reader will submit a second encrypted key to the chip for authentication in order to turn on the data transmission function where data, with proven encryption technology, can be transmitted securely in the encrypted communication channel. Reading of chip data through wireless data transmission will only start to function if all of the specific steps outlined above are successfully carried out. Therefore, if the cardholder does not take out the smart HKIC himself/herself, or if there is no encrypted key in the specific card reader authorized with certificate, no one can read the data in the chip.

Furthermore, the existing legislation also provides stringent safeguards to information in the chip on the smart HKIC. Pursuant to regulation 12(1A)(b) of the ROP Regulations, any person who, without lawful authority or reasonable excuse, gains access to any data stored in a chip shall be guilty of an offence and liable to a fine at level 4 (\$25,000) and to imprisonment for two years.

- (8) As far as we understand, countries or regions with identity cards adopting contactless interface which supports BAC and/or related

technologies include Germany, Chile, the Netherlands, Finland, Sweden, Malaysia and the Macao Special Administrative Region, and so on. Up till now, there is no information indicating that there are incidents where identity card information was retrieved without the cardholder's knowledge in those places.

- (9) As far as we understand, before 2010, identity cards were issued by the British Government on voluntary application. British nationals may apply at will for such identity card for use as identification document and travel document to travel in and out of the European Union. As regards Hong Kong, considering paragraphs one to six and our reply to part (1) of the question above, the Government considers it necessary to maintain the existing provisions in relation to identity cards.

Guarding Against Thefts of Mail Items

8. **MR ALBERT CHAN** (in Chinese): *President, it has been reported that thefts of mail items have occurred from time to time in recent years. Quite a number of members of the public have queried that the Hongkong Post (HKP) has not handled mail items properly, resulting in some of them being stolen. In this connection, will the Government inform this Council:*

- (1) *of the number of cases of mail items lost in each of the past three years and the number of mail items involved; among them, the number of cases referred to the Police for follow-up because of suspected thefts of mail items;*
- (2) *how Hong Kong compares to the developed places in Asia, such as Japan, South Korea, Taiwan, Singapore, etc. in respect of thefts of mail items, including whether the situation in Hong Kong is more serious;*
- (3) *whether it has analyzed the reasons for the occurrence of a number of thefts of mail items in recent years; if it has, of the details; if not, the reasons for that; and*

- (4) *whether HKP has measures in place to improve the procedures for handling mail items to guard against thefts of mail items; if it does, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, the Hongkong Post (HKP) is committed to providing reliable postal services to the public. My reply to the question is as follows:

- (1) According to the records of the HKP, the statistics of loss of mail items during the course of mail processing in Hong Kong (that is, covering the local processing of local mail items, inbound mail items and outbound mail items) in the past three years are as follows:

<i>Year</i>	<i>Number of cases</i>	<i>Number of mail items lost</i>
2012	518	665
2013	378	534
2014	79	495

In the past three years, four suspected cases of thefts of mail items were referred to the Police for follow-up.

In respect of outbound mail items, the conveyance, processing and delivery of mail items have to be handled by airlines or shipping agents and other postal administrations. As confirmed with the organizations concerned, the numbers of outbound mail items lost during the process from uplift to delivery in the past three years are as follows:

<i>Year</i>	<i>Number of mail items lost</i>
2012	12 720
2013	17 357
2014	4 915

With the HKP handling about 1.2 billion mail items annually, the great majority of mail items were dealt with in a secure manner.

- (2) As the HKP does not have the statistics on mail theft cases elsewhere, we are unable to make a comparison.
- (3) Generally speaking, thefts of mail items occur under two situations, that is, (i) in the course of mail processing to delivery after posting; or (ii) after delivery. Under the first situation, it is mainly due to the negligence of the personnel involved in mail processing (including the staff of airlines, shipping agents and other postal administrations), who fail to safeguard mail security in accordance with the established procedures. In the latter situation, the common cause is that the recipient has not installed a safe and secure letter box, thus resulting in theft of mail items. It is unrelated to the personnel involved in mail processing. To this end, the HKP frequently appeals to the public to install a safe and secure letter box and avoid sending valuables by ordinary mail.
- (4) All along, the HKP attaches importance to safeguarding mail security and requires its staff to strictly comply with the relevant legislation and departmental rules. These rules stipulate relevant requirements to ensure mail security, such as stringent procedures on mail acceptance and reconciliation and mail conveyance, storage and safe custody of mail items in the course of delivery, as well as security monitoring measures at workplaces, and so on. Supervisory staff would conduct regular inspections to ensure compliance with the requirements on ensuring mail security, and keep the relevant requirements under review for continuous enhancement of the security mechanism. The HKP also arranges induction training on safeguarding mail security for all staff handling mail items and circulates the relevant rules and guidelines at regular intervals to remind its staff to strictly comply with them.

Measures to Facilitate Young People to Start Their Business

9. **DR CHIANG LAI-WAN** (in Chinese): *President, this year's Policy Address proposes to set up a \$300 million Youth Development Fund (YDF) to support innovative youth development activities which are not covered by existing schemes, including subsidy in the form of matching funds for non-governmental organizations to assist young people in starting their business. Earlier on, there*

were media reports that a kind-hearted landlord took the initiative to offer young people aged between 18 and 35 intending to start their business a ground-floor shop space in Kowloon at a nominal rent for operating a restaurant. In order to increase upward mobility opportunities for young people so as to promote social harmony and stability as well as raise the success rate of YDF in promoting innovative youth development activities, will the Government inform this Council whether it will consider relaxing the relevant policies and introducing the following measures to encourage industrial and commercial organizations as well as individuals to actively fulfill their social responsibility and assist young people in starting their business:

- (1) for landlords who are willing to let shop spaces to young people at a nominal rent for them to start their business, (i) granting rates and government rent concessions for the properties concerned throughout the terms of tenancies, and (ii) allowing the amount undercharged as a result of the below-market-rate rentals to be deducted from the assessable profits/income of such landlords in the assessment of the tax payable by them;
- (2) allocating some government lands which have not yet been planned for development and putting up simple and temporary structures on such lands for use by young people to start their business;
- (3) following the practice of some countries in Europe and America to allow young people to use mobile vans for conducting commercial activities in the streets; and
- (4) encouraging more landlords to convert their industrial building units and let them at low rentals to young people starting their business for use as offices or places of business;

if it will consider introducing the aforesaid measures, of the details; if not, the reasons for that?

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Government attaches great importance to youth development work. We endeavour to foster a culture of multi-faceted excellence, in the hope that the

community will appreciate diversified talents other than academic achievement. We also promote the concept of "multiple-pathways", so that youngsters and parents will adopt a broader perspective towards future study and career.

In this year's Policy Address, the Chief Executive proposes to set up a \$300 million Youth Development Fund to support innovative youth development activities which are not covered by existing schemes, including subsidy in the form of matching funds for non-governmental organizations (NGOs) to assist young people in starting their own business. We are consulting the Commission on Youth on the Fund's operational details (for example, eligibility criteria, approval procedures and allocation priority, and so on). In addition, we have also been sounding out NGOs which run youth business start-up programmes and young entrepreneurs to collect their views and expectations on the Fund.

The views initially collected largely suggest that the Government should play the role not only in providing start-up funds, but also in working through experienced NGOs to provide various forms of support such as linking up the youths with mentors with relevant experience, provision of business information and guidance, assistance in establishing business networks, and so on. Hence, the essence of the Youth Development Fund is to leverage on the business and professional experience, inter-personal networks and support services possessed by these NGOs, with a view to helping young people pursue their entrepreneurship path.

In vetting funding applications submitted by NGOs, we will consider whether the NGOs can link up experienced mentors, provide comprehensive support services and matching grants, so as to assist young entrepreneurs to start business in a real business environment.

The Government has always been encouraging the business sector and the community to render assistance to young people in starting their business. In fact, many earnest members of the community have been taking forward different measures to echo our work on this front. Last year, the Hong Kong Arts Development Council and a property developer jointly availed some 10 000 sq ft of work spaces in a converted industrial building in Wong Chuk Hang for artists including the youth to rent at a rental below market value. The Home Affairs Bureau allocated over \$8 million as subsidy on the initiative's start-up cost and rental assistance for budding artists. As at end 2014, there were 27 artists who rented the art space.

We will continue to encourage and foster the business sector and the community to lease shops and work spaces at a concessionary or even nominal rental to young entrepreneurs that are funded by the Government. Nevertheless, we have no intention to adopt measures such as tax deductions and rates concession to encourage landlords to lease shops to young entrepreneurs at low rentals. As for other recommendations, we will give them a comprehensive consideration among other views collected.

We will continue to consult the Commission on Youth and other stakeholders on the operational details of the Fund, and continue to promote youth development work through fostering a culture of multi-faceted excellence and encourage young people to broaden their horizon and develop their potential.

Provision of Private Healthcare Services Affordable to Public

10. **MISS ALICE MAK** (in Chinese): *President, the Policy Agenda of this year's Policy Address proposes to facilitate the further development of private hospitals with a view to ensuring the healthy development of a twin-track healthcare system in Hong Kong. In this connection, will the Government inform this Council:*

- (1) *whether it knows the respective numbers of beds currently provided by various private hospitals, with a breakdown by hospital, type of ward and level of charge;*
- (2) *whether it knows the monthly bed occupancy rates for various private hospitals in the past 24 months, with a breakdown by hospital, type of ward and level of charge;*
- (3) *given that in the past, the Government included in the land leases granted to private hospitals conditions stipulating that such hospitals shall provide a specified number of free or low-charge beds, of the current number of private hospitals the leases of which contain such conditions and the details of the conditions (including the penalties for contravention of the conditions); how the authorities monitor such hospitals to see if they have really complied with such conditions;*

- (4) *as some people have pointed out that the Government's implementation of the Voluntary Health Insurance Scheme may lead to private hospitals raising bed charges and substituting low-charge beds for high-charge ones, what measures the authorities have in place to prevent occurrence of such a situation; and*
- (5) *as it is proposed in the public consultation document on the Review of Regulation of Private Healthcare Facilities that new legislation be introduced for regulating private healthcare facilities, whether the authorities will consider including provisions in the new legislation or including conditions in the land leases to be granted to private hospitals to require these hospitals to provide a certain ratio of free or low-charge beds, so as to ensure that private healthcare services at reasonable charges are available for the public to choose; if they will, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the healthcare system in Hong Kong comprises both the public and private healthcare sectors which are complementary to each other. The public healthcare system is the cornerstone of our healthcare system and safety net to all Hong Kong citizens, providing them with equitable, quality and affordable healthcare services. The private healthcare sector mainly complements the public healthcare services by providing a choice for those who are able and willing to pay for private healthcare services. We will continue to maintain the dual-track healthcare system which has worked well over the years, and facilitate the balanced and sustainable development of the public and private healthcare sectors.

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

- (1) Under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165), the Department of Health (DH) registers private hospitals fulfilling conditions relating to accommodation, staffing and equipment. The number of beds of each private hospital as at 31 December 2014 is set out below:

<i>Hospital</i>	<i>Number of beds</i>
Canossa Hospital	176
Evangel Hospital	67

<i>Hospital</i>	<i>Number of beds</i>
Hong Kong Adventist Hospital	135
Hong Kong Baptist Hospital	754
Hong Kong Sanatorium and Hospital	539
Matilda and War Memorial Hospital	99
Precious Blood Hospital (Caritas)	158
St. Paul's Hospital	352
St. Teresa's Hospital	1 068
Tsuen Wan Adventist Hospital	153
Union Hospital	405
Total	3 906

According to the information provided by the private hospitals, their number of beds in wards of different classes as at 31 December 2014 are as follows:

<i>Classes of wards</i>	<i>Number of beds</i>
First Class Ward	355
Second Class Ward	643
General Ward	2 908
Total	3 906

The DH does not collect information regarding the number of beds in private hospitals by level of charge.

- (2) The overall bed occupancy rates of private hospitals in 2012 and 2013 are 67% and 61% respectively. The DH does not collect information regarding the bed occupancy rates by type of ward and level of charge.
- (3) Currently, two private hospitals are required to provide free or low-charge beds according to the land lease. In accordance with the conditions of land grants, the hospitals are required to provide not less than 20% of their beds as low-charge beds on the granted land, and one of the hospitals is also required to provide 20 free beds.

The DH conducts unannounced hospital inspections to examine the services of the free and low-charge beds. In addition, private hospitals are required to regularly report the occupancy rate of the relevant beds to the DH. The DH will refer cases of contravention of the conditions of grants to the Lands Department for follow-up actions.

- (4) The Minimum Requirements proposed under the Voluntary Health Insurance Scheme (VHIS) are to ensure that the public would be provided with basic protection in their health insurance so that they can choose to utilize private healthcare services at general ward level. In line with the implementation of VHIS, we will promote and facilitate the development of private hospitals with a view to expanding the overall service capacity of our healthcare system to cope with increasing demand for healthcare services. It is expected that the number of beds in private hospitals will see an increase of over 40% by 2020, which will help keep the price levels of private healthcare services under better check.

In fact, private hospitals are not allowed to arbitrarily change the ward configuration (such as the number of beds and ward compartments). Hospitals are required to apply to the licensing authority before any changes are made and demonstrate that the licensing requirements relating to accommodation, staffing and equipment would be met.

- (5) In facilitating the development of private hospitals, we are committed to ensuring that the services provided by new hospitals are of good quality to cater for public needs. As such, we have formulated a set of special requirements for the development of private hospitals, including the provision of services at packaged charge and enhancement of price transparency.

For existing private hospitals undergoing expansion/redevelopment projects and new private hospitals to be developed mainly on private land, we will invite the relevant hospitals to consider, during the process of development, accepting the special requirements such as

provision of services at packaged charge and enhancement of price transparency. The special requirements will be implemented by means of lease modification subject to the acceptance of the hospital operators.

With regard to the new private hospital development project at the Wong Chuk Hang site granted by the Government through open tender in 2013, according to the conditions of the lease taken out by the Government and the successful tenderer, the new private hospital will fulfil the requirements in respect of services at packaged charge and price transparency by using at least 51% of in-patient bed-days taken up in a year for provision of services to local residents through standard beds and packaged charging, and providing comprehensive charging information to the public.

Subsidized Vaccination Programmes

11. **DR KWOK KA-KI** (in Chinese): *President, the Department of Health currently implements the Seasonal Influenza Vaccination Programme and the Pneumococcal Vaccination Programme, but it has not implemented a similar programme for cervical cancers. The first aforesaid Programme includes the Childhood Influenza Vaccination Subsidy Scheme (CIVSS), the Elderly Vaccination Subsidy Scheme (EVSS), the Childhood Vaccination Subsidy Scheme (PCV13 booster) (PCV13SS) and the Residential Care Home Vaccination Programme (RVP). Members of the public may receive influenza vaccination from private doctors who have enrolled in CIVSS and EVSS and be entitled to a subsidy of \$160 per dose of such vaccine. Under the RVP, the authorities will provide free vaccines and reimburse registered medical doctors a \$50 injection fee per dose of vaccine. However, residential care homes (RCHs) need to make arrangements on their own for registered medical doctors enrolled in the programme to provide vaccination to residents, boarders and staff at their respective RCHs. In this connection, will the Government inform this Council:*

- (1) *of the details of the publicity efforts made by the authorities since the onset of the current influenza season through the mass media to arouse public awareness of the prevention of the influenza epidemic*

and the aforesaid vaccination programmes, including (i) the publicity channels, (ii) the publicity frequency, (iii) the expenditure involved, and (iv) the percentage of the air time for the broadcast of television announcements in the public interest (TV APIs) on influenza prevention in the total air time for the broadcast of government TV APIs during the period;

- (2) whether it knows the respective vaccine costs and injection costs per dose of trivalent and quadrivalent influenza vaccines;*
- (3) of the respective number of people who received trivalent and quadrivalent influenza vaccines in the past five years under (i) CIVSS, (ii) EVSS and (iii) RVP and the expenditure involved; the respective numbers of private medical doctors/clinics enrolled in such programmes since their introduction; whether the authorities will step up publicity efforts to attract more private medical doctors to enrol in such programmes; whether the authorities will increase the amount of subsidy per dose of vaccine and simplify the application procedures to attract more members of the public/RCHs to participate in such programmes (and set out the information by programme);*
- (4) of the number of children who received vaccination under PCV13SS since the implementation of the scheme and the expenditure involved; the number of doses of 13-valent pneumococcal conjugated vaccine provided by the Government which are still unused at present; whether the authorities will step up publicity efforts to attract more parents to arrange for their children to participate in the scheme, and whether they will extend the implementation period of the scheme;*
- (5) given that the influenza epidemic in the current influenza season is more severe than that in previous years and there were already more than 200 influenza-associated deaths, whether the authorities will expeditiously allocate additional resources to the various aforesaid vaccination programmes for stepping up publicity efforts, procurement of additional doses of vaccines, and requesting the Hospital Authority to provide vaccination services in various public hospitals; if they will, of the details;*

- (6) *whether it knows the respective percentages of children aged under six, elderly people (i.e. those aged 65 or above) and elderly people suffering from chronic illnesses who received vaccination in the past five years; whether the authorities have made reference to the relevant percentages in the neighbouring regions such as Taiwan, Japan and the Mainland and, in response to the severity of the recent influenza epidemic, introduce more subsidized vaccination programmes to enhance protection of public health;*
- (7) *of the number of people who received vaccination under the Pneumococcal Vaccination Programme in the past five years and the expenditure involved, as well as the current percentage of the Hong Kong population who has received vaccination; and*
- (8) *whether it has plans to introduce new programmes to provide free or subsidized cervical cancer vaccination service for the public; if it does, of the details; if not, how the authorities protect the public from the threat of cervical cancer?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Scientific Committee on Vaccine Preventable Diseases (SCVPD) of the Centre for Health Protection (CHP) recommended nine priority groups for seasonal influenza vaccination in the 2014-2015 season. People in these priority groups are generally at increased risk of severe complications or even death caused by influenza or transmitting influenza to those at high risk. Hence, the Government provides free or subsidized seasonal influenza vaccination to some people in these high risk groups through the Government Vaccination Programme (GVP) and the Vaccination Subsidy Scheme (VSS). The Administration also recommends those people who are not covered by the above schemes to consult their family doctors and consider receiving seasonal influenza vaccination for personal protection. The Government will consider the recommendations of the SCVPD and review the implementation of the GVP and VSS, including their coverage, and so on.

Regarding the different parts of the question, my replies are as follows:

- (1) The CHP has produced a variety of health education materials on prevention of influenza including a thematic webpage, television

(TV) and radio announcements in public interests (APIs), guidelines, pamphlets, posters, booklets, frequently asked questions and exhibition boards. Various publicity and health education channels, for example, websites, TV and radio stations, health education hotline, newspapers and media interviews have been deployed for promulgation of health advice. The CHP also launched a dedicated Facebook Page and a YouTube Channel in February 2015, with a view to further disseminating information on health promotion as well as disease prevention and control to members of the public, especially the younger generation.

In addition, the CHP has also widely distributed health education materials in public and private housing estates, healthcare settings, schools and non-governmental organizations (NGOs), and so on. The CHP also keeps the stakeholders including government bureaux and departments, hotel and guesthouse associations, property management associations, Hong Kong Housing Society, District Councils, Healthy Cities Projects, NGOs and ethnic minority groups updated of the latest influenza activity and preventive measures to solicit their co-ordination and support to strengthen the publicity of related health messages.

From 1 November 2014 to 22 February 2015, a total of 25 media interviews were conducted. Nine APIs related to the prevention of influenza, avian influenza, vaccination schemes and general health advice were broadcast with a total of 4 399.5 minutes of TV air time or 8 799 slots allocated. The APIs have been aired on a total of 40 channels operated by five TV stations. The air time used represents 5.96% of all TV API free air time during that period. Corresponding API versions were also aired on radio. To enhance publicity, selected APIs are also being broadcast on public transport.

The Government has arranged a series of publicity activities in the 2014-2015 season to promote vaccination, in particular to the targeted high risk groups. Four press conferences were held in August, September, October and November 2014 respectively to encourage Hong Kong residents to receive seasonal influenza vaccination. As local surveys found that professional advice was effective in promoting vaccination, relevant experts were engaged in

various publicity activities to promote vaccination to different target groups. Experts from the SCVPD, Hong Kong Academy of Medicine and five specialist colleges also came together to announce a Consensus Statement regarding the importance of seasonal influenza vaccines (SIV). Besides, specialists attended media interviews to explain the benefits and the necessity of receiving seasonal influenza vaccination. Moreover, publicity was done through APIs in mass media; advertisements on the MTR, public buses, newspapers, magazines and online apps; promotion on websites; and collaboration with community partners, District Councils and NGOs to encourage vaccination.

The expenditure on the publicity and public education on the prevention of influenza cannot be separately identified as it is absorbed as part of the overall expenditure for health promotion under the Department of Health (DH).

- (2) The amount of subsidy for each dose of SIV under the VSS has been increased from \$130 to \$160 in the 2014-2015 season, covering the vaccine cost and injection cost. The DH has made reference to the market prices of SIV supplied to the private sectors to determine the amount of subsidy. As services offered by different private doctors may vary, the Government will not set restrictions on or mandate a fixed fee. Participating doctors are however requested to set out the additional service charge on the price poster and on the CHP website so that the public may make an informed choice.
- (3) There are more than 1 600 private doctors, involving over 2 200 clinics, enrolled under the Childhood Influenza Vaccination Subsidy Scheme (CIVSS) and the Elderly Vaccination Subsidy Scheme (EVSS) in 2014-2015. Before the launch of these subsidy schemes every season, the DH would issue letters to all registered private doctors in Hong Kong inviting them to enrol in these two subsidy schemes and organize briefing sessions for them. For the Residential Care Home Vaccination Programme (RVP), the DH would also issue letters to all registered Residential Care Homes (RCHs) for the Elderly and RCHs for Persons with Disabilities inviting them to enrol in the RVP. More than 90% of the RCHs would enrol in the RVP every year.

The enrolment application procedures for these programmes have all along been very simple and convenient. Relevant information and application details have been uploaded onto the CHP website. Interested doctors can enrol in these programmes anytime.

CIVSS and EVSS

The subsidized vaccine in these two subsidy schemes up till the 2013-2014 season was trivalent SIV; and quadrivalent SIV is also included as the subsidized vaccine in these schemes in the 2014-2015 season. Among the some 2 200 clinics enrolled under the VSS, around 1 400 of them provide quadrivalent SIV.

The number of persons receiving vaccination and the expenditure in the past five seasons are as follows:

CIVSS

<i>Year</i>	<i>Number of Persons</i>	<i>Expenditure (in million dollars)</i>
2010-2011	49 000	4.63
2011-2012	44 000	4.24
2012-2013	60 000	10.53
2013-2014	62 000	10.66
2014-2015 (as at 15 February 2015)	53 000	10.29

EVSS

<i>Year</i>	<i>Number of Persons</i>	<i>Expenditure (in million dollars)</i>
2010-2011	111 000	14.37
2011-2012	121 000	15.73
2012-2013	142 000	18.46
2013-2014	160 000	20.80
2014-2015 (as at 15 February 2015)	174 000	27.84

RVP

Trivalent SIV was used in the programme up till 2013-2014 season. In the 2014-2015 season, all vaccines used under the programme are quadrivalent SIV instead. The number of administered doses and the expenditure in the past five seasons are as follows:

<i>Year</i>	<i>Number of Administered Doses</i>	<i>Expenditure* (in million dollars)</i>
2010-2011	65 000	3.3
2011-2012	70 700	3.5
2012-2013	72 000	3.6
2013-2014	72 600	3.6
2014-2015 (as at 15 February 2015)	72 100	3.6

Note:

* Figures include the subsidies for injection cost only

- (4) Since the launch of Childhood 13-valent Pneumococcal Conjugate Vaccine (PCV13) Booster Vaccination Programme, more than 23 200 eligible children have received booster doses of PCV13. Among them, 21 600 eligible children received subsidized booster doses of PCV13 under the Childhood Vaccination Subsidy Scheme (PCV13 booster) (PCV13SS) involving subsidies amounting to around \$1 million. Though the PCV13SS ended on 30 June 2014, for better utilization of the remaining vaccines, enrolled doctors who have not yet used up the PCV13 supplied by the Government may continue to provide subsidized vaccination to eligible children until the PCV13 expire. As at 8 February 2015, enrolled doctors still have around 3 400 government-supplied PCV13 in hand.

Besides, in order to optimize vaccine utilization, the Government announced a one-off measure in February 2015 to allow enrolled doctors, with effect from 2 March 2015, to provide the remaining doses of government-supplied PCV13 under the PCV13SS to eligible elders who have never received Government subsidized pneumococcal vaccination.

- (5) Under the GVP, hospitals of the Hospital Authority (HA) would provide free influenza vaccination to eligible persons including hospitalized persons (include hospitalized children) with chronic medical problems, residents of RCHs, psychiatric elderly patients and long-stay residents of psychiatric institutions and institutions for the disabled.

In response to the recent demand, the Government has already procure 10 000 additional doses of quadrivalent SIV. The Government has also arranged a series of publicity activities in the 2014-2015 season to promote vaccination, in particular to the targeted high risk groups, such as:

Early Appeal

Though the 2014-2015 VSS and the free GVP were launched in early October and early November 2014 respectively, the CHP had kick-started the publicity activities as early as in August 2014 and arranged press conferences to encourage Hong Kong residents to receive influenza vaccination from time to time.

Collaboration with Medical Experts; Intensive Promotion Drive

As local surveys found that professional advice was effective in promoting vaccination, relevant experts were engaged in various publicity activities to promote vaccination to different target groups. Experts from the SCVPD, Hong Kong Academy of Medicine and five specialist colleges also came together to announce a Consensus Statement regarding the importance of SIV. Besides, specialists attended media interviews to explain the benefits and the necessity of receiving seasonal influenza vaccination.

As for healthcare personnel, the DH, HA and the Hong Kong Private Hospitals Association jointly conducted a press conference to promote vaccination for healthcare workers in public and private sectors. Government officials have also taken the lead to receive vaccination as role models. Moreover, the CHP has organized briefing sessions for healthcare workers to explain the safety and the necessity of vaccination.

Multi-channel and Continuous Promotion

The Government has produced a variety of APIs for promulgation on the prevention of influenza through TV, radio channels, the webpage of Information Services Department and YouTube channel; placed advertisements in the MTR, public buses, newspapers, magazines and online apps; arranged promotions on websites and collaborated with community partners, District Councils and NGOs to encourage vaccination. Looking ahead, the Government would solicit the help of voluntary welfare organizations to publicize vaccination education for the targeted population (such as the elders).

- (6) As shown in the survey results on the coverage of seasonal influenza vaccination conducted by the CHP in the 2012-2013 season, 14% of the local population has received seasonal influenza vaccination, among which the coverage for children aged six months to five years and elders aged 65 years or above were 28.4% and 39.1% respectively. The survey results have been uploaded onto the CHP website.

At present, most needy people of the high risk groups have been covered under the GVP and the VSS, receiving free or subsidized seasonal influenza vaccination. To decide whether to further extend the coverage of the influenza vaccination schemes, the Government has to consider many factors including scientific evidence, risk factors, resource allocation, and so on. The Government will make reference to the recommendations of the SCVPD and review the free and subsidized vaccination programmes.

- (7) The GVP and the EVSS launched by the Government provide pneumococcal vaccination to eligible elders aged 65 years or above. The numbers of eligible elders receiving pneumococcal vaccination under these programmes, provided in the tables below, account for over 30% of the concerned age group. As some eligible elders might have received pneumococcal vaccination from other sources rather than under these programmes, the actual figures are expected to be higher than those below.

The number of persons receiving vaccination and the expenditure in the past five seasons are as follows:

Pneumococcal vaccination provided under the EVSS

<i>Year</i>	<i>Number of Persons</i>	<i>Expenditure (in million dollars)</i>
2010-2011	14 000	2.68
2011-2012	14 000	2.65
2012-2013	18 000	3.41
2013-2014	23 000	4.33
2014-2015 (as at 15 February 2015)	21 000	4.07

Pneumococcal Vaccination provided under the GVP

<i>Year</i>	<i>Number of Persons</i>	<i>Expenditure (in million dollars)</i>
2010-2011	16 000	2.37
2011-2012	14 000	2.16
2012-2013	13 000	1.94
2013-2014	14 000	2.04
2014-2015 (as at 15 February 2015)	13 000	1.66

- (8) Regarding Human Papillomavirus (HPV) vaccination, according to the recommendations jointly issued by the SCVPD and the Scientific Committee on AIDS and Sexually Transmitted Infections, the Government should consider the local context and the development of scientific evidence, as well as conduct health economic evaluation of vaccination programme. The SCVPD has also recommended strengthening the implementation of the Cervical Screening Programme in Hong Kong, raising public awareness and enhancing the public's understanding of the HPV vaccine through health education and publicity. The Administration will closely keep in view the latest developments on this subject.

Curriculum and Assessment Guide and Textbooks for Liberal Studies

12. **MRS REGINA IP** (in Chinese): *President, an academic article published recently by an Assistant Professor of the Faculty of Education of the University of Hong Kong has pointed out that while one of the objectives of the subject of Liberal Studies (LS) for secondary education is to help students appreciate and respect diversity in cultures and views in a pluralistic society and handle conflicting values, there are not detailed discussions on or descriptions of multiculturalism or the specific differences and similarities among various religions in the Curriculum and Assessment Guide (C&A Guide) for Liberal Studies in the Hong Kong Diploma of Secondary Education Examination. The article has also criticized that the discussions on and descriptions of multiculturalism or religions in LS textbooks in the market are shallow. For example, the followers of certain religions are usually stereotyped negatively, and the life of ethnic minorities in Hong Kong is never explored impartially and in depth. Although the Education Bureau (EDB) does not approve of teachers using textbooks when teaching LS and has repeatedly emphasized that teachers should not be confined by the contents of textbooks when teaching LS, teachers still depend on textbooks in teaching LS. The article has therefore recommended that publishers should consider the suggestions of multiculturalism experts or representatives of ethnic minorities when compiling LS textbooks, and that EDB should require such textbooks to undergo review, so as to ensure their quality. In this connection, will the Government inform this Council:*

- (1) *whether EDB will invite experts well-versed in multiculturalism or representatives of ethnic minorities to review the parts on multiculturalism or religions in the existing C&A Guide for LS, so as to resolve the aforesaid problems; if it will, when it will do so; if not, of the reasons for that; and*
- (2) *whether EDB will consider afresh requiring publishers of LS textbooks to submit their textbooks to EDB for review, so as to ensure that such textbooks are up to a basic academic standard; if it will not, of its justifications (other than its disapproval of teachers using textbooks when teaching LS) for not requiring such textbooks to undergo review, and the other measures put in place by EDB to resolve the aforesaid problems?*

SECRETARY FOR EDUCATION (in Chinese): President, my reply to Mrs Regina IP's question is as follows:

- (1) Liberal Studies (LS) aims to broaden students' knowledge base and enhance their social awareness through the study of a wide range of issues. The LS curriculum involves various issues on multiculturalism, such as discussing the significance of multiple identities to Hong Kong residents, and analysing whether globalization promotes homogeneity or diversity in culture and values at the global level. In addition, the curriculum document recommends religion as one of the suggested themes of enquiry under Independent Enquiry Study for students to explore from different perspectives. To provide reference materials for teachers, the Education Bureau has developed learning and teaching resources on multiculturalism and ethnic minorities, and invited academics to conduct seminars for teachers' knowledge enrichment.

The New Academic Structure Medium-term Review is still ongoing. We will adhere to the student-learning centred and professional principles, carefully collect and listen to views from all parties including relevant experts and stakeholders in order to make the review more comprehensive. The medium-term recommendations and the direction of long-term development of LS will be announced by July 2015.

- (2) Senior Secondary LS encourages students to engage critical thinking to tackle contemporary issues from multiple perspectives and put forward evidence-based views, judgment and suggestions. In view of the largely evolving and ever-changing nature of contemporary issues, teachers should flexibly adopt a wide range of learning and teaching materials instead of relying solely on the contents provided by textbooks. Students should also explore on their own varied and latest materials in the course of learning so that they can make sensible judgments underpinned by concrete evidence and analyses of relevant information. In the light of the above considerations, we are of the view that it is not the best option to use conventional textbooks for the learning and teaching of LS. Therefore, we do not at the moment accept submission of LS "textbooks" for review.

We have been providing for free a wide variety of practical curriculum resources, learning and teaching materials as well as assessment items for teachers through the Web-based Resource Platform for LS <<http://ls.edb.hkedcity.net>>. Developed in such a way as to cater for the various parts of the curriculum, the resources and materials available on the resource platform are updated and enriched regularly in order to lighten teachers' workload. Furthermore, we published in 2013 the Liberal Studies Curriculum and Assessment Resource Package (the Resource Package), which describes in greater detail the learning focuses of each module and sets out examples for enquiry. We have also put in place a series of follow-up measures to support teachers in using the Resource Package, including developing teaching exemplars and assessment items. The Resource Package has been well received by schools.

We will continue to disseminate through circulars to schools and seminars for teachers the requirements and criteria for selecting quality textbooks and curriculum resources, reminding schools to give careful consideration to whether there is a genuine need to choose those LS learning resources which have not been reviewed, and cautioning against relying heavily on a single source of learning materials. We will also continue to share and promote good practices regarding the use and management of learning and teaching resources through school visits and professional networks.

Furthermore, to alleviate the workload of teachers, especially those fresh to teaching LS, we will develop in the near future more "fit-for-purpose" learning and teaching resources for teachers and students. These will be underpinned by appropriate professional support and training for teachers. Taking the interpretation of the curriculum in the Resource Package of 2013 as the blueprint, we are going to develop a series of resource booklets on the learning focuses of all the individual modules. To be fine-tuned taking into account consultation outcomes of the curriculum review now underway, each of the resource booklets will include the learning focuses as well as learning and teaching exemplars of the respective modules, together with the essential basic knowledge and concepts to be covered in the three-year curriculum. The resource booklets

will provide teachers and students with appropriate learning materials, exemplars of issue enquiry, reference materials, and so on. The resource booklets will be developed and distributed to schools by phases in 2015 and will be updated as and when necessary.

We believe that the above measures can help mitigate reliance by teachers and students on LS "textbooks" which have not been reviewed.

In the long run, the Education Bureau will study the viability of accepting the submission of LS textbooks for review. We will also formulate textbook review requirements and criteria appropriate to the unique learning requirements and contents of LS for the purpose of quality assurance.

Measures to Stabilize Property Market

13. **MR FREDERICK FUNG** (in Chinese): *President, as revealed by the latest statistics published by the Rating and Valuation Department, the price index of private domestic properties (all classes) in December 2014 has hit a record high of 277.6, which is higher than that of 172.9 during the peak of the property market bloom in 1997 by over 60%, and that of 206.1 at the inauguration of the current-term Government (i.e. July 2012) by more than 34%. The price surge of small residential units (i.e. Class A units with a usable area of less than 40 square metres or 430.5 square feet) is most remarkable, as shown by a rise of the price index from 217.4 at the inauguration of the current-term Government to a record high of 303.2 in December 2014, with a rate of increase as high as 40%. In this connection, will the Government inform this Council:*

- (1) *given that property prices have hit record high time and again in spite of the series of measures launched by the current-term Government to stabilize the property market, whether the authorities have evaluated the effectiveness of these measures; whether they have assessed if certain practices of the Government (e.g. the adoption of the arrangement to allow white form applicants to purchase flats under the Home Ownership Scheme (HOS) with premium not yet paid in the HOS Secondary Market and the suspension of the implementation of the "Hong Kong Property for*

Hong Kong People" measure) have produced counter-productive results in stabilizing property prices, and if these practices have been adopted for the sake of expediency without careful consideration, resulting in an effect going contrary to their expectation; and

- (2) *whether it has compiled statistics on the changes, since July 2012, in the percentage of the people's expenditure on rent and residential mortgage payments in their income; whether it has assessed if the current price and rental levels of domestic properties have gone beyond the affordability of the people; if the assessment outcome is in the affirmative, whether it has assessed the impacts of such a situation on society and people's livelihood; whether it has formulated any concrete short-term and medium-term measures (including demand-side management measures) to curb the rising trend of property prices?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to the two parts of the question raised by Mr Frederick FUNG is as follows:

- (1) *Demand-side management measures*

To address the overheated property market, the Government has introduced several rounds of demand-side management measures, including a Special Stamp Duty (SSD) (November 2010 and October 2012), a Buyer's Stamp Duty (BSD) (October 2012) and a doubled *ad valorem* stamp duty (DSD) (February 2013). These measures aim to combat speculative activities, ensure healthy and stable development of the property market, and accord priority to the home ownership needs of Hong Kong permanent residents (HKPR) in the midst of the present tight housing supply.

Demand-side management measures help stabilize the residential property market, and are effective in combating short-term speculative activities and curbing external demands. Increase in property prices has been moderated since the introduction of DSD in

February 2013. During the first two months of 2013 (that is, before the introduction of DSD), property prices increased by 2.7% per month on average. During the one-year period from March 2013 to April 2014, the increase was only 0.1% per month on average. Besides, stamp duty statistics from the Inland Revenue Department indicate that the number of short-term resale transactions (including confirmor transactions and resale within 24 months) remains at a low level in the fourth quarter of 2014, with a monthly average of 64 cases, or only 1% of the total transactions. This represented a sharp decrease from the monthly average of 2 661 cases (or 20% of the total transactions) during the period from January to November 2010 (that is, before the introduction of SSD). Also, purchases of residential properties by non-local individuals and non-local companies during the fourth quarter of 2014 stood at a monthly average of 106 cases, or only 1.7%⁽¹⁾ of the total transactions, markedly below the monthly average of 365 cases, (or 4.5% of the total transactions) during the period from January to October 2012 (that is, before the introduction of BSD).

We note that property prices in Hong Kong gradually picks up again since April 2014. The overall property prices rose by 13% in 2014. Under the global context of low interest rates and quantitative easing, had the Government not introduced demand-side management measures timely in end 2012 and early 2013, the property market might have been even more exuberant, affecting our economic and financial stability.

The Government closely monitors the development of the property market, and will continue to adopt necessary measures to stabilize the property market. The Government has undertaken to review the demand-side management measures one year after the passage of the relevant Amendment Bills that promulgated the measures and report the outcome to the Legislative Council. With regard to SSD and BSD, we plan to report the review outcome to the Legislative Council Panel on Housing in March 2015.

(1) If purchases of residential properties made by local companies are counted, the relevant monthly average would be 177 cases, or 2.8% of total transactions.

Extending the Home Ownership Scheme (HOS) Secondary Market to White Form Buyers

To address the home ownership aspirations of White Form (WF) applicants, the Hong Kong Housing Authority (HA) launched the Interim Scheme to Extend the HOS Secondary Market to White Form Buyers (the Interim Scheme) in January 2013 to allow 5 000 eligible WF applicants to purchase flats without premium paid in the HOS Secondary Market. The Interim Scheme provides WF applicants with an additional channel to purchase subsidized sale flats.

According to the initial assessment of the HA's Subsidised Housing Committee (SHC), as at end September 2014, 2 161 applicants achieved home ownership through the Interim Scheme; as at end December 2014, the number of transactions under the Interim Scheme was 2 321. Without the Interim Scheme, these persons might have found it difficult to purchase flats in the private property market.

Our observation is that flat prices in the HOS Secondary Market rose relatively fast initially after the announcement of the Interim Scheme. This may be due to the fact that some HOS flat owners raised their asking prices in light of the new purchasing power in the market. However, flat prices have stabilized afterwards and generally followed the overall trend of flat prices in the private property market. Flat prices are subject to the influence of an array of factors including the economy, demand-supply and expectations. We should therefore interpret the figures with care. The SHC conducted an initial assessment on the implementation of the Interim Scheme on 24 November 2014, details of which have been uploaded onto the HA's website.

While the Interim Scheme is effective to a certain extent, with the experience of only one round of the Interim Scheme, the SHC considered that more empirical information is required to review the full and exact impact of the Interim Scheme on property prices. Given the strong demand for subsidized sale flats nowadays (especially from persons eligible for WF status), the SHC considered

it more prudent to release one more round of the Interim Scheme with 2 500 quota in the second half of 2015. This can respond to WF applicants' home ownership aspirations on the one hand, and reduce the quota to a relatively conservative number on the other. A comprehensive review will be conducted thereafter to decide on the future of the Interim Scheme. Upon completion of the review, the Government will report the outcome to the Legislative Council Panel on Housing.

The Hong Kong Property for Hong Kong People measure

The policy objective of the Hong Kong Property for Hong Kong People (HKPHKP) measure is to accord priority to HKPR in making use of our scarce housing land resources when there is a tight demand-supply situation in the property market. The Government announced in September 2012 that the HKPHKP measure would be applied to two residential sites in the Kai Tak Development Area. The two sites were sold through tender in mid-2013. Subsequently, the various demand-side management measures implemented by the Government targeting at the property market have effectively curbed the demand of non-local purchasers for residential flats and in turn accorded priority to the home ownership needs of HKPR. Hence, there is no pressing need to extend the HKPHKP measure to other sites available for sale at this stage. The Government will continue to closely monitor the property market and implement appropriate measures to facilitate the healthy development of the property market.

- (2) The Government has been closely monitoring the development of the residential property market with reference to a series of indicators, including property prices, home purchase affordability, transaction volume, the supply of residential properties, as well as changes in the local and external economic situations.

Under a tight demand-supply balance and the ultra-low interest rate environment, the residential property market has been active during most of the past few years. Home purchase affordability ratio (that is, the ratio of mortgage payment for a 45-square metre flat to median income of households, excluding those living in public

housing) rose from about 50% in the third quarter of 2012 to around 58% in the fourth quarter of 2014, indicating an increase in the home purchase burden. Over the same period, leasing affordability ratio (that is, the ratio of rentals for a 45-square metre flat to median income of households, excluding those living in public housing) stayed at 44%.

Maintaining the healthy and stable development of the private property market is one of the important housing policy objectives of the Government. The Government will continue to adopt a two-pronged approach. On the one hand, we will adopt a supply-led strategy and continue to increase supply of land and housing to address the demand-supply imbalance problem at source in the long run. On the other hand, we will curb external and speculative demands as and when necessary to help stabilize the property market and prevent the adverse consequences arising from an overheated market.

Measures to Cope with a Possible Outbreak of Influenza Epidemic

14. **DR LAM TAI-FAI** (in Chinese): *President, Hong Kong is now in an influenza season, and influenza-associated deaths have occurred incessantly. It has been reported that Hong Kong people's influenza vaccination rate has all along been on the low side, ranging from 10% to 15% over the past decade and, even for healthcare personnel, the rate has been 10% or so only. An expert on infectious diseases is of the view that given the low public awareness of influenza prevention, the Government needs to step up publicity efforts. Besides, some members of the public are concerned that every time when an influenza season arrives, the public healthcare system is invariably subjected to immense pressure, including an acute shortage of healthcare manpower and hospital beds, etc. In this connection, will the Government inform this Council:*

- (1) *whether it has compiled statistics on the respective numbers to date of healthcare personnel (including doctors, nurses and ambulancemen) and members of the public who received influenza vaccination for preventing infection in this influenza season; if it has, of the details; if not, the reasons for that;*

- (2) *whether it has assessed why the vaccination rate is on the low side at present; if it has, of the details; if not, the reasons for that;*
- (3) *as the authorities have indicated in a paper submitted to the Panel on Health Services of this Council this month that in order to encourage the public to receive influenza vaccination, senior government officials take the lead to receive vaccination as role models, whether it knows if the Directors of Bureaux other than the Secretary for Food and Health have received vaccination; if they have, which Directors of Bureaux have already received or are prepared to receive vaccination; if not, of the reasons for that;*
- (4) *whether it has assessed the health risks arising from the side-effects after influenza vaccination faced by children under five, the elderly and chronic patients;*
- (5) *of the total quantities of influenza vaccines purchased by the Department of Health (“DH”) and the Hospital Authority (“HA”) in each of the past five years; the existing stock of such vaccines and their expiry dates;*
- (6) *of the procedures adopted by DH and HA for disposal of expired influenza vaccines, and the quantities and costs of influenza vaccines which expired and were written off in the past five years;*
- (7) *whether it has assessed if the existing influenza vaccine stock kept by DH and HA is sufficient to meet the demand in this influenza season; if it has not assessed, of the reasons for that; if it has assessed, the details; if the assessment outcome is in the negative, why such a situation has emerged, and how it will cope with the demand;*
- (8) *whether it will launch new publicity activities to step up publicity on the advantages of vaccination; if it will, of the details;*
- (9) *of the number of pharmaceutical manufacturers whom the authorities have contacted to date for the provision of new vaccines targeting the prevailing influenza A (H3N2) virus; whether the authorities will step up efforts to promote research and development of influenza vaccines in Hong Kong; if they will, of the details; if not, the reasons for that;*

- (10) *given the frequent contacts between Hong Kong residents and those of the Mainland and Macao, whether the authorities know the latest statistics on influenza infection and vaccination on the Mainland and in Macao;*
- (11) *whether it has assessed if the present shortage of hospital beds in various public hospitals is more serious when compared with that in previous years;*
- (12) *whether it knows the emergency services attendances at various public hospitals since the onset of this influenza season, and whether the utilization rate has reached such a level that the hospitals are unable to cope with; how the rate compares with those in the past five years; and*
- (13) *whether it knows the shortage of healthcare manpower in various public hospitals?*

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

- (1) The Scientific Committee on Vaccine Preventable Diseases (SCVPD) of the Centre for Health Protection (CHP) recommended nine priority groups for seasonal influenza vaccination in the 2014-2015 season. People in these priority groups are generally at increased risk of severe complications or even death caused by influenza or transmitting influenza to those at high risk. Hence, the Government provides free or subsidized seasonal influenza vaccination to some people in these high risk groups through the Government Vaccination Programme (GVP) and the Vaccination Subsidy Scheme (VSS). The Administration also recommends those people who are not covered by the above schemes to consult their family doctors and consider receiving seasonal influenza vaccination for personal protection. The Government will consider the recommendations of the SCVPD and review the implementation of the GVP and VSS, including their coverage, and so on.

The figures on the number of healthcare workers and persons of the high-risk groups who have received influenza vaccination under

these programmes are set out at Annex. As some eligible persons might not receive seasonal influenza vaccine (SIV) under these two programmes, the actual figures are expected to be higher.

- (2) As shown in the survey results on the coverage of seasonal influenza vaccination conducted by the CHP in the 2012-2013 season, 14% of the local population has received seasonal influenza vaccination, detailed breakdown is as follows:

<i>Target Groups</i>	<i>Rate of Seasonal Influenza Vaccination (%)</i>
Children aged 6 months to 5 years old	28.4
Persons aged 6 to 49 years	11.0
Persons aged 50 to 64 years	8.5
Persons aged 65 years or above	39.1
Pregnant women	2.0
Persons with chronic medical problems	28.2
Healthcare workers in public sector	28.6-44.9
Healthcare workers in residential care homes	39.8
Healthcare workers in private sector	32.6-35.4
Local population	14

The survey found that the main reasons for Hong Kong residents not receiving influenza vaccination include: "they are healthy and do not think that they will be infected with the influenza easily"; "consider vaccination to be ineffective for preventing influenza" and "they have no time". The survey results have been uploaded onto the CHP website.

- (3) To encourage members of the public to receive seasonal influenza vaccination, the Secretary for Food and Health together with the Permanent Secretary (Health), Under Secretary for Food and Health, Director of Health, Controller, CHP, and so on, took the lead in receiving vaccination on 3 November 2014. We do not have information on whether other Directors of Bureaux have received vaccination.

- (4) SIV is very safe and usually with no side effects apart from possible swelling at the injection site. Some recipients may experience fever, muscle and joint pains, and tiredness beginning six to 12 hours after vaccination and lasting up to two days. The Department of Health (DH) has a surveillance system in place to monitor adverse events following usage of drugs (including vaccines). Since commencement of the various seasonal influenza vaccination programmes in October 2014 up to now, no report on serious adverse events has been received.

(5) to (7)

The following figures are the quantities of SIVs that the government procured under GVP (including supply to the Hospital Authority (HA) and other relevant venues which provide vaccination service) in the recent five years:

<i>Year</i>	<i>Number of Doses</i>
2010-2011	300 000
2011-2012	300 000
2012-2013	285 000
2013-2014	285 000
2014-2015	268 000

As at 15 February 2015, there are more than some 20 000 doses of vaccine in stock under the GVP. The supplier has to supply sufficient quantity of vaccine to the Government according to the contract terms and ensure that all the vaccines supplied would not be expired before the 2014-2015 season. Also, the DH would regularly liaise with the HA and various departments that provide vaccination so as to monitor the demand for SIVs and the injection progress for the purposes of estimation and making flexible arrangement with pharmaceutical manufacturers. To meet the recent demand, the DH has already ordered an extra 10 000 doses of quadrivalent SIV.

The Government will assess the number of doses administered in the previous season, expected increase of vaccination rate, damage of vaccine and current vaccination situation in deciding the quantity of SIVs to be ordered. It will also strive to reduce wastage of vaccines whilst ensuring sufficient vaccine provision by collaborating with different service units. SIVs can last for one year in general, and the DH and HA will dispose of the damaged or unused but expired vaccines by phases in accordance with established procedures and arrangement. The DH and HA disposed of 52 000, 54 000, 32 000, and 33 000 doses of SIVs in 2011, 2012, 2013 and 2014 respectively, and the cost involved in disposal of vaccines depends on the relevant contract price for the vaccine for that year.

- (8) The Government has been closely monitoring the vaccination rate of SIVs, and promote the importance of SIVs to the public through various channels. It has arranged a series of publicity activities in the 2014-2015 season to promote vaccination, in particular to the targeted high risk groups, as follows:

Early Appeal

Though the 2014-2015 VSS and the free GVP were launched in early October and early November 2014 respectively, the CHP had already kick-started the publicity activities as early as in August 2014, and arranged press conferences to encourage Hong Kong residents to receive influenza vaccination from time to time.

Collaboration with Medical Experts; Intensive Promotion Drive

As local surveys found that professional advice was effective in promoting vaccination, relevant experts were engaged in various publicity activities to promote vaccination to different target groups. Experts from the SCVPD, Hong Kong Academy of Medicine and five specialist colleges also came together to announce a Consensus Statement regarding the importance of SIV. Besides, specialists attended media interviews to explain the benefits and the necessity of receiving seasonal influenza vaccination.

As for healthcare personnel, the DH, the HA and the Hong Kong Private Hospitals Association jointly conducted a press conference to promote vaccination for healthcare workers in public and private sectors. Government officials have also taken the lead to receive vaccination as role models. Moreover, the CHP has organized briefing sessions for healthcare workers to explain the safety and the necessity of vaccination.

Multi-channel and Continuous Promotion

The Government has produced a variety of announcements in public interests for promulgation on the prevention of influenza through television, radio channels, the webpage of Information Services Department and YouTube channel; placed advertisements in the MTR, public buses, newspapers, magazines and online apps; arranged promotions on websites and collaborated with community partners, District Councils and non-governmental organizations to encourage vaccination. Looking ahead, the Government would solicit the help of voluntary welfare organizations to publicize vaccination education for the targeted population (such as the elders).

- (9) According to the record of the DH, currently there are four vaccine suppliers who have registered the Southern Hemisphere influenza vaccine. The DH has contacted the influenza vaccine suppliers, and actively procuring the vaccines containing the current predominant influenza strain A/Switzerland/9715293/2013. Provided that there is supply, the vaccines are expected to arrive at Hong Kong in late April to May this year. The quantity of vaccines to be supplied is still uncertain but the Government will try to request more.

Hong Kong is at the forefront in medical research and development (R&D) (especially on epidemiology). The Food and Health Bureau is committed to assisting local R&D professionals through the Health and Medical Research Fund (the Fund). Research projects relating to vaccination programmes (including development of new

vaccines, acceptability of vaccination programmes, and measures to enhance vaccination of elderly, institutionalized or other at-risk populations) are in fact within the thematic priorities of the Fund and may have priority in funding application.

- (10) Regarding prevention and control of infectious diseases, Hong Kong has established a close reporting mechanism with the health authorities in the Mainland and Macao. Besides, Guangdong will also share the latest influenza surveillance data with Hong Kong. According to past experience, the peak of winter influenza season in Southern provinces in the Mainland usually occurred later than that in Hong Kong.

According to the Chinese Center for Disease Control and Prevention, the national influenza vaccination coverage rate in the Mainland was around 2% as of January 2015. According to the Health Bureau of Macao, the overall free vaccination coverage rate was 14% as of 5 February 2015.

- (11) and (12)

The HA has already drawn up an overall response plan before the start of the surge in service demand during the winter influenza season. Availability of hospital beds is one of the key elements to respond to the challenge of upsurge in service demand. In this connection, the HA has opened 205 additional beds in 2014-2015, and 250 additional beds in 2015-2016. To further increase the service capacity, the HA has opened a total of 282 additional beds on a time limited basis for six months during the influenza season. Since the demand for in-patient service has increased sharply since January 2015, various clusters will, with regard to the actual demand and manpower situation, further increase more than 200 extra beds to cope with the urgent need. The level of utilization of beds at present is similar to that in past years.

The number of Accident and Emergency (A&E) attendances increases during the influenza peak seasons every year. In January

2015, the average daily number of A&E first attendances exceeded 6 500, which is 12% higher than the normal number of 5 800 and is on par with the number during the same period in past years. To alleviate the demand for A&E services, the HA had increased the quota for general out-patient clinics (GOPC) by 560 during Christmas holidays in 2014 and by 1 486 in this year's Lunar New Year holidays. The above additional quota represents an increase of 14% and 30% of service capacity in the respective period. Given the current keen demand for healthcare services, the HA will further increase the GOPC quota by 1 216 in February, and by 2 760 in March.

- (13) In view of the challenges due to increasing service demand, the HA has endeavoured to continue to recruit different grades of staff including doctors, nurses, allied health professionals and supporting staff through various means. For doctors, there are about 5 500 doctors in the HA at present, with a shortfall of around 340 doctors. The HA has employed a total of 311 specialist doctors through the central recruitment exercise in 2014-2015 and will continue to recruit additional ones in 2015-2016 to strengthen doctor manpower. As for nurses, the HA has a shortage of about 500 nurses in 2014-2015. It plans to recruit about 1 680 nurses to alleviate the manpower shortage, maintain existing services and implement service improvement measures. Subject to the supply in the labour market, the HA will recruit 300 additional nurses to address the surge in demand during the winter influenza season.

Annex

Statistics on 2014-2015 Seasonal Influenza Vaccination

The 2014-2015 Government Vaccination Programme (GVP), including Residential Care Home Vaccination Programme (RVP), and Vaccination Subsidy Scheme (VSS), including the Childhood Influenza Vaccination Subsidy Scheme (CIVSS) and the Elderly Vaccination Subsidy Scheme (EVSS), commenced on 3 November 2014 and 6 October 2014 respectively. The following figures are as at 15 February 2015.

<i>Category of target groups</i>	<i>Public/ Private sector</i>	<i>Number of recipients (number of doses if different)</i>
Elderly aged 65 or above (including elderly persons living in residential care homes)	GVP	183 305
	EVSS	174 238
Persons under 65 years with chronic illness	GVP	9 867
Persons aged 50 to 64 years receiving Comprehensive Social Security Assistance	GVP	1 723
Pregnant women receiving Comprehensive Social Security Assistance	GVP	20
Long-stay residents of institutions for persons with disabilities	GVP	12 655
Healthcare workers in public sector and residential care homes	GVP	31 829
Children between the age of 6 months and less than 6 years	GVP	2 245 (2 885) [△]
	CIVSS	52 904 (64 317) [△]
Poultry workers	GVP	3 923
Pig farmers and pig slaughtering industry personnel	GVP	216
Total		472 925 (484 978) [△]

Note:

△ Some children who had no seasonal influenza vaccination before received two doses.

Rehabilitation Services for Persons in Custody

15. MS EMILY LAU: *President, according to information provided by the Administration, about 8 000 local adult persons in custody were released on average in each of the past five years, and around \$900 million was allocated in 2014-2015 for facilitating persons in custody to re-integrate into society upon release. In this connection, will the Executive Authorities inform this Council:*

- (1) *how many persons in custody who were released in each of the past five years had received vocational training or other forms of rehabilitative services whilst in custody; whether they will make more efforts to provide such services to those persons in custody who have not received such services;*
- (2) *whether they know how many persons in custody who were released in each of the past five years had problems in finding accommodation upon release, and how many of such persons received accommodation assistance from the Administration; and*
- (3) *whether they will make more efforts and allocate more funds to help persons in custody to receive industries training, vocational training and education whilst in custody, as well as employment and housing support upon release, so that they can re-integrate into society more easily?*

SECRETARY FOR SECURITY: President, the Correctional Services Department (CSD) is committed to providing a safe and humane environment for persons in custody and offering suitable rehabilitative services to facilitate their re-integration into society after serving their sentences. To cater for their different needs, the CSD has been offering timely and suitable rehabilitation supports, such as welfare and counselling services, psychological counselling, education, vocational training, pre-release preparation as well as conducting post-release supervision as required by the relevant legislation. The CSD also works closely with over 80 non-governmental organizations (NGOs) and voluntary agencies to provide persons in custody with diversified programmes in the correctional institutions, including religious services, interest groups, recreational and cultural activities, regular visits and pre-release counselling.

The Administration's reply to the different parts of the question is as follows:

- (1) and (3)

All convicted adult persons in custody, excluding those exempted on medical ground, have to work under the CSD's arrangement

according to the current law. Through daily participation in industrial production, persons in custody can develop good working habits and enhance their competency at work, including acquiring knowledge and skills that are generally applicable such as production arrangements, quality control, logistics, and so on. In 2014, the average daily workforce of persons in custody is about 4 400. The CSD is also actively introducing more vocational training elements in the Correctional Services Industries to provide relevant skills training, including courses related to intermediate trade testing on concrete work, carpentry and metalwork conducted by the Construction Industry Council. The CSD also assists those working in printing workshops to obtain accreditation for their knowledge, skills and experience through the "Recognition of Prior Learning" mechanism under the Qualifications Framework.

In addition to job arrangements, the CSD also provides market-oriented vocational training for voluntary application by persons in custody. In the financial year of 2013-2014, the CSD provided more than 1 400 vocational training places for the voluntary enrolment of eligible adult persons in custody who are serving sentences of no less than six months and with remaining sentences from three to 24 months. In each of the past five years (that is, from 2010 to 2014), around 900 to 1 100 rehabilitated adult persons who were discharged had voluntarily joined the vocational training provided by the CSD when serving their sentences.

The number of vocational training places offered by the CSD is demand-driven and subject to the Department's review from time to time having regard to the enrolment response of persons in custody. Separately, the CSD discusses with training institutions on a regular basis with a view to introducing a wider range of market-oriented vocational training courses for persons in custody, including the Certificate Course in Care Worker Training and Professional Taxi Driver (Taxi Written Test) Training Course which was added in 2014. The CSD will keep reviewing the arrangements on industrial production work and, in the light of product technology development and employment market situation, include new types of trades suitable for persons in custody.

On education services, the CSD actively encourages adult persons in custody to undertake distance learning or self-learning programmes after work for self-enhancement. In this connection, the CSD strives to facilitate them to make full use of the resources and professional services provided by recognized educational institutions to acquire accredited academic qualifications. The CSD has set up, with donations from organizations or members of the public, a number of education funds to support and help those who intend to pursue studies and are in need of financial assistance for paying tuition fees, purchasing books, study aids or materials as well as taking examinations organized by external bodies. The relevant funds include the Prisoners' Education Trust Fund, the Prisoners' Education Subsidy Fund, the Care of Rehabilitated Offenders Association Foundation, the New Life Foundation, and the Angel Education Fund. In 2014, around \$1.35 million was approved in total under the above education funds to help more than 1 000 persons in custody pursue further studies.

On Pre-release Employment Services, the CSD arranges local persons in custody to attend the Pre-release Reintegration Orientation Course before their release. The course covers general information on social welfare services, employment support services for rehabilitated persons provided by government departments and NGOs, introduction on community facilities, job interview skills, labour legislation, and so on. The CSD hopes that persons in custody can acquire information about post-release life through the course and prepare themselves for re-integration into society.

As early employment of persons in custody upon release can facilitate their re-integration into society, the CSD maintains close contact and co-operation with the business sector and relevant trade associations to encourage employers to register as "Caring Employers" and hire rehabilitated persons. From the introduction of the Pre-release Employment Services in 2012 to end 2014, over 350 employers have registered as Caring Employers.

Moreover, the CSD conducts assessment on re-offending risks and rehabilitative needs for all local persons admitted to training centres, detention centres, rehabilitation centres and drug addiction treatment centres as well as all local persons in custody serving sentences of 12 months or above. Matching rehabilitative programmes will then be provided to such persons in custody, who will be allocated to

different domains of counselling or treatment groups, with a view to helping them enhance education level and vocational skills, quit drug abuse habits, rebuild family relationship, improve social skills, rectify criminal thinking, manage emotions and learn more about community supports available.

The CSD will continue to actively review and enhance various types of rehabilitation services and programmes in the light of social changes and needs, and make proactive efforts in promoting rehabilitation work in the community.

- (2) The CSD's Rehabilitation Officers will actively approach persons all local persons in custody before their release so as to learn about their potential difficulties and needs upon discharge for rendering appropriate assistance. In each of the past five years (that is, 2010 to 2014), there were around 1 600 to 1 800 local persons in custody expressing difficulties in finding accommodation after their release. As such, the CSD assisted those persons in custody who had long-term housing needs to make applications to the Housing Department for public housing and referred those with a pressing need for housing to NGOs, including the Society of Rehabilitation and Crime Prevention, Hong Kong (SRACP) subsidized by the Social Welfare Department, for follow-up action. In each of the past five financial years (that is, from 2009-2010 to 2013-2014), SRACP provided an average of 805 months of rent allowance⁽¹⁾ to newly-discharged rehabilitated persons, and offered hostel places to an average of 369 rehabilitated persons.

The CSD will keep in close liaison with the relevant departments and NGOs, and make timely referrals of persons in custody with housing problems to them for provision of appropriate support and assistance.

- (1) A rehabilitated person may be granted a "Short-term Rent Allowance" for a maximum period of two months. In case of further financial difficulties, they can apply for rent allowance under the Comprehensive Social Security Assistance Scheme.

Provision of Residential Sites

16. **MR JAMES TO** (in Chinese): *President, in his Policy Address delivered last year, the Chief Executive stated that the Government had identified some 150 sites in the territory, and subject to the successful completion of the town*

planning procedures for rezoning and/or increasing development intensity, it was estimated that a considerable number of these sites would be available for residential development between 2014-2015 and 2018-2019 and were capable of providing over 210 000 residential units, of which over 70% would be public housing units. As at the end of last year, the authorities have started the work to amend the statutory plans of 45 of such sites. In this connection, will the Government inform this Council of:

- (1) the following information on each of the 150 sites, grouped by District Council (DC) district: (i) site area, (ii) whether it is currently rented out under short-term tenancy, (iii) whether land resumption is required before residential development can be taken forward; if so, of the land resumption procedure involved, (iv) whether the consultation process with DCs has been started, (v) the anticipated commencement date of the works for the residential development, and (vi) the number of residential units that can be provided;*
- (2) the following information on each of the 150 sites, grouped by DC district: (i) the existing plot ratio, (ii) the proposed plot ratio, and (iii) the progress of the planning procedure for change of plot ratio;*
- (3) the following information on each of the 45 sites of which statutory plan amendments have been started, grouped by DC district: (i) the proposed use (such as public rental housing, Home Ownership Scheme estates and private residential developments), (ii) site area, (iii) the number of residential units that can be provided, (iv) the anticipated time for completing the statutory plan amendments and making available the site for housing development, and (v) the anticipated commencement date of the works for the residential development;*
- (4) the reasons why statutory plan amendments have yet to be started for the remaining 105 sites; and the measures the authorities have put in place to expedite the relevant work; and*
- (5) the estimated number of sites that will be available for residential development between 2014-2015 and 2018-2019, as well as the respective locations of, and the numbers of public or private residential units that can be provided at, each of these sites?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, as announced by the Secretary for Transport and Housing at the press conference on the Long Term Housing Strategy on 16 December last year, the Government has updated the projection of long-term housing demand for the 10-year period from 2015-2016 to 2024-2025. Based on this, the total housing supply target is now set at 480 000 units for the coming 10 years, with the public-private split remains as 60:40. Delivering this housing supply target is undeniably a huge challenge for both the Government and community. The more immediate and effective way to augment housing land supply in the short to medium term is to make more optimal use of the developed areas in the existing urban areas and new towns, as well as nearby land in the vicinity of existing infrastructures, through land use reviews and increasing development intensity where planning terms permit.

With the said efforts, the Government has identified in total some 150 potential housing sites, most of which may be made available for housing development in the five years of 2014-2015 to 2018-2019 for providing over 210 000 flats, with over 70% of them for public housing, subject to timely amendments to their respective statutory plans for change of land use and/or increase in development intensity.

After consultation with the Planning Department (PlanD), Housing Department (HD) and Lands Department, our reply to the five-part question is as below:

(1), (2) and (5)

The PlanD has conducted territory-wide reviews on the Government land currently vacant, under Short Term Tenancies or different short term, Government, Institution or Community and other government uses, as well as Green Belt sites, which have identified in total some 150 potential housing sites. The Government fully appreciates the technical challenges and local concerns arising from developing these potential housing sites. After briefing the District Council (DC) Chairmen and Vice-chairmen in April last year, the Development Bureau and the PlanD, together with relevant departments, commenced the consultation with individual DCs and provided them with an overview of the potential housing sites in their respective districts. As at early February this year, we had presented relevant information to 15 out of the 16 DCs concerned, and will make a presentation to the last DC shortly.

The geographical distribution of these some 150 sites, and their estimated flat production, estimated year of land availability, existing land use zoning and proposed types of housing by districts are set out at Annex 1. It should be noted that these some 150 sites are only part of the land that could be made available in the 10-year period as mentioned above. The estimated number of sites, number of flats, year of land availability and the proposed types of housing are subject to changes depending on the findings of technical assessments, relevant statutory plan amendment procedures and works progress of the sites concerned.

To date, statutory plan amendments have already been initiated in respect of 45 of these some 150 sites, among them 20 sites have completed the statutory rezoning procedures. For those sites the statutory rezoning procedure of which has yet to commence, we will, as with the established practice, further consult the respective DCs and local community when we complete the required technical assessments and firm up the development parameters (including the site location, site area and proposed plot ratio) to proceed with the statutory plan amendments. By then, more detailed information of individual sites will be available.

Some sites may involve land resumption/clearance, or reprovisioning of the existing or planned facilities. When the relevant statutory plan amendments are approved by the Town Planning Board, departments concerned will commence the required works and other procedures, with a view to making available the sites for public and private housing development as soon as practicable.

- (3) As mentioned above, we have initiated the statutory plan amendments for 45 sites (that is, about one third) of the some 150 potential housing sites. These 45 sites are estimated to provide a total of about 40 000 housing units, with public and private housing accounting for about 22 300 and 17 500 units⁽¹⁾ respectively. The site area, estimated flat production and estimated year of land

(1) The number of private housing units concerned has reflected the decision of the Town Planning Board to recommend reverting two sites (involving about 1 300 flats) back to "Green Belt" zone, after hearing of representations/comments related to the amendments to the Tai Po Outline Zoning Plan on 13 February 2015.

availability of the 45 sites are set out at Annex 2. Apart from 20 sites the statutory rezoning procedure of which has been completed, the statutory procedure for the remaining 25 sites will be completed as soon as practicable in accordance with the Town Planning Ordinance. When the sites are ready for housing development, we will include them in the Land Sale Programme or allocate them to the HD for public housing development.

- (4) The above some 150 potential housing sites constitute an important part of the housing land supply in the coming five years. Rezoning the sites concerned is the key to achieving the 10-year total housing supply target, and we have already initiated the rezoning of about one third of them in one year. We will continue the relevant statutory plan amendments with full steam ahead so as to increase and expedite the short to medium-term housing land supply.

As mentioned in the Long Term Housing Strategy, the development time of developed land depends on the circumstances of individual sites and the procedures involved, which in general takes about one to five years. The Government also needs to consider various factors, including the traffic and infrastructure capacities, provision of community facilities and open space, relevant development constraints and existing development density, as well as the potential impacts on the local environment, visual and air ventilation, and so on. If necessary, government departments will carry out technical assessments or studies, and propose measures to mitigate the potential impacts of the proposed developments. Apart from the statutory planning procedures and road works, some sites may involve land resumption/clearance, or reprovisioning of the existing or planned facilities. Consultations with relevant DCs, residents and other stakeholders also take time.

Apart from the some 150 potential housing sites, other medium to long-term land supply projects including the Kwu Tung North, Fanling North and Hung Shui Kiu New Development Areas, as well as the Tung Chung New Town Extension are expected to provide land for residential developments in phases in the latter period of the 10-year supply target.

As reiterated by the Government, providing sufficient land to achieve the housing target is a huge challenge for both the

Government and community. An integral part of the land supply process is the support and understanding rendered by the DCs, local districts and residents. The community as a whole has to accept trade-offs in order to cope with the imminent housing needs of Hong Kong people, especially the pressing needs of those waiting to move into public rental housing or to improve their existing living environment. If the local districts and DCs can render understanding and support for the rezoning, we believe that the said housing sites could be expeditiously provided for the development of public and private housing.

Annex 1

Distribution of the Potential Housing Sites (As at 13 February 2015)⁽¹⁾

<i>DC</i> ⁽²⁾	<i>Estimated Number of Flats (Approximate)</i>	<i>Estimated Year of Land Availability</i>			
		<i>Total Number of Sites (Number of Sites Already Initiated Rezoning)</i>	<i>2014-2015</i>	<i>2015-2016</i>	<i>2016-2017 and after</i>
Central and Western ⁽³⁾	2 700	2	(to be confirmed)		
Eastern	3 000	7	--	--	7
Southern	10 400	14	2	3	9
Kwun Tong	16 000	12 (6)	2	2	8
Wong Tai Sin	1 900	1	--	1	--
Kowloon City	3 060	4 (1)	--	1	3
Sham Shui Po	980	1 (1)	1	--	--
North	19 600	6	--	1	5
Sha Tin	8 100	11 (4)	1	5	5
Tai Po ⁽⁴⁾	27 600	23 (14)	(to be confirmed)		
Sai Kung	25 300	12	--	--	12

<i>DC⁽²⁾</i>	<i>Estimated Number of Flats (Approximate)</i>	<i>Estimated Year of Land Availability</i>			
		<i>Total Number of Sites (Number of Sites Already Initiated Rezoning)</i>	<i>2014-2015</i>	<i>2015-2016</i>	<i>2016-2017 and after</i>
Yuen Long	42 000	14 (2)	1	3	10
Tuen Mun	40 700	24 (11)	--	9	15
Tsuen Wan	3 100	6	--	--	6
Kwai Tsing	15 000	13 (5)	3	3	7
Islands	1 000	1 (1)	--	1	--
Total	>210 000	151 (45)	10	29	87

Notes :

- (1) For sites rezoning of which have not yet been initiated, their development parameters (including estimated flat number and estimated year of land availability) are subject to changes, based on further technical and other assessments, and the relevant procedures to be carried out. We will, as with the established practice, firm up the development parameters when we complete the requisite technical assessments and proceed with statutory plan amendment procedures.
- (2) No sites were identified for rezoning for residential use in two districts (Yau Tsim Mong and Wan Chai) out of the 18 districts.
- (3) For Central and Western District, the two identified sites are subject to land use review and their development parameters (including the flat number) will be further revised.
- (4) In early 2014, we informed the Legislative Council Panel on Development and subsequently the DC Chairmen and Vice-chairmen the overall picture of these potential residential sites, among which 23 are in Tai Po District. Since then, we have provided Tai Po DC specific details of 14 sites for rezoning for residential use initiated in 2014, and we plan to provide Tai Po DC information on the remaining sites shortly. The total site number and other development parameters are thus subject to changes. Besides, two sites, involving about 1 300 flats, were recommended to be reverted back to "Green Belt" zone after the Town Planning Board's hearing of representations/comments related to the amendments to the Tai Po Outline Zoning Plan on 13 February 2015.

Source of Information: The information paper on "increasing land supply" submitted to the Legislative Council Panel on Development by the Development Bureau in early January this year (LC Paper No. CB(1)407/14-15(01)) and updated as at 13 February 2015

Annex 1

Potential Housing Sites Requiring Plan Amendments
(As at 13 February 2015)

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
Central and Western	To be confirmed	Ka Wai Man Road Phase 1, Sai Wan	U	R	Public
	To be confirmed	Ka Wai Man Road Phase 2, Sai Wan	U	R	Public
	Total : 2 sites (about 2 700 flats)(The identified sites are subject to land use review, and their development parameters including the flat number will be further revised.)				
Eastern	2016-2017 and After	Junction of Chai Wan Road, Wing Ping Street and San Ha Street, Chai Wan	O	R	Public
	2016-2017 and After	Between Cheung Man Road and Chai Wan Park	GB	R	Public
	2016-2017 and After	Java Road, North Point	G/IC	R	Public
	2016-2017 and After	Behind Chai Wan Swimming Pool, Chai Wan	GB, G/IC	R	Public
	2016-2017 and After	Hau Yuen Path, Braemar Hill	G/IC	R	Private
	2016-2017 and After	Braemar Hill Road	G/IC	R	Private

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	Next to St. Joan of Arc Secondary School, Braemar Hill	G/IC	R	Private
Total : 7 sites (3 000 flats)					
Southern	2014-2015	West of Wong Ma Kok Road (near Regalia Bay), Stanley	GB	R	Private
	2014-2015	East of Wong Ma Kok Road (near Regalia Bay), Stanley	GB	R	Private
	2015-2016	Wah Fu North, Pok Fu Lam	O	R	Public
	2015-2016	Wah King Street, Pok Fu Lam	O, Road	R	Public
	2015-2016	Wah Lok Path, Pok Fu Lam	G/IC	R	Public
	2016-2017 and After	Lee Nam Road, Ap Lei Chau	OU	R	Private
	2016-2017 and After	Near Carmel Road (Cape Road, south to Ma Hang Estate), Stanley	GB	R	Private
	2016-2017 and After	Near Stanley Village Road (near Ma Hang Prison), Stanley	GB	R	Private

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	LCSD Lower Shouson Hill Nursery, San Wan Village, Wong Chuk Hang	O	R	Private
	2016-2017 and After	Red Hill Peninsula, Tai Tam	GB	R	Private
	2016-2017 and After	Site 1, Nam Fung Road, Shouson Hill	GB	R	Private
	2016-2017 and After	Site 2, Nam Fung Road, Shouson Hill	GB	R	Private
	2016-2017 and After	Nam Fung Road (near Aberdeen Tunnel), Shouson Hill	GB	R	Private
	2016-2017 and After	Kai Lung Wan, Pok Fu Lam	GB	R	Public
	Total : 14 sites (10 400 flats)				
Kowloon City	2015-2016	Sheung Shing Street, Ho Man Tin ⁽³⁾	R(B)3 (Original O)	R(B)3	Private
	2016-2017 and After	Junction of Lung Cheung Road and Lion Rock Tunnel Road, Kowloon Tong	GB	R(B)	Private
	2016-2017 and After	Ko Shan Road, To Kwa Wan	G/IC	R(A)	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	Mok Cheong Street, Ma Tau Kok	CDA	R(A)	Public
Total : 4 sites (3 060 flats)					
Kwun Tong	2014-2015	Choi Hing Road and Choi Hing Lane, Ngau Tau Kok ⁽³⁾	R(A)1 (Original G/IC, GB, Road)	R(A)1	Public
	2014-2015	Choi Wing Road, Ngau Tau Kok ⁽³⁾	R(A)2 (Original G/IC)	R(A)2	Public
	2015-2016	Junction of Shung Shun Street and Yan Yue Wai, Yau Tong ⁽³⁾	CDA(5) (Original CDA)	CDA(5)	Private
	2015-2016	Junction of Wai Lok Street/Wai Yip Street, Cha Kwo Ling	OU	R	Private
	2016-2017 and After	Hiu Ming Street/Hiu Kwong Street, Kwun Tong ⁽³⁾	R(A) (Original O, GB)	R(A)	Public
	2016-2017 and After	Ko Chiu Road, Yau Tong	G/IC	R	To be determined
	2016-2017 and After	Opposite to Richland Gardens, Kowloon Bay	O	R	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	Yan Wing Street (near Lei Yue Mun Estate), Yau Tong	GB	R	Public
	2016-2017 and After	Po Lam Road (near Po Tat Estate), Kwun Tong	GB	R	Public
	2016-2017 and After	Ex-Cha Kwo Ling Kaoline Mine Site ⁽³⁾	R(B)1, R(B)2, R(B)3 (Original R(A)4, G/IC, O)	R(B)1, R(B)2, R(B)3	Private
	2016-2017 and After	Ex-Cha Kwo Ling Kaoline Mine Site ⁽³⁾	R(B)4 (Original R(A)4)	R(B)4	Public
	2016-2017 and After	Ting On Street, Ngau Tau Kok	G/IC	R	Public
	Total : 12 sites (16 000 flats)				
Wong Tai Sin	2015-2016	Fung Tak Road, Diamond Hill	GB	R	Public
	Total : 1 site (1 900 flats)				
Kwai Tsing	2014-2015	Tai Wo Hau Road Phase 1, Kwai Chung ⁽³⁾	R(A)2 (Original R(A), O)	R(A)2	Public
	2014-2015	Near Mayfair Gardens, Tsing Yi ⁽³⁾	R(A)4 (Original GB)	R(A)4	Private
	2014-2015	Lai Kong Street, Kwai Chung ⁽³⁾	R(A)2 (Original G/IC)	R(A)2	Private

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2015-2016	Tai Wo Hau Road Phase 2, Kwai Chung ⁽³⁾	R(A)2 (Original G/IC, O)	R(A)2	Public
	2015-2016	Near Cheung Wang Estate, Tsing Yi ⁽³⁾	R(A)3 (Original GB, R(A))	R(A)3	Private
	2015-2016	Container Port Road, Kwai Chung	OU (Container Related Uses), I, Road	R	Public
	2016-2017 and After	San Kwai Street, Kwai Chung	V, G/IC	R	Public
	2016-2017 and After	Near Wonderland Villas, Kwai Chung	GB, O	R	Private
	2016-2017 and After	Near Mount Haven, Tsing Yi	GB, G/IC	R	Public
	2016-2017 and After	Site 1, Shek Pai Street, Kwai Chung	GB	R	Public
	2016-2017 and After	Site 2, Shek Pai Street, Kwai Chung	GB	R	Public
	2016-2017 and After	Site 3, Shek Pai Street, Kwai Chung	GB, R(A)	R	Public
	2016-2017 and After	Junction of Tsing Yi Road and Tsing Hung Road, Tsing Yi Area 22B	O	R	Public
Total : 13 sites (15 000 flats)					

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
Sham Shui Po	2014-2015	North of Yin Ping Road, Tai Wo Ping ⁽³⁾	R(C)13 (Original GB)	R(C)13	Private
	Total : 1 site (980 flats)				
Tsuen Wan	2016-2017	Near Cheung Shan Estate, Tsuen Wan	O, R(A), G/IC	R	Public
	After 2016-2017	Po Fung Terrace, Tsuen Wan	GB	R	Private
	After 2016-2017	Castle Peak Road, Tsing Lung Tau	GB	R	Private
	After 2016-2017	Site 1, Route Twisk, Tsuen Wan	GB	R	Private
	After 2016-2017	Site 2, Route Twisk, Tsuen Wan	GB	R	Private
	After 2016-2017	East of the "V" zone, Lung Yue Road, Tsing Lung Tau	GB	R	Private
	Total : 6 sites (3 100 flats)				
Sha Tin	2014-2015	Lok Wo Shan Lane, Area 111, Ma On Shan ⁽³⁾	R(B)5 (Original O)	R(B)5	Private
	2015-2016	Au Pui Wan Street, Area 16B, Fo Tan	I	R	Public
	2015-2016	Site to the north of Tai Po Road near Garden Villa, Tai Wai	GB	R	Private

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2015-2016	Site to the north of To Shek Service Reservoir, Sha Tin	GB	R	Private
	2015-2016	Whitehead, Ma On Shan	G/IC	R	Private
	2015-2016	Junction of Hang Kin Street and Hang Ming Street, Area 90B, Ma On Shan	O	R	Public
	2016-2017 and After	Ma On Shan Road (Northern Portion) ⁽³⁾	R(A)9 (Original GB)	R(A)9	Public
	2016-2017 and After	Ma On Shan Road (Southern Portion) ⁽³⁾	R(A)9 (Original GB)	R(A)9	Public
	2016-2017 and After	Site to the north of Lai Ping Road near Yung Ping Path, Kau To	GB, R(B)	R	Private
	2016-2017 and After	Shek Mun "O" site near Shek Mun Business Area, Sha Tin	O	R	Public
	2016-2017 and After	Hang Tai Road, Area 86B, Ma On Shan ⁽³⁾	R(A)8 (Original G/IC, Road)	R(A)8	Public
Total : 11 sites (8 100 flats)					

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
North	2015-2016	Queen's Hill, Lung Yeuk Tau	G/IC(2)	R	Public
	2016-2017 and After	Pak Wo Road, Fanling	G/IC	R	Public
	2016-2017 and After	Land at Former Fanling Magistracy, Fanling	G/IC	R	Public
	2016-2017 and After	Fanling/Sheung Shui Area 30 near Po Shek Wu Road	I, OU (Bus Depot)	R	Public
	2016-2017 and After	Ching Hiu Road, Sheung Shui	GB, G/IC	R	Public
	2016-2017 and After	Area 48, Fanling/Sheung Shui	I, GB	R	Public
	Total : 6 sites (19 600 flats)				
Tai Po	2014-2015	Site 1A, Junction of Fo Chun Road and Pok Yin Road, Pak Shek Kok, Tai Po ⁽³⁾	R(B)6 (Original OU (Science Park))	R(B)6	Private
	2015-2016	Site 1B, Fo Chun Road, Pak Shek Kok, Tai Po ⁽³⁾	R(B)6 (Original OU (Science Park))	R(B)6	Private
	2015-2016	Site 1C, Chong San Road, Pak Shek Kok, Tai Po ⁽³⁾	R(B)6 (Original OU (Science Park))	R(B)6	Private
	2015-2016	Site 1D, Fo Yin Road, Pak Shek Kok, Tai Po ⁽³⁾	R(B)6 (Original OU (Science Park))	R(B)6	Private

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2015-2016	Lo Fai Road (Eastern Portion) ⁽³⁾	R(C)9 (Original GB)	R(C)9	Private
	2015-2016	Lo Fai Road (Western Portion) ⁽³⁾	R(C)9 (Original GB)	R(C)9	Private
	2015-2016	Lai Chi Shan, Tai Po ⁽³⁾	R(B)8 (Original GB)	R(B)8	Private
	2015-2016	Near Fung Yuen, Ting Kok ⁽³⁾	R(C)10 (Original GB, G/IC)	GB ⁽⁴⁾	Private
	2015-2016	West of Nethersole Hospital, Tai Po ⁽³⁾	R(A)10 (Original GB)	GB ⁽⁴⁾	Private
	2015-2016	Chung Nga Road East, Tai Po ⁽³⁾	R(A)9 (Original G/IC)	R(A)9	Public
	2015-2016	Near J/O Tai Po Road and Yat Yiu Avenue, Tai Po ⁽³⁾	R(C)7 (Original R(C))	R(C)7	Private
	2015-2016	Area 9, Tai Po ⁽³⁾	R(A)9 (Original G/IC, GB)	R(A)9	Public
	2016-2017 and After	Near Cheung Shue Tan Road, Tai Po Kau ⁽³⁾	R(C)8 (Original GB)	R(C)8	Private
	2016-2017 and After	Chung Nga Road West, Tai Po ⁽³⁾	R(A)9 (Original GB, G/IC)	R(A)9	Public
We have already consulted Tai Po DC the above 14 sites (13 930 flats), and will shortly provide DC information of the remaining sites.					

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
Tuen Mun	2015-2016	Ex-Gordon Hard Camp Site, Area 48, Tuen Mun ⁽³⁾	R(B) (Original G/IC, O)	R(B)	Private
	2015-2016	Tsing Ha Lane, Area 20, Tuen Mun ⁽³⁾	R(B)2 (Original R(B)8)	R(B)2	Private
	2015-2016	Ex-Perwon Barracks, Castle Peak Road — Castle Peak Bay Section, Area 48, Tuen Mun ⁽³⁾	R(B)15 (Original G/IC)	R(B)15	Private
	2015-2016	Junction of Hang Fu Street and Hoi Wing Road, Area 16, Tuen Mun ⁽³⁾	R(A)22 (Original G/IC)	R(A)22	Private
	2015-2016	Ex-Hong Kong Christian Service Pui Oi School, Area 39, Tuen Mun ⁽³⁾	R(A)22 (Original G/IC, GB)	R(A)22	Public
	2015-2016	Area 29 West, Tuen Mun ⁽³⁾	R(A)21 (Original G/IC, R(A))	R(A)21	Public
	2015-2016	Area 2, Tuen Mun ⁽³⁾	R(A)23 (Original G/IC)	R(A)23	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2015-2016	Ex-Perowne Barracks (near Kwun Tsing Road), Area 48, Tuen Mun ⁽³⁾	R(B)14 (Original G/IC)	R(B)14	Private
	2015-2016	North of Jade Cove, So Kwun Wat, Tuen Mun	GB	R	Private
	2016-2017 and After	Area 54 Site 5, Tuen Mun ⁽³⁾	R(A)25 (Original G/IC, GB, Road)	R(A)25	Public
	2016-2017 and After	Kei Lun Wei, Area 54, Tuen Mun ⁽³⁾	R(A)24 (Original G/IC)	R(A)24	Public
	2016-2017 and After	South of Kwun Chui Road, Area 56, Tuen Mun ⁽³⁾	R(B)2 (Original GB and R(B))	R(B)2	Private
	2016-2017 and After	Tuen Mun Kau Hui and Tin Hau Road, Tuen Mun	O	R	Public
	2016-2017 and After	Tak Bond Dangerous Godowns and Highways Department Maintenance Depot, Tai Lam Chung, Tuen Mun	G/IC	R	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	East of Tuen Hing Road, Area 23, Tuen Mun	GB, R(B)10	R	Public
	2016-2017 and After	Wu Shan Recreational Park at Wu Shan Road and Lung Mun Road, Tuen Mun	GB	R	Public
	2016-2017 and After	Ex-Hong Kong Christian Service Pui Oi School (Remaining portion), Area 39, Tuen Mun	G/IC, GB	R	Public
	2016-2017 and After	West of Lee Kam STFA Primary School, Tuen Mun	R(B)	R	Public
	2016-2017 and After	Siu Sau (Northern Portion), So Kwun Wat, Tuen Mun	GB	R	Public
	2016-2017 and After	San Hing Road, Tuen Mun	R(E), GB	R	Public
	2016-2017 and After	San Hing Road Extension, Tuen Mun	GB	R	Public
	2016-2017 and After	Hong Po Road, Tuen Mun	GB	R	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	North of The Aegean, So Kwun Wat, Tuen Mun	GB	R	Private
	2016-2017 and After	North of Fiona Garden, So Kwun Wat, Tuen Mun	GB	R	Private
Total : 24 sites (40 700 flats)					
Yuen Long	2014-2015	Ha Ko Po Tsuen, Kam Tin North ⁽³⁾	R(B)1 (Original U)	R(B)1	Private
	2015-2016	Tin Wah Road Phase 1, Lau Fau Shan	R(C)	R	Public
	2015-2016	Shan Pui Ho East Road (Next to Hong Kong School of Motoring), Yuen Long	R(D)1	R	Private
	2015-2016	Long Bin Interim Housing Phase 1, Yuen Long	O	CDA	Public
	2016-2017 and After	Kam Sheung Road Site 6, Kam Tin South	AGR	R	Public
	2016-2017 and After	Kam Sheung Road Site 1, Kam Tin South	AGR	R	Public
	2016-2017 and After	Wang Chau North/South Phase 1, Yuen Long ⁽³⁾	R(A)4 (Original GB)	R(A)4	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	Tin Wah Road Phase 2, Lau Fau Shan	R(C), GB	R	Public
	2016-2017 and After	Near Tan Kwai Tsuen (Northern Portion), Yuen Long	GB	R	Public
	2016-2017 and After	Near Tan Kwai Tsuen (Southern Portion), Yuen Long	GB	R	Public
	2016-2017 and After	Long Bin Interim Housing Phase 2, Yuen Long	O, R(B)1	CDA	Public
	2016-2017 and After	Kam Sheung Road Site 4a, Kam Tin South	OU (Rural Use)	R	Public
	Undetermined	Kam Sheung Road Site 4b, Kam Tin South	OU (Rural Use)	R	Public
	Undetermined	Kam Sheung Road Site 5a, Kam Tin South	AGR	R	Public
	Total : 14 sites (42 000 flats)				
Islands	2015-2016	Tung Chung Area 27 ⁽³⁾	R(A)1 (Original G/IC)	R(A)1	Public
	Total : 1 site (1 000 flats)				
Sai Kung	2016-2017 and After	Anderson Road Quarry	OU (Mining & Quarrying)	R	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	Anderson Road Quarry (upper quarry site)	OU (Mining & Quarrying)	R	Private
	2016-2017 and After	South of Chiu Shun Road, Tseung Kwan O	GB, G/IC	R	Public
	2016-2017 and After	North of TKO Village, Tseung Kwan O	GB	R	Public
	2016-2017 and After	East of Movie City, Tseung Kwan O	GB	R	Public
	2016-2017 and After	West of Tsui Lam Estate, Tseung Kwan O	GB	R	Public
	2016-2017 and After	Northwest of Ying Yip Road, Tseung Kwan O	GB	R	Public
	2016-2017 and After	Bus Terminus South of Hong Sing Garden and North of Mau Wu Tsai, Tsueng Kwan O	GB, G/IC	R	Public
	2016-2017 and After	West of Yau Yue Wan Village, Tseung Kwan O	GB	R	Public
	2016-2017 and After	South of Po Lam Road, Tseung Kwan O	GB	R	Public

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Existing Zoning</i>	<i>Planned Zoning</i>	<i>Housing Type⁽²⁾</i>
	2016-2017 and After	North of Po Lam Road South, Tseung Kwan O	GB	R	Public
	2016-2017 and After	Near Ho Chung New Village, Ho Chung	G/IC	R	Private
Total : 12 sites (25 300 flats)					

Abbreviation:

AGR	Agriculture
CDA	Comprehensive Development Area
GB	Green Belt
G/IC	Government, Institution or Community
I	Industrial
O	Open Space
OU	Other Specified Uses
OU (Bus Depot)	Other Specified Uses annotated Bus Depot
OU (Container Related Uses)	Other Specified Uses annotated Container Related Uses
OU (Rural Use)	Other Specified Uses annotated Rural Use
OU (Mining & Quarrying)	Other Specified Uses annotated Mining and Quarrying
OU (Science Park)	Other Specified Uses annotated Science Park
U	Undetermined
R/R(A)/R(B)/R(C)/R(D)	Residential/Residential (Group A)/Residential (Group B)/Residential (Group C)/Residential (Group D)
V	Village Type Development
Road	Area shown as "Road" on the Outline Zoning Plan

Notes:

- (1) The Estimated Land Availability Year is for reference only. The availability of an individual site for housing development is subject to changes depending on the timely completion of plan amendments, the technical assessments, and the progress of relevant procedures or works of individual sites.
- (2) The housing type is for reference only, and may be subject to changes depending on practical considerations.
- (3) Site completed/undergoing statutory planning procedures for rezoning to residential use.
- (4) Two sites, involving about 1 300 flats, were recommended to be reverted back to "Green Belt" zone after the Town Planning Board's hearing of representations/comments relating to amendments to the Tai Po Outline Zoning Plan on 13 February 2015.

Source of Information: The information paper on "increasing land supply" submitted to the Legislative Council Panel on Development by the Development Bureau in early January this year (LC Paper No. CB(1)407/14-15(01)) and updated as at 13 February 2015

Forty-five Potential Housing Sites
which have Initiated the Statutory Plan Amendments
(As at 13 February 2015)

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Site Area (hectares)⁽²⁾</i>	<i>Housing Type</i>	<i>Estimated Flat Number⁽²⁾</i>
Kowloon City	2015-2016	Sheung Shing Street, Ho Man Tin	0.91	Private	910
Kwun Tong	2014-2015	Choi Hing Road and Choi Hing Lane, Ngau Tau Kok	1.23	Public	1 300
	2014-2015	Choi Wing Road, Ngau Tau Kok	0.67	Public	800
	2015-2016	Junction of Shung Shun Street and Yan Yue Wai, Yau Tong	1.06	Private	790
	2016-2017 and After	Hiu Ming Street/Hiu Kwong Street, Kwun Tong	1.14	Public	1 100
	2016-2017 and After	Ex-Cha Kwo Ling Kaoline Mine Site	2.99	Private	1 900
	2016-2017 and After	Ex-Cha Kwo Ling Kaoline Mine Site	0.3	Public	300
Kwai Tsing	2014-2015	Tai Wo Hau Road Phase 1, Kwai Chung	0.32	Public	470
	2014-2015	Near Mayfair Gardens, Tsing Yi	0.62	Private	740
	2014-2015	Lai Kong Street, Kwai Chung	0.38	Private	410
	2015-2016	Tai Wo Hau Road Phase 2, Kwai Chung	0.31	Public	370
	2015-2016	Near Cheung Wang Estate, Tsing Yi	0.14	Private	150
Sham Shui Po	2014-2015	North of Yin Ping Road, Tai Wo Ping	2.04	Private	980
Sha Tin	2014-2015	Lok Wo Shan Lane, Area 111, Ma On Shan ⁽³⁾	0.83	Private	420

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Site Area (hectares)⁽²⁾</i>	<i>Housing Type</i>	<i>Estimated Flat Number⁽²⁾</i>
	2016-2017 and After	Ma On Shan Road (Northern Portion) ⁽³⁾	1.89	Public	1 700
	2016-2017 and After	Ma On Shan Road (Southern Portion) ⁽³⁾		Public	
	2016-2017 and After	Hang Tai Road, Area 86B, Ma On Shan ⁽³⁾	0.85	Public	1 600
Tai Po	2014-2015	Site 1A, Junction of Fo Chun Road and Pok Yin Road, Pak Shek Kok, Tai Po ⁽³⁾	8	Private	3 380
	2015-2016	Site 1B, Fo Chun Road, Pak Shek Kok, Tai Po ⁽³⁾		Private	
	2015-2016	Site 1C, Chong San Road, Pak Shek Kok, Tai Po ⁽³⁾		Private	
	2015-2016	Site 1D, Fo Yin Road, Pak Shek Kok, Tai Po ⁽³⁾		Private	
	2015-2016	Lo Fai Road (Eastern Portion)	4.13	Private	660
	2015-2016	Lo Fai Road (Western Portion)		Private	
	2015-2016	Lai Chi Shan, Tai Po	4.25	Private	1 780
	2015-2016	Near Fung Yuen, Ting Kok ⁽⁴⁾	4.78	Private	620
	2015-2016	West of Nethersole Hospital, Tai Po ⁽⁴⁾	0.57	Private	680
	2015-2016	Near Junction of Tai Po Road and Yat Yiu Avenue, Tai Po	2.09	Private	280

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Site Area (hectares)⁽²⁾</i>	<i>Housing Type</i>	<i>Estimated Flat Number⁽²⁾</i>
	2015-2016	Chung Nga Road East, Tai Po	9.59	Public	6 500
	2015-2016	Area 9, Tai Po		Public	
	2016-2017 and After	Chung Nga Road West, Tai Po		Public	
	2016-2017 and After	Near Cheung Shue Tan Road, Tai Po Kau	2.54	Private	150
Tuen Mun	2015-2016	Ex-Gordon Hard Camp Site, Area 48, Tuen Mun ⁽³⁾	1.1	Private	190
	2015-2016	Tsing Ha Lane, Area 20, Tuen Mun ⁽³⁾	0.61	Private	370
	2015-2016	Ex-Perwon Barracks, Castle Peak Road — Castle Peak Bay Section, Area 48, Tuen Mun ⁽³⁾	2.4	Private	1 160
	2015-2016	Junction of Hang Fu Street and Hoi Wing Road, Area 16, Tuen Mun ⁽³⁾	0.88	Private	480
	2015-2016	Ex-Hong Kong Christian Service Pui Oi School, Area 39, Tuen Mun ⁽³⁾	0.48	Public	400
	2015-2016	Area 29 West, Tuen Mun ⁽³⁾	1.32	Public	830
	2015-2016	Area 2, Tuen Mun ⁽³⁾	0.31	Public	260

<i>DC</i>	<i>Estimated Land Availability Year⁽¹⁾</i>	<i>Location</i>	<i>Site Area (hectares)⁽²⁾</i>	<i>Housing Type</i>	<i>Estimated Flat Number⁽²⁾</i>
	2015-2016	Ex-Perowne Barracks (near Kwun Tsing Road), Area 48, Tuen Mun ⁽³⁾	2.75	Private	1 450
	2016-2017 and After	Area 54 Site 5, Tuen Mun ⁽³⁾	0.77	Public	500
	2016-2017 and After	Kei Lun Wei, Area 54, Tuen Mun ⁽³⁾	1	Public	1 000
	2016-2017 and After	South of Kwun Chui Road, Area 56, Tuen Mun ⁽³⁾	1.24	Private	720
Yuen Long	2014-2015	Ha Ko Po Tsuen, Kam Tin North ⁽³⁾	3.22	Private	550
	2016-2017 and After	Wang Chau North/South Phase 1, Yuen Long	5.67	Public	4 000
Islands	2015-2016	Tung Chung Area 27	0.92	Public	1 200

Notes:

- (1) The Estimated Land Availability Year is for reference only. The availability of an individual site for housing development is subject to changes depending on the timely completion of plan amendments, the technical assessments, and the progress of relevant procedures or works of individual sites.
- (2) The site area and estimated flat number are based on the Town Planning Board papers/HD's latest information, and are subject to changes. The estimated flat number of individual sites may thus be different from those in the Development Bureau's information paper on Increasing Land Supply (LC Paper No. CB(1)407/14-15(01)) submitted to the Legislative Council Panel on Development in early January 2015.
- (3) Statutory rezoning procedure completed.
- (4) Two sites, involving about 1 300 flats, were recommended to be reverted back to "Green Belt" zone after the Town Planning Board's hearing of representations/comments relating to the amendments to the Tai Po Outline Zoning Plan on 13 February 2015.

Assistance Provided for Dementia Patients

17. **MR TANG KA-PIU** (in Chinese): *President, it is learnt that the number of dementia patients has increased in recent years amid an ageing population. Following the establishment of the Review Committee on Mental Health in May 2013, the Government set up an expert group under the Committee to study the care for dementia patients. In this connection, will the Government inform this Council:*

- (1) *of the average waiting time for those people who received assessment for dementia, the number of patients diagnosed with the disease (with a breakdown by age of the patients and hospital cluster to which their places of residence belong), as well as the average waiting time for patients who had been diagnosed with the disease to receive the first treatment, in the past five years;*
- (2) *of the objectives and progress of the work of the aforesaid expert group; whether the authorities will consider following the practices of the United Kingdom and Taiwan by formulating specific healthcare policies on dementia; if they will, of the details; if not, the reasons for that;*
- (3) *whether it knows the non-self-financed drugs currently provided by the Hospital Authority (HA) for dementia patients (and set out the various categories of drugs by different degrees of symptoms suffered by the patients);*
- (4) *whether it knows the non-pharmacological treatment services currently provided by various public hospitals for dementia patients and the relevant service quotas, and whether it has assessed the effectiveness of such services (and set out the information by hospital cluster);*
- (5) *whether assessment for dementia is included in the Elderly Health Assessment Pilot Programme currently provided by elderly health centres; if it is included, of its effectiveness; if not, the reasons for that, and whether the authorities will consider including such an assessment in the Programme;*

- (6) *whether it will consider launching a public-private partnership programme to provide medical consultation services for dementia patients; if it will, of the details and timetable for launching the programme; if not, the reasons for that;*
- (7) *of the efforts made by the authorities in the past five years to strengthen and integrate the healthcare and social welfare services related to dementia; as this year's Policy Address has mentioned that the authorities will invite the Community Care Fund to explore the implementation of a pilot scheme by drawing on the concept of "collaboration between the welfare and healthcare sectors", with a view to providing integrated community healthcare and rehabilitation services in suitable elderly health centres for elderly persons living in the community and suffering from dementia, of the concrete plans in this regard; and*
- (8) *as the authorities pointed out in its progress report submitted to this Council in September last year on the motion on "Formulating a comprehensive elderly care policy to deal with population ageing" that adopting a unified Chinese equivalent to "dementia" would help promote public understanding on the disease and that "認知障礙症" would be adopted as the Chinese equivalent to dementia in all Government documents, whether the authorities will consider stepping up its publicity to keep the public well informed of such a practice; if they will, of the details; if not, the reasons for that?*

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

- (1) The Hospital Authority (HA) has put in place a referral and triage system for its psychiatric specialist out-patient services to ensure that appropriate support and timely treatment are provided for patients with varying degrees of illness. New patients are usually first triaged by nurses and reviewed by specialist doctors for classification into priority 1 (urgent), priority 2 (semi-urgent) and routine cases on the basis of their clinical conditions and presenting symptoms. The HA's targets are to maintain the median waiting time for first appointment of priority 1 and 2 cases within two weeks and eight weeks respectively. This is to ensure that patients with urgent healthcare needs are given medical attention within a

reasonable time. In 2013-2014, there were about 11 900 patients with dementia receiving psychiatric specialist services provided by the HA, and the median waiting time for first appointment of psychogeriatric service was eight weeks.

- (2) Set up in May 2013, the Review Committee on Mental Health is responsible for reviewing the existing policy on mental health with a view to mapping out the future direction for development of mental health services in Hong Kong. Two expert groups were set up under the Review Committee. The group tasked with studying dementia is reviewing the delivery model of existing care services, and will make recommendations on ways to enhance long-term care for dementia patients.
- (3) Regarding drug treatment, special drugs for treating dementia (including Donepezil, Galantamine, Rivastigmine and Memantine) are included in the Hospital Authority Drug Formulary. Special drugs are prescribed by specialists for patients who have been assessed as having the specified clinical conditions and the clinical therapeutic needs. The drugs required will be provided by the HA at the standard fees and charges. For patients who do not have the specified clinical conditions but choose to use and are prescribed the special drugs, they will have to pay for the drugs as self-financed items. Taking the patients' wish into account, specialists will provide necessary treatments for patients according to the clinical needs of the patients and the clinical treatment protocol.

The HA has been taking measures over the years to increase the use of new anti-dementia drugs with proven clinical efficacy to improve the quality of life and delay the functional deterioration of dementia patients. The number of patients using new anti-dementia drugs increased from 6 800 in 2009-2010 to 13 900 in 2013-2014. In 2014-2015, the HA allocated an additional funding of \$12 million to increase the use of new anti-dementia drugs to benefit more patients whose clinical conditions allow the use of these drugs. The HA will continue to keep in view the development of new anti-dementia drugs and review the use of drugs through the established mechanism.

- (4) Through its clusters the HA strives to provide in-patient, specialist out-patient, day hospital and community outreach services for patients with dementia. If a patient is suspected to have developed dementia, he/she will be referred to the relevant specialty of a hospital for assessment. Depending on the severity of the condition, the medical team will formulate individualized treatment plans for the patients, provide them with medication, cognitive training and rehabilitation services, and refer them to suitable social service agencies for follow-up, according to the need of the patients in each case. The HA also provides support and training for family members and carers of patients with dementia through different channels with a view to enhancing their understanding of dementia and their caring skills.

Elderly patients residing at residential care homes for the elderly (RCHEs) are supported by the HA's outreach services through its community geriatric assessment teams and psychogeriatric outreach teams. The service targets cover elders with dementia. Services provided include formulation of treatment plans, monitoring of patients' recovery and follow-up consultations. On-site training will be given to care workers at the RCHEs, if required, to enable them to master the skills in taking care of dementia inmates. At present, the HA's community geriatric assessment teams serve about 650 RCHEs, while the psychogeriatric outreach services cover most subvented RCHEs and over 200 private RCHEs in the territory.

The HA has also made available information relating to dementia, care management and community resources on its one-stop Smart Patient website, with a Smart Elders webpage dedicated to strengthening support for high-risk elderly patients.

- (5) The Elderly Health Centres of the Department of Health (DH) serve elderly people aged 65 or above by providing them with integrated primary healthcare services, such as health assessment, counselling, medical treatment and health education. The services of the Elderly Health Centres include assessment and examination for dementia. The centres adopt internationally recognized assessment tools suitable for the local elderly to examine their members for any symptoms of dementia during regular health assessment. The

Elderly Health Centres will provide follow-up services for members or refer cases for follow-up by HA specialists if necessary. As at September 2014, Elderly Health Centres identified 1 818 suspected cases of dementia by using the assessment tools, representing about 6% of the persons receiving health assessment over the same period.

- (6) Before deciding whether to introduce a public-private partnership programme for a clinical service, the HA will take into account a series of factors, including service demand, service capacity of the market and service quality, and patients' clinical conditions and acceptance. Relevant stakeholders including the specialties and patients concerned will also be widely consulted. For dementia, the HA will keep the situation in view before considering whether public-private partnership is applicable to this type of clinical service.
- (7) Dementia affects the physical, psychological and cognitive domains of a patient. For patients with dementia living in the community, they require support services in different areas and social care in the community is often more important than medical care.

In view of this, the Administration has been promoting medical-social collaboration in providing appropriate services for persons with dementia. On the part of the HA, medical personnel will conduct assessments and arrange social service referrals for persons with dementia and their families based on their needs. The HA's community geriatric assessment teams and psychogeriatric outreach teams provide outreach services for RCHEs to support elders with dementia and their carers. Besides, medical social services are available in public hospitals and some specialist out-patient clinics to provide psychological intervention for patients including persons with dementia. The DH also collaborates with the Social Welfare Department and non-governmental organizations to organize dementia seminars, workshops and health talks to give practical tips on dementia care. The Administration will continue to explore the adoption of medical-social collaboration in strengthening community care and rehabilitation services for persons with dementia.

- (8) All along the community has different views about the equivalent of the term "dementia" in Chinese. Chinese nomenclatures such as "腦退化症", "老年癡呆症" and "認知障礙症" have been widely used by the public to refer to "dementia". Taking different views into account, we consider "認知障礙症" a relatively neutral term which will promote better understanding of the disease. The Government has taken the lead in using the term "認知障礙症" in government documents. We will continue to encourage wider adoption of the term "認知障礙症" through education and promotion.

Treatment for Patients Suffering from Macular Degeneration

18. **MR PAUL TSE** (in Chinese): *President, it has been reported that the number of patients suffering from macular degeneration (MD) has increased continuously in recent years. Not only the number of elderly patients, but also that of young patients has been on the rise. Some ophthalmologists have pointed out that the cause of the illness is related to the use of tablet computers and smart phones for a prolonged period and in a dark environment. The fees for examination (such as Fluorescein Fundus Angiography) and treatment (such as Photodynamic Therapy) of MD are high and the chances of relapse are quite high, with serious MD cases even resulting in eye cancer. In this connection, will the Government inform this Council whether it knows:*

- (1) *if the Hospital Authority (HA) has compiled statistics on MD patients such as their number and ages, the proportion of them seeking treatment from public/private healthcare institutions, and their per capita medical expenses; if HA has, of the relevant statistics in the past three years; if HA has not, whether HA will compile such statistics as soon as possible;*
- (2) *the details of the MD examination and treatment services currently provided by public hospitals; the average waiting time for patients to be diagnosed and treated respectively; whether HA will make reference to the upcoming plan of outsourcing colorectal cancer screening services and outsource MD examination services to private healthcare institutions, so as to reduce the waiting time and streamline the procedures of patient care; and*

- (3) *the respective current waiting time at the Eye Specialist Out-patient Clinics of various hospital clusters (in particular the Kowloon East Cluster), and the clusters with the longest and the shortest waiting time; whether patients are given the choice of seeking treatment in a cross-cluster manner in the light of the length of the waiting time at different clusters?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, there are various types and causes of macular degeneration (MD). Treatment of the disease varies according to the cause and clinical conditions. My reply to the various parts of the question is as follows:

- (1) As the Hospital Authority (HA) does not assign codes to patients of specialist out-patient clinics (SOPCs) by disease type, the requested statistics on MD patients are not available. There is no plan for compilation of such statistics at the moment.
- (2) Currently, HA hospitals treat MD patients with medication, laser and surgery. MD patients are referred to ophthalmology SOPCs for treatment. The HA does not maintain statistics on waiting time by disease type.

The HA has adopted a triage system for new referrals to major SOPCs to ensure that urgent cases requiring early intervention are given priority treatment. Under the current triage system, new referrals are usually first screened by a nurse and then by a specialist doctor of the relevant specialty for classification into priority 1 (urgent), priority 2 (semi-urgent) and routine categories. Ophthalmology SOPC services also adopt this triage system. The HA has set a target of maintaining the median waiting time for cases in priority 1 and 2 categories within two weeks and eight weeks respectively, and has so far been able to meet this pledge.

Before launching any public-private partnership (PPP) programme for a clinical service, the HA has to discuss with the relevant specialty department, consult patients and consider a series of factors, including the magnitude of the service demand, service capacity of the market and patients' acceptance. Regarding MD

examination, the HA has no plan to launch any PPP programme for the time being. When necessary, the HA will discuss with the specialty concerned and examine whether any pilot PPP programme for this clinical service should be considered.

- (3) The following table sets out the median (50th percentile) and the longest (90th percentile) waiting time for new case booking for ophthalmology SOPC services by priority 1 (urgent), priority 2 (semi-urgent) and routine categories under each HA cluster in 2013-2014.

<i>Cluster</i>	<i>Waiting time of priority 1 category (week)</i>		<i>Waiting time of priority 2 category (week)</i>		<i>Waiting time of routine category (week)</i>	
	<i>50th percentile</i>	<i>90th percentile</i>	<i>50th percentile</i>	<i>90th percentile</i>	<i>50th percentile</i>	<i>90th percentile</i>
Hong Kong East	<1	1	7	8	14	36
Hong Kong West	<1	1	4	8	17	21
Kowloon Central	<1	<1	2	5	53	60
Kowloon East	<1	1	6	7	23	71
Kowloon West	<1	<1	5	7	44	49
New Territories East	<1	1	4	8	46	70
New Territories West	<1	1	4	6	51	68

To manage the waiting time in a more effective manner, the HA has established a centrally co-ordinated mechanism to enhance cross-cluster collaboration and pair up clusters. Where appropriate, SOPC patients in clusters with longer waiting time can be referred to clusters in which they can take shorter waiting time for treatment. Under this mechanism, the HA started to refer suitable ophthalmic patients in New Territories East Cluster to Hong Kong West Cluster for treatment in October 2013.

In April 2013, the HA began to publish in phases the waiting time for SOPC services. The waiting time for eight major specialties (namely Ear/Nose/Throat, Gynaecology, Ophthalmology, Orthopaedics, Paediatrics, Medicine, Psychiatry and Surgery) has been uploaded to its website since January 2015. Comprehensive,

standardized and updated waiting time information will also be displayed in the clinics from the first half of 2015. This will help patients make informed decisions about treatment plans and choice of venues to receive treatment.

While patients may book medical appointments at a SOPC of their own choice, the HA will take due account of individual patients' clinical conditions and nature of services required in arranging appointments for SOPC services. For example, for patients who require community support and frequent follow-up treatments, staff of the HA may recommend them to receive medical care at SOPCs close to their residence and make corresponding arrangements so as to provide greater convenience for the patients and encourage compliance with treatment plans.

Amending Copyright Ordinance to Make Published Works Available in Formats Accessible to Persons with Print Disabilities

19. **MR CHARLES PETER MOK:** *President, the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled (Treaty) was adopted in Marrakesh under the auspices of the World Intellectual Property Organization (WIPO) on 27 June 2013. The Treaty requires contracting parties to adopt national law provisions that permit the reproduction, distribution and making available of published works in accessible formats through setting limitations and exceptions to the rights of copyright owners. Some associations for and of the blind have pointed out that the implementation of the Treaty in the Hong Kong Special Administrative Region (HKSAR) will bring enormous benefits to persons with print disabilities (PPDs) and at the same time be conducive to the development of accessible book production services to the international community. The Treaty will take effect after 20 contracting parties have deposited their instruments of ratifications to WIPO. China's ratification of the Treaty is required for it to be applicable to Hong Kong, but China has not yet completed the ratification process. On amending the Copyright Ordinance (Cap. 528) to make published works available in formats accessible to PPDs, will the Government inform this Council:*

- (1) *whether it has assessed if the Treaty will bring significant social benefits to the PPDs in HKSAR; if so, of the outcome;*
- (2) *what measures it has taken or intends to take in preparing the local information and communications technology industry, publishing industry, education sector, and providers of social service to PPDs for the implementation of the Treaty in HKSAR and gaining its potential benefits; if such measures are not available, of the reasons for that;*
- (3) *whether it will advise the Central People's Government the priority and importance of ratifying the Treaty and the implications of the implementation of the Treaty on HKSAR; if it will, of the details; if not, the reasons for that; and*
- (4) *whether it will conduct consultation on amending the Copyright Ordinance to introduce new exemptions for the provision of accessible versions of learning resources for persons with dyslexia; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT:

President, to maintain a reasonable balance between copyright protection and the use of copyright works, the Copyright Ordinance (Cap. 528) has over 60 provisions specifying a number of permitted acts which may be done in relation to copyright works notwithstanding the subsistence of copyright, and thus attracting neither civil nor criminal liability.

Notably, sections 40A to F provide for specific copyright exceptions to cater for the needs of persons with a print disability⁽¹⁾ (PPDs). Sections 38 and

- (1) Section 40A gives definition of "print disability":
 - (a) blindness;
 - (b) an impairment of his visual function which cannot be improved by the use of corrective lens to a level that would normally be acceptable for reading without a special level or kind of light;
 - (c) inability, through physical disability, to hold or manipulate a book; or
 - (d) inability, through physical disability, to focus or move his eyes to the extent that would normally be acceptable for reading.

41A provide for copyright exceptions for the purposes of research, private study, giving or receiving instruction. PPDs may rely on the above sections to use copyright works without attracting legal liability.

We are aware that a number of countries adopted the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled (Treaty) in June 2013. The Treaty aims to introduce a standard set of copyright limitations and exceptions to facilitate access to printed works for persons who are visually impaired or with other print disabilities to enable them to seek, receive and impart information from printed material on an equal basis with others. It also requires Contracting Parties to allow cross-border exchange of accessible copies if an accessible format copy is made pursuant to national law.

According to the World Intellectual Property Organization, the Treaty is not yet in force as only six Contracting Parties have completed the ratification process to date. We understand that China is a Contracting Party to the Treaty but its ratification process has not been completed.

Our reply to Mr Charles Peter MOK's questions is as follows:

- (1) We appreciate that the scope of the exceptions permitted under the Treaty is wider than those available under our current legislation and will provide for greater flexibility for the beneficiary persons. Under the Treaty, a person who has a perceptual or reading disability which cannot be improved to give visual function substantially equivalent to that of a person who has no such disability and so is unable to read printed works to substantially the same degree as a person without a disability may benefit from the exception.

(2) and (4)

Since its enactment in 1997, the Copyright Ordinance has been subject to a number of updating exercises in 2001, 2003, 2004, 2007 and 2009 to keep in pace with the latest social, economic and technological developments. At present, the Copyright (Amendment) Bill 2014 containing a package of measures under the digital agenda is being scrutinized by a Bills Committee. At the

same time, we have been identifying a number of copyright issues that need to be reviewed following the passage of the current Bill, including the possible application of the Treaty to Hong Kong.

As in previous updating exercises, we will need to consult stakeholders and the general public on reviewing copyright issues and formulating legislative proposals. As always, it is important to strike a fair balance between different interests in putting up a package of recommended measures to the legislature. Regarding the possible application of the Treaty to Hong Kong, the local information and communications technology industry, publishing industry, education sector, and providers of social service to PPDs, apart from copyright owners in general, are all important stakeholders that we will need to reach out to for views on the costs and benefits and the preparations needed.

- (3) Article 153(1) of the Basic Law provides that "[t]he application to the Hong Kong Special Administrative Region of international agreements to which the People's Republic of China is or becomes a party shall be decided by the Central People's Government, in accordance with the circumstances and needs of the Region, and after seeking the views of the government of the Region". We will closely monitor the progress of ratification/accession of the Treaty by the Contracting Parties, including China, and discuss the matter with the Central People's Government as appropriate.

Public Lighting Systems

20. **MR CHAN HAK-KAN** (in Chinese): *President, regarding the public lighting systems in Hong Kong, will the Government inform this Council:*

- (1) *of the years in which the various types of streetlights (including those for carriageways and footpaths) currently in use in Hong Kong were designed and their respective luminous efficiency, with a breakdown of the number of each type of streetlights by District Council district;*

- (2) *of the electricity consumption of streetlights and its percentage in the total electricity consumption in Hong Kong, as well as the public expenditure on the repair and maintenance of streetlights, in each of the past three years;*
- (3) *as the Public Lighting Design Manual has not been updated since 2006, whether the Government has plans to update the Manual in the near future; if it does, of the details, if not, the reasons for that;*
- (4) *as some western countries (e.g. Denmark) have plans to replace their existing old-fashioned carriageway lighting systems and gradually introduce intelligent lighting systems (e.g. street lighting systems with motion sensors to dim the lights automatically when no vehicles are running on the roads) in order to save electricity, whether the Government has plans to introduce similar systems to roads/streets with lighter vehicular/pedestrian flows; if it does, of the details; if not, the reasons for that;*
- (5) *of the current number of streetlights in Hong Kong equipped with devices using renewable energy (e.g. solar power and wind power) to generate power; whether the authorities have plans to install such devices for more streetlights; and*
- (6) *of the number of complaints about streetlights (e.g. nuisance caused by street lighting) received by the Government in each of the past three years?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Highways Department (HyD) is responsible for the design standards, operation and maintenance, as well as the majority of design and construction of the public lighting system in Hong Kong. The public lighting system is an auxiliary facility of the road network, and needs to be continually enhanced and properly managed in order to provide the community with reliable, safe, environmentally-friendly and cost-effective public lighting. In general, public lighting facilities can be classified into road lighting and special lighting. Road lighting includes carriageway lighting, footpath lighting and cycle track lighting. Special lighting includes underpass lighting, highmast lighting, highbay lighting at public transport interchanges, footbridge and subway lighting, gantry sign and roadside directional sign lighting, traffic bollards, and so on.

Since the 1990s, high pressure sodium lamps which are of higher efficacy have been widely adopted in the road lighting in Hong Kong. The efficacy ranges from about 90 lumens per watt for low wattage ones to 150 lumens per watt for high wattage ones, both exceeding that of household compact fluorescent lamps which is about 60 lumens per watt. The adoption of these high pressure sodium lamps has resulted in an energy saving of about 30% as compared with the road lighting equipment used in the past. The HyD has been keeping abreast of the technological development of different types of lighting systems in the market and trialing new energy-efficient road lighting products, including ceramic discharge metal halide lamps and light emitting diode (LED) lamps.

Besides trialing the abovementioned road lighting products, the HyD also attaches importance to the energy-saving requirements of public lighting. Since 2005, the HyD has been progressively switching over to T5 tubular fluorescent lamps of ratings from 14W to 35W for replacing the old T8 tubular fluorescent lamps at footbridges and subways.

Our reply to the six parts of Mr CHAN Hak-kan's question is as follows:

- (1) For the information about the different types of road lamps currently adopted in Hong Kong, please refer to Annex.
- (2) From 2012 to 2014, the annual power consumption of road lights in Hong Kong was about 0.1 billion units (one unit of power consumption equals 1 kilowatt hour (kWh)), which is about 0.24% of the total annual power consumption of Hong Kong. In 2012, 2013 and 2014, the annual expenditures of the HyD on the repair and maintenance of road lights in Hong Kong were about \$81.3 million, \$85.5 million and \$92.4 million respectively.
- (3) The Public Lighting Design Manual was compiled by the HyD in 1996 as the design standard on different aspects of the public lighting system in Hong Kong, including the specifications for lighting equipment (such as lamps, lamp posts and cables), operational conditions, illumination levels, and so on. The HyD regularly reviews and updates the contents of the manual in view of the latest developments of the relevant international lighting standards and the needs of the actual road conditions in Hong Kong. The last revision was in 2006. The HyD is now reviewing and updating the contents of the current version of the Public Lighting Design Manual with a view to completion in 2016.

- (4) It is learnt that some western countries are trialing a smart lighting system on some roads in remote areas with few vehicles and people. Road lights will be dimmed when there are no vehicles or people on the roads in order to save power consumption. However, the system requires plenty of sensors and monitoring devices to be installed on the roads, resulting in a significant increase in the capital cost as well as repair and maintenance cost of the lighting system. Moreover, as the system is still on trial, there is inadequate data for analysing cost-effectiveness and reliability. Neither is there any internationally recognized standard for observance.

The population density of Hong Kong is high. Roads of different classes are used by a number of vehicles and people even late at night, considerably constraining the possible time to have road lights dimmed. Moreover, some road users find it necessary to have sufficiently illuminated roads to ensure traffic and pedestrian safety as well as to meet security needs, thus having reservation about the dimming of road lights. The HyD does not have any plan to adopt this kind of smart lighting system for the moment, yet will closely monitor the application experiences of other countries and the relevant technological development. The HyD is also arranging a trial of a similar dimming system at some footbridges with relatively low pedestrian flows to ascertain the public acceptance and cost-effectiveness of the system.

- (5) There are 17 stand-alone solar road lights installed by the HyD in Hong Kong at present. All of them are located in remote areas where normal power supply is unavailable. Application of renewable energy in road lighting has its limitations. As a large number of batteries are required to store the energy collected in daytime for use by road lights operated at night-time, the repair and maintenance cost will be significantly increased. Moreover, the roads of Hong Kong are so densely built that there is not sufficient space for installing facilities for collecting and storing renewable energy. Buildings closely surrounding the roads also block sunlight and wind, making it not suitable to install a renewable energy system on urban roads. Under a trial scheme, the HyD has recently installed a photovoltaic panel of about 200 sq m large on a noise barrier at Fanling Highway to provide solar power for 16 road lights nearby with the mains electricity (that is, the electricity provided by

the power company) as backup power supply. The HyD will monitor and assess the effectiveness of the trial scheme to study whether renewable energy can be further promoted in the public lighting system in Hong Kong.

- (6) In 2012, 2013 and 2014, the HyD received in total 11 332, 10 199 and 10 348 complaints about road lighting respectively. Over 96% of the complaints were related to road light fault or damage.

Annex

<i>Type of lamp adopted widely or installed on trial in Hong Kong</i>		<i>High pressure sodium lamp (widely adopted)</i>	<i>Ceramic discharge metal halide lamp (trial scheme)</i>	<i>Light emitting diode (LED) lamp (trial scheme)</i>
<i>Design year</i>		1990 until now	2009 until now	2009 until now
<i>Bulb efficacy (lm/W)</i>		90 to 150	80 to 120	90 to 150
<i>Number and geographical distribution (according to the 18 District Councils)</i>				
1.	Central and Western	5 010	120	0
2.	Eastern	4 310	70	24
3.	Southern	4 270	60	0
4.	Wan Chai	3 240	140	23
5.	Kowloon City	4 050	300	8
6.	Kwun Tong	5 120	190	41
7.	Sham Shui Po	4 530	110	0
8.	Wong Tai Sin	2 460	160	0
9.	Yau Tsim Mong	4 280	460	0
10.	Islands	7 470	430	0
11.	Kwai Tsing	7 410	370	0
12.	North	13 420	250	22
13.	Sai Kung	9 630	150	33
14.	Sha Tin	12 060	500	9
15.	Tai Po	9 580	210	0
16.	Tsuen Wan	6 900	250	0
17.	Tuen Mun	8 960	150	0
18.	Yuen Long	24 070	280	0

Notes: lm = lumen
W = watt

Development of Hong Kong's Air Freight Industry

21. **MR WU CHI-WAI** (in Chinese): *President, regarding the development of Hong Kong's air freight industry, will the Government inform this Council:*

- (1) *of the respective current numbers of agreements on the Freedoms of the Air (also known as "Freedom Rights") which have been signed between Hong Kong and other states/places, broken down by the categories of Freedom Rights (i.e. the First to the Ninth Freedom Rights) as defined by the International Civil Aviation Organization;*
- (2) *of the total number of destinations to which Hong Kong is connected as at the fourth quarter of 2014 and, among such destinations, the number of those with connections provided by low-cost carriers (LCCs) and the weekly number of related flights; the respective numbers of flights operated weekly by LCCs under the Third, Fourth, Fifth and Seventh Freedom Rights agreements, and their respective percentages in the total numbers of the relevant flights, as well as the respective numbers of unused flight frequencies under such Freedom Rights agreements;*
- (3) *of the states/places with which the authorities had held negotiation, as at the end of 2014, for increasing the number of destinations under the Third, Fourth, Fifth and Seventh Freedom Rights; the number of new destinations added in the past three years and, among such destinations, which destinations are currently connected by LCCs;*
- (4) *of the details of the negotiations between the Government and the mainland authorities in the past three years in respect of destination development plans, and the details of those destinations involving connection provided by LCCs;*
- (5) *whether any mechanism is in place at present whereby the authorities of Hong Kong, Macao and the Mainland can notify one another of the situations of their respective negotiations with other states/places on Freedom Rights; if so, of the details, and whether it knows the destination development plans in the next five years of the airports in neighbouring cities such as Shenzhen and Guangzhou;*

- (6) *whether it knows the plans of the various airports in the Pearl River Delta Region in the next five years to develop LCCs' services; whether the Government will advise the Airport Authority to make reference to the practices of Kansai International Airport in Japan and Changi Airport in Singapore, and to build an air passenger terminal building dedicated for LCCs, so as to attract the anchoring of LCCs and promote diversification in the development of Hong Kong's air freight industry; if it will give such advice, of the details, if not, the reasons for that;*
- (7) *whether it has assessed the impacts on the overall competitiveness of Hong Kong's air freight industry if Hong Kong does not actively promote the development of services by LCCs; whether the authorities have other new plans to strengthen the international status of Hong Kong's air freight industry, apart from the proposed third runway; and*
- (8) *whether it has studied the air cargo development plans in the next five years of the airports in neighbouring cities; if it has, of the details?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my consolidated reply to the various parts of the question raised by Mr WU Chi-wai is set out as follows.

Air services agreements and traffic rights

With reference to Article 133 of the Basic Law, acting under specific authorizations from the Central People's Government, the Government of the Hong Kong Special Administrative Region may negotiate and conclude new air services agreements (ASAs) with foreign states or regions.

The Government has been keen to expand Hong Kong's external aviation links, as well as bilateral ASAs and arrangements with aviation partners so as to facilitate the sustained growth and development of our aviation industry. So far, Hong Kong has signed ASAs with 63 aviation partners which enable the aviation industry to respond promptly to market demand by expanding its passenger and freighter services. In 2014, we signed a new ASA with the Republic of Madagascar as well as reviewed and expanded the air services arrangements with

10 other aviation partners (namely the Mainland of China (the Mainland), Cambodia, Germany, Luxembourg, Papua New Guinea, Seychelles, New Zealand, Thailand, the Philippines and Italy).

Air traffic rights negotiated between Hong Kong and other foreign states/regions are recorded under a bilateral Confidential Memorandum of Understanding (CMOU). As each CMOU includes details of the bilateral negotiations and sensitive information concerning air traffic rights, we would not disclose the details to third parties. Similarly, Hong Kong is not informed of the status of traffic rights negotiated by the Mainland and Macao with other countries/regions.

As far as the Mainland is concerned, we signed in February 2000 the "Air Services Arrangement between the Mainland and the Hong Kong Special Administrative Region" (the Arrangement). Both sides have reviewed and expanded the Arrangement from time to time since then. We have recently expanded the Arrangement with the Civil Aviation Administration of China in December 2014. The Arrangement now provides 66 scheduled points between the Mainland and Hong Kong, and has created commercial opportunities for both sides and facilitated the development of passenger and freighter services between Hong Kong and the Mainland.

Low-cost carriers

The Government believes that the promotion of sustainable competition, enhancement in economic efficiency and advocacy of free trade would ultimately benefit both the commercial sector and consumers at large. In terms of air services, the Government welcomes all carriers to operate services to and from Hong Kong, be they full-service carriers (FSCs) or low-cost carriers (LCCs), so as to foster the development of air services in Hong Kong and encourage market competition.

As at the fourth quarter of 2014, Hong Kong is connected to about 180 destinations, among which LCCs serve 26 of them, mainly covering places in the Mainland, Southeast Asia and Northeast Asia. Currently, a total of 16 LCCs are providing scheduled flights to and from Hong Kong. The annual flight movements handled by Hong Kong International Airport (HKIA) in 2014 were about 391 000, in which 33 500 were operated by LCCs.

According to figures provided by the Airport Authority Hong Kong (AA), excluding new destinations that have already ceased operation, the net increase in the number of new destinations served by airlines amounts to 19 in 2013-2014 as compared with 2010-2011. Among the 19 new destinations, three of them are served both by FSCs and LCCs, one is served only by LCCs and the rest are served only by FSCs.

The AA has made available airport facilities which cater to the typical operation needs of LCCs. Such facilities include direct taxi-in and taxi-out parking stands that allow short turn-around time of aircraft, and parking stands designed for narrow-body aircraft, which levy a lower parking charge and are commonly used by LCCs.

Strengthening Hong Kong's status as an international aviation hub and the competitiveness of the aviation industry

Prior to the implementation of the Three-Runway System Project to meet the long-term air traffic demand at HKIA, in order to cater for short- and medium-term demand, the AA is implementing a midfield development project to build a passenger concourse with 20 aircraft parking stands. The project commenced construction in late 2011 and is expected to complete by the end of this year. Upon completion and operation of the midfield concourse, HKIA will be able to handle an additional 10 million passengers annually. The AA has also completed its West Apron expansion project which provides 28 parking stands, a cross-runway vehicular tunnel and other related supporting facilities.

At the same time, in order to boost the competitiveness of Hong Kong's aviation industry, the Government also attaches great importance to manpower training so as to support the sustainable development of the maritime and aviation industries. We set up the Maritime and Aviation Training Fund on 1 April 2014. With the \$100-million funding provided by the Government, we have launched a number of training and incentive schemes which seek to provide support to more young students or in-service practitioners to undertake relevant skills training and pursue professional undergraduate studies, and encourage them to join the maritime and aviation industries, thereby enhancing the overall competency and professionalism of the sectors. Meanwhile, the Civil Aviation Department has engaged a consultant to carry out a feasibility study on establishing a civil aviation training institute in Hong Kong. With the feasibility study commenced in mid-2014, the consultant has consulted the stakeholders of the aviation industry, and contacted local and overseas aviation organizations and training

institutes to collect information and invite their comments. The study is expected to be completed in early 2015. The Government will follow up on the findings of the feasibility study, and examine the detailed arrangements for establishing Hong Kong's own civil aviation training institute.

To further strengthen Hong Kong's status as an international aviation centre and to capitalize on our edge as a financial centre, the Chief Executive announced in this year's Policy Address a study on the development of Hong Kong's aerospace financing business so as to grasp the market opportunity made possible by the rapid development of the Mainland's aviation industry in recent years.

When planning for the development of HKIA, the AA has always been paying close attention to and studying the development of other airports in the Pearl River Delta (PRD) Region, including air traffic demand and expansion plans of individual airports. Where development plans of destinations of other airports in the PRD Region are concerned, these involve sensitive commercial data in relation to these airports. The AA's study has not covered these areas.

Conservation of Marine Ecosystem and Marine Life

22. **DR KENNETH CHAN** (in Chinese): *President, earlier on, a Chinese white dolphin (CWD) suspected to have been hit and injured by the propeller blades of a vessel was spotted in the waters off Tai O. The dolphin was subsequently rescued and sent to the Ocean Park for treatment, but it was eventually euthanized due to deterioration of its injuries. Regarding the conservation of the marine ecosystem and marine life, will the Government inform this Council:*

- (1) *whether it has collected information on cases about the injuries or deaths of CWDs and other types of dolphins, and set up a database; if it has, of the details, and whether the authorities will make public the contents of the database;*
- (2) *of the number of cases about the injuries or deaths of CWDs and other types of dolphins uncovered by the authorities in each of the past five years, with a breakdown by species, level of injuries and the assessed cause of injuries or deaths;*

- (3) *whether the Agriculture, Fisheries and Conservation Department (AFCD) has guidelines on handling injured CWDs and other types of dolphins at present; if AFCD does, of the details, and whether AFCD will review the guidelines in response to the above incident; if not, the reasons for that, and whether AFCD has any plan to formulate such guidelines;*
- (4) *given that many leisure boats provide dolphin-watching tours for tourists at present, whether the authorities will establish a licensing regime to regulate matters such as the quality and operation of such services, as well as the operation of leisure boats (e.g. routes, speed, boat sizes, noises generated and pollutant emission volumes); if the authorities will, of the details and the implementation timetable; if not, the reasons for that;*
- (5) *whether the authorities have discussed with the operator of SkyPier and formulated measures to reduce the speed or adjust the routes of the speedy ferries plying the pier, so as to minimize the impacts of these ferries on dolphins and other forms of marine life; if the authorities have, of the details and implementation timetable of the measures;*
- (6) *whether the authorities will urge the Airport Authority to expeditiously implement, irrespective of whether the construction works of the third runway can be commenced, the specific mitigation measures mentioned in the relevant Environment Impact Assessment Report for the protection of CWDs and the marine ecosystem, including speed control on construction vessels and the re-routing of SkyPier speedy ferries plying Zhuhai and Macao; if the authorities will, of the details and timetable; if not, the reasons for that;*
- (7) *whether the ambit of the Shipping and Port Control Ordinance (Cap. 313) (the Ordinance) covers the habitat of and the waters cruised by CWDs and other types of dolphins, including the waters where the aforesaid injured CWB was spotted; if so, of the details; if not, the reasons for that, and of the rules that regulate the speed and routes of vessels within these waters at present; whether the authorities will amend the scope of the Ordinance with a view to*

minimizing the impacts of vessels on dolphins in these waters; if the authorities will, of the details and timetable; if not, the reasons for that and the difficulties encountered; and

- (8) *of the enforcement situation of the Ordinance in each of the past five years, including the respective numbers of people prosecuted and convicted, and the highest and lowest penalties imposed?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

(1) to (3)

The Agriculture, Fisheries and Conservation Department (AFCD) has been following up all marine mammal stranding cases in the waters of Hong Kong, and has established guidelines setting out the handling procedures for marine mammals stranded under different scenarios. Upon receiving a stranding report, the AFCD will conduct an on-site investigation together with staff of Ocean Park Conservation Foundation to collect data and to ascertain the species involved. In case of a live stranding, the team would consider various rescue options after taking into account the situations on site, including transporting the animal to Ocean Park for inspection and veterinarian treatments. Most of the stranding cases however involve dead animals. The investigation team would collect various data and tissue samples from the carcasses for determining the cause of death and for the purpose of scientific research. Since most of the stranded carcasses were in a rather advanced stage of decomposition, the number of cases with the cause of death confirmed was very low. Information on the numbers of stranding cases handled every year is uploaded to the department homepage.

In the last five years, that is, from 2010 to 2014, all stranded Chinese White Dolphins (CWDs) were dead individuals. The cases of stranding and the cause of death were listed in Table 1 of the Annex. Stranding of other marine mammal species was mostly dead individuals as well. Their number of cases and cause of death over the same period were listed in Table 2 of the Annex.

The AFCD does not deliberately record cases of injured CWDs, because it is not uncommon to find wounds on their bodies, especially those teeth marks made by other dolphins through physical interaction. In the past, wounds on dolphins which were suspected to be associated with fishing gears or encounters with vessels were also found, but these wounds had no observable effect on the animals' mobility or behavior in general. In the recently reported case, a CWD was seriously injured to such a level that its ability to travel or forage might have been compromised. The case was the first of its kind recorded in years of monitoring.

The injured CWD reported by the media did not strand ashore, but its situation had aroused much concern, AFCD thus co-operated with the staff of Ocean Park in handling the case upon receiving the report. AFCD is going to discuss this incident in the Marine Mammal Conservation Working Group and examine the need of revising existing guidelines to cope with possible cases of seriously injured dolphins in future.

- (4) Operators of dolphin watching activities have to observe the Wild Animals Protection Ordinance (Cap. 170) which provides that it is an offence to cause wilful disturbance to dolphins. When operating within marine parks, they also have to observe the requirements in the Marine Parks Ordinance (Cap. 476) including the speed limit of 10 knots. Moreover, they are required to comply with marine control legislation applicable to all vessels including the safety requirements relating to vessel construction standards, navigation of the vessel, safety equipment, passenger capacity and qualifications for masters and engineers.

To avoid posing threats and disturbance to CWDs during dolphin watching activities, the AFCD issued a code of conduct for dolphin watching to inform the operators and participants the "do's and don'ts" when watching dolphins. The code include: vessels shall cruise slowly, avoid sudden change of course, always keep a distance from dolphins, and only one vessel watching a pod of dolphins at any time. The AFCD has been in regular contact with the local operators at Tai O to promote the code of conduct. The

operators generally take our advice seriously and abide by the code. It is also their wish to ensure the long term viability of CWDs in order to foster the sustainable development of tourism in their community. In fact, the local tourism industry in Tai O is vitally linked to the continued appearance of CWDs there.

The Government has no plan to enact legislation to regulate dolphin watching activities. The AFCD would continue with its publicity effort in promoting the code of conduct for dolphin watching to both the dolphin watching operators and participants, and would explore further collaboration with non-governmental organizations to strengthen publicity efforts at the community level. In fact, with their home range extending to open waters, it is inevitable that there is an overlap between habitat of CWDs and that of other marine uses and vessel traffic. If the code of conduct were enforced as a legal requirement, there would be difficulties in collecting evidence and in prosecutions. The actual outcomes may well fall short of our expectations.

(5) and (6)

The relevant Environmental Permit (EP) for the Three-Runway System (3RS) project, granted by the Director of Environmental Protection (DEP) in November 2014, sets out all the conditions that the Airport Authority Hong Kong (AAHK) must comply for taking forward the 3RS project. Regarding the high speed ferries (HSFs) operating at SkyPier and the arrangement for the construction vessels during the construction stage of the 3RS project, AAHK will implement the following measures:

- to submit a Marine Travel Routes and Management Plan of the construction vessels moving to and from the project site during the construction stage, to DEP for approval no later than three months before the commencement of construction of the project; and
- to submit a Marine Travel Routes and Management Plan for HSFs of the SkyPier, to DEP for approval no later than three

months before the commencement of the construction of the project. The plan shall include the imposition of a speed limit within Hong Kong waters which are hotspots of the CWDs during the construction phase so as to minimize chances of collision and disturbance to the CWDs, and to cap the number of HSFs at the current level of operation (that is, an annual daily average of 99) prior to the designation of the proposed marine park. The plan shall also explore the feasibility of imposing a daily cap on the number of HSFs leaving the SkyPier and imposing further speed restriction at different spots along the marine routes after detailed study.

With regard to the conservation of the CWDs, the AAHK shall implement the following initiatives:

- to submit a marine park proposal including the proposed size and management plan of the marine park to DEP for approval no later than three months before the commencement of the related works and assist the Government in completing the preparatory work for the designation of the proposed marine park with an area of 2 400 hectares before the operation of the 3RS project. The proposed marine park will connect with the existing Sha Chau and Lung Kwu Chau Marine Park to the north of the Airport Island and the planned Brothers Marine Park to the east (to be designated under the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities project), forming a huge marine protected area of as many as 5 200 hectares. The unprecedented synergy effect thus gained will contribute significantly to the long-term conservation of CWDs;
- to establish an independent Marine Ecology Enhancement Fund (the Fund) which shall have adequate resources to meet its conservation objectives in a long-term and sustainable manner. A detailed Marine Ecology Conservation Plan shall be submitted to the DEP for approval no later than three months before the commencement of the related works. The plan shall be formulated for the conservation of marine life,

particularly CWDs within Hong Kong and the Pearl River Estuary (PRE) waters. The plan shall also cover the relevant marine parks and other important marine habitats in Hong Kong to enhance their carrying capacity, "dolphin friendly" activities, the recovery of fisheries resources, and scientific research for the overall benefits of marine mammals, particularly CWDs, in the PRE. A management committee shall be set up for the Fund comprising different stakeholders, including relevant academics, green groups and dolphin experts, for effective implementation of the plan;

- to adopt advanced designs and specific construction methods, such as the non-dredged method for land formation, deep cement mixing for ground improvement at contaminated mud pits, horizontal directional drilling for the diversion of submarine pipelines, and acoustic decoupling measures for equipment on barges;
- to avoid bored piling during the peak CWD calving season; and
- to submit a Marine Mammal Watching Plan to the DEP for approval no later than three months before the commencement of the related works. The plan shall include regular inspection of silt curtains, visual inspection of the waters around silt curtains and the works areas, and a response plan to cope with any unpredicted incidents, for example, when CWDs or any marine mammals are found within the waters surrounded by silt curtains or the works areas.

Under the Environmental Impact Assessment Ordinance (Cap. 499), the AAHK shall design, construct and operate the 3RS in accordance with the recommendations contained in the approved Environmental Impact Assessment (EIA) Report as well as the conditions imposed in the EP so as to mitigate, compensate for and minimize the environmental problems and potential impacts caused by the 3RS. The AAHK shall carry out comprehensive environmental monitoring and audit in compliance with the requirements described in the EIA

Report to ensure effective implementation of the proposed mitigation measures. Subject to the Government's approval for the implementation of the 3RS project, the AAHK shall implement the relevant conservation measures in tandem with the requirements of the EP.

- (7) The safety of vessels navigating within Hong Kong waters are regulated under the Shipping and Port Control Ordinance (Cap. 313) and the Merchant Shipping (Local Vessels) Ordinance (Cap. 548) respectively. The former is applicable to all vessels within Hong Kong waters other than local vessels, and the latter is applicable to local vessels within Hong Kong waters. The major consideration in implementing restrictions on routes of vessels and speed under relevant legislation is to protect marine traffic and navigation safety. Protection of marine environment is carried out through the measures described in part (4) above.
- (8) If vessels travel at a speed over the speed limits stipulated under the Shipping and Port Control Ordinance and the Merchant Shipping (Local Vessels) Ordinance, the maximum penalty is a fine of \$10,000 and imprisonment for six months. To ensure navigation safety, patrol unit of the Marine Department carries out regular special operation to combat speeding behavior. In the last five years, on average 40 cases were prosecuted for violation of speed limits⁽¹⁾ each year, of which over 95% of the cases were convicted, and the highest and lowest penalties imposed were a fine of \$8,000 and \$400 respectively.

Annex

Table 1: Cause of death for stranded CWDs from 2010 to 2014

<i>Year</i>	<i>CWD</i>
2010	Undetermined: 7 cases
2011	Undetermined: 10 cases

(1) In simple terms, relevant provisions require all vessels to navigate with cautions within Hong Kong waters, and when navigating within speed restriction areas, the maximum speeds for vessels as stipulated in the law shall not be exceeded.

<i>Year</i>	<i>CWD</i>
2012	Net entanglement: 1 case; Undetermined: 6 cases
2013	Undetermined: 9 cases
2014	Pulmonary inflammation: 1 case; Undetermined: 11 cases

Table 2: Cause of death for stranding of other marine mammal species from 2010 to 2014

<i>Year</i>	<i>Other marine mammal species</i>
2010	Finless porpoise 20 cases, with 17 cases undetermined, 1 case of chronic pulmonary infection, 2 cases of trauma by collision. Other marine mammal 1 case, with species and cause of death undetermined.
2011	Finless porpoise 25 cases, with 24 cases undetermined, 1 case of trauma by collision. Bottle nose dolphin 1 case, with cause of death undetermined.
2012	Finless porpoise 29 cases, with 25 cases undetermined, 1 case of trauma by collision or net entanglement, 1 case of possibly drowned by net entanglement or acute pneumonia, 1 case of severe infection, 1 case of trauma by collision.
2013	Finless porpoise 19 cases, with all cases undetermined.
2014	Finless porpoise 32 cases, with 30 cases undetermined, 1 case of possibly pneumonia, 1 case of possibly trauma by collision. Striped dolphin, 1 case of live stranding, subsequently dead of respiratory and central nervous system failure; Striped dolphin, 1 case of dead stranding, with cause of death undetermined. Omura's whale 1 case, with cause of death undetermined. Pygmy sperm whale 1 case, with cause of death undetermined. Other marine mammal 2 cases, with species and cause of death undetermined.

BILLS**First Reading of Bills**

PRESIDENT (in Cantonese): Bill: First Reading.

APPROPRIATION BILL 2015

CLERK (in Cantonese): Appropriation Bill 2015.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

APPROPRIATION BILL 2015

FINANCIAL SECRETARY (in Cantonese): President, I move that the Appropriation Bill 2015 be read the Second time.

Introduction

Today is the seventh day of the Lunar New Year, our common birthday in the Chinese tradition. May I wish you, President, Members and fellow citizens good health and happiness in the Year of the Ram.

2014 was an extraordinary year for all of us. Momentous events, local and global, changed the lives of many and transformed our city. Events are still unfolding, and will require our close scrutiny. But, one thing is for sure — a totally different environment has emerged which presents new challenges ahead.

Since the start of 2015, the international political arena and global financial markets have provided plenty of breaking news. The launch of quantitative easing by Europe and Japan has increased global liquidity. On top of heightened

geopolitical tensions in a number of regions, terrorism has added further uncertainty and once again rattled the nerves of the international community. Locally, with constitutional reform entering the next stage, we anticipate that disputes, both inside and outside the Council, will become even more vehement this year.

The long drawn out unlawful occupy movement disrupted different facets of the city to varying degrees. The serious divisions in society that emerged during the 79 days has not only affected the image of Hong Kong, but also aroused concern about much more radical social conflict which in turn will make it harder to mend conflicted relationships among people.

Without doubt, the social issues revealed during the incident did not come about, nor can they be resolved, overnight. We should seek to narrow our differences and pursue consensus with patience and pragmatism. Prolonged bickering will only bog down our development.

I am glad to see that most people do care dearly for our home, Hong Kong. People do cherish our fine tradition of the rule of law, and do not want to see our well-developed systems eroded. Diversity, openness, peace and freedom are not only our core values, but also the foundations of our success, and the most reliable co-ordinates of our development path. If we can firmly grasp these fundamentals, we shall be more confident charting our way forward.

This year's Budget will complement the initiatives announced in the Policy Address and address the constraints on land and manpower through the effective use of resources. We seek to reinforce the foundation for long-term economic development. In addition to capitalizing on our strengths, I shall explore new ideas and strive for diversity to help members of the community realize their aspirations. In particular, I shall make the best use of resources generated by the community's efforts, and continue to care for the disadvantaged and promote sustainable development, so that people from different sectors as well as our next generations can share the benefits of economic growth.

Economic Performance in 2014

Global economic performance was less than spectacular in 2014. Despite the steady performance of the Mainland's economy and signs of recovery in the United States, our trade performance was beset by Eurozone's weakening economy and Japan's relapse into recession. Merchandise exports grew by 1% and service

exports by only 0.5% in real terms. As a result, our economy grew by only 2.3% last year, the third consecutive year with a growth rate lower than the annual average of 3.9% over the past decade.

The unemployment rate averaged at a low level of 3.2% for the year as a whole, sustaining a state of full employment. Private consumption expenditure maintained moderate growth, but investment expenditure was soft and sentiment turned cautious.

Inflation continued to ease. Overall rentals rose, but the rises were generally modest. With steady increases in labour costs and mild imported inflation, the headline inflation rate for 2014 was 4.4%. Netting out the effects of Government's one-off relief measures, the underlying inflation rate was 3.5%, lower than the 4% in 2013.

Prolonged political bickering is detrimental to public administration and the international image of Hong Kong as a stable, law-abiding and efficient city. It may even dampen investors' confidence in Hong Kong. Such self-inflicted harm does not serve the city well. The Occupy movement affected tourism, hotel, catering, retail and transport industries, and so on, to varying degrees. To offset the impact on economic confidence, I shall implement an array of support measures targeting affected industries and launch a new round of efforts to promote Hong Kong.

Targeted Support Measures

I shall launch the following short-term measures to support the affected sectors:

- (a) waive the licence fees for 1 800 travel agents for six months;
- (b) waive the licence fees for 2 000 hotels and guesthouses for six months;
- (c) waive the licence fees for restaurants and hawkers and fees for restricted food permits for six months, benefiting 26 000 restaurants and operators in total; and

- (d) waive the fees for vehicle examination once for the renewal of vehicle licences of taxis, light buses, franchised and non-franchised buses, goods vehicles, trailers and special purpose vehicles within a year.

Rebuilding Confidence

More importantly, we need to rebuild international investors' and tourists' confidence in Hong Kong and uplift our international image. Starting from January, the Hong Kong Tourism Board (HKTB) has launched a new round of publicity in Japan, Korea, Southeast Asia and major Mainland cities.

I shall allocate an additional \$80 million for the HKTB to step up its promotion efforts in the coming year. These activities will include running overseas promotions, organizing shopping festivals and offering merchandise concessions and electronic discount coupons in collaboration with the retail industry, and arranging large-scale familiarization tours to Hong Kong for overseas trade missions. The HKTB will expand the scale of overseas promotion fairs this year and waive local traders' participation fees.

I shall also allocate an additional \$26 million to the Information Services Department for inviting overseas media organizations and opinion leaders from around the world to visit Hong Kong, arranging for more overseas visits, and launching another round of publicity campaign for Brand Hong Kong. The Invest Hong Kong (InvestHK), Hong Kong Trade Development Council and Hong Kong representation overseas, and in the Mainland and Taiwan will also organize promotional activities.

This series of support measures and promotion efforts, costing \$290 million, will render the affected sectors some tangible assistance, help rebuild confidence in Hong Kong, and enhance the city's image.

Economic Outlook for 2015

The year 2015 will be a challenging year. Amid improvement in the United States economy, the United States Federal Reserve Board is preparing to raise interest rates, running counter to the further easing measures pursued by the central banks of Europe and Japan. The stance of the new Greek Government has added uncertainties to the market.

The drop in international oil prices is beneficial to Hong Kong and other net energy importers. Excessive oil price volatility, however, will pose a real threat to the global economy and financial markets.

The interaction of these factors will further complicate the external environment: (a) the United States inflation outlook will be affected, making it more difficult to forecast the pace of interest rate rise; (b) rising deflation risks in Europe and Japan will add headwinds to the economic recovery; and (c) some oil exporting countries face huge pressures on finance and exchange rates due to geopolitical tensions and dropping oil prices. All these macroeconomic factors will upset the stability of global financial markets.

Emerging Asian markets are showing a better performance in general. The Mainland's economic growth is relatively stable but faces downward risks and pressure this year. The global economy as a whole is likely to stay on a slow-growing path in the post-financial tsunami period. This, amid a stronger US dollar, will continue to put a drag on Hong Kong's trade performance.

Domestically, local consumption and investment sentiment will be dampened by the increased uncertainties over the United States interest rate hike and weaker spending power of inbound visitors. In the face of internal and external challenges, I forecast Gross Domestic Product (GDP) growth at 1% to 3% in 2015.

The labour market will hold largely stable. But if the domestic sector continues to be trapped in a slow-growing path, the pace of job creation by enterprises will be affected.

As regards inflation, with the softening of global commodity prices in the past year, imported inflation will remain mild. Retail sales have weakened recently, and rental pressure is less than that in previous years. I forecast that the headline inflation rate for 2015 as a whole will be 3.5% with an underlying inflation rate at 3%.

Support for Small and Medium Enterprises

Our external trade performance will be affected by a host of uncertainties this year. It can hardly drive our economic growth. As such, we shall need to rely on domestic demand for maintaining economic vibrancy and preserving

employment. There are 320 000 small and medium enterprises (SMEs) in Hong Kong, accounting for 98% of the total local enterprises and employing 50% of the private sector workforce. This underscores SMEs' role as the mainstay of our economy. To support SMEs, I shall:

- (a) extend the application period for the special concessionary measures under the SME Financing Guarantee Scheme to 29 February 2016;
- (b) inject \$1.5 billion into the SME Export Marketing and Development Funds;
- (c) increase the maximum amount of funding support for each project under the SME Development Fund from \$2 million to \$5 million; and
- (d) expand the scope of the SME Export Marketing Fund.

Relief Measures

I am aware that many of our citizens are expecting relief measures from the Government to allay their burdens. In view of the challenging international macroeconomic environment, the unstable economic factors, the need to boost the local economy in the short term, and the Government's relatively sound fiscal position in the short to medium term, I shall increase public expenditure in a prudent manner according to the principle of committing resources as and when justified and needed, and introduce the following one-off relief measures:

- (a) reduce salaries tax and tax under personal assessment for 2014-2015 by 75%, subject to a ceiling of \$20,000. The reduction will be reflected in the final tax payable for 2014-2015. This proposal will benefit 1.82 million taxpayers in the territory and reduce government revenue by \$15.8 billion;
- (b) reduce profits tax for 2014-2015 by 75%, subject to a ceiling of \$20,000. The reduction will be reflected in the final tax payable for 2014-2015. This proposal will benefit 130 000 taxpayers in the territory and reduce government revenue by \$1.9 billion;

- (c) waive rates for the first two quarters of 2015-2016, subject to a ceiling of \$2,500 per quarter for each rateable property. It will benefit 3.15 million properties and reduce government revenue by \$7.7 billion;
- (d) provide an extra allowance to Comprehensive Social Security Assistance (CSSA) recipients, equal to two months of the standard rate CSSA payments, and an extra allowance to the recipients of Old Age Allowance, Old Age Living Allowance and Disability Allowance, equal to two months of the respective allowances. This will involve an additional expenditure of \$5.5 billion; and
- (e) pay one month's rent for lower income tenants living in the rental units of the Hong Kong Housing Authority (HKHA) and the Hong Kong Housing Society (HKHS). Involving an expenditure of \$1.1 billion, this measure will not apply to tenants who are required to pay additional rent to the HKHA and non-elderly tenants of the HKHS Group B estates.

I have to point out that recurrent measures and one-off measures serve different objectives and purposes. The former addresses recurrent needs of the community, while the latter serves counter-cyclical objectives to provide cushioning effects for the economy and alleviate imminent economic hardships. They are not interchangeable.

I raised the child allowances for three consecutive years from 2011-2012 to 2013-2014. Many parents want the Government to provide more specific tax exemptions to ease their burden in taking care of their children. I understand the problems they are facing, but we need also to avoid complicating the tax regime. I shall increase the basic and additional child allowances from \$70,000 to \$100,000 from 2015-2016 onwards. This will reduce government revenue by \$2 billion each year.

Amounting to \$34 billion, the six relief measures above should help alleviate the financial burden on the public, stimulate consumption, stabilize the economy and preserve employment. Together with other measures in the Budget, they will have a fiscal stimulus effect of boosting GDP by 1%.

Developing Our Economy

My key mission as Financial Secretary is to maintain a favourable business environment, promote sustainable economic development, and make available diverse and quality jobs to enable citizens to lead better and more fulfilling lives. I must also ensure that the Government has adequate resources to enhance social services and improve people's livelihood.

Technologies have brought economic globalization into a new phase. Competition between economies has never been so fierce as potential customers became more accessible to enterprises all over the world. Only the fittest will survive, a reality that local enterprises have to face.

This new norm enables enterprises to adopt modern modes of production led by global supply chains and choose the most competitive partners from around the world. With Hong Kong's established position as an international financial, trading and logistics hub, our commercial sector is accustomed to utilizing supply chain management. This gives them the opportunity to benefit from the ample room for development brought about by the close connections between regions.

In the face of such challenges and opportunities, we should seek to lay a solid foundation for long-term development in a pragmatic manner, and enhance our overall strengths step by step through adding value to traditional industries and developing diversified new industries.

Manpower mismatch is becoming more and more evident in Hong Kong in recent years. This, coupled with the imminent challenge of an ageing population, has directly hindered the sustainable economic development of our city. We must strive to overcome the constraints on our development potential and rise to the challenges together. Otherwise, our next generations will have to bear the price of our short-sightedness.

Diversified Development

Hong Kong has long been a cradle for entrepreneurs. The city is renowned for its favourable business environment, with a fair and transparent market system, a liberal and open investment climate, and a simple and low tax regime. Legends of rags to riches live on for generations. Many entrepreneurs

started their business without much experience, technology or capital. But their flexibility and market acumen have opened up new opportunities in different trades and markets.

Social enterprises are gaining recognition in Hong Kong. With business models that balance economic and other social values, they mark the maturing of our society. Research showed that each dollar of public funding contributed \$4 to \$7 of workfare to those disadvantaged employees, reflecting the significant benefits brought about by social enterprises.

Diversified and dynamic, Hong Kong boasts a melting pot of cultures with a blooming talent pool in the cultural and creative sectors. I shall take the fashion industry, the film industry and the arts and culture sector as examples to unveil the Government's initiatives in promoting these industries.

Start-ups

A new wave of entrepreneurship, in the form of start-ups, is emerging around the world. Many start-ups boldly apply new technologies, information technology in particular, disrupting the traditional mode of operation. They translate state-of-the-art technologies into competitive products and services that change consumption patterns and open up new markets.

Last few years saw a notable burgeoning of start-ups in Hong Kong. They managed to build up a wider clientele base by conducting in-depth market studies, over and above their clearly-defined positioning and inspiring marketing strategies. I have seen an enterprise developing wireless chargers for electronic devices, and another designing a mobile application for pre-ordering coffee.

Hong Kong is among the most advanced information and communication technology hubs in the world. Our well-established business support services and sound system to protect intellectual property (IP) rights provide favourable conditions for the growth of start-ups. Many public and private organizations offer support, including provision of co-working space, incubation programmes, business advisory services, and assistance in building partner networks. The number of such organizations has increased tenfold over the past three years, and they include world-renowned organizations such as Nest and Accenture.

InvestHK launched a large promotion campaign known as "StartmeupHK" two years ago to promote our advantages as a leading global hub for start-ups. The campaign has attracted innovative start-ups with potential to our city, and brought Hong Kong-based enterprises to the attention of many international angel and venture capital investors.

We have witnessed a growing interest amongst investors in Hong Kong start-ups. International IT giants such as Microsoft have set up offices here to look for new businesses that are worth investing in. Start-ups nurtured by the Hong Kong Science and Technology Parks Corporation (HKSTPC) and the Cyberport have also attracted hundreds of millions of dollars of investment.

Financing needs increase as start-ups grow. To further encourage financing of new enterprises, the HKSTPC will earmark \$50 million to set up a corporate venture fund for co-investment, on a matching basis with private funds, in start-ups which are located in the Science Park or have participated in its incubation programmes. I shall also ask the Hong Kong Mortgage Corporation Limited (HKMC) to expand and enhance the Microfinance Scheme.

In addition, the proposed injection of \$5 billion to the Innovation and Technology Fund will help strengthen support for relevant enterprises.

We strive to provide start-ups with enhanced hardware and software support. The HKSTPC will extend the Leading Enterprises Acceleration Programme to help more companies with potential to consolidate their businesses, raise capital and improve corporate management.

From this year onwards, free online government information will be released in digital formats to encourage development of more applications by start-ups. Many start-ups have developed a wide range of mobile applications by exploiting such public sector information, including information on real-time traffic and weather conditions.

Financial technologies are also an investment target of many venture capitalists and crowd funding efforts. Financial technologies that help facilitate functions such as payment, clearing and settlement systems, big data analytics, cloud computing, information and risk management and network security can enhance operational efficiency and help open new modes of development for the financial sector. Being an international financial centre with years of experience

in technology, Hong Kong is an ideal place for developing financial technologies. I have asked the Secretary for Financial Services and the Treasury to set up a steering group to study how to develop Hong Kong into a financial technology hub together with industries, research and development institutions as well as regulatory authorities.

I hope to improve the ecosystem for local start-ups and technological enterprises to tie in with the general direction of moving our economy up the value chain and enabling local industries to diversify.

Social Enterprises

With the relentless and concerted efforts of the Government and various sectors over the years, local social enterprises have attained solid growth. Their scope of services and target clients have become more diversified, earning wider recognition from the community. Apart from creating job opportunities, social enterprises also engage people from different sectors to serve the community. For instance, there are social enterprises renting domestic units to single-parent families with imminent housing need as co-tenants at below-market rates, offering barrier-free taxi services to wheelchair users, and operating restaurants to create jobs for women living in the same district.

Since the launch of the Enhancing Self-Reliance Through District Partnership Programme (ESR Programme) in 2006, the Home Affairs Department has so far allocated a total of \$180 million for the establishment of 161 social enterprises, which created 2 600 job opportunities. Eighty percent of these social enterprises have become self-sustaining after the funding period.

I shall earmark \$150 million to roll out a new phase of the ESR Programme from 2016-2017 to 2019-2020, under which enhancement measures will be implemented to benefit more types of social enterprises and encourage greater participation of the commercial sector in the development of social enterprises.

Cultural and Creative Industries

The Government has been working closely with the cultural and creative industries to promote their development, with a view to creating an atmosphere that inspires creativity, and expanding the local market as well as exploring outside markets.

I shall inject an additional \$400 million into the CreateSmart Initiative to support different sectors of the creative industries. Efforts will be made to assist them to participate in and organize exhibitions and fairs, provide talented people with training programmes and subsidized overseas exchanges and internships so as to afford them opportunities to realize their potential.

Fashion Industry

Hong Kong's textiles and clothing industry has a solid foundation. Many famous fashion designers have had spectacular success in creating their own brands. The trade has been dedicated to grooming and nurturing talent. An organization offers co-working space in an industrial building for promising fashion designers and introduces their designs to international markets. A long-established spinning mill plans to revitalize its old factory into an incubation centre for fashion designers and other related facilities. Promoting collaboration between fashion design and the clothing industry to move them up the value ladder will enable them to generate greater economic benefits.

I agree with the recommendations of the Economic Development Commission on promoting the development of the fashion industry. I shall consolidate the existing resources and invest new resources, totalling \$500 million, to launch a series of measures on a pilot basis in the next three years. These include promoting Hong Kong's fashion designers and brands through improving local fashion events and participating in those held overseas, rolling out an incubation programme for up-and-coming fashion design start-ups, providing fashion design graduates with overseas internships and study opportunities, and subsidizing participation in international competitions and exhibitions. We shall also set up an advisory body for the trade to advise on and co-ordinate the implementation of these measures.

Film Industry

The film industry has long been a key element of Hong Kong's creative industries. The vast Mainland market presents local filmmakers with unprecedented opportunities and big challenges. In recent years, the Government has been supporting production of small-to-medium budget films through the Film Development Fund (FDF). Many of these films, such as *Echoes of the Rainbow*, *The Way We Dance* and *The Midnight After*, are critically-acclaimed box office hits with Hong Kong characteristics.

I shall make a further injection of \$200 million into the FDF, enhance its funding arrangements and introduce a subsidy scheme for film productions with a budget not exceeding \$10 million, subject to a subsidy ceiling of \$2 million, to boost the volume of local film production and nurture film talent. I shall raise the production budget ceiling of the Scheme for Financing Film Production from \$15 million to \$25 million. To identify new talent for the film industry, the Government will relaunch the First Feature Film Initiative with increased subsidies on production costs.

Art and Culture

We have seen a blossoming of local arts groups in recent years. Quite a number are emerging ones widely acclaimed for their high artistic attainments. This has not only enriched Hong Kong's cultural landscape by presenting the general public with more high quality performances and exhibitions, but also created more development opportunities for local artists and young people aspiring to pursue careers in the arts field.

I shall launch a \$300 million Art Development Matching Grants Pilot Scheme, under which the amount of private donation and sponsorship secured by eligible local arts groups will be matched by grants. It will encourage different sectors of the community to sponsor local art and cultural activities, and help sustain the development of the cultural industry, jazzing up the cultural aura of the city.

These measures will offer a platform for Hong Kong people, the younger generation in particular, to actualize themselves and unleash their creativity. We should combine all these efforts to take our economy towards even greater diversity.

Augmenting Competitiveness

With continuing economic development for over three decades, China's remarkable achievements have been impressive. The success of Hong Kong's four pillar industries, namely trading and logistics, tourism, business and professional services and financial services, which are internationally competitive, is attributed not just to their innovation and upgrading efforts over past decades, but also to the economic development of the Mainland. We need to capitalize on today's opportunities to add value to our already competitive

pillar industries, keep pace with the times and get ready for challenges, taking a role in fostering China's prosperity.

"One Belt One Road"

The Central Government has put forward the initiatives of building the Silk Road Economic Belt and the 21st Century Maritime Silk Road, or "One Belt One Road" in short. These economic co-operation corridors, spanning different regions in Asia, Europe and Africa, will promote co-development among countries and foster co-operation in the political, economic and social areas. The initiatives feature "five links" in the arenas of policy, facilities, trade, capital and culture.

Many countries along the "One Belt One Road" have great development potential. To strengthen trade ties with these markets, Hong Kong should expand co-operation, organize exchange visits, gain a deeper understanding of these countries, as well as pursue negotiations on Free Trade Agreements, Investment Promotion and Protection Agreements and Comprehensive Avoidance of Double Taxation Agreements. Trade facilitation and investment promotion to secure new business opportunities in various aspects should also be developed.

Hong Kong can work with Mainland provinces and municipalities to stage roadshows in these countries to facilitate trade and investment flows for regional economic integration. This will create more favourable conditions for our goods, services and investment to access overseas markets.

While the Mainland is further strengthening its economic and trade ties with countries along the "One Belt One Road", Hong Kong, as an important financial, commercial and maritime centre in the world, can provide Mainland enterprises that seek to "go global" with a wide range of professional services in the financial and legal arenas, including international investment, cross-border trade settlement, Renminbi (RMB) bond issuance and asset and risk management services.

Last October, over 20 countries signed a memorandum of understanding in Beijing and formally announced a plan to establish the Asian Infrastructure Investment Bank (AIIB). We shall endeavour to leverage our strength in financing and asset management to support its establishment and operation, and pursue actively the possibility of our joining the AIIB.

A two-pronged approach should be adopted to further develop our pillar industries. On the one hand, we shall capitalize on the new opportunities created by the "One Belt One Road" initiatives of our nation. On the other, we shall endeavour to speed up the pace of moving our industries up the value chain.

Trading and Logistics Industry

Strategically located, and with an extensive trading network as well as a simple and open trading system, Hong Kong for years has been a regional trading and logistics hub underpinned by a well-established international transportation network.

We are among the world leaders in terms of both air and port cargo throughput. Last year, Hong Kong's visible trade, including re-exports, domestic exports and imports of goods, amounted to \$8.4 trillion, approaching four times of GDP.

To cater for the demand in modern supply chain management, the trading and logistics industry needs to develop towards the provision of high value-added services. In this respect, air cargo services are of growing importance. The cargo handled by the Hong Kong International Airport accounts for less than 2% of our total freight volume by weight, but makes up nearly 40% of our exports and imports by value.

With rising passenger and cargo throughput at the Hong Kong International Airport, the existing two-runway system will reach its maximum capacity in a few years. It is imperative for us to take forward the development of a three-runway system (3RS) in order to meet our long-term air traffic demand, and to maintain our status as an international and regional aviation centre in the face of fierce competition from other airports in the region. Having gone through the environmental impact assessment process, the Airport Authority (AA) has submitted its recommendations on the planning of the 3RS to the Government.

I envisage that the construction works for the 3RS could commence in 2016 for commissioning in 2023. The AA estimated that, with full operation of the system, the airport could handle 100 million passengers and 9 million tonnes of cargo annually by 2030.

Aerospace financing is crucial to the development of high value-added aviation services. Asia sees the fastest growth in demand for aviation services, and an intense need for aerospace financing. We shall ride on the experience of other jurisdictions and explore possible measures that can promote aerospace financing business in Hong Kong.

The lack of back-up land is a big problem confronting our logistics industry. The Transport and Housing Bureau has completed technical assessments for the 10 hectares of logistics site reserved at Tuen Mun West. We shall consult the local community as early as possible and release the site for the use of the industry by phases.

Apart from hardware, supporting software is also essential to strengthen our connection with overseas markets. We are examining how best to further streamline departments' handling of import/export documents. The provision of one-stop customs clearance service through a "Single Window" will closely follow mainstream international development.

The burgeoning of Internet banking, electronic payment instruments and e-cheques in recent years has spurred the development of e-commerce. With regard to cross-border trade, the Government will explore with the industries the feasibility of promoting the use of electronic letters of credit to reduce cost.

While the strong growth of e-commerce generates business opportunities for the provision of logistics and delivery services, the prevalence of e-communication poses a great challenge to traditional mail delivery business. We shall review the business operation of Hongkong Post with the objectives of enabling the department to further support the development of the logistics industry in Hong Kong and expand its service offerings in response to market needs.

Hong Kong, the first among all members of the World Trade Organization (WTO), joined the Trade Facilitation Agreement (TFA) in late 2014. The TFA will motivate the WTO Members to improve and harmonize the import/export and customs procedures, thereby bringing down trading costs and speeding up goods movement.

The Association of Southeast Asian Nations (ASEAN) is Hong Kong's fourth largest trading partner in terms of services and second largest in terms of

goods. We started the free trade agreement negotiations with ASEAN in the middle of last year to secure favourable access of our goods, services and investment to this market of enormous potential.

To enhance economic co-operation and integration between Hong Kong and Macao Special Administrative Regions, we are exploring a closer economic partnership arrangement with Macao. Such arrangement, coupled with those already signed respectively by Hong Kong and Macao with the Mainland, will constitute a new economic and trade co-operation platform for the region.

Tourism

Tourism, making up 5% of GDP and employing 270 000 people, has been driving the growth of many industries. In 2014, visitors to Hong Kong exceeded 60 million, an increase of 12% over last year. Total spending went up by 9% to more than \$350 billion.

Our tourism industry would continue moving up the value chain to attract high-spending visitors. We shall explore the construction of a convention centre above the Exhibition Station of the Shatin to Central Link to draw in more international business visitors. We shall also work with the Guangdong and Macao authorities to promote multi-destination tourism for overseas visitors, and invite neighbouring ports to join the Asia Cruise Fund with a view to encouraging cruise companies to include Hong Kong in their itineraries ...

(A Member shouted loudly)

PRESIDENT (in Cantonese): Secretary, please wait for a moment. I remind Members once again that if any Member has violated the Rules of Procedure, I will not give further warning but will order him to leave the Chamber immediately.

Secretary, please continue.

FINANCIAL SECRETARY (in Cantonese): On tourist facilities, the Government will discuss with the Walt Disney Company the Phase 2

development of the Hong Kong Disneyland Resort. This phase will cover an estimated area of 60 hectares, similar to that of Phase 1, with attractions, hotel development and retail facilities.

The construction of the "Iron Man Experience" in Hong Kong Disneyland and the waterpark at Tai Shue Wan in Ocean Park is expected to complete in 2016-2017. The new Central harbourfront will add new elements to the renowned scenic views of Victoria Harbour. In addition to sightseeing facilities such as the Observation Wheel, a variety of carnivals, exhibitions and open-air concerts will take place from time to time. These new facilities at the harbourfront will provide novel experiences that will keep visitors and locals amused.

The new hotel projects in Hong Kong Disneyland, Ocean Park and the airport's North Commercial District will come on stream, providing a total of over 2 200 rooms. Ocean Park has also invited expressions of interest for the development of the proposed Fisherman's Wharf Hotel. Furthermore, the sites facing Victoria Harbour within the "hotel belt" adjacent to the Kai Tak Cruise Terminal will be made available to the market starting from the end of this year.

Hong Kong has many locations suitable for alfresco dining where visitors can enjoy delicacies and Hong Kong's spectacular scenery at the same time. I have asked relevant departments to implement as early as possible the proposal to facilitate alfresco dining operation, and to consider introducing Food Trucks, which is popular abroad, to the mix of Hong Kong's existing food scene.

Business and Professional Services

Business and professional services generate many quality employment opportunities for Hong Kong. Our accounting, legal, architectural and engineering sectors are highly competitive. Their professional services are on a par with international standards and the systems adopted dovetail with those in the advanced regions. These sectors have earned the trust of Mainland and overseas enterprises.

CEPA

Since the introduction of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2003, 10 Supplements to the CEPA have

been concluded between the Mainland and Hong Kong to expand market liberalization and further facilitate trade and investment. The CEPA has presented tremendous development opportunities to Hong Kong's service suppliers and professionals. Up till now we have issued 3 000 Certificates of Hong Kong Service Supplier and thousands of Hong Kong residents have set up individually-owned stores in the Mainland in accordance with the preferential treatment under the CEPA.

At the end of last year, I signed a new agreement with the Ministry of Commerce to promote liberalization of trade in services between Hong Kong and Guangdong. After the agreement comes into effect, Guangdong will open up 153 services trade sub-sectors to Hong Kong service suppliers, accounting for 95.6% of all trade sub-sectors under the WTO's classification system. I hope the Mainland will further deepen the liberalization measures on this basis and extend them nationwide, thereby achieving basic liberalization of trade in services between the entire Mainland and Hong Kong by the end of this year.

Intellectual Property Trading

As an international business centre, Hong Kong is well placed to become a premier IP trading hub providing high value-added IP services in the region. I shall earmark \$23 million in the coming three years for offering IP consultation, manpower training and other services to SMEs. As regards tax deduction for capital expenditure incurred on the purchase of IP rights, I shall consider extending the scope to cover more types of IP rights as appropriate.

Financial Services

The Financial Sector Assessment Programme report released by the International Monetary Fund last May acknowledged that Hong Kong's financial sector is one of the largest and most developed in the world. The report also affirmed the resilience of Hong Kong's financial system, and commended our high standard of supervision, comprehensive risk management, and active macro-prudential policies. Government, together with relevant regulators, will strive to keep our regulatory regime up to international standards.

As an international financial centre, Hong Kong will step up its efforts in combating cross-border tax evasion in accordance with the latest global standard. In response to the Organization for Economic Co-operation and Development, we

have pledged to adopt the new standard, pursuant to which financial institutions are required to report to the Inland Revenue Department specified financial account information on a regular basis, so that Hong Kong can exchange such information with other jurisdictions by end 2018. We shall consult the industry in the second quarter of this year and introduce the relevant amendment bill in 2016.

Shanghai-Hong Kong Stock Connect and Offshore Renminbi Business

The Shanghai-Hong Kong Stock Connect has been operating smoothly since its launch in November last year. For the capital markets of the two places to move towards full mutual access, we shall review the experience of the implementation of this project, and discuss with the relevant authorities of the Central Government the launch of the Shenzhen-Hong Kong Stock Connect and enhancement of the Shanghai-Hong Kong Stock Connect. We shall also work with the industry to stage roadshows in the Mainland to promote Hong Kong's securities market to Mainland investors.

While we strengthen our connection with the Mainland market, we are also expanding our RMB business links with the rest of the world. Hong Kong is the world's largest centre for offshore RMB banking, financing and asset management, providing services for RMB transactions around the world.

Last year, RMB trade settlement conducted through Hong Kong banks amounted to RMB 6.3 trillion yuan, with a 60% year-on-year increase, while RMB bond issuance amounted to RMB 200 billion yuan, with a 70% year-on-year increase. In the fourth quarter of 2014, the average daily turnover on Hong Kong's RMB Real Time Gross Settlement (RTGS) system amounted to RMB 850 billion yuan, representing an 80% increase over the same period a year earlier.

We shall continue to actively develop Hong Kong's capacity to serve as a global hub for offshore RMB business, providing new opportunities for the financial sectors both in the Mainland and Hong Kong. To this end, we shall work with the Mainland authorities to further increase our investment quota for the RMB Qualified Foreign Institutional Investors (RQFII) Scheme and strive for early implementation of the arrangement for mutual recognition of funds.

Asset Management

Hong Kong's wealth and asset management business has been growing exponentially. At end 2013, the combined fund management business recorded a year-on-year growth of 27%, exceeding \$16 trillion in total.

In last year's Budget, I proposed to waive the stamp duty for the transfer of all exchange traded funds (ETF). The relevant amendment ordinance was passed by the Legislative Council and the stamp duty waiver took effect on the 13th of this month. We plan to table a bill in Legislative Council later to allow private equity funds to enjoy profits tax exemption available to offshore funds. Furthermore, we are formulating legislative proposals to provide the legal framework for introducing an open-ended fund company structure.

To attract multinational and Mainland enterprises to establish corporate treasury centres in Hong Kong to perform treasury services for their group companies, we shall amend the Inland Revenue Ordinance to allow, under specified conditions, interest deductions under profits tax for corporate treasury centres and reducing profits tax for specified treasury activities by 50%. The relevant bill will be introduced in the 2015-2016 legislative session.

Bond Market

Government issued its first sukuk last year. The US\$1 billion issuance marked the world's first US dollar-denominated sukuk originated by a government with the highest credit rating, setting a significant pricing benchmark for the market. Drawing a strong demand from investors, the sukuk issuance won a number of awards. The successful offering highlighted that the relevant legal framework in Hong Kong has been widely accepted by international investors. Government will consider actively a further sukuk issuance when market conditions are favourable, in a bid to attract more issuers and investors into the local market.

The inflation-linked retail bonds (iBond) introduced in 2011 have been well received by the public and helped promote the retail bond market. I shall launch an iBond issue of up to \$10 billion with a maturity of three years. Following the existing practice, the issuance will target Hong Kong residents, and

interest will be paid to bond holders every six months at a rate linked to the inflation rates of the last half-year period. The Hong Kong Monetary Authority (HKMA) will announce the details in due course.

Overcoming Limitations

While augmenting further the competitiveness of our pillar industries and fostering diversification of our industries, we must strive to overcome the limitations that hamper economic growth.

Human Resources

People are the most important asset for Hong Kong. The future of our city hinges upon the quality of people. For generations, Hong Kong people have strived to raise themselves up the social ladder through hard work and self-improvement. The Government has been devoting substantial resources to improving the quality of manpower to further diversify the economy and steer the development towards high value-added activities.

With specialization and division of labour in different sectors in modern society, there is growing demand for talent with specific expertise and skills. Young people are offered different options to pursue promising careers. Government has been working closely with different sectors to provide professional training for various trades and industries including construction, retail, clock and watch, printing, healthcare, and testing and certification. The active engagement of trades and industries, which effectively enhances their professional image and provides clear career pathways, is crucial in attracting new entrants.

Skills mismatch in the labour market is becoming more evident in recent years. Chronic manpower shortage and recruitment difficulties in individual sectors will hamper the sustainable and diversified economic development. While according priority to locals in employment, we should seriously consider importing manpower in an appropriate, limited and targeted manner to inject new impetus into the labour market.

Manpower Training

In last year's Budget, I announced the allocation of \$130 million to support the manpower development of the retail industry. The series of measures are being rolled out. The first programme for the Earn and Learn Pilot Scheme for the Retail Industry which is run by the Vocational Training Council in collaboration with the industry commenced last September, with the first cohort of student-trainees started coursework and on-the-job training in tandem. The Hong Kong Productivity Council has also launched the Retail Technology Adoption Assistance Scheme for Manpower Demand Management to assist the sector in enhancing productivity. Preparation for the retail industry promotion campaign is under way to enhance the image of the industry with a view to attracting new blood.

With our strenuous efforts to promote the professional image and promising career prospects of the construction industry in recent years, more young people are willing to join the industry. Over the past five years, I have allocated a total of \$320 million to the Construction Industry Council (CIC) to train local workers through the provision of training allowances and on-site experience. This year, I shall provide another \$100 million for the CIC to train up more skilled workers to meet the acute manpower demand of the industry.

The financial services industry has a keen demand for quality personnel. Last year, I requested the Financial Services and the Treasury Bureau to consult the industry on manpower training needs. There was broad consensus that manpower shortage was particularly acute in the insurance and the asset and wealth management sectors. They also suggested that Government could help promote the industry, enhance the professional competence of practitioners and, in particular, train up more talent for middle and back offices.

I shall allocate \$100 million to launch a three-year pilot scheme for insurance and asset and wealth management services. Under the scheme, Government will collaborate with the industry to organize activities and provide internship opportunities to allow the community, in particular students, to have a better understanding of the nature and career prospects of different jobs in the two sectors. Government and industry will also enhance the contents of continuing professional development programmes, and provide financial support to encourage practitioners to enrol in these programmes. The Financial Services and the Treasury Bureau is drawing up details of the pilot scheme.

From the 2015-2016 academic year onwards, the Government will subsidize on a pilot basis 1 000 students per cohort to pursue designated self-financing undergraduate programmes for meeting the manpower needs of Hong Kong. For the first cohort, there will be 13 programmes, covering healthcare, architecture and engineering, testing and certification, creative industry, logistics, as well as tourism and hospitality. This scheme will cost \$960 million.

We shall open up more internship and exchange opportunities for young people to experience the taste of work, broaden their exposure, and be prepared for entering the job market.

We plan to increase the short-term internship places provided by government departments for 2015-2016 to 3 000, an increase of 30% over the last financial year, so that more young people will have a deeper understanding of different areas of work in Government. This measure will cost \$21 million.

Last year, the Hong Kong Economic and Trade Office in Singapore started to arrange internships in ASEAN countries to broaden the international horizons of university students of Hong Kong and enhance their understanding of ASEAN countries. The inaugural round of the scheme saw 90 students taking up internships. A total of 250 internship places will be available in 2015-2016.

I shall also allocate an additional \$205 million in the next three years to support more young people to participate in Mainland exchange and internship programmes.

Sustainable Development

A liveable environment is vital to improving people's livelihood, pooling talent and sustaining economic development. Improving the environment is high on our agenda.

The Government will phase out 82 000 Euro III or earlier diesel commercial vehicles by the end of 2019, involving an ex-gratia payment of \$11.4 billion. So far, 22 000 of these vehicles have been phased out, and we shall continue to assist the transport industry in resolving relevant issues. The \$80 million programme to support replacement of catalytic converters and

oxygen sensors of liquefied petroleum gas taxis and light buses was also completed last year. A total of 18 000 taxis and light buses took part in the programme, accounting for 80% of the eligible vehicles.

The port facilities and light dues charged on ocean-going vessels (OGVs) are now reduced by half if these vessels use low sulphur fuel while at berth in Hong Kong. I propose extending this incentive scheme until the end of March 2018, which will involve revenue foregone of \$240 million. We shall introduce legislation this year to require all OGVs at berth in Hong Kong to use low sulphur diesel.

Since its launch in 2008, the Cleaner Production Partnership Programme has funded a total of 2 400 cleaner production projects and promotion activities, helping Hong Kong-owned factories in both Hong Kong and Guangdong reduce emissions, conserve energy, and so on. We shall allocate an additional \$150 million to extend the programme for five years.

To promote the use of electric vehicles, I announced last year that the First Registration Tax exemption for electric vehicles would be extended up to the end of March 2017. We installed 100 faster chargers for electric vehicles at 16 government car parks last year, which can shorten the charging time. The total number of chargers in the territory has increased to 1 100.

The Harbour Area Treatment Scheme collects sewage from both sides of Victoria Harbour for treatment at Stonecutters Island to improve the water quality of Victoria Harbour proper. Stage 2A of the scheme will come into operation this year. Stage 1 and Stage 2A of the scheme together cost \$25.8 billion. We plan to commission a new consultancy study on enhancing the leisure and recreational value of the coastal areas of Victoria Harbour in the long run.

We shall start working on the design of a desalination plant at Tseung Kwan O and the associated infrastructure in phases this year. It is expected that the desalination plant will commence operation in 2020 and the annual output will account for 5% to 10% of Hong Kong's fresh water consumption. We shall apply the relevant state-of-the-art technology, including efficient energy recovery system, for greater energy efficiency, increased output and lower cost.

To minimize water loss, we shall progressively establish Water Intelligent Network by installing sensors in the water supply networks to monitor their

conditions. We shall also examine other techniques, such as data mining, to predict water main bursts for early identification and handling of defective water mains.

Land Resources

Land, apart from manpower, is the other major constraint to the economic and social development in Hong Kong. To make room for economic, social and personal development, we shall optimize land utilization and increase land supply through a combination of measures.

Residential Land

The Government promulgated the new Long Term Housing Strategy at the end of last year, setting the target for public housing supply at 290 000 units for the coming decade. As the major provider of public housing in Hong Kong, HKHA cannot afford the expenditure to be incurred in the long run.

The Housing Reserve I set up last December is to provide financial resources to meet the ten-year public housing supply target. The initial injection is the investment returns generated in 2014, which amounted to \$27.5 billion. Further injections will be considered at an appropriate juncture.

A total of 20 residential sites were put up for sale by Government in 2014-2015, capable of providing 6 300 private residential units. Taking into account the railway property development projects, the Urban Renewal Authority's projects and private redevelopment or development projects, the land supply has a capacity of producing 20 000 units.

The 2015-2016 Land Sale Programme will include 29 residential sites capable of providing 16 000 units in total. Out of these sites, 16 are new ones. Taking into account the housing land supply from different sources, I expect that a total of 19 000 units can be provided. The Secretary for Development will announce tomorrow the Land Sale Programme for the coming financial year.

To promote market circulation of subsidized housing, HKMC will consider launching a new Premium Loan Guarantee Scheme to help owners of subsidized sale flats pay the premium to HKHA or HKHS. After settling the premium payment, owners will have greater flexibility in disposing of their flats, such as letting out or selling the flats in the open market.

The property market has revived since April last year, with both flat prices and transactions showing renewed pick-up. There has been a double-digit increase in the prices of small and medium-sized flats. Meanwhile, the external environment is volatile. The timing and pace of the US interest rate hike as well as the further monetary easing measures of the central banks of Eurozone and Japan could have significant impact on the local property market. The public should be extra cautious when making decision on purchasing property, and carefully assess the potential risk they need to bear in case of a market downturn. The Government will continue to monitor the market conditions closely, and I will not hesitate to introduce measures when necessary, in order to maintain the healthy and stable development of the property market and safeguard the stability of our macroeconomic and financial systems.

Commercial Land

In 2014-2015, the Government put up for sale a total of five sites for commercial/industrial use and one for hotel development, providing 180 000 sq m of floor area and 1 100 rooms respectively. The Land Sale Programme for the coming financial year will include four sites for commercial/business use and one for hotel development, providing 180 000 sq m of floor area and 500 rooms respectively.

We shall increase the supply of commercial floor area through other channels, including relocating government offices away from core business districts. The plan will not only release valuable sites for commercial use, but also generate more economic activities and employment opportunities in various districts.

The government offices in the Trade and Industry Department Tower in Mong Kok will be relocated to the Kai Tak Development Area starting in the middle of this year, releasing 18 000 sq m of commercial floor area.

We are actively taking forward our plan to relocate the three government office buildings in Wan Chai. The 29 departments accommodated there will be relocated in phases to buildings under planning in various districts, including West Kowloon, Cheung Sha Wan, Kai Tak, Chai Wan and Tseung Kwan O. This will progressively release 175 000 sq m of commercial floor area and increase the supply of Grade A office space in Wan Chai.

Ageing Population

The ageing population is a formidable challenge to us. Our labour force will decline as from 2018 and our economic vibrancy will be dampened. The growth of the elderly population will push up demands for healthcare and elderly services, thus increasing public expenditure. We shall encourage the potential workforce to enter or re-enter the labour market. We shall continue to allocate resources to improve healthcare and elderly services.

Encouraging Employment

Economic growth is mainly contingent on the working population and its productivity. Encouraging more women and older persons to join the workforce will help boost our economic growth.

I shall allocate \$130 million to strengthen child care services, thus providing support for women to achieve a work-family balance. This year, we shall extend the coverage of on-the-job training allowance under the Employment Programme for the Middle-aged to encourage the employment of older persons to take up part-time jobs. The Employees Retraining Board will also focus on providing training for older persons, among other target groups, and help them re-join the job market.

I shall earmark \$220 million to extend for two years the Integrated Employment Assistance Programme for Self-reliance, which encourages employable able-bodied CSSA recipients to secure employment and achieve self-reliance.

The Labour Department will also continue to employ, on a trial basis, ethnic minority trainees under the Youth Employment and Training Programme as employment services ambassadors to provide employment services to other ethnic minority job seekers.

I encourage employers to introduce more flexible working arrangements. I hope they would allow employees to work from home, or offer part-time and job sharing alternatives, to enable more people with family commitments to join the workforce.

Healthcare

With ageing population, Government will continue to increase resources on healthcare. In 2015-2016, Government's recurrent allocation to the Hospital Authority (HA) will be \$49 billion, up by nearly 50% over five years ago.

To cater for the long-term demand for healthcare services, we shall carry out a number of hospital projects. Projects already under construction or planning include the development of an acute general hospital in the Kai Tak Development Area (Phase 1), Tin Shui Wai Hospital and Hong Kong Children's Hospital; the redevelopment of Kwong Wah Hospital and Queen Mary Hospital; and the expansion of United Christian Hospital. A total of 2 800 additional beds will be provided. The works expenditure is estimated at \$81 billion.

In the 2008-2009 Budget, I earmarked \$50 billion to support healthcare reform. I shall, in light of public views, inject funds into the high risk pool under the Voluntary Health Insurance Scheme, and provide tax concession for subscribers to regulated insurance products. To alleviate pressure on the public healthcare system due to manpower shortages and surge in demand, I shall set up a fund for HA to make use of investment returns for public-private partnership initiatives. One of these is to extend in phases the General Out-patient Clinic Public-Private Partnership Programme to all 18 districts. I shall also offer loans to non-profit-making organizations for private hospital development to address the acute shortage of private hospital beds. The remaining sum will be reserved for general use, including provision of support for public hospital projects.

Retirement Protection

Government has, since the 1960s, been studying different forms of retirement protection, on which there have been wide discussions and diverse views in the community. The Commission on Poverty will consult the public again on retirement protection in the latter half of this year.

The sustainability of retirement protection must be a prime concern. "Pay-as-you-go" retirement protection means that the contributions from today's employees and employers are used to pay the pensions of retirees of the previous generation. In other words, funding for retirement protection for people in this generation is to be borne by the next generation.

Overseas experiences suggest that, as population ages, the proportion of dependants to the working population increases, retirement protection on a "pay-as-you-go" basis eventually becomes unsustainable. There would either be less protection for the dependent population or heavier burden on the working population. We should consider carefully the consequences of this scenario when we discuss retirement protection.

Irrespective of the community's choice for the way forward on this issue, to provide better ...

(Mr LEUNG Kwok-hung yelled from his seat)

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

(Holding two black cartons, Mr LEUNG Kwok-hung rose, left his seat and attempted to throw the cartons forward but the throw was stopped by the security officers)

PRESIDENT (in Cantonese): Leave the Chamber right away.

(Mr CHAN Chi-chuen yelled)

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, leave the Chamber now.

(Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung continued to yell)

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, Mr LEUNG Kwok-hung, leave the Chamber immediately.

(Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung kept yelling, and left the Chamber with the assistance of the Clerk and security officers)

PRESIDENT (in Cantonese): Secretary, please continue with your speech.

FINANCIAL SECRETARY (in Cantonese): President, I was saying that irrespective of the community's choice for the way forward on this issue, the community's consensus is to provide better retirement protection for the elderly in need. I shall set aside \$50 billion for this purpose.

Public Finances

In its report released last year, the Working Group on Long-Term Fiscal Planning pointed out that with an ageing population and slowing economic growth, government expenditure would keep growing at a faster pace than that of revenue and the economy. If this trend persists, structural deficits will surface within ten years. While Hong Kong would still experience budget surpluses in the coming few years, we need to take early and positive actions to contain expenditure, preserve the revenue base and save up in a timely manner to avoid the appearance of structural deficits.

Containing Expenditure

In light of the Working Group's recommendations, I asked all Policy Bureaux in the middle of last year to achieve more efficient use of resources through re-engineering and re-prioritizing. I have also launched the "0-1-1" envelope savings programme to reduce operating expenditure by a total of 2% over the next three financial years. Resources saved will be re-allocated for new services.

Preserving Revenue Base

Hong Kong maintains a simple and low tax regime with a narrow tax base. Among the working population, only 40% pays salaries tax, and 60% of the revenue comes from the top 5% of the payers of salaries tax. As for profits tax, only 10% of the registered corporations pay the tax, and over 80% of the revenue comes from the top 5% of payers of profits tax. Therefore, it is of utmost importance for Government to stabilize and broaden the revenue base.

Two years ago, I asked government departments to comprehensively review over a thousand fees and charges in accordance with the "cost-recovery"

and "user pays" principles. The review is supported by Legislative Council and our efforts have begun to bear fruits. We shall next review livelihood-related fees and charges.

Government launched an extensive consultation on the introduction of a Goods and Services Tax in 2006. The community then did not support the new tax. We may explore again the feasibility of broadening the tax base in due course with the aim of stabilizing government revenue and creating room for direct tax concessions.

Saving up in a Timely Manner

In late 2014, the Working Group suggested establishing a Future Fund, comprising an endowment of \$220 billion from the Land Fund, which is part of the fiscal reserves, and a proportion of future budget surpluses. The Future Fund will serve as long-term savings and be placed in long-term investments for higher returns.

I agree to establish a Future Fund. I have requested the Secretary for Financial Services and the Treasury to work with the Chief Executive of HKMA to hammer out specific management and investment mechanisms. The savings scheme is expected to be in place within this year.

The Working Group also offered recommendations on how Government's assets could be better managed. We shall follow up on their recommendations. I would like to extend my heartfelt thanks to the experts and academics on the Working Group for their contributions over the past two years.

Revised Estimates for 2014-2015

I forecast that the revised estimate for government revenue for 2014-2015 will be \$470.7 billion, 9.4% or \$40.6 billion higher than the original estimate. It reflects mainly the arrangement for the Housing Reserve and the changes in the following revenue items —

- (a) stamp duty revenue is \$29.7 billion higher than the original estimate, representing an increase of over 60%. Of this revenue, over 75% comes from "double stamp duty" which was not budgeted;

- (b) revenue from profits tax is \$18.5 billion or 15.8% higher than originally estimated. It is affected mainly by corporate earnings which are far more volatile than macroeconomic growth, rendering it difficult for us to make an accurate estimate; and
- (c) revenues from salaries tax and land premium are \$5.1 billion and \$3.2 billion higher than their respective original estimates.

As for government expenditure, I forecast a revised estimate of \$397.2 billion, 3.4% or \$14 billion lower than the original estimate.

For 2014-2015, I forecast a surplus of \$63.8 billion, and by 31 March 2015, fiscal reserves are expected to reach \$819.5 billion.

Estimates for 2015-2016

Operating expenditure for 2015-2016 is estimated to be \$354.3 billion, representing an increase of 11.5% or \$36.6 billion over the revised estimate for 2014-2015. Recurrent expenditure accounts for \$324.6 billion, or over 90% of the 2015-2016 operating expenditure, which is an increase of \$18.3 billion or 6% over the revised estimate for 2014-2015. In the past ten years, recurrent expenditure has been increasing with a cumulative growth of 73.4% over 2005-2006. This demonstrates Government's continued commitment towards improving people's livelihood.

Of the recurrent expenditure for the next financial year, almost 60% will be deployed for education, health and social welfare, the three major livelihood-related policy areas. Recurrent expenditure on education, the largest spending area of Government, will be \$71.4 billion, or 22% of recurrent expenditure. New initiatives to be introduced from the 2015-2016 academic year include progressively increasing the intake of senior-year undergraduate places in University Grants Committee-funded institutions from 4 000 to 5 000 per annum in the 2018-2019 academic year, costing \$475 million a year; and increasing the ratio of graduate teacher posts in public sector primary schools in phases, costing \$328 million a year. Further to the increase in voucher value of the Pre-primary Education Voucher Scheme by \$2,500 in the 2014-2015 school year, the voucher value will again be adjusted upward by \$2,500 in the 2015-2016 school year; and the fee remission ceiling of the Kindergarten and

Child Care Centre Fee Remission Scheme will also be raised in these two school years. These will involve additional expenditure of \$840 million in the two school years.

Recurrent expenditure on medical and health services will be \$54.5 billion, accounting for 16.8% of recurrent expenditure. We shall continue to enhance our public healthcare services. Measures include providing 250 additional hospital beds, expanding the capacity of specialist out-patient clinics and general out-patient clinics, strengthening geriatric rehabilitation and outreach services, and increasing operating theatre sessions. More drugs with proven efficacy will be incorporated into the Hospital Authority Drug Formulary. These include the expansion of clinical application of special drug for treating multiple sclerosis, as well as new drugs for treating cancer, chronic hepatitis C and Crohn's disease. A total of 4 000 patients will benefit each year.

Recurrent expenditure on welfare will reach \$59.7 billion, accounting for 18.4% of recurrent expenditure. Ever since it was launched three years ago, the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities has gradually been extended to cover MTR, franchised buses and ferries to benefit more people. From late March 2015, the scheme will be extended to cover green minibuses by phases. The recurrent expenditure of the scheme has increased by threefold to \$900 million in three years' time. In addition, I shall increase the annual recurrent expenditure by \$71 million to provide additional places for day care and residential care for the elderly, and improve relevant services. Government will also strengthen various support services for persons with disabilities and ex-mentally ill persons, including residential care services and community support services, which will involve an additional annual expenditure of \$160 million.

I forecast that capital expenditure for 2015-2016 will be \$86.5 billion, including \$70 billion on capital works. We have launched various capital works in recent years for developing transport infrastructure, increasing land supply, as well as medical, educational and leisure facilities, and so on. They are of paramount importance in furthering socio-economic development and enhancing quality of life.

With a number of projects entering their construction peaks, capital works expenditure is expected to maintain at relatively high levels in the next few years.

We are, however, concerned about the sluggish progress of deliberation in Legislative Council since the last session. This has resulted in the mounting of backlog of funding proposals.

Total government expenditure is estimated to reach \$440.8 billion in the next financial year, 11% more than that of last year. Public expenditure will be equivalent to 20.4% of GDP.

The civil service establishment is expected to expand by 2 540 posts to 176 448 in 2015-2016, representing a year-on-year increase of 1.5%, similar to that of 2014-2015. This has to do with manpower increase in government departments for implementing new policies and improving existing services.

Total government revenue for 2015-2016 is estimated to be \$477.6 billion, of which earnings and profits tax is estimated at \$194.6 billion. Land revenue is estimated to be \$70 billion.

Taking all these into account, I forecast a surplus of \$36.8 billion in the Consolidated Account in the coming year. Fiscal reserves are estimated to be \$856.3 billion by the end of March 2016, representing 36.8% of GDP and equivalent to 23 months of government expenditure.

Medium Range Forecast

Since the global financial crisis in 2008, the annual growth rate of Hong Kong's economy averaged 2.6% in real terms, lower than our average trend growth rate of 3.8% in the decade before the crisis.

For the medium term, the average annual growth rate is forecast to be 3.5% in real terms from 2016 to 2019, and the underlying inflation rate will average 3%.

I forecast an annual surplus in the Operating Account and an annual deficit in the Capital Account in the four years from 2016-2017. But a surplus is expected in the Consolidated Account in all years.

Fiscal reserves are estimated at \$948.8 billion by end March 2020, representing 33.6% of GDP and equivalent to 22 months of government expenditure.

The medium range forecast is broadly in line with the trend projections of the Working Group. The ageing population will inevitably put mounting pressure on government expenditure and a shrinking workforce will slow down economic growth. We must remain vigilant, and take timely and resolute multi-pronged measures to avert the structural deficit problem.

Concluding Remarks

President, on 26 February 2014, less than an hour before the delivery of my last Budget Speech, an old friend of mine was assaulted on his way to work, suffering six chop wounds. This unthinkable violence is my abiding memory of the last Budget. I am glad to see him returning to work and a normal life after a year of treatment and rehabilitation.

This is my eighth Budget since I became Financial Secretary in 2007. Throughout these eight years, Hong Kong has remained economically stable and financially healthy despite global economic turbulence and financial market volatility.

Hong Kong's success has been built on our sound social system and shared values over the decades. People here have different opinions, different likes and dislikes, and different faiths. But, we can still live together harmoniously and our society can still operate effectively. However, events in recent years seem to have impacted on the system and common values. This is huge concern to me.

It is perfectly normal to have dissenting voices and controversies in a diversified and pluralistic society such as Hong Kong. What really matters is to remain objective, rational and pragmatic in handling disagreements. Regrettably, the extremes of stance means that the social bickering of recent years has not led to any solutions to our problems. I am never afraid of an argument or debate as long as they are constructive. If not, then we are just wasting our time without doing any good for Hong Kong.

A psychologist once said, "For our chronically and extremely hungry man, Utopia can be defined very simply as a place where there is plenty of food. ... Freedom, love, ... respect, ... may all be waved aside as fripperies which are useless since they fail to fill the stomach."

Having developed for more than a century, Hong Kong ranks in the top tier globally for its economic success. However, behind and beyond material fulfillment, the people of this city, our younger generations in particular, are hungering for spiritual contentment. This is what a mature society should manifest, and this is a change that needs to be addressed and dealt with. Nonetheless, conflicts should be resolved through conversation rather than confrontation, and this is the point that we all must come to terms with.

As the saying goes, "Walnuts and pears you plant for your heirs." The Hong Kong we see today is the result of the exertion of past generations who brought forth good fruit for us to try and thrive on. As for the future, much of the onus will rest with our younger generations who will not just enjoy the good fruit but will work hard for tomorrow's harvest. I hope that they can continue to sow the seeds, plough the land and plant the trees so their future generations can enjoy the fruits of their labour. Our vision is to make this city a better place with a brighter future for everyone where our legend lives on.

Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Appropriation Bill 2015 be read the Second time.

In accordance with the Rules of Procedure, the debate on the Second Reading of the Appropriation Bill 2015 is now adjourned, and the Estimates are referred to the Finance Committee for examination before the debate on the Bill resumes.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions.

Six proposed resolutions under the Interpretation and General Clauses Ordinance in relation to the extension of the period for amending subsidiary legislation.

First motion: To extend the period for amending the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Amendment of Schedule 2) Notice 2015, which was laid on the table of this Council on 28 January 2015.

I now call upon Mr CHAN Kam-lam to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR CHAN KAM-LAM (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

At the House Committee meeting on 30 January 2015, members decided to form a Subcommittee for the purpose of studying the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Amendment of Schedule 2) Notice 2015. With a view to allowing the Subcommittee sufficient time for reporting to the House Committee on its deliberations, I move on behalf of the Subcommittee that the deadline for scrutinizing the above subsidiary legislation be extended to 18 March 2015.

I urge Members to support the motion.

Mr CHAN Kam-lam moved the following motion:

"RESOLVED that in relation to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Amendment of Schedule 2) Notice 2015, published in the Gazette as Legal Notice No. 16 of 2015, and laid on the table of the Legislative Council on 28 January 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 18 March 2015."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr CHAN Kam-lam be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Second motion: To extend the period for amending the Dutiable Commodities (Liquor) (Amendment) Regulation 2015 and the Dutiable Commodities (Liquor Licences) (Fees) (Amendment) Regulation 2015, which were laid on the table of this Council on 4 February 2015.

I now call upon Mr Tommy CHEUNG to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR TOMMY CHEUNG (in Cantonese): President, in my capacity as Chairman of the Subcommittee, I move the motion under my name as printed on the Agenda.

At the House Committee meeting on 6 February 2015, Members decided to form a Subcommittee to scrutinize the Dutiable Commodities (Liquor) (Amendment) Regulation 2015 and Dutiable Commodities (Liquor Licences) (Fees) (Amendment) Regulation 2015, which was laid on the table of this Council on 30 January 2015. Members agreed that I should move a motion to extend the scrutiny period of the two pieces of subsidiary legislation to the meeting of this Council on 25 March 2015, so as to allow sufficient time for scrutiny of the subsidiary legislation concerned by the Subcommittee.

President, I urge Members to support the motion.

Mr Tommy CHEUNG moved the following motion:

"RESOLVED that in relation to the —

- (a) Dutiable Commodities (Liquor) (Amendment) Regulation 2015, published in the Gazette as Legal Notice No. 20 of 2015; and
- (b) Dutiable Commodities (Liquor Licences) (Fees) (Amendment) Regulation 2015, published in the Gazette as Legal Notice No. 21 of 2015,

and laid on the table of the Legislative Council on 4 February 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 25 March 2015."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Tommy CHEUNG be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Third motion: To extend the period for amending the Registration of Copyright Licensing Bodies (Amendment) Regulation 2015, the Trade Marks (Amendment) Rules 2015 and the Registered Designs (Amendment) Rules 2015, which were laid on the table of this Council on 4 February 2015.

I now call upon Mr Charles Peter MOK to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR CHARLES PETER MOK (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Registration of Copyright Licensing Bodies (Amendment) Regulation 2015, Trade Marks (Amendment) Rules 2015 and Registered Designs (Amendment) Rules 2015, I move the motion as printed on the Agenda.

At the House Committee meeting on 6 February 2015, members agreed to form a subcommittee to study the above rules and regulation. As time is needed

to prepare the Subcommittee's report on its scrutiny work, I call upon Members to support the motion that the period for scrutinizing the said regulations be extended to 25 March 2015.

President, I urge Members to support this motion.

Mr Charles Peter MOK moved the following motion:

"RESOLVED that in relation to the —

- (a) Registration of Copyright Licensing Bodies (Amendment) Regulation 2015, published in the Gazette as Legal Notice No. 24 of 2015;
- (b) Trade Marks (Amendment) Rules 2015, published in the Gazette as Legal Notice No. 25 of 2015; and
- (c) Registered Designs (Amendment) Rules 2015, published in the Gazette as Legal Notice No. 26 of 2015,

and laid on the table of the Legislative Council on 4 February 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 25 March 2015."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Charles Peter MOK be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Fourth motion: To extend the period for amending the Port Control (Public Cargo Working Area) Order 2015, which was laid on the table of this Council on 4 February 2015.

I now call upon Mr IP Kwok-him to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR IP KWOK-HIM (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Port Control (Public Cargo Working Area) Order 2015, I move that the motion, as printed under my name on the Agenda, be passed.

As the Subcommittee needs more time for scrutiny, I urge Members to support the motion on extending the period for scrutinizing the subsidiary legislation to 25 March 2015.

President, I urge Members to support the motion.

Mr IP Kwok-him moved the following motion:

"RESOLVED that in relation to the Port Control (Public Cargo Working Area) Order 2015, published in the Gazette as Legal Notice No. 28 of 2015, and laid on the table of the Legislative Council on 4 February 2015, the period for amending subsidiary legislation

referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 25 March 2015."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr IP Kwok-him be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Fifth motion: To extend the period for amending the Allowances to Jurors (Amendment) Order 2015, which was laid on the table of this Council on 11 February 2015.

I now call upon Mr Andrew LEUNG to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR ANDREW LEUNG (in Cantonese): President, as Members considered it necessary to form a subcommittee to study the Allowances to Jurors (Amendment) Order 2015, I, in my capacity as Chairman of the House Committee, move the motion as printed on the Agenda to extend the scrutiny period of the Order to the meeting of this Council on 15 April 2015, so as to allow sufficient time for scrutiny by the Subcommittee.

I urge Members to support the motion.

Mr Andrew LEUNG moved the following motion:

"RESOLVED that in relation to the Allowances to Jurors (Amendment) Order 2015, published in the Gazette as Legal Notice No. 29 of 2015, and laid on the table of the Legislative Council on 11 February 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 15 April 2015."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LEUNG be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Sixth motion: To extend the period for amending the Pharmacy and Poisons (Amendment) Ordinance 2015 (Commencement) Notice, which was laid on the table of this Council on 11 February 2015.

I again call upon Mr Andrew LEUNG to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR ANDREW LEUNG (in Cantonese): President, as some members considered it necessary to form a subcommittee to study the Pharmacy and Poisons (Amendment) Ordinance 2015 (Commencement) Notice, in my capacity as Chairman of the House Committee, I move the motion as printed on the Agenda that the period for scrutinizing the Notice be extended to the Legislative Council meeting of 15 April 2015, so as to allow members sufficient time for scrutiny.

I urge Members to support the motion.

Mr Andrew LEUNG moved the following motion:

"RESOLVED that in relation to the Pharmacy and Poisons (Amendment) Ordinance 2015 (Commencement) Notice, published in the Gazette as Legal Notice No. 30 of 2015, and laid on the table of the Legislative Council on 11 February 2015, the period for amending subsidiary legislation referred to in section 34(2) of the

Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 15 April 2015."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LEUNG be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday 18 March 2015.

Adjourned accordingly at 12.29 pm.

EFFECT OF RATES CONCESSION ON MAIN PROPERTY CLASSES

2015-16

<i>Property Type</i>	<i>No Concession⁽⁶⁾</i>		<i>With Rates Concession⁽⁷⁾</i>	
	<i>Average Rates Payable (\$ for the year)</i>	<i>Average Rates Payable (\$ per month)</i>	<i>Average Rates Payable (\$ for the year)</i>	<i>Average Rates Payable (\$ per month)</i>
Private Domestic Premises ⁽¹⁾				
Small	5,484	457	2,808	234
Medium	12,084	1,007	7,644	637
Large	27,684	2,307	22,956	1,913
Public Domestic Premises ⁽²⁾	2,772	231	1,380	115
All Domestic Premises⁽³⁾	5,520	460	3,228	269
Shops and Commercial Premises	41,712	3,476	37,848	3,154
Offices	45,444	3,787	41,328	3,444
Industrial Premises ⁽⁴⁾	14,652	1,221	11,316	943
All Non-domestic Premises⁽⁵⁾	36,540	3,045	33,276	2,773
All Properties	9,528	794	7,104	592

- (1) Domestic units are classified by saleable areas, as follows –
- | | | |
|--------|--|---|
| Small | up to 69.9m ² | (up to 752 ft ²) |
| Medium | 70m ² to 99.9m ² | (753 ft ² to 1 075 ft ²) |
| Large | 100m ² and over | (1 076 ft ² and over) |
- (2) Including Housing Authority and Housing Society rental units.
- (3) Including car parking spaces in domestic premises.
- (4) Including factories and storage premises.
- (5) Including miscellaneous premises such as hotels, cinemas, petrol filling stations, schools and car parking spaces in non-domestic premises.
- (6) The rates payable have reflected the changes in rateable values for 2015-16 after the General Revaluation.
- (7) The proposed rates concession is capped at \$2,500 per quarter for the first two quarters of 2015-16.

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

	<i>Present</i> (\$)	<i>Proposed</i> (\$)	<i>Increase</i> (\$) (%)	
Personal Allowances:				
Basic	120,000	120,000	—	—
Married	240,000	240,000	—	—
Single Parent	120,000	120,000	—	—
Other Allowances:				
Child:				
1st to 9th child				
Year of birth	140,000	200,000	60,000	43
Other years	70,000	100,000	30,000	43
Dependent Parent/Grandparent:				
Aged 60 or above				
Basic	40,000	40,000	—	—
Additional allowance (for a dependant living with the taxpayer)	40,000	40,000	—	—
Aged 55 to 59				
Basic	20,000	20,000	—	—
Additional allowance (for a dependant living with the taxpayer)	20,000	20,000	—	—
Dependent Brother/Sister	33,000	33,000	—	—
Disabled Dependant	66,000	66,000	—	—
Deduction Ceiling:				
Self-Education Expenses	80,000	80,000	—	—
Home Loan Interest (Number of years of deduction)	100,000 (15 years of assessment)	100,000 (15 years of assessment)	—	—
Approved Charitable Donations	35% of income	35% of income	—	—
Elderly Residential Care Expenses	80,000	80,000	—	—
Contributions to Recognised Retirement Schemes	18,000	18,000	—	—

**EFFECT OF THE PROPOSED
ONE-OFF REDUCTION OF SALARIES TAX,
TAX UNDER PERSONAL ASSESSMENT AND PROFITS TAX**

Salaries tax and tax under personal assessment-
75% tax reduction subject to a cap at \$20,000 per case

Income in 2014-15	No. of taxpayers	Average amount of tax reduction	Average % of tax reduced
\$120,001 to \$200,000	424 000	\$710	75%
\$200,001 to \$300,000	422 000	\$3,810	75%
\$300,001 to \$400,000	299 000	\$8,470	73%
\$400,001 to \$600,000	334 000	\$14,160	55%
\$600,001 to \$900,000	177 000	\$19,130	31%
Above \$900,000	164 000	\$20,000	7%
Total	1 820 000	—	—

Profits tax-
75% tax reduction subject to a cap at \$20,000 per case

Profits in 2014-15	No. of businesses#	Average amount of tax reduction	Average % of tax reduced
\$100,000 and below	42 000	\$4,540	75%
\$100,001 to \$200,000	17 000	\$17,000	72%
\$200,001 to \$300,000	10 000	\$20,000	50%
\$300,001 to \$400,000	7 000	\$20,000	35%
\$400,001 to \$600,000	9 000	\$20,000	25%
\$600,001 to \$900,000	8 000	\$20,000	17%
Above \$900,000	36 000	\$20,000	1%
Total	129 000	—	—

Including 99 000 corporations and 30 000 unincorporated businesses.

*Supplement***ECONOMIC PERFORMANCE IN 2014**

1. Estimated rates of change in the Gross Domestic Product and its expenditure components and in the main price indicators in 2014:

	(%)
(a) Growth rates in real terms of:	
Private consumption expenditure	2.7
Government consumption expenditure	3.1
Gross domestic fixed capital formation	-0.3
<i>of which :</i>	
Building and construction	6.5
Machinery, equipment and intellectual property products	-5.2
Total exports of goods	1.0
Imports of goods	1.0
Exports of services	0.5
Imports of services	1.9
Gross Domestic Product (GDP)	2.3
<i>Per capita GDP in real terms</i>	1.6
<i>Per capita GDP at current market prices</i>	HK\$310,100 (US\$40,000)
(b) Rates of change in:	
Underlying Composite Consumer Price Index	3.5
GDP Deflator	3.0
Government Consumption Expenditure Deflator	4.6
(c) Growth rate of nominal GDP	5.3

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

	<i>Re-exports</i> (%)	<i>Domestic exports</i> (%)
2012	0	-13
2013	3	-9
2014	2	5
<i>Share in the value of total exports of goods in 2014</i>	98	2

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

	<i>Retained imports</i>					
	<i>Total</i> (%)	<i>Consumer goods</i> (%)	<i>Foodstuffs</i> (%)	<i>Capital goods</i> (%)	<i>Raw materials and semi-manufactures</i> (%)	<i>Fuels</i> (%)
2012	4	6	2	22	-6	-7
2013	6	3	9	22	-3	0
2014	5	8	5	-7	13	-6

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

	<i>Retained imports of capital goods</i>				
	<i>Total</i> (%)	<i>Office equipment</i> (%)	<i>Industrial machinery</i> (%)	<i>Construction machinery</i> (%)	<i>Telecommunications equipment</i> (%)
2012	22	22	-26	-26	100
2013	22	9	-24	57	52
2014	-7	-69	28	-9	15

Supplement

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

	<i>Exports of services</i>				
	<i>Total</i>	<i>Trade-related</i>	<i>Transportation</i>	<i>Travel</i>	<i>Finance, insurance, business and other services</i>
	(%)	(%)	(%)	(%)	(%)
2012	2	1	-4	10	3
2013	5	1	-2	18	2
2014	0	1	2	-3	1

6. Hong Kong's visible and invisible trade balance in 2014 reckoned on GDP basis ^(Note 1):

	(HK\$ billion)
Total exports of goods	3,878.6
Imports of goods	4,471.8
<i>Visible trade balance</i>	-593.2
Exports of services	1,076.9
Imports of services	481.2
<i>Invisible trade balance</i>	595.7
<i>Combined visible and invisible trade balance</i>	2.6

Note 1 Preliminary figures.

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

	<i>Unemployment rate (%)</i>	<i>Underemployment rate (%)</i>	<i>Growth in labour force (%)</i>	<i>Growth in total employment (%)</i>
2012	3.3	1.5	2.2	2.4
2013	3.4	1.5	1.9	1.8
2014	3.2	1.5	0.7	0.9

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

	<i>Composite CPI</i>		<i>CPI(A)</i>	<i>CPI(B)</i>	<i>CPI(C)</i>
	<i>Headline (%)</i>	<i>Underlying (%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
2012	4.1	4.7	3.6	4.3	4.1
2013	4.3	4.0	5.1	4.1	3.8
2014	4.4	3.5	5.6	4.2	3.5

*Supplement***ECONOMIC PROSPECTS FOR 2015**

Forecast rates of change in the Gross Domestic Product and prices in 2015:

	(%)
Gross Domestic Product (GDP)	
<i>Real GDP</i>	1 to 3
<i>Nominal GDP</i>	2.5 to 4.5
<i>Per capita GDP in real terms</i>	0.2 to 2.1
<i>Per capita GDP at current market prices</i>	HK\$315,200-321,400 (US\$40,400-41,200)
Composite Consumer Price Index	
<i>Headline Composite Consumer Price Index</i>	3.5
<i>Underlying Composite Consumer Price Index</i>	3
GDP Deflator	1.5

Appendix A

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SECTION I FORECASTING ASSUMPTIONS AND BUDGETARY CRITERIA

1 The Medium Range Forecast (MRF) is a fiscal planning tool. It sets out the high-level forecast of government expenditure and revenue covering the five-year period including the budget year, i.e. from 2015-16 to 2019-20.

2 A wide range of assumptions underlying the factors affecting Government's revenue and expenditure are used to derive the MRF. Some assumptions are economic in nature (the general economic assumptions) while others deal with specific areas of Government's activities (other assumptions).

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

3 GDP is forecast to increase by 1% to 3% in real terms in 2015. We have used the mid-point of this range forecast in deriving the MRF. For planning purposes, in the four-year period 2016 to 2019, the trend growth rate of the economy in real terms is assumed to be 3.5% per annum.

Price change

4 The GDP deflator, measuring overall price change in the economy, is forecast to increase by 1.5% in 2015. For the four-year period 2016 to 2019, the GDP deflator is assumed to increase at a trend rate of 1.5% per annum.

5 The Composite Consumer Price Index (CCPI), measuring inflation in the consumer domain, is forecast to increase by 3.5% in 2015. Netting out the effects of various one-off relief measures, the underlying CCPI is forecast to increase by 3% in 2015. For the ensuing period 2016 to 2019, the trend rate of increase for the underlying CCPI is assumed to be 3% per annum.

Nominal Gross Domestic Product (nominal GDP)

6 Given the assumptions on the rates of change in the real GDP and the GDP deflator, the GDP in nominal terms is forecast to increase by 2.5% to 4.5% in 2015, and the trend growth rate in nominal terms for the period 2016 to 2019 is assumed to be 5% per annum.

Other Assumptions

7 Other assumptions on expenditure and revenue patterns over the forecast period are as follows –

- The operating expenditure for 2016-17 and beyond represents the expenditure guideline only, assuming operating expenditure would grow in line with nominal GDP.
- The capital expenditure for 2015-16 and beyond reflects the estimated cash flow requirements for capital projects including approved capital works projects and those at an advanced stage of planning.
- The revenue projections for 2016-17 and beyond basically reflect the relevant trend yields.

Budgetary Criteria

8 Article 107 of the Basic Law stipulates that “*The Hong Kong Special Administrative Region shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product.*”

9 Article 108 of the Basic Law stipulates that “... *The Hong Kong Special Administrative Region shall, taking the low tax policy previously pursued in Hong Kong as reference, enact laws on its own concerning types of taxes, tax rates, tax reductions, allowances and exemptions, and other matters of taxation.*”

10 For the purpose of preparing the MRF, the following criteria are also relevant –

— Budget surplus/deficit

The Government aims to achieve a balance in the consolidated and operating accounts. The Government aims, over time, to achieve an operating surplus to partially finance capital expenditure.

— Expenditure policy

The general principle is that, over time, the growth rate of expenditure should not exceed the growth rate of the economy. The Government aims to keep public expenditure at or below 20% of GDP.

— Revenue policy

The Government aims to maintain, over time, the real yield from revenue.

— Fiscal reserves

The Government aims to maintain adequate reserves in the long run.

Appendix A—Contd.

SECTION II MEDIUM RANGE FORECAST

11 The financial position of the Government for the current MRF period (*Note (a)*) is summarised below –

Table 1

(\$ million)	2014-15 Revised Estimate	2015-16 Estimate	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
Operating Account						
Operating revenue (<i>Note (b)</i>)	390,189	392,586	426,019	433,509	466,747	490,107
Less: Operating expenditure (<i>Note (c)</i>)	317,678	354,300	379,600	397,300	410,900	410,400
Operating surplus	72,511	38,286	46,419	36,209	55,847	79,707
Capital Account						
Capital revenue (<i>Note (d)</i>)	80,489	84,995	75,721	77,758	82,086	85,483
Less: Capital expenditure (<i>Note (e)</i>)	79,462	86,527	105,048	110,321	115,911	114,000
Capital surplus/(deficit)	1,027	(1,532)	(29,327)	(32,563)	(33,825)	(28,517)
Consolidated Account						
Government revenue	470,678	477,581	501,740	511,267	548,833	575,590
Less: Government expenditure	397,140	440,827	484,648	507,621	526,811	524,400
Consolidated surplus before repayment of bonds and notes	73,538	36,754	17,092	3,646	22,022	51,190
Less: Repayment of bonds and notes (<i>Note (f)</i>)	9,688	-	-	-	-	1,500
Consolidated surplus after repayment of bonds and notes	63,850	36,754	17,092	3,646	22,022	49,690
Fiscal reserves at 31 March	819,567	856,321	873,413	877,059	899,081	948,771
In terms of number of months of government expenditure	25	23	22	21	20	22
In terms of percentage of GDP	36.5%	36.8%	35.8%	34.2%	33.4%	33.6%
Being balance held in –						
General Revenue Account	473,774	496,831				
Funds with designated use	126,063	127,675				
Capital Works Reserve Fund	72,203	71,126				
Capital Investment Fund	1,499	1,636				
Civil Service Pension Reserve Fund	27,029	28,617				
Disaster Relief Fund	18	50				
Innovation and Technology Fund	971	2				
Loan Fund	2,626	2,860				
Lotteries Fund	21,717	23,384				
Land Fund	219,730	231,815				
	819,567	856,321				

Appendix A—Contd.

Notes –

(a) Accounting policies

- (i) The MRF is prepared on a cash basis and reflects forecast receipts and payments, whether they relate to operating or capital transactions.
- (ii) The MRF includes the General Revenue Account and eight Funds (Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund). It does not include the Bond Fund which is managed separately and the balance of which does not form part of the fiscal reserves.

(b) Operating revenue

- (i) The operating revenue takes into account the revenue measures proposed in the 2015-16 Budget, and is made up of –

(\$ million)	2014-15 Revised Estimate	2015-16 Estimate	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
Operating revenue before investment income	389,978	355,085	393,442	400,854	427,180	452,527
Investment income	211	37,501	32,577	32,655	39,567	37,580
Total	390,189	392,586	426,019	433,509	466,747	490,107

- (ii) Investment income under the Operating Account includes investment income of the General Revenue Account which is credited to revenue head Properties and Investments, and investment income of the Land Fund. The rate of investment return is 5.5% for 2015 (vs 3.6% for 2014) and is assumed to be in the range of 4.3% to 5% a year for 2016 to 2019.
- (iii) The investment income for 2014-15 includes investment income from cash balances but excludes investment income placed with the Exchange Fund for 2014. The latter, which stood at \$22,748,856,000, along with the investment income under the Capital Account, has been set aside and retained within the Exchange Fund for the Housing Reserve (Note d(iv) is also relevant).

(c) Operating expenditure

- (i) This represents expenditure charged to the Operating Account of the General Revenue Account. The operating expenditure for 2016-17 to 2019-20 assumes a 5% growth per annum, in line with the latest GDP forecast in nominal terms. This would be the expenditure guideline for the purpose of containing Government's expenditure growth. The figures for 2016-17 and beyond do not represent the spending needs of departments; unless otherwise flagged up, they do not reflect the impact of population ageing, policy changes or service enhancements.
- (ii) The provisions for 2015-16 and 2018-19 include \$10 billion and \$20 billion respectively for supporting healthcare reform. A total of \$50 billion has been earmarked for better retirement protection for the elderly in need, with \$25 billion provided in each of 2016-17 and 2017-18.

Appendix A—Contd.

(d) *Capital revenue*

(i) The breakdown of capital revenue is –

(\$ million)	2014-15 Revised Estimate	2015-16 Estimate	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
General Revenue Account	1,873	2,903	642	627	1,697	1,693
Capital Investment Fund	1,517	1,044	1,079	1,046	1,068	1,072
Capital Works Reserve Fund	73,380	70,025	64,578	67,808	71,549	75,498
Disaster Relief Fund	2	-	-	-	-	-
Innovation and Technology Fund	40	8	-	-	-	-
Loan Fund	2,137	2,216	2,391	2,589	2,628	2,704
Lotteries Fund	1,384	1,384	1,445	1,509	1,576	1,647
Capital revenue before asset sales and investment income	80,333	77,580	70,135	73,579	78,518	82,614
Asset sales	153	216	223	223	223	223
Investment income	3	7,199	5,363	3,956	3,345	2,646
Total	80,489	84,995	75,721	77,758	82,086	85,483

(ii) Land premium included under the Capital Works Reserve Fund for 2015-16 is assumed to be \$70 billion. For 2016-17 onwards, it is assumed to be 2.7% of GDP.

(iii) Investment income under the Capital Account includes investment income of the Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund.

(iv) The investment income for 2014-15 includes investment income from cash balances but excludes investment income placed with the Exchange Fund. The latter, which stood at \$4,738,564,000, along with the investment income under the Operating Account, has been set aside and retained within the Exchange Fund for the Housing Reserve (Note b(iii) above is also relevant).

(e) *Capital expenditure*

The breakdown of capital expenditure is –

(\$ million)	2014-15 Revised Estimate	2015-16 Estimate	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
General Revenue Account	2,912	3,917	4,423	4,565	4,708	4,851
Capital Investment Fund	12	18	2,154	410	268	268
Capital Works Reserve Fund	71,264	75,373	89,288	97,010	103,980	103,818
Disaster Relief Fund	44	-	-	-	-	-
Innovation and Technology Fund	882	1,014	1,065	1,101	1,135	1,178
Loan Fund	3,508	5,286	4,946	4,150	3,387	2,706
Lotteries Fund	840	919	3,172	3,085	2,433	1,179
Total	79,462	86,527	105,048	110,321	115,911	114,000

(f) *Repayment of bonds and notes*

Repayment of bonds and notes is only in respect of the global bond issue in 2004. The outstanding principal of \$1,500 million would be fully repaid in 2019-20.

Appendix A—Contd.

SECTION III RELATIONSHIP BETWEEN GOVERNMENT EXPENDITURE/PUBLIC EXPENDITURE AND GDP IN THE MEDIUM RANGE FORECAST

12 For monitoring purposes, expenditure of the Trading Funds and the Housing Authority (collectively referred to as “other public bodies” in this Appendix) is added to government expenditure in order to compare public expenditure with GDP.

Government Expenditure and Public Expenditure
in the Context of the Economy

Table 2

(\$ million)	2014-15 Revised Estimate	2015-16 Estimate	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
Operating expenditure	317,678	354,300	379,600	397,300	410,900	410,400
Capital expenditure	79,462	86,527	105,048	110,321	115,911	114,000
Government expenditure	397,140	440,827	484,648	507,621	526,811	524,400
Other public bodies expenditure	28,864	33,336	37,328	40,693	45,073	47,193
Public expenditure (Note (a))	426,004	474,163	521,976	548,314	571,884	571,593
Gross Domestic Product (calendar year)	2,245,747	2,324,300	2,440,600	2,562,600	2,690,700	2,825,300
Nominal growth in GDP (Note (b))	5.3%	3.5%	5.0%	5.0%	5.0%	5.0%
Growth in government expenditure (Note (c))	-8.4%	11.0%	9.9%	4.7%	3.8%	-0.5%
Growth in public expenditure (Note (c))	-6.9%	11.3%	10.1%	5.0%	4.3%	-0.1%
Public expenditure in terms of percentage of GDP	19.0%	20.4%	21.4%	21.4%	21.3%	20.2%

Notes –

- (a) Public expenditure comprises government expenditure and expenditure by other public bodies. It does not include expenditure by those organisations, including statutory organisations in which the Government has only an equity position, such as the Airport Authority and the MTR Corporation Limited.
- (b) For 2015-16, the nominal GDP growth of 3.5% represents the mid-point of the range forecast of 2.5% to 4.5% for the calendar year 2015.
- (c) The growth rates refer to year-on-year change. For example, the rates for 2014-15 refer to the change between revised estimate for 2014-15 and actual expenditure in 2013-14. The rates for 2015-16 refer to the change between the 2015-16 estimate and the 2014-15 revised estimate, and so forth.

13 Table 3 shows the relationship amongst the sum to be appropriated in the 2015-16 Budget, government expenditure and public expenditure.

**Relationship between Government Expenditure
and Public Expenditure in 2015-16**

Table 3

(\$ million)	Appropriation	Government expenditure and revenue			Public expenditure
		Operating	Capital	Total	
Expenditure					
General Revenue Account					
Operating					
Recurrent	324,584	324,584	-	324,584	324,584
Non-recurrent	29,716	29,716	-	29,716	29,716
Capital					
Plant, equipment and works	2,288	-	2,288	2,288	2,288
Subventions	1,629	-	1,629	1,629	1,629
	358,217	354,300	3,917	358,217	358,217
Transfer to Funds	3,130	-	-	-	-
Capital Investment Fund	-	-	18	18	18
Capital Works Reserve Fund	-	-	75,373	75,373	75,373
Innovation and Technology Fund	-	-	1,014	1,014	1,014
Loan Fund	-	-	5,286	5,286	5,286
Lotteries Fund	-	-	919	919	919
Trading Funds	-	-	-	-	5,189
Housing Authority	-	-	-	-	28,147
	361,347	354,300	86,527	440,827	474,163
Revenue					
General Revenue Account					
Taxation		319,747	70	319,817	
Other revenue		60,754	2,833	63,587	
		380,501	2,903	383,404	
Land Fund		12,085	-	12,085	
		392,586	2,903	395,489	
Capital Investment Fund		-	1,155	1,155	
Capital Works Reserve Fund		-	74,296	74,296	
Civil Service Pension Reserve Fund		-	1,488	1,488	
Disaster Relief Fund		-	2	2	
Innovation and Technology Fund		-	45	45	
Loan Fund		-	2,520	2,520	
Lotteries Fund		-	2,586	2,586	
		392,586	84,995	477,581	
Surplus/(Deficit)		38,286	(1,532)	36,754	

Appendix A—Contd.

SECTION IV CONTINGENT AND MAJOR UNFUNDED LIABILITIES

14 The Government's contingent liabilities as at 31 March 2014, 31 March 2015 and 31 March 2016, are provided below as supplementary information to the MRF –

(\$ million)	2014	At 31 March 2015	2016
Guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance	31,397	31,902	34,332
Guarantees provided under the SME Financing Guarantee Scheme – Special Concessionary Measures	26,531	27,504	25,967
Legal claims, disputes and proceedings	6,364	7,713	7,804
Possible capital subscriptions to the Asian Development Bank	6,577	6,172	6,172
Guarantees provided under the SME Loan Guarantee Scheme	7,610	6,819	6,048
Guarantees provided under the Special Loan Guarantee Scheme	41,689	22,871	5,733
Guarantees provided under a commercial loan of the Hong Kong Science and Technology Parks Corporation	-	2,048	2,002
Guarantees provided under a commercial loan of the Ocean Park Corporation	1,388	1,388	1,388
Total	121,556	106,417	89,446

15 The Government's major unfunded liabilities as at 31 March 2014 were as follows –

(\$ million)	
Present value of statutory pension obligations	747,157
Untaken leave (<i>Note (a)</i>)	25,838
Government bonds and notes issued in 2004 (<i>Note (b)</i>)	11,250

Notes –

(a) The estimate for “untaken leave” gives an indication of the overall value of leave earned but not yet taken by serving public officers.

(b) Based on US\$1 = HK\$7.8

16 The estimated outstanding commitments of capital works projects as at 31 March 2014 and 31 March 2015 are \$338,174 million and \$296,074 million respectively. Part of these are contractual commitments.

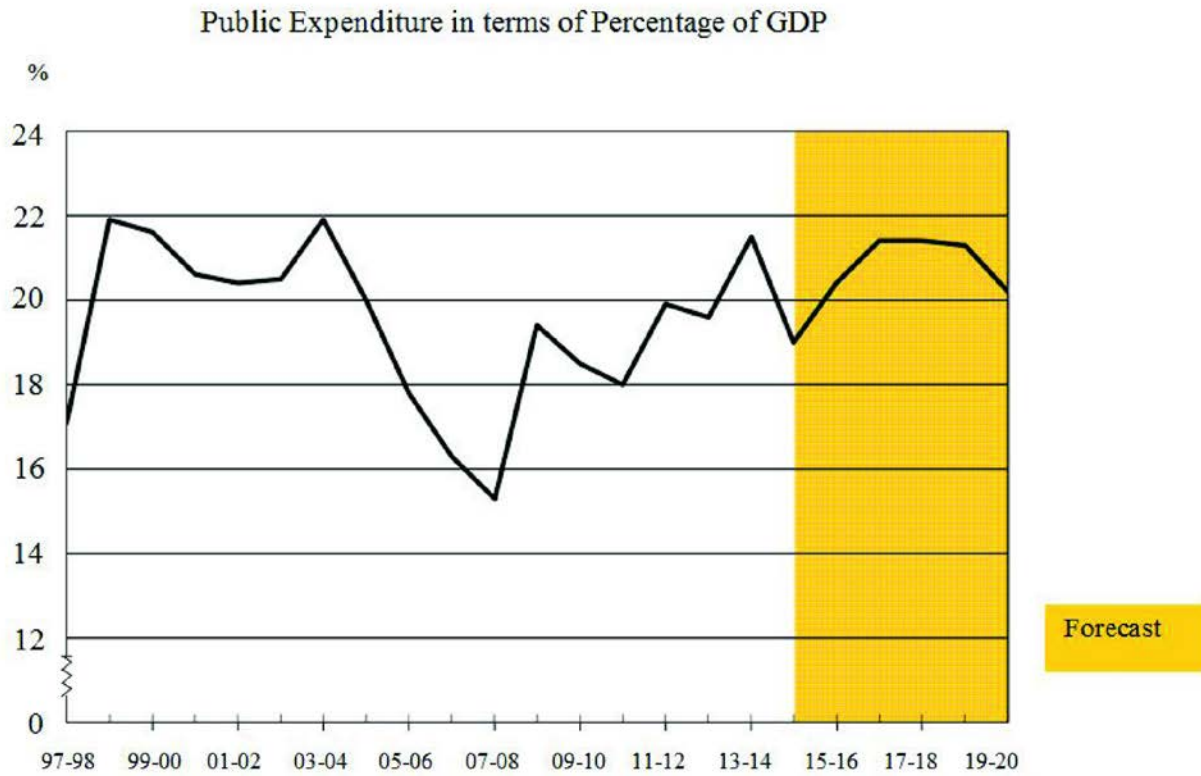
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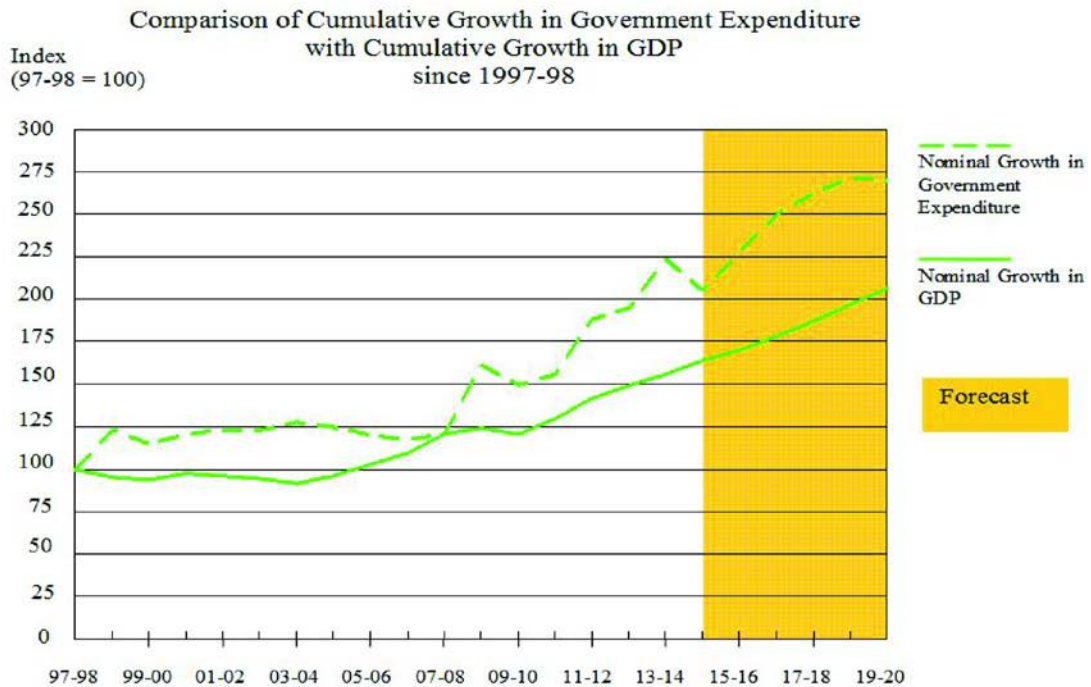
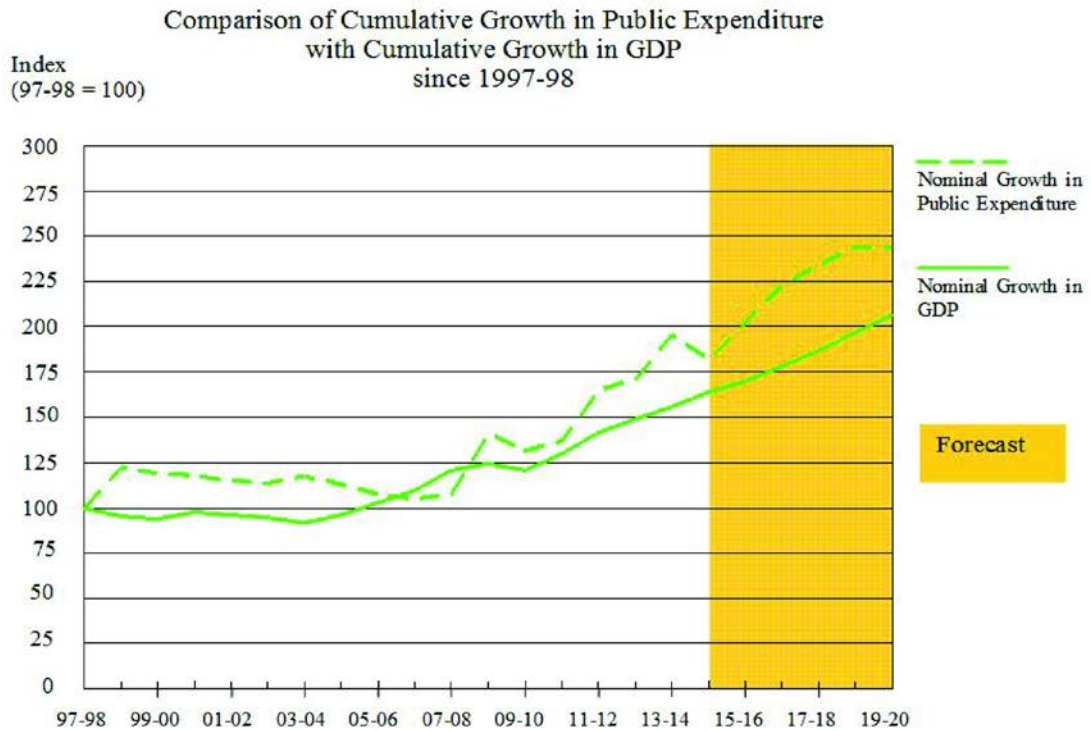
SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY**Relationship between Government Expenditure, Public Expenditure and GDP**

	2015-16 Estimate Sm
General Revenue Account	
Operating	354,300
Capital	3,917
	<hr/> 358,217
Capital Investment Fund	18
Capital Works Reserve Fund	75,373
Innovation and Technology Fund	1,014
Loan Fund	5,286
Lotteries Fund	919
	<hr/> 440,827
Government Expenditure	440,827
Trading Funds	5,189
Housing Authority	28,147
	<hr/> 474,163
Public Expenditure	474,163
	<hr/>
GDP	2,324,300
Public Expenditure in terms of percentage of GDP	20.4%

Appendix B—Contd.



Appendix B—Contd.



Appendix B—Contd.

**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Recurrent Public Expenditure : Year-on-Year Change

	2013-14 Actual \$m	2014-15 Revised Estimate \$m	2015-16 Estimate \$m	Increase/Decrease over 2014-15 Revised Estimate in Nominal Terms %	in Real Terms %
Education	63,458	68,157	71,380	4.7	4.3
Social Welfare	51,635	54,530	59,733	9.5	5.7
Health	49,890	54,083	54,502	0.8	0.4
Security	32,942	35,640	36,605	2.7	2.4
Infrastructure	17,997	19,027	19,781	4.0	1.6
Economic	14,097	14,797	15,160	2.5	1.3
Environment and Food	11,669	12,879	13,900	7.9	7.0
Housing	11,554	12,858	13,523	5.2	3.3
Community and External Affairs	9,740	10,571	11,207	6.0	5.1
Support	37,593	41,310	46,945	13.6	11.8
	<u>300,575</u>	<u>323,852</u>	<u>342,736</u>	<u>5.8</u>	<u>4.4</u>

Nominal GDP growth in 2015

2.5% to 4.5%

Appendix B—Contd.

**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

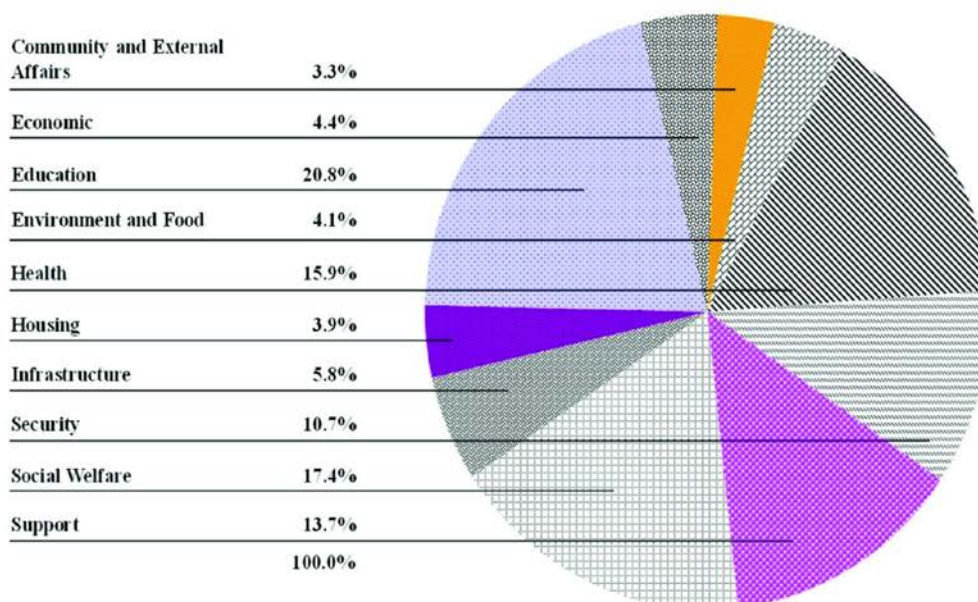
Recurrent Government Expenditure : Year-on-Year Change

	2013-14 Actual \$m	2014-15 Revised Estimate \$m	2015-16 Estimate \$m	Increase/Decrease over 2014-15 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	63,458	68,157	71,380	4.7	4.3
Social Welfare	51,635	54,530	59,733	9.5	5.7
Health	49,890	54,083	54,502	0.8	0.4
Security	32,942	35,640	36,605	2.7	2.4
Infrastructure	17,844	18,826	19,588	4.0	1.7
Economic	9,334	9,985	10,363	3.8	3.1
Environment and Food	11,669	12,879	13,900	7.9	7.0
Housing	284	352	361	2.6	2.6
Community and External Affairs	9,740	10,571	11,207	6.0	5.1
Support	37,593	41,310	46,945	13.6	11.8
	<u>284,389</u>	<u>306,333</u>	<u>324,584</u>	6.0	4.6

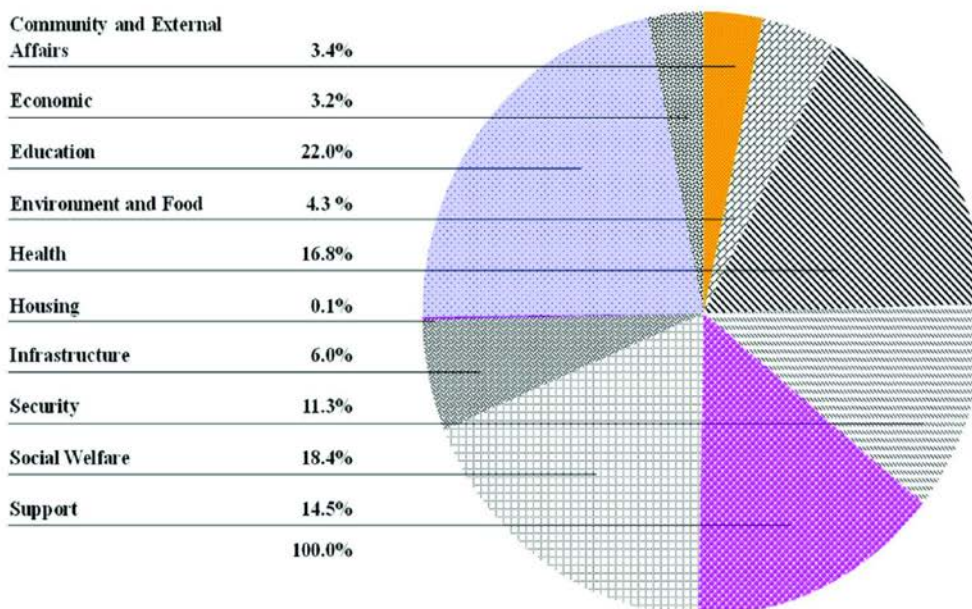
Nominal GDP growth in 2015

2.5% to 4.5%

**Percentage Share of Expenditure by Policy Area Group
Recurrent Public Expenditure : 2015-16 Estimate**



**Percentage Share of Expenditure by Policy Area Group
Recurrent Government Expenditure : 2015-16 Estimate**



Appendix B—Contd.

**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Total Public Expenditure : Year-on-Year Change

	2013-14 Actual \$m	2014-15 Revised Estimate \$m	2015-16 Estimate \$m	Increase/Decrease over 2014-15 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	76,392	74,112	79,329	7.0	6.4
Social Welfare	55,352	58,300	67,655	16.0	12.3
Health	67,602	57,526	70,558	22.7	21.9
Security	35,293	38,928	41,628	6.9	6.2
Infrastructure	73,723	73,866	76,330	3.3	-1.5
Economic	37,298	20,837	21,975	5.5	4.1
Environment and Food	23,762	21,618	23,750	9.9	7.7
Housing	21,268	25,134	29,806	18.6	14.3
Community and External Affairs	27,718	12,609	13,710	8.7	7.0
Support	38,938	43,074	49,422	14.7	12.9
	<u>457,346</u>	<u>426,004</u>	<u>474,163</u>	11.3	9.0

Nominal GDP growth in 2015

2.5% to 4.5%

Appendix B—Contd.

**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Total Government Expenditure : Year-on-Year Change

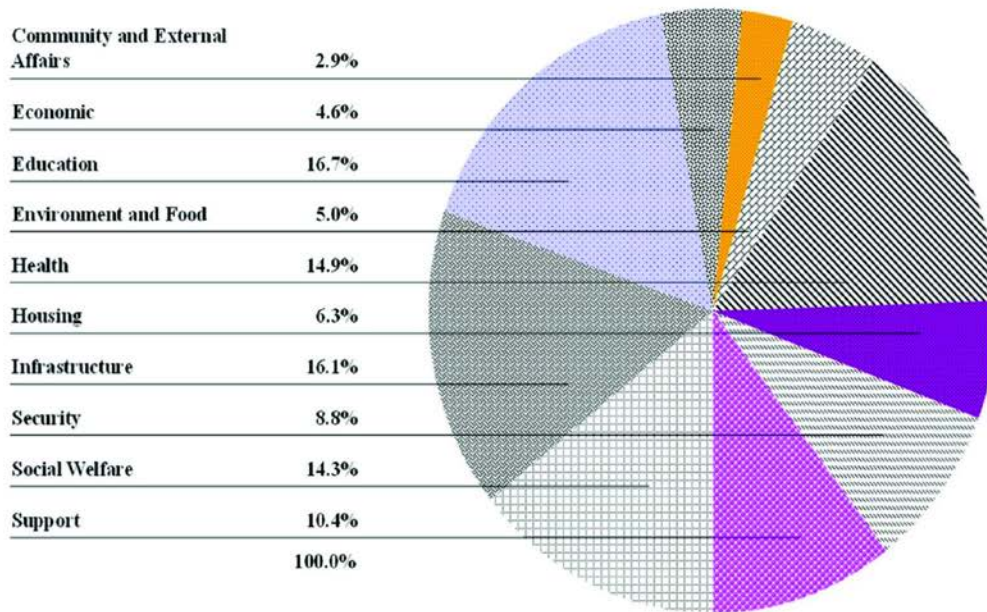
	2013-14 Actual \$m	2014-15 Revised Estimate \$m	2015-16 Estimate \$m	Increase/Decrease over 2014-15 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	76,392	74,112	79,329	7.0	6.4
Social Welfare	55,352	58,300	67,655	16.0	12.3
Health	67,602	57,526	70,558	22.7	21.9
Security	35,293	38,928	41,628	6.9	6.2
Infrastructure	73,564	73,654	76,126	3.4	-1.5
Economic	32,462	15,843	16,990	7.2	6.1
Environment and Food	23,762	21,618	23,750	9.9	7.7
Housing	2,460	1,476	1,659	12.4	11.8
Community and External Affairs	27,718	12,609	13,710	8.7	7.0
Support	38,938	43,074	49,422	14.7	12.9
	<u>433,543</u>	<u>397,140</u>	<u>440,827</u>	11.0	8.8

Nominal GDP growth in 2015

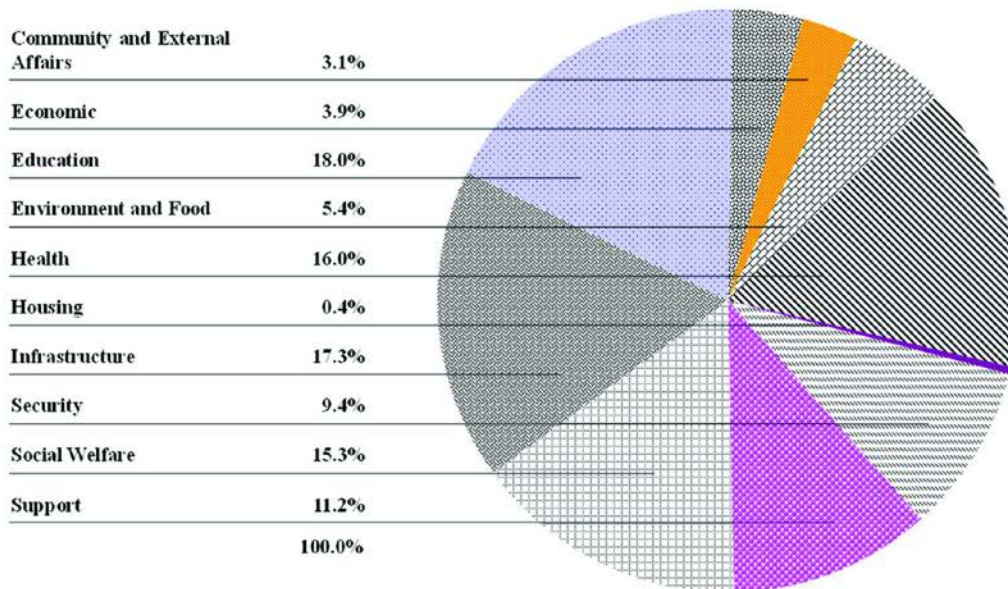
2.5% to 4.5%

Appendix B—Contd.

Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2015-16 Estimate



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2015-16 Estimate



Appendix B—Contd.

SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2015-16

Major capital projects estimated to begin in 2015-16 include –

	Project Estimates S billion
Infrastructure	20.5
— Demolition of buildings, structures and chimneys at Kennedy Town Comprehensive Development Area	
— Dualling of Hiram's Highway between Clear Water Bay Road and Marina Cove and improvement to local access to Ho Chung	
— Formation, roads and drains in Area 54, Tuen Mun—phase 2 stages 3 & 4A works	
— Infrastructure works for West Kowloon Cultural District, phase 1—construction (package one)	
— In-situ reprovisioning of Sha Tin water treatment works (South Works)—advance works	
— Integrated basement for West Kowloon Cultural District—design, site investigation and advance works	
— Kai Tak development—infrastructure works for developments at the southern part of the former runway	
— Public transport interchange and associated works at Kiu Cheong Road East, Ping Shan	
— Reprovisioning of Harcourt Road fresh water pumping station	
— Retrofitting of noise barriers on Tuen Mun Road (Town Centre Section)	
— 3 projects under Revitalisation Scheme	
Security	15.3
— Construction of rank and file quarters for Customs and Excise Department at Yau Yue Wan Village Road, Tseung Kwan O	
— Kowloon East Regional Headquarters and Operational Base-cum-Ngau Tau Kok Divisional Police Station	
— Liantang/Heung Yuen Wai Boundary Control Point and associated works—construction of boundary control point buildings and associated facilities	
— Redevelopment of Kwun Tong staff quarters at 4 Tseung Kwan O Road, Kowloon	
— Relocation of supporting operational facilities of Tsim Sha Tsui Fire Station Complex	
Environment and Food	11
— Development of waste electrical and electronic equipment treatment and recycling facility	
— Provision of a columbarium and garden of remembrance at Tsang Tsui, Tuen Mun	
— Reprovisioning of Food and Environmental Hygiene Department Sai Yee Street Environmental Hygiene Offices-cum-vehicle depot at Yen Ming Road, West Kowloon Reclamation Area	
— Shek Wu Hui sewage treatment works—further expansion phase 1A—advance works, consultants' fees and investigation	
— Southeast New Territories landfill extension	
— Tuen Mun sewerage—Castle Peak Road trunk sewer and Tuen Mun village sewerage	
— Upgrading of San Wai sewage treatment works—phase 1	
Community and External Affairs	8.5
— Construction of the East Kowloon Cultural Centre	
— Cycle tracks connecting North West New Territories with North East New Territories—Tuen Mun to Sheung Shui section (Remaining)	
— Expansion and renovation of the Hong Kong Museum of Art	
— Government Complex in Area 14 (Siu Lun), Tuen Mun	
— Sports centre in Area 24D, Sha Tin	
— 14 projects under Signature Project Scheme	

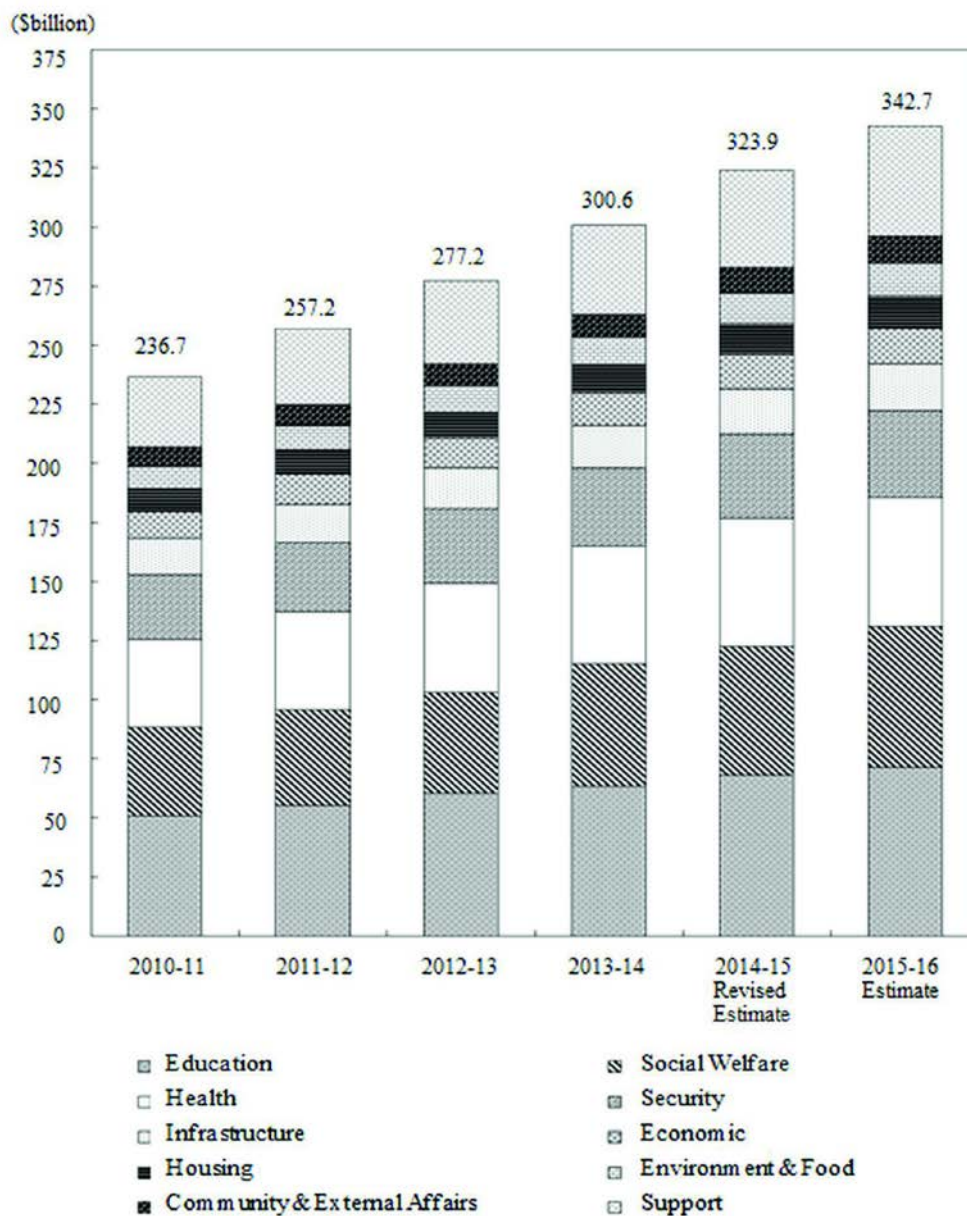
Appendix B—*Contd.*

	Project Estimates \$ billion
Support	8.2
— Construction of West Kowloon Government Offices	
— Relocation of New Territories West Regional Office and Water Resources Education Centre of Water Supplies Department to Tin Shui Wai	
Health	3.2
— Expansion of the blood transfusion service headquarters	
— Expansion of United Christian Hospital—main works (demolition and substructure works)	
— Refurbishment of Hong Kong Buddhist Hospital	
Education	0.7
— Two 24-classroom primary schools at ex-Tanner Road Police Married Quarters site at Pak Fuk Road, North Point, Hong Kong	

Appendix B—Contd.

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2010-11 TO 2015-16

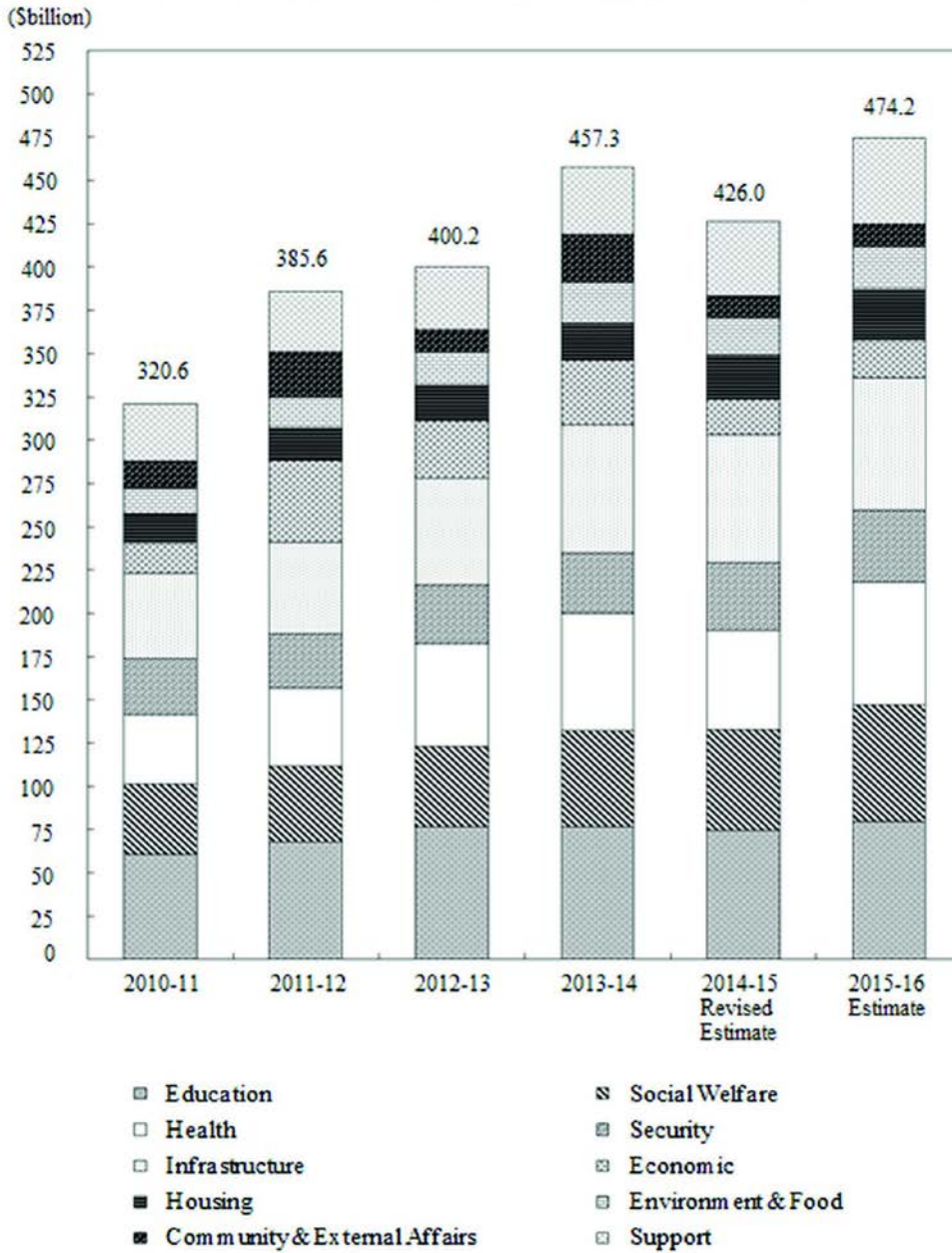
Recurrent Public Expenditure by Policy Area Group 2010-11 to 2015-16



Appendix B—Contd.

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2010-11 TO 2015-16

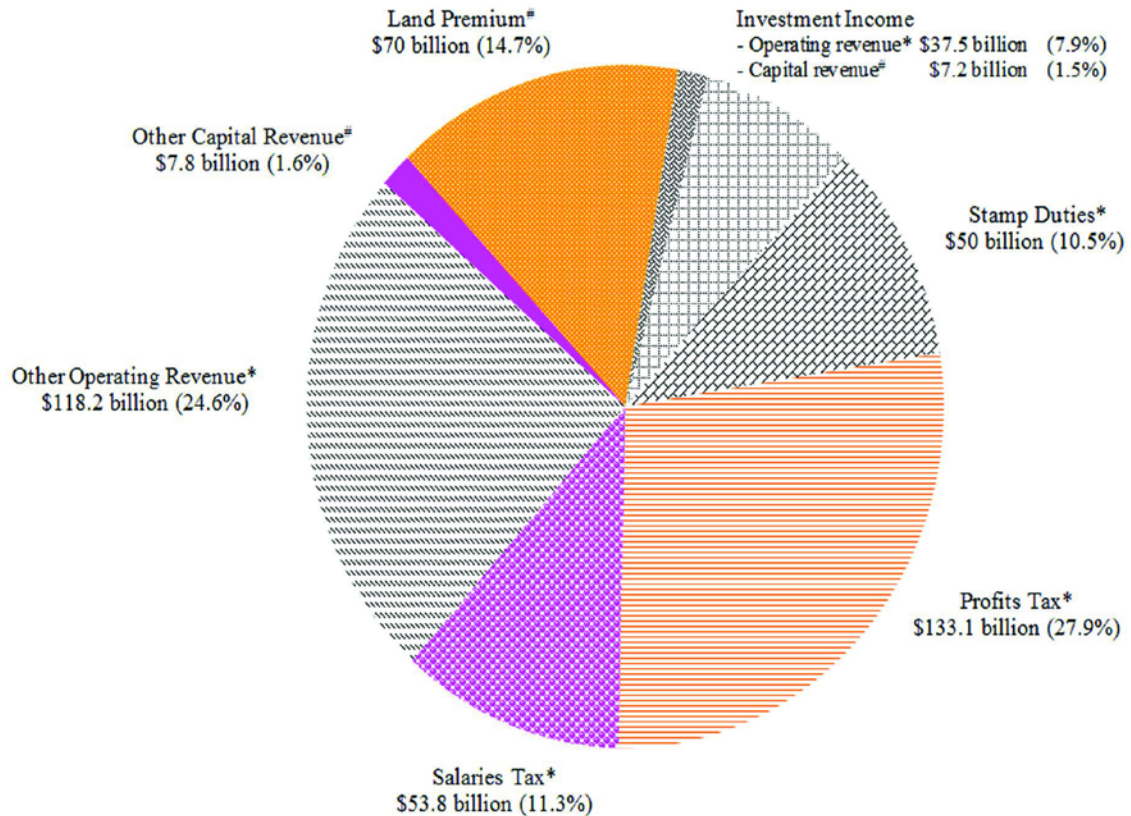
Total Public Expenditure by Policy Area Group 2010-11 to 2015-16



Appendix B—Contd.

SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2015-16 Estimate (\$477.6 billion)



* Operating Revenue \$392.6 billion (82.2%)

Capital Revenue \$85.0 billion (17.8%)

Appendix B—Contd.

SECTION VII CLASSIFICATION OF POLICY AREA GROUP

Policy Area Group	Policy Area (Note)
Community and External Affairs	19 District and Community Relations
	18 Recreation, Culture, Amenities and Entertainment Licensing
Economic	3 Air and Sea Communications and Logistics Development
	6 Commerce and Industry
	8 Employment and Labour
	1 Financial Services
	17 Information Technology and Broadcasting
	34 Manpower Development
	4 Posts, Competition Policy and Consumer Protection
	7 Public Safety
5 Travel and Tourism	
Education	16 Education
Environment and Food	2 Agriculture, Fisheries and Food Safety
	32 Environmental Hygiene
	23 Environmental Protection, Conservation, Power and Sustainable Development
Health	15 Health
Housing	31 Housing
Infrastructure	22 Buildings, Lands, Planning, Heritage Conservation, Greening and Landscape
	21 Land and Waterborne Transport
	24 Water Supply, Drainage and Slope Safety
Security	12 Administration of Justice
	13 Anti-corruption
	10 Immigration Control
	9 Internal Security
	11 Legal Administration
20 Legal Aid	
Social Welfare	14 Social Welfare
	33 Women's Interests
Support	26 Central Management of the Civil Service
	30 Complaints Against Maladministration
	28 Constitutional and Mainland Affairs
	27 Intra-Governmental Services
	25 Revenue Collection and Financial Control
	29 Support for Members of the Legislative Council

Note: Details of individual heads of expenditure contributing to a particular policy area are provided in an index in Volume I of the 2015-16 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

GLOSSARY OF TERMS

Note: Terms shown in *bold italic* are defined elsewhere in the glossary.

Capital expenditure. This comprises all expenditure charged to the Capital Account of the General Revenue Account, Capital Investment Fund, Capital Works Reserve Fund (including interest on government bonds and notes but excluding repayment of the bonds and notes), Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund. Major items are highlighted below –

General Revenue Account

equipment, works and capital subventions of a minor nature

Capital Investment Fund

advances and equity investments

Capital Works Reserve Fund

acquisition of land
 capital subventions
 computerisation
 interest and other expenses on government bonds and notes issued in 2004
 major systems and equipment
 Public Works Programme expenditure

Disaster Relief Fund

relief to disasters that occur outside Hong Kong

Innovation and Technology Fund

projects promoting innovation and technology upgrading in manufacturing and service industries

Loan Fund

loans made under various development schemes supported by the Government
 loans to schools, teachers, students, and housing loans to civil servants, etc.

Lotteries Fund

grants, loans and advances for social welfare services

Capital surplus/deficit. The difference between *capital revenue* and *capital expenditure*.

Capital revenue. This comprises certain revenue items in the General Revenue Account and all receipts credited to seven Funds, as highlighted below –

General Revenue Account

disposal proceeds of government quarters and other assets
 estate duty
 loan repayments received
 recovery from Housing Authority

Capital Investment Fund

dividends from investments
 interest on loans
 investment income
 loan repayments received
 proceeds from sale of investments

Appendix C—*Contd.**Capital Works Reserve Fund*

investment income
land premium
recovery from MTR Corporation Limited

Civil Service Pension Reserve Fund

investment income

Disaster Relief Fund

investment income

Innovation and Technology Fund

investment income
loan repayments received
proceeds from sale of investments

Loan Fund

interest on loans
investment income
loan repayments received
proceeds from sale of loans

Lotteries Fund

auctions of vehicle registration numbers
investment income
loan repayments received
share of proceeds from the Mark Six Lottery

Consolidated surplus/deficit before repayment of bonds and notes. The difference between *government revenue* and *government expenditure*.

Fiscal reserves. The accumulated balances of the General Revenue Account, Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund.

Government expenditure. The aggregate of *operating expenditure* and *capital expenditure*. Unlike *public expenditure*, it excludes expenditure by the Trading Funds and the Housing Authority.

Government revenue. The aggregate of *operating revenue* and *capital revenue*.

Operating expenditure. All expenditure charged to the Operating Account of the General Revenue Account.

Operating revenue. This comprises all revenue credited to the General Revenue Account (except those items which are treated as *capital revenue*) and the Land Fund, as highlighted below –

General Revenue Account

duties
fines, forfeitures and penalties
investment income
rents and rates
royalties and concessions
taxes
utilities, fees and charges

Land Fund

investment income

Appendix C—*Contd.*

Operating surplus/deficit. The difference between *operating revenue* and *operating expenditure*.

Public expenditure. *Government expenditure* plus expenditure (operating and capital) by the Trading Funds and the Housing Authority.

Transfer to Funds. Transfers between the General Revenue Account and the eight Funds (Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund) are not counted as government revenue and expenditure as these are merely internal transfers within Government's accounts.