



**Legislative Council
of the
Hong Kong Special Administrative Region
Finance Committee**

**Report on the examination of the
Estimates of Expenditure 2015-2016**

July 2015

Finance Committee

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Chapter I : Introduction

1.1 At the Legislative Council meeting on 25 February 2015, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2015. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over five days from 27 March to 2 April 2015 to examine the Estimates of Expenditure. The purpose of these special meetings was to ensure that the Administration was seeking a provision no more than was necessary for the execution of the policies of the Government for 2015-2016.

1.3 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates of Expenditure using a web-based application system. A total of 7 093 written questions were received and forwarded to the Administration for replies. The Administration undertook to provide replies to at least the first 3 300 before the special meetings and to the remaining questions before the third Budget meeting of 22 April 2015. In this connection, a total of 3 300 replies were provided before the special meetings and the remaining 3 793 questions were provided before the third Budget meeting. Members' questions and the Administration's replies have been uploaded onto the Council's website.

1.4 Each session of the special meetings from 27 March to 2 April 2015 was dedicated to a specific policy area and attended by the respective Director of Bureau and his/her key Controlling Officers. The schedule of the 20 sessions is given in **Appendix I**. At the start of each session, the Director of Bureau/Controlling Officer concerned gave a brief presentation on the spending priorities and provisions sought under his/her programme areas. The Chairman then invited members to put questions to the Administration. The records of the proceedings of the 20 sessions are given in Chapters II to XXI. Questions which were not dealt with and requests for further information were referred to the Administration for written replies after the meetings, while broad policy issues raised during

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the meetings were referred to the respective panels for follow up, where necessary.

1.5 A total of 158 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. All the written replies to these questions were forwarded to members prior to the third Budget meeting on 22 April 2015. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

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

1.7 This report, published in both Chinese and English, would be presented to the Legislative Council on 8 July 2015 in accordance with Paragraph 53 of the Finance Committee Procedure.

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

Employment of non-civil service contract staff

2.2 Mr WONG Kwok-hing noted that of the full-time 12 147 non-civil service contract ("NCSC") staff employed as at 30 June 2014, 5 809 (some 48%) were employed for three years or more. He asked why these 5 809 NCSC positions were not converted to civil service posts, having regard to their long duration. Mr POON Siu-ping asked a similar question.

2.3 SCS explained that it was necessary for bureaux/departments ("B/Ds") to employ NCSC staff for a longer period of time to meet service needs that were time-limited, seasonal, subject to market fluctuation, or which required tapping the latest market experience, or which required staff to work less than the conditioned hours required of civil servants, or the mode of operation of which was under review or likely to be changed, or there was a lack of a comparable civil service rank in the Government performing that type of work. For example, NCSC staff were employed to handle public telephone enquiries because there was no comparable civil service rank in the Government performing such type of work. SCS advised that an NCSC position would be replaced by a civil service post if its long-term service needs could be established.

2.4 Mr Charles MOK said that he received complaints from some NCSC staff in positions related to information technology that to join the civil service, they had to apply for civil service posts at a lower rank and receive salaries at a lower starting point. Mr MOK considered that such situation would not only discourage NCSC staff to join civil service, but might also jeopardize the development of the information technology industry.

2.5 SCS pointed out that the salaries of some NCSC staff might not be comparable to their civil service counterparts as NCSC staff were engaged to meet short-term needs whereas civil servants were employed on long-term basis which provided job security and stability.

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2.6 Mr Charles MOK further sought information about the number of successful civil service applicants who were serving or former NCSC staff in the past three years. Permanent Secretary for the Civil Service ("PSCS") supplemented that the respective purpose and circumstances and hence the employment terms of NCSC staff and civil servants were different, as their requirements for academic qualifications and experience might not be the same. PSCS advised that civil service posts were filled by established recruitment processes which were fair and open. As seen from the recruitment statistics for civil service posts, NCSC staff who met the relevant basic entry requirements to apply for the jobs generally enjoyed a competitive edge over other applicants because of their working experience in the Government.

2.7 Mr POON Siu-ping pointed out that the Hongkong Post ("PO"), the Leisure and Cultural Services Department ("LCSD") and the Electrical and Mechanical Services Department ("EMSD") each employed over a thousand full-time NCSC staff. Noting that some of the NCSC staff in the three departments had worked for 10 years or more, he enquired why the NCSC positions were not replaced by civil service posts as the work involved might not be seasonal or time-limited. .

2.8 SCS explained that B/Ds had been urged to review from time to time the engagement of NCSC staff. Although some NCSC staff had worked for the concerned B/Ds for a long time, these NCSC staff might only be required to perform duties as and when the service needs arose. As trading fund departments such as PO and EMSD were responsible for their own finances, it was necessary to provide them with greater flexibility to recruit NCSC staff to cater for fluctuations in their business.

Housing Authority contract staff

2.9 Mr IP Kwok-him pointed out that although the qualification requirements for motor drivers employed by the Hong Kong Housing Authority ("HA") were same as the civil service drivers employed by B/Ds, their remuneration packages were largely different from their civil service counterparts as they were employed by HA under contract terms. Having considered that this might give rise to the problem of "different pay for the same job", Mr IP enquired whether the Administration would look into the matter and advised HA to consider converting the contract positions of

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motor driver to civil service posts.

2.10 Director of General Grades ("DGG") replied that it was the HA's human resources policy to determine whether or not the contract positions of motor driver should be converted to civil service posts. However, the Administration undertook to convey Mr IP Kwok-him's opinion to the HA for consideration through the Housing Department ("HD").

Further employment of civil servants

2.11 Mr KWOK Wai-keung enquired about the measures that would be put in place by the Administration to ensure that the selection of civil servants for further employment beyond their normal retirement age in the civil service would be conducted in a transparent and objective manner and to avoid fostering a culture of cronyism or flattery in the civil service.

2.12 SCS responded that the selection process would be institutionalized by making reference to the modus operandi for promotion and recruitment under which selection boards would be convened to consider applications for further employment. The adjusted further employment mechanism would continue to be subject to checks and balances by the Civil Service Bureau ("CSB") and/or Public Service Commission as appropriate. CSB was consulting the bureau/departmental management on the draft implementation framework and would engage the staff sides in due course.

2.13 Mr KWOK Wai-keung further asked whether the membership of selection boards composed for considering applications for further employment would be the same as the membership of boards composed for considering civil service promotion and recruitment. Mr KWOK opined that representatives from the staff side should be included in the selection boards

2.14 SCS advised that CSB was consulting the bureau/departmental management on the draft implementation framework and would work out detailed guidelines on the composition of the selection boards for further employment by making reference to the current guidelines governing the composition of promotion and recruitment boards. As regards Mr KWOK's suggestion of including staff representatives in the selection

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boards, SCS responded that due caution should be exercised in deciding on the board composition so as to ensure procedural fairness and protection of privacy and to avoid unnecessary controversy .

2.15 Mr TANG Ka-piu noted that the estimated number of retiring officers of Food and Environmental Hygiene Department ("FEHD") in 2015 would account for 5.5% (i.e. 611 officers) of its establishment. He considered that there was a genuine need for the Administration to consider automatically extending the retirement age of serving civil servants by five years as in the case of new recruits for civil service. Mr TANG also noted that an estimated 44 485 retired public and judicial officers received a monthly pension below \$5,000 on average in 2015-2016. He queried whether the Administration would consider such amount of pension (i.e. below \$5,000 per month) sufficient for retired civil servants to sustain their living after retirement.

2.16 SCS responded that the package of initiatives for extending the service of civil servants sought to enable the Civil Service to take early action in responding to demographic challenges arising from an ageing population while ensuring operational effectiveness of B/Ds in the interim. Among the initiatives announced, the Government would adjust the further employment mechanism so that B/Ds, including FEHD, could flexibly retain serving civil servants beyond retirement age in the light of operational needs, succession planning and recruitment situation. In this regard, CSB was hammering out the details of the adjusted further employment mechanism. In respect of the retirement arrangements for civil servants, it was noted that the contribution scale of the Civil Service Provident Fund ("CSPF") Scheme was more favourable than the retirement benefits offered by private sector employers in general. On Mr TANG Ka-piu's enquiry about the number of pensioners in the age group between 60 and 65 in the 44 485 pensioners mentioned above, SCS said that the Administration did not have such information.

2.17 Responding to Mr SIN Chung-kai's enquiry about the reason for making an estimation of 600 unanticipated retirement cases in 2015-2016, Director of Accounting Services ("DAS") replied that the estimation was to cater for some civil servants who might retire early before their normal retirement age (i.e. between 55 and 60). The figure was estimated with reference to the number of civil servants who were granted early retirement

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in the past years.

2.18 Mr Tony TSE enquired whether the Administration would introduce additional civil service posts so that the extension of civil servants' service would not have adversely affected the promotion prospects of serving civil servants. SCS replied that in line with the standing policy, creation of civil service posts should be justified by functional needs of B/Ds concerned.

2.19 Mr LEUNG Che-cheung noted that there were 454 approved cases which involved re-employment of civil servants after their retirement in 2014. Mr LEUNG sought information on these cases such as their breakdown by department and how they affected the expenditure of the relevant B/Ds as this might help the Administration in considering the re-employment of retired civil servants in future.

2.20 SCS replied that the further employment mechanism would be adjusted to enhance its flexibility, and so the number of approved cases of re-employment of civil servants after their retirement in the past might not be of direct reference value in this context.

2.21 Ms Emily LAU asked whether the 454 civil servants who were re-employed after retirement were senior civil servants. Deputy Secretary for the Civil Service 1 ("DSCS 1") responded that the Administration did not possess information on the ranks of civil servants who were re-employed after retirement. Regarding the adjusted further employment mechanism, CSB was consulting the bureau/departmental management on the draft implementation framework. The guidelines for the adjusted mechanism, which would be applicable to all civil service grades and ranks, would set out the detailed arrangements, e.g. the time for civil servants to indicate interest to be considered for further employment and for the B/Ds concerned to process applications in this regard. DSCS 1 advised that the terms of further employment for serving civil servants would depend on their current terms of employment. For instance, civil servants on the Old Pension Scheme would retire and be re-employed on agreement terms. For those on the New Pension Scheme, further employment beyond their normal/prescribed retirement age would be in the form of extension of their pensionable service. As regards officers on the CSPF Scheme who would also be covered by the adjusted further employment mechanism, their

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further employment would be in the form of extension of their CSPF service.

2.22 Ms Emily LAU urged the Administration to report back to the Panel on Public Service as soon as the guidelines were finalized.

Civil service establishment

2.23 Mr LEE Cheuk-yan expressed concern whether the increase of 603 posts in the Hong Kong Police Force ("HKPF") in 2015-2016 was for tackling the recurrence of "Occupy Central" movement and that such increase in the disciplined services grades was made at the expense of the civilian civil service grades in other B/Ds, the manpower of which also needed to be increased.

2.24 SCS responded that each application for increase in the civil service establishment would be considered carefully and individually with reference to the operational needs of individual B/D concerned. He pointed out that apart from the said increase in HKPF, the civil service establishment for a number of B/Ds would also increase in 2015-2016, for instance, the number of civil service posts in the Working Family and Student Financial Assistance Agency, HA and LCSD would increase by 434, 264 and 202 respectively. SCS considered that in the light of the increased workload of HKPF, the said increase in its manpower was reasonable.

2.25 Mr Tony TSE expressed support for a reasonable increase in the civil service establishment to meet the manpower requirement for delivery of new policy initiatives and for improving existing services to the public. Mr TSE enquired whether the Administration had completed the recruitment exercises for filling the 2 556 civil service posts created in 2014-2015.

2.26 DGG responded that albeit the staff recruitment progress varied among individual B/Ds, the B/Ds concerned would have planned ahead and allow sufficient time to complete the recruitment process for filling up civil service vacancies in a timely manner. The Administration undertook to provide information on the recruitment process for the abovementioned 2 556 civil service posts as appropriate.

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2.27 In response to Mr Tony TSE's enquiry about the 264 civil service new posts to be provided for HA in 2015-2016, SCS replied that 49 of the posts were of professional grades and 177 were of technical grades. Furthermore, of these 264 posts for HA, 38 posts would be created for replacing HA contract positions.

2.28 Mr Martin LIAO noted in CSB's reply to his request for information on the 2 540 civil service posts to be created in 2015-2016 that it did not have such the information as the estimated number, ranks, expenditure and details of the policies and services involved for civil service posts to be created by individual B/Ds or grades. Mr LIAO queried how CSB could ascertain the actual operational needs of each individual B/D and ensure that the size of the civil service establishment would not overly expand.

2.29 SCS acknowledged that B/Ds had provided detailed justifications when seeking additional manpower resources. The Administration could, as appropriate, provide relevant information if required.

Others

2.30 Mr TAM Yiu-chung noted that the 2014-2015 approved estimate of Personal allowances in the General Expenses of the Civil Service was \$53.86 million higher than the actual expenditure in 2013-2014, but the increase was cut down to \$15.75 million in the revised estimate. CSB had explained in its reply that the estimate was revised downward because there was a smaller-than-expected number of eligible students receiving education allowances and a lower-than-expected average amount of allowance claimed by eligible students. Mr TAM sought further clarification on the reason the two reductions.

2.31 DAS explained that the estimate for each year's education allowances might differ from the actual amount of claims depending on the locations and types of schools chosen by eligible students. He concurred with Mr TAM Yiu-chung's observation that the number of eligible students who chose to study in the United Kingdom ("UK") had decreased and that might partly account for the decline in the amount of allowances claimed. Despite the higher tuition fees and other expenses in the UK, the amount of education allowance that an eligible student could claim was capped. DAS

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further advised that there were about 2 000 students eligible for receiving overseas education allowances in 2015-2016.

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3.1 At the invitation of Deputy Chairman, Mr Rimsky YUEN, Secretary for Justice ("SJ"), and Miss Emma LAU, Judiciary Administrator ("JA") highlighted the major financial provisions and key programmes related to the policy portfolios of administration of justice and legal services in 2015-2016 (Appendices IV-2-a and IV-2-b).

Prosecutions

"Occupy Movement"

3.2 Mr SIN Chung-kai sought justifications for the 23.2% increase in the 2015-2016 estimated expenditure of \$711.7 million over that of the previous year for the Prosecutions Programme. He expressed skepticism that, given the record low crime rate of Hong Kong had in 2014, the increase in financial provisions for Prosecutions was used for reprisal against participants of the "Occupy Movement" by prosecuting them. He enquired how the Administration worked out the increase and in particular, how much of it would be used on cases arising from the "Occupy Movement". Echoing Mr SIN's concern, Mr Albert HO enquired whether the Administration had evaluated the impact of the surge in cases related to the "Occupy Movement" on the judicial manpower and the waiting times at different levels of the court.

3.3 SJ considered it inappropriate to draw any inferences by comparing the crime rate and the financial provisions for the Prosecutions Programme, as the two figures were not related. He said that on top of the cases related to the "Occupy Movement", the Prosecutions Division needed to handle other cases, some of which were large in scale and complicated in nature. Apart from deploying resources from within the Prosecutions Division, provisions were included in the estimated expenditure for engaging lawyers in private practice as and when required for dealing with these cases.

3.4 SJ added that the 2015-2016 estimated expenditure for Prosecutions only amounted to a 7.9% increase over the revised estimated expenditure for 2014-2015. It was worked out based on projections from consolidated information available at the time of preparing the estimates and it would not be feasible to provide detailed breakdown. He expressed disagreement with Mr SIN Chung-kai's observations on the increase in the

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financial provisions for Prosecutions that it was for reprisal against participants of the "Occupy Movement". He stressed that it was the responsibility of the Department of Justice ("DoJ") to uphold the rule of law and perform its prosecutorial functions by applying the relevant law to the available evidence in considering each case in accordance with the prevailing prosecution policy set out in the Prosecution Code.

3.5 In reply to Mr SIN Chung-kai's further enquiry on the number of cases related to the "Occupy Movement" that warranted prosecutions, SJ advised that the number of arrests made by the Police stood at around 1 000 at the moment, the details of which could not be disclosed in order not to prejudice the relevant investigation. It was difficult to provide an accurate estimation on the number of prosecutions as police investigation was still ongoing. When considering whether prosecution should be pursued, DoJ would take into account all the relevant factors (i.e. whether there was sufficient evidence in support of the charges, and whether it was in the overall public interest to prosecute). While the resource implications on the Judiciary, including its manpower and court waiting time at various levels of court, would also be considered in the process, it would be necessary to strike an appropriate balance between upholding justice on the one hand and resources implications on the other.

3.6 Noting that \$18 million had been provided in the 2015-2016 estimate of expenditure for meeting briefing out expenses arising from cases related to the "Occupy Movement", Mr TAM Yiu-chung enquired whether the provision was sufficient. He was worried that the substantial increase in the caseload of the Prosecutions Division would adversely affect the quality of the prosecution work.

3.7 SJ replied that DoJ would keep in view the development and outcome of the cases concerned and seek additional resources through established procedures as and when necessary. He added that in order to achieve greater efficiency and ensure consistency, a dedicated team of prosecutors in the Prosecutions Division was assigned to handle cases related to the "Occupy Movement". The dedicated team would handle each case by carefully analyzing the relevant evidence before deciding whether prosecution should be pursued.

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Progress on cases of wide public concern

3.8 Mr Dennis KWOK expressed concern about the long time taken by the Prosecutions Division in making prosecution decision against the former Chief Executive ("CE"), Mr Donald TSANG. Ms Emily LAU also sought information on the progress of the prosecution work against the former Commissioner of the Independent Commission Against Corruption ("ICAC"), Mr Timothy TONG Hin-ming and the Chairman of the Hong Kong Mercantile Exchange Limited, Mr Barry CHEUNG Chun-yuen. Since the above cases involved former senior government officials and renowned public figures who might have close connections with the incumbent Chief Executive, Ms LAU enquired how DoJ could ensure that the cases would be dealt with impartially, such as seeking external and independent legal advice on the cases. She also asked whether the incumbent Chief Executive's consent would need to be sought when making prosecution decisions.

3.9 SJ stressed that DoJ was committed to discharging the constitutional duty of making prosecutorial actions pursuant to Article 63 of the Basic Law ("BL") in a fair and impartial manner. He added that he had explained previously that there was no question of consulting the Chief Executive in making prosecution decisions, as prosecutorial independence was clearly stipulated in BL. In view of the wide public concern over the cases mentioned by Mr Dennis KWOK and Ms Emily LAU and to ensure impartiality, independent legal advice was being sought from overseas Queen's Counsel on the alleged cases against Mr Donald TSANG and Mr Timothy TONG. SJ added that, to his understanding, a prosecution decision was close to being made on the alleged case against Mr Donald TSANG, pending some technical legal issues to be resolved. As regards the alleged case against Mr Barry CHEUNG, DoJ was yet to receive the formal investigation report from the relevant law enforcement agencies.

3.10 Mr Albert HO said that Hong Kong's global ranking in probity and the rule of law had declined continuously in the past years. The public's confidence in DoJ in upholding law and justice was undermined by the authority's delay in investigating cases involving political dignitaries, such as the case of alleged misconduct in public office by the incumbent Chief Executive on his failure to disclose pecuniary interests arising from his agreement with UGL Limited. He also sought the progress of the case of

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alleged market misconduct involving CITIC Limited and its former executive directors, as the case had already been dragged on for more than six years.

3.11 SJ responded that DoJ placed utmost emphasis in upholding justice and the rule of law, and would not tolerate corruption-related crimes. To his understanding, the alleged case against the incumbent Chief Executive was still under investigation by ICAC. As regards the case involving CITIC Limited and its former executive directors, the relevant criminal investigations were pending the settlement of certain legal procedural matters and an appeal lodged by the defendants.

3.12 In reply to Ms Emily LAU's further enquiry, SJ said that the Prosecutions Division would provide legal advice and assistance to the law enforcement agencies during their investigation process as and when necessary.

3.13 Mr Albert CHAN and Mr LEUNG Kwok-hung alleged that DoJ had political considerations in making prosecution decisions. Quoting a case in which a young demonstrator was tried and sentenced by the court shortly after the incident in question, they expressed concern about the long time taken by the Prosecutions Division in prosecuting the alleged cases as mentioned by Ms Emily LAU, Mr Dennis KWOK and Mr Albert HO. Mr CHAN and Mr LEUNG said that DoJ was deliberate in delaying their prosecution against the said dignitaries and was applying double standards when making prosecution decisions. Mr LEUNG also enquired about the investigation progress of a case of alleged assault of a demonstrator by seven plain-clothes police officers during the "Occupy Movement".

3.14 SJ stressed that there was no question of DoJ having political considerations or applying double standards when making prosecution decisions. The length of time required for handling some cases was attributable to the nature of evidence, and the scale and complexity of the cases. In making prosecution decisions, the Prosecutions Division would apply the same principles to all criminal cases, and would only take into account the relevant evidence and the law regardless of the defendants' background, identity, political or social status. The recent trial of a case involving a former senior government official and a business tycoon was strong proof of DoJ's commitment to upholding justice and the rule of law in

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Hong Kong.

3.15 As regards the case of alleged assault of a demonstrator by seven police officers mentioned by Mr LEUNG Kwok-hung, SJ said that the Prosecutions Division had recently received the relevant investigation report from the Police and would analyze the relevant evidence before deciding whether to prosecute or not.

3.16 Citing a case of a former District Councillor being prosecuted for breaching the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554) because of his failure to file written consent from his supporters before publishing their names in the election campaign advertisement, Dr Priscilla LEUNG queried whether the Prosecutions Division treated similar cases equally, as DoJ had not instituted prosecutions on similar cases before. She considered that the related legal fee of over \$2 million plus court costs were too high.

3.17 SJ replied that DoJ would handle cases of a similar nature in the same manner by adhering to the prosecution policy as set out in the Prosecution Code. He believed that the said case likely involved an election petition raised by a member of the public, and the court costs might include the costs incurred in relation to the election petition.

Mutual legal assistance in criminal matters

3.18 Mr Dennis KWOK enquired about the progress of the negotiations for the agreement between Hong Kong and Macau on mutual legal assistance in criminal matters between the two places and the timetable, if any, for concluding the agreement, and whether experience gained from concluding similar arrangements between Hong Kong and other overseas jurisdictions could be of use in expediting the process.

3.19 SJ responded that the discussions on the matters relating to surrender of fugitive offenders and mutual legal assistance in criminal matters between Hong Kong and Macau were still ongoing. As negotiations were still underway, it was inappropriate to disclose the details at this stage. According to his understanding, the agreement was close to finalization, subject to resolving some legal issues and the drafting of the agreement. Since it was the first time for the two special administrative

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regions to reach an agreement on arrangements of such nature, and given the difference in legal systems between Macau and other overseas jurisdictions, the experience of Hong Kong in concluding similar agreements with other overseas jurisdictions would not be of much relevance.

Promoting the rule of law among young people in Hong Kong

3.20 Dr Priscilla LEUNG said that as many school teachers might not have a legal background and a thorough understanding of the Basic Law, young students might not be able to receive an all-round education on the rule of law and social justice at school, particularly on the discussion of the recent "Occupy Movement". Besides, the perception on the rule of law by some teachers might be one-sided and inaccurate. She enquired what measures the Administration would take to instill a correct concept of the rule of law among young people.

3.21 SJ assured members that promotion of the rule of law was an indispensable and integral part of DoJ's work. To enhance young people's understanding of the criminal justice system, their role therein and their appreciation of the importance of the rule of law, the Prosecutions Division would continue to organize the annual "Prosecution Week" and the new "Meet the Community" programmes, featuring visits to DoJ and the courts, school talks and other educational activities. Moreover, promotional videos and pamphlets on the rule of law would also be produced this year.

Inter-departmental Working Group on Gender Recognition

3.22 Mr CHAN Chi-chuen noted that the Inter-departmental Working Group on Gender Recognition ("IWG") had convened meetings to consider issues relating to gender recognition of transsexual persons and post-recognition issues such as the need for reviewing existing legislation and other administrative measures which might be affected by legal gender recognition. Mr CHAN enquired whether IWG would update the Legislative Council on the progress of its work, and make public its findings on the reviews undertaken on matters relating to recognition and post-recognition issues.

3.23 SJ replied that IWG considered it necessary to provide regular updates to the Legislative Council on the progress of its work. However, it

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had yet to come to a conclusion on how and at what interval IWG should conduct such reports. DoJ would inform Legislative Council Members of IWG's decision in this regard. Currently, IWG was considering issuing consultation papers on matters relating to gender recognition and post-recognition to gauge the views of interested parties and the public before finalizing its recommendations to the Administration. IWG planned to publicize the consultation results in due course.

3.24 In response to Mr CHAN Chi-chuen's request of providing the list of people including experts and professionals who had been invited to attend meetings of the IWG as well as their status and background, SJ said that the consent of these people was required before their information could be disclosed. The list included transsexual persons who might not want to disclose their identity.

Manpower of the Judiciary

3.25 Mr Martin LIAO sought details about the creation of the seven new judicial posts and enquired whether the additional judicial manpower could help shorten the waiting times at various levels of court.

3.26 JA responded that the financial provisions for the seven new judicial posts were included in the 2014-2015 Estimates of Expenditure. No additional judicial posts were proposed for 2015-2016. The seven judicial posts were created to enhance the judicial establishment to cope with the increasing workload at the High Court and to cover the absence of Judges and Judicial Officers at all levels of court for attending training and dealing with judicial education matters. With the creation and filling of the additional judicial posts, it was expected that waiting times at various levels of court would be reduced. However, it was not feasible to quantify the extent of the reduction in court waiting times as this would depend on factors such as caseload, complexity of the cases and hearing time required for each case, etc. Deputy judges would also be engaged when necessary with a view to shortening the court waiting times.

3.27 Ms Emily LAU noted that in view of the recruitment difficulties encountered in filling judicial positions, reviews were being conducted on the conditions of service and retirement age of judges in order to address the long-term manpower needs of the Judiciary. She enquired about the result

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of the reviews and ways to attract talents from outside the Judiciary.

3.28 JA replied that the Judiciary expected to complete the review on the conditions of service of judges within 2015-2016 and that the review on the retirement age of judges was still ongoing. Recommendations arising from the reviews would be submitted to the Government for its consideration. She believed that the review on the conditions of service of judges would help address the recruitment difficulties identified.

Exchanges between the Department of Justice and the Mainland authorities

3.29 Ms Cyd HO said that there were occasions when government bureaux/departments met with the Mainland authorities regarding policies and laws of Hong Kong without filing the relevant records and information. Some of these meetings had led to subsequent changes in the policies and laws of Hong Kong. She asked for information regarding meetings or exchanges held by DoJ with the Mainland government officials in the past five years and records, if any, of such meetings or exchanges kept by DoJ.

3.30 SJ said that officers from the Legal Policy Division of DoJ had conducted duty visits to and exchanges with the Mainland authorities. Nature of the visits conducted in the past five years were mainly attending conferences, promoting professional exchanges and organizing promotional activities on legal services of Hong Kong. The arrangements for publicizing the records of such activities or exchanges would depend on their nature and the level of representations at the events, or whether sensitive or confidential information was involved. In response to the request of Ms HO, SJ undertook to provide supplementary information after the meeting on more detailed breakdown on the nature and purposes of the relevant visits.

Access to information and the Archives Law

3.31 Ms Claudia MO expressed concern about the lack of progress in considering issues relating to access to information held by the Government and the Archives Law by the Law Reform Commission ("LRC"). She said that legislation was indispensable for the proper monitoring and control on the retention, disposal and disclosure of Government records and

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information. Since the present Code on Access to Information, which provided guidelines and procedures on the disclosure of information by government bureaux/departments and public bodies, was administrative in nature, Ms MO was concerned that these organizations might refuse to disclose certain information to the public.

3.32 SJ said that two subcommittees, namely, the Sub-committee on Access to Information and the Sub-committee on Archives Law were set up under LRC to examine the relevant issues respectively. The two Sub-committees would conduct reviews and studies on both local situations and the relevant regimes and laws in overseas jurisdictions before making recommendations on the possible options for reform where necessary. Given the importance and complexity of the issues involved, more time would be needed for the two Sub-committees to study the issues and make recommendations on legislation if necessary. LRC would publish its review report for public consultation in due course before finalizing its recommendations to the Administration for consideration.

3.33 In response to Mr Charles MOK, SJ said that he would follow up on information requested by Mr MOK relating to convicted cases on access to computer with criminal or dishonest intent.

Law drafting

3.34 Noting that a pilot scheme was introduced under which an officer in the Law Drafting Division would read the draft Chinese provisions prepared by the drafting counsel without referencing to the corresponding English provisions with a view to enhancing the comprehensibility of Chinese texts of legislation, Ms Cyd HO enquired about the effectiveness of the scheme.

3.35 SJ replied that one of the objectives of the Law Drafting Division was to make the Chinese and English texts of legislation more accessible and comprehensible. As such, a number of measures were introduced, including the pilot scheme mentioned by Ms HO. DoJ would continue to implement measures to improve the drafting of legislation and review their effectiveness from time to time.

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

Administration Wing

Electronic records management

4.2 Mr Charles MOK enquired about the details of staff training for handling electronic records in various departments. He also asked if the Administration had put in a place any mechanism for departments to report to the Government Records Service ("GRS") any electronic record that had been deleted without having been appraised by GRS.

4.3 Director of Administration ("D of Admin") said that four government departments had implemented an Electronic Recordkeeping System ("ERKS"). GRS had developed a series of ERKS implementation guidelines to provide guidance for B/Ds to initiate, plan and implement an ERKS in their organizations. GRS had also compiled records management standards, best practices and guidelines to support government-wide implementation of electronic records management ("ERM") and ERKS. D of Admin supplemented that bureaux and departments ("B/Ds") were not required to report to GRS any deletion of electronic records. For B/Ds that had not implemented ERKS, subject officers should print and file all electronic records using a paper-based filing system.

4.4 Noting that the Administration would conduct a study to gauge the ERM situation in B/Ds with a view to ascertaining whether there were irregularities that needed to be rectified, Mr Charles MOK suggested that the findings of the study should be made public. D of Admin undertook to consider Mr MOK's suggestion.

Filing of official records in mobile devices

4.5 Ms Cyd HO asked whether civil servants were issued with mobile devices for dealing with official business and whether messages sent or received using such devices would be filed. Ms HO also asked if the Administration had issued guidelines advising civil servants not to use private mobile devices to

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handle official business and in case they did so, whether and how they should record and file the relevant official information.

4.6 D of Admin said that civil servants were required to return when they left their posts mobile phones and personal computers issued to them for official use. GRS had issued a circular advising civil servants to file written copies of communications, including documents related to a policy under development, minutes of meetings, records of important verbal undertakings, and records where a public officer had exercised discretion within his or her authority.

4.7 Mr LEUNG Kwok-hung suggested that all official installations should be designated for official purposes only and the contents of such equipment should be automatically archived. Civil Servants should use their own devices for personal communications. D of Admin agreed to take Mr LEUNG's suggestion in the future reviews as appropriate.

Central Policy Unit

4.8 Mr LEE Cheuk-yan enquired about the reason for the 40% increase in the revised estimate \$13.86 million of the expenditure on remuneration of the Central Policy Unit ("CPU") in 2014-2015 compared with the actual expenditure \$9.91 million in 2013-2014. D of Admin explained that the increase was partly due to the payment of interim gratuity for Head, CPU ("H, CPU"). Deputy Head, CPU ("DH, CPU") supplemented that the difference was also attributable to the end-of-contract gratuity for the three Full-time Members of CPU. DH, CPU explained that the tenure of H, CPU for each contract was five years. As the contract period was rather long, it had been the standing practice to award an interim gratuity after completion of half of the contract period. DH, CPU advised that H, CPU could receive 25% of total salary received during his or her tenure, and each Full-time Member could receive 15% of the total salary received during the contract period as gratuity.

4.9 Mr LEE Cheuk-yan criticized the Administration for the double standards in treating contract staff. He said that when the Mandatory Provident Fund system came into effect, the Government cut the amount of gratuity of contract staff by 5%. In comparison, Mr LEE considered that it was unreasonable to award H, CPU a gratuity of 25% of total salary.

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Efficiency Unit

4.10 Noting that in 2014-2015, 92 full-time Non-civil Service Contract ("NCSC") staff of the 1823 Call Centre's service had been engaged between five and 10 years, Mr POON Siu-ping asked what positions these long-serving staff held and whether they could be converted to civil servants on permanent terms.

4.11 Head, Efficiency Unit ("H, EU") said that the experienced NCSC staff in 1823 might have moved up several times in their career paths during their tenure from call agents to supervisors and then to managers. However, given the uncertainty in the workload of 1823 in the long term, it was difficult to convert the NCSC posts to civil service posts. H, EU supplemented that the terms and conditions of services of individual NCSC staff might be enhanced when they renewed their contracts. The new terms would reflect the experience, contribution and quality of work of these employees.

Hire of services and professional fees

4.12 Mr Christopher CHEUNG requested for a breakdown of the significant increase in the estimated provision for the hire of services and professional fees in the Offices of the Chief Secretary for Administration and the Financial Secretary for 2015-2016 over the previous financial year.

4.13 D of Admin explained that the increase in provisions would be used to meet the needs of EU and CPU. EU would need \$3.05 million for consultancy services, and \$4.16 million to set up and operate the third 1823 Centre. CPU would require \$28.18 million for consultancy services and to conduct opinion polls. This included \$8.51 million for conducting consultancy studies and \$19.67 million for projects to be funded under the Public Policy Research ("PPR") Funding Scheme.

Research projects and polls funded or commissioned by the Central Policy Unit

4.14 Mr MA Fung-kwok enquired about the reason that projects funded under the PPR Funding Scheme were overwhelmingly conducted by the higher education institutions in Hong Kong as these institutions undertook 40 out of 42 such projects. He also asked if the Administration had evaluated the effectiveness of PPR Funding Scheme and whether the Administration would publish the reports of the funded studies.

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4.15 DH, CPU said that higher education institutions funded by the University Grants Committee, degree-awarding institutions and local non-profit making think tanks were qualified to apply for funding to conduct research studies under the PPR Funding Scheme. So far the majority of the applicants were the higher education institutions. Six applications for funding under the PPR Funding Scheme from local non-profit making think tanks were received and two were approved. CPU would step up publicity on the relevant requirements and the application criteria among research institutions.

4.16 DH, CPU added that eight of the funded studies under PPR Funding Scheme had been completed and reports of the studies would be uploaded onto CPU's website for public reference after the PPR Panel had a chance to consider the reports. The Administration would, in future, evaluate the effectiveness of the PPR Funding Scheme and the relative strength of various institutions in conducting the funded studies when there were sufficient number of completed studies for meaningful analysis.

4.17 Dr Kenneth CHAN noted that CPU had spent more than \$1.8 million on three studies related to young people in Hong Kong. He asked when CPU would publish the study reports and how these studies would be used in the formulation of youth policies.

4.18 DH, CPU advised that of the three studies referred to by Dr Kenneth CHAN, the study on "Social Attitudes of Youth Population in Hong Kong: A Follow-up Study" had been completed and the results had been uploaded to the CPU website. The "Study on Hong Kong Youth's Perceptions of the Mainland" and the "Study on Civic Values and Engagement of 'Post-90s' in Hong Kong" would be completed in January 2016 and November 2015, respectively. DH, CPU added that the findings of these studies commissioned by CPU would be forwarded to the relevant policy bureaux for reference in their policy formulation process.

4.19 Mr LEE Cheuk-yan enquired why that CPU had spent \$772,800 in 2012-13 to 2014-15 to commission the One Country Two Systems Research Institute to conduct a "Study on Trend of Discussions on Social and Political Issues in the Mass Media" when such study could have been conducted by the Information Services Department ("ISD") whose routine functions included tracking media trends and focus. DH, CPU explained that the study that Mr LEE mentioned involved in-depth analyses of various social and political

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issues, often over a relatively long period of time, which ISD did not have the manpower or resources to do.

4.20 Mr Frederick FUNG noted that the Chief Executive had occasionally quoted findings from polls on political, economic and social topics conducted by academic institutions and private sector research bodies commissioned by CPU. He queried whether it was proper for the Chief Executive to quote such findings as these were meant to be restricted for internal reference. Mr FUNG commented that, as the polls were financed by public money and the Chief Executive had quoted the findings in public discourse, relevant details of the polls should be released for proper public scrutiny. DH, CPU reiterated that polls conducted for the Government's internal reference were normally not released to the public.

4.21 Dr Kenneth CHAN asked whether and how H, CPU would invite members of relevant sectors of the community (other than those already appointed as Associate Members of CPU) to participate in discussions, seminars or research activities. DH, CPU said that H, CPU would decide the persons to be involved in discussions on policy and relevant matters. Analysing and assessing public opinions was part of CPU's function. H, CPU would be ready to invite members of various sectors in the community who might be interested in the subject under discussion. Members of the public could indicate to CPU which particular issues they were interested in for the consideration of H, CPU for inviting them to participate in suitable forums.

4.22 Dr Kenneth CHAN commented that unless the Administration publicized details of the forums it was going to organize, the public would not have the necessary information to be able to register their interest with CPU.

Audit Commission

4.23 Noting that the number of value for money audits conducted each year was small as compared with the number of complaints against B/Ds or requests from the public for conducting audit reviews on them, Ms Emily LAU asked how the Audit Commission selected subjects for conducting value for money audits.

4.24 Director of Audit said that the Audit Commission would analyze the information and views provided in the complaints and requests received, and

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would take into account the information in planning future value for money audits. He explained that the Commission would not initiate value for money audit only on the basis of individual complaints and in selecting subjects for value for money audit, the Commission would also take into consideration factors such as whether the issues might involve systemic problems, as well as the availability of manpower resources.

4.25 Ms Emily LAU asked if the Chief Executive had authorized the Director of Audit to conduct specific value for money studies in the past two years. Director of Audit responded in the negative.

Chief Executive's Office

Reception of Mainland officials by the Chief Executive

4.26 Dr Kenneth CHAN sought details on the Mainland officials (including their post titles) received by the Chief Executive between 1 January 2014 and 28 February 2015. Permanent Secretary, Chief Executive's Office ("Perm Secy/CEO") advised that the Chief Executive's Office ("CEO") did not have such ready information as CEO would not extract the information from the Chief Executive's daily schedule as a matter of routine. It would also be difficult to compile the information specifically in response to members' written questions within the time required. CEO would, however, be able to advise on resources spent on these official meetings if required.

4.27 Dr Kenneth CHAN commented that CEO should possess the information members requested but it just was not willing to compile and disclose the information for members' reference. Ms Cyd HO made a similar comment and criticized CEO for refusing to provide members with the requested information.

Remuneration of staff in Chief Executive's Office

4.28 Mr SIN Chung-kai noted that the estimated expenditure on remuneration for the Senior Special Assistant ("SSA") in CEO in 2014-2015, which included end-of-contract gratuity, was \$3.05 million. He also noted that the corresponding estimate for 2015-2016 was \$4.03 million. Mr SIN said that the end-of-contract gratuity amounted to about \$1 million and he queried why SSA should receive such a high rate of gratuity vis-à-vis other officers in CEO.

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4.29 Perm Secy/CEO explained that the end-of-contract gratuity for SSA amounted to 25% of total salary received during the contract period. The current post holder had served in CEO since 1997, and the same rate of gratuity had been adopted upon contract renewal. The rate was therefore higher than that for other staff in CEO, whose contracts were offered later. The Civil Service Bureau had advised that the arrangement was acceptable. In response to further queries from Mr SIN Chung-kai, Perm Secy/CEO said that she was not able to confirm whether SSA was the only case among all employees under contract terms in the Government with a 25% of end-of-contract gratuity.

Fanling Lodge

4.30 Mr CHAN Chi-chuen enquired about the staff establishment and utilization rate of Fanling Lodge, including the number of persons received, number of days on which Fanling Lodge was used and the cost-effectiveness of the facility.

4.31 Perm Secy/CEO replied that between April 2014 and February 2015, the Chief Executive held one official activity at Fanling Lodge. Twenty domestic staff and one Housekeeper on the establishment of CEO provided hospitality services at Government House and Fanling Lodge for the Chief Executive, as well as domestic services required. The actual number and rank of domestic staff at Fanling Lodge at any time would depend on the activities that were being conducted.

4.32 Mr Frederick FUNG expressed concern that Fanling Lodge was underutilized as only 11 official activities were held by the Chief Executive at Fanling Lodge in the five years up to February 2015. Perm Secy/CEO pointed out that the Chief Executive also held private activities at Fanling Lodge from time to time, but CEO did not keep any record of such activities. Hence, there was no sound basis for drawing a meaningful conclusion on the utilization of Fanling Lodge.

Executive Council

4.33 Mr LEUNG Kwok-hung noted that the attendance rates of two Executive Council members were below 80% and asked what reasons the two members gave for their absence. He opined that non-official members of the Executive Council should be reminded that frequent absence from meetings was

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not desirable. Perm Secy/CEO said that, in general, Executive Council members would inform the Executive Council Secretariat if they could not attend a meeting due to indisposition or other travelling schedules. She did not have the details in respect of the members mentioned by Mr LEUNG. She added that Executive Council members also participated in the work of the Executive Council outside regular meetings.

Visits of the Chief Executive

4.34 Mr SIN Chung-kai asked whether the Chief Executive's visit to Sweden and Belgium in May 2014 was initiated by the Administration or in response to an invitation from third parties. Perm Secy/CEO replied that for that particular visit, the Chief Executive's itinerary was drawn up based on the recommendations of the respective Economic and Trade Offices and invitations from relevant political and business leaders or organizations, having regard also to other relevant factors such as the policy priorities of the Government and availability of the Chief Executive.

Independent Commission Against Corruption

Public perception of corruption situation

4.35 Ms Emily LAU commented that the Independent Commission Against Corruption ("ICAC") had been slow in investigating into the alleged misconduct of certain former principal officials. She also expressed concern about the Administration's recent appointment of political heavyweight Miss Maria TAM Wai-chu, who was a Hong Kong deputy to the National People's Congress and a member of the Committee for the Basic Law of the Hong Kong Special Administrative Region, as the new Chairman of the Operations Review Committee ("ORC"). Ms LAU commented that these developments might have given the public an impression that ICAC had not been just and fair in tackling and preventing corruption in Hong Kong. She asked how ICAC would regain the community's confidence in the Commission.

4.36 Mr Christopher CHEUNG said that some Legislative Council Members had been reported to have accepted donations without making proper disclosure. He said that ICAC should not delay in carrying out relevant investigations.

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4.37 Commissioner, Independent Commission Against Corruption ("Commissioner, ICAC") said that ICAC had not delayed any investigation. He explained that gathering of evidence was a complex and time-consuming process, especially in cases where information might need to be obtained from jurisdictions outside Hong Kong. Commissioner, ICAC added that public perception on clean governance might be affected by many subjective factors and media reports.

4.38 As regards Ms Emily LAU's comments on the possible interference of the ORC Chairman on ICAC's investigation work, Commissioner, ICAC advised that the ORC Chairman would only preside over about eight meetings in a year during which the Committee would receive status reports from the officers of the Operations Department and consider cases that should be closed. The ORC Chairman had not interfered with the Commission's investigation work.

4.39 Mr IP Kwok-him requested Commissioner, ICAC to give a response to comments of some members about Hong Kong's falling rating in the Corruption Perceptions Index and the findings in an assessment conducted by ICAC that the corruption situation in Hong Kong remained largely under control.

4.40 Commissioner, ICAC said that according to the independent annual survey conducted by ICAC on corruption in Hong Kong, only about 1.5% of respondents had actually encountered corruption over a period of 12 months. The situation was comparable with that of the previous years. He added that among the reports on corruption received in recent years, about 60% concerned the private sector, 30% were against government departments, and less than 10% involved public bodies. With basically the same proportion in 2014, it was believed that the corruption situation in various sectors continued to remain stable.

4.41 Mr IP Kwok-him enquired about the effectiveness of anti-corruption talks conducted by ICAC for officials under the Political Appointment System. Commissioner, ICAC explained that the Commission had collaborated with relevant departments and the Civil Service Bureau to organize corruption prevention seminars for civil servants and had produced information pamphlets. Corruption-prevention talks had also been conducted for senior civil servants and principal officials.

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Tender-rigging activities

4.42 Mr Albert HO expressed concern about tender-rigging activities in building maintenance works. He was aware of reports which suggested that syndicates had infiltrated owners' corporations which colluded with authorized persons and management companies in tender-rigging activities. Small property-owners ended up having to bear exorbitant maintenance cost. There were cases where persons making complaints or reports of illicit activities were threatened or assaulted.

4.43 Mr Albert HO commented that it was not enough for ICAC to step up public education and publicity to combat tender-rigging. He said that the Commission should take active steps to follow up complaints and to conduct investigation into such cases. Mr HO suggested that the Commission should consider deploying undercover personnel to aid investigation work, and he asked if the current legislation was adequate in combatting tender-rigging practices.

4.44 Commissioner, ICAC acknowledged the difficulties in undertaking investigation and law enforcement actions against tender-rigging activities, but he assured members that the Commission had made efforts in tackling the situation. The Commission had launched a major operation against suspected tender-rigging activities a couple of days ago and would carry on with the investigations.

Establishment in the Independent Commission Against Corruption

4.45 Mr SIN Chung-kai enquired about the reduction of eight posts in the establishment of ICAC in 2016 as compared with 2015. Commissioner, ICAC explained that ICAC created 10 time-limited posts in 2012-2013 and 2013-2014 for handling the investigation and prosecution work of a case. The case had been completed and the 10 posts would be deleted from the Commission's establishment in 2015-2016. Meanwhile, two non-directorate posts were planned to be created in the Commission's Administration Branch in 2015-2016. As a result, there would be a net decrease of eight posts in the Commission's establishment.

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Difficulties encountered in gathering evidence during investigation

4.46 Mr James TO asked if ICAC had encountered situations where a person refused to provide information in connection with a corruption-related investigation on grounds of national security, and that the Commission accepted such explanation.

4.47 Director of Investigation (Private Sector) said that in general, in carrying out an investigation into alleged corruption, the Commission could require a person to provide information in connection with the investigation under the Prevention of Bribery Ordinance, Cap. 201. Any person who possessed the information but refused to provide it to the Commission without reasonable cause might be liable to an offence. Director of Investigation (Private Sector) said that he was not aware of any previous case where a person had refused to provide information on grounds of national security. He undertook to confirm the actual situation after the meeting.

The Ombudsman

4.48 Ms Emily LAU noted that while the Office of The Ombudsman had received 13 suggestions from the public for conducting direct investigations, it had not taken on board those suggestions to launch direct investigations but only offered comments and suggestions for improvement to the department and organization concerned. Ms LAU queried how the Office of The Ombudsman could offer comments or suggestions for improvement without having conducted a direct investigation in the first place.

4.49 The Ombudsman responded that before deciding to initiate a direct investigation, the Office might conduct a preliminary assessment to ascertain whether or not the matters under complaint involved significant public interest or required closer examination by way of direct investigation.

Chapter V : Financial Services

5.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury ("SFST"), briefed members on the main initiatives and expenditure on the policy area of financial services in 2015-2016 (Appendix IV-3).

Asian Infrastructure Investment Bank

5.2 Noting that the Government had indicated support for the establishment of the Asian Infrastructure Investment Bank ("AIIB") and would pursue actively the possibility of Hong Kong joining AIIB, Mr SIN Chung-kai enquired about the factors to be considered by the Administration in joining AIIB or otherwise, and the benefits for Hong Kong in participating in AIIB. Dr KWOK Ka-ki relayed public concern about deploying substantial financial resources for Hong Kong to participate in AIIB. Mr Christopher CHEUNG was concerned that the funding proposal relating to Hong Kong's participation in AIIB might be blocked by filibustering at the Finance Committee ("FC") and enquired if the Administration had counter measures to forestall possible obstruction by some members.

5.3 Mr Kenneth LEUNG expressed support for Hong Kong's participation in AIIB as the establishment had both economic and political significance. He enquired about the resources allocated for the preparatory work in this regard. Mr Jeffrey LAM said that the business and financial sectors supported the establishment of AIIB in general for financing the development of infrastructure in Asia and areas along the "One Belt and One Road". He urged the Government to liaise closely with the Mainland authorities on the establishment of AIIB and development of "One Belt and One Road", with a view to identifying opportunities for Hong Kong in complementing the Mainland in pursuing these initiatives, and to allocate sufficient resources for taking forward the related work. It was also necessary for the Government to enhance understanding of the public and Legislative Council Members on these initiatives and the related work of the Government.

5.4 Mr CHAN Kam-lam considered that Hong Kong's participation in AIIB would benefit the Hong Kong economy and enhance its connectivity with other Asian economies. He sought details on the issues under study by the Government in relation to Hong Kong's participation in AIIB, and the relevant timetable. Mr NG Leung-sing concurred that Hong Kong's participation in AIIB would offer opportunities for Hong Kong in complementing the Mainland in assisting the development of Asia.

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5.5 SFST advised that AIIB would play an important role in meeting the investment needs for infrastructure development in Asia. Hong Kong could support the establishment and operation of AIIB through its financial and professional services. This would in turn facilitate Hong Kong's economic co-operation with neighbouring economies, help boost Hong Kong's influence on global and regional financial affairs, and benefit the development of the local financial services industry. He stressed that the Mainland authorities had given positive response to Hong Kong's joining AIIB. At the moment, potential members were working out the details of AIIB's articles of agreement and when these were finalized, the Administration would work out the resources required for Hong Kong to join AIIB. The Administration would then seek funding approval from FC. He appealed to Members for supporting the proposal. In the meantime, the Administration would continue to communicate with the Mainland authorities on the progress of establishment of AIIB, and actively explore with them on Hong Kong's participation.

5.6 At the request of Mr Kenneth LEUNG, the Administration agreed to provide information on the average investment return (e.g. dividends received) in recent years from Hong Kong's participation in the Asian Development Bank.

Development of financial technologies

5.7 Mr Charles MOK enquired about the work priorities of the Steering Group on Financial Technologies ("the Steering Group") to be set up by the Financial Services and the Treasury Bureau ("FSTB"). In face of intensifying global competition and rapid development in financial technologies, he considered that the Administration should devise appropriate policies and measures to support the development of financial technologies in various segments of the local financial services industry. Referring to SFST's recent response in the Legislative Council on issues relating to the regulation of trading activities of Bitcoins, Mr MOK conveyed concern of the information technology sector that the Administration might discourage innovations in financial technologies and products by only stressing their high risks.

5.8 SFST responded that the Steering Group would be tasked to devise appropriate policies and measures to enhance the development of financial technologies in Hong Kong in areas such as retail payment facilities and financial data security systems, and to attract more start-ups and small and medium-sized companies to Hong Kong in developing Hong Kong into a

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financial technology hub. As regards the recent fraud cases involving Bitcoin trading, SFST clarified that the risks were mainly associated with the speculative nature of the relevant trading activities.

5.9 Mr NG Leung-sing expressed support for setting up the Steering Group. However, he was concerned about possible overlapping in the work and manpower between the Steering Group and the Financial Services Development Council ("FSDC"), and asked if the Administration would consider providing funds for the operation of FSDC instead of relying on resources from the financial services industry and deploying/seconding staff members from the Government and financial regulators to support FSDC's work.

5.10 SFST advised that under the current planning, the Steering Group would operate for one year as a platform for gauging views of the financial services sector, services providers of financial technologies and the relevant regulators for mapping out policies to promote the development of financial technologies in Hong Kong and wider acceptance/application of financial technologies by market participants. As regards the resources for FSDC, SFST said that a special feature of FSDC's operation was to leverage on the input and expertise of the members of the financial services industry for its work.

Shanghai-Hong Kong Stock Connect

5.11 Mr Christopher CHEUNG pointed out that the trading volume of southbound trading under Shanghai-Hong Kong Stock Connect ("S-HK SC") was unsatisfactory since its launch in November 2014. He opined that the Mainland investors at large were not familiar with Hong Kong's securities market and regulatory regime. Mr CHEUNG expressed support for the Administration's plan to join hands with the brokerage industry in staging roadshows in the Mainland to promote Hong Kong's securities market. He enquired about the timeframe for taking forward this initiative, and whether securities dealers might apply for grant from the SME Export Marketing and Development Funds ("SME EM&D Funds") for participating in these roadshows.

5.12 SFST advised that as the discussions with the Mainland authorities on the launch of Shenzhen-Hong Kong Stock Connect ("SZ-HK SC") and enhancement of S-HK SC were in progress, the Government considered it more appropriate to stage the roadshows after these initiatives had been finalized. The Administration would collaborate with the Hong Kong

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Exchanges and Clearing Limited ("HKEx") to work with the industry on relevant arrangements. Separately, individual securities dealers might explore how they could make use of SME EM&D Funds to meet their needs in the roadshows and other promotional activities organized on their own.

Fund and asset management business

5.13 Mr CHAN Kin-por noted that many multinational corporations would consider co-locating their corporate treasury centres ("CTCs") with their regional headquarters to increase operational efficiency, and hence CTC business would provide impetus for the development of a headquarters economy in Hong Kong. He sought information on the number of multinational corporations which had established their CTCs and headquarters in Hong Kong, the proposed measures to attract more multinational corporations to establish CTCs in Hong Kong, and the target number of multinational corporations for the initiative.

5.14 SFST advised that currently there were 100 to 200 multinational corporations with CTCs established in Hong Kong. These multinational corporations should have also set up their regional headquarters or major offices in Hong Kong. With a view to attracting more multinational and Mainland enterprises to establish CTCs in Hong Kong, the Government would formulate tax incentives to lower the cost of operating CTCs in Hong Kong. While it would be difficult to set a quantifiable target in this respect, the Administration envisaged that the tax measure would bring about at least a one-fold increase in the number of multinational/Mainland enterprises establishing CTCs and/or regional headquarters in Hong Kong.

Auditor regulatory reform and risk-based capital framework in respect of insurers

5.15 Mr Kenneth LEUNG enquired about the Administration's timeframe in introducing the legislative proposals relating to the regulatory reform of auditors of listed entities into the Legislative Council. SFST said that the three-month public consultation on the relevant proposals had been completed and the Administration aimed to publish the consultation conclusions in mid-2015. The Administration would further discuss with the key stakeholders on some proposals. The Administration planned to introduce the relevant legislative proposals into the Legislative Council in 2016 at the earliest.

5.16 Mr CHAN Kin-por relayed the concerns of SME insurers about the potential serious impact on them arising from the implementation of the proposed risk-based capital ("RBC") framework. Noting that the Office of Commissioner for Insurance ("OCI") would conduct a Quantitative Impact Study ("QIS") of the RBC framework on different types of insurers, he enquired about the progress of work in this regard and the Administration's timeframe for implementing the RBC framework.

5.17 SFST advised that the Administration was analyzing the views received from the Phase 1 consultation on the proposed RBC framework which ended in December 2014. In Phase 2, the Administration planned to formulate detailed proposals on some technical matters for further consultation with the industry and conduct QIS for different types of insurers. SFST said that the RBC framework would be rolled out in phases and insurers would be required to comply with the new requirements in a progressive manner.

Mandatory Provident Fund System

5.18 Mr WONG Kwok-hing enquired about FSTB's work plan in 2015-2016 to take forward the proposal of abolishing in phases the current arrangement allowing employers to offset severance payments and long service payments against Mandatory Provident Fund ("MPF") accrued benefits ("the SP/LSP offsetting arrangement"). SFST said that abolition of the SP/LSP offsetting arrangement, which straddled the policy areas of other bureaux, was not among FSTB's key areas of work in 2015-2016. He pointed out that the subject involved interests of various sectors. A consensus had to be reached in the community, in particular between employees and employers, before the bureaux concerned could consider how to take the matter forward.

5.19 Referring to the Airport Authority Hong Kong ("AAHK")'s plan to raise funds through issuance of bonds to finance the proposed three-runway system ("3RS") of the Hong Kong International Airport, Mr WONG Kwok-hing enquired whether the Government would consider setting aside a certain amount of the AAHK bonds for investment by the proposed MPF Core Fund. He envisaged that the potential high yields from the AAHK bonds could enhance the Core Fund's long-term investment return.

5.20 SFST explained that the purpose of introducing a Core Fund with fee control as the default investment strategy under each MPF scheme was

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to balance long-term investment risks and returns for MPF scheme members in a manner appropriate for retirement savings. SFST said that it would be for MPF trustees and fund managers to consider the investment components of the Core Fund which might cover equities and bonds.

Population census/by-census

5.21 Mr CHAN Chi-chuen enquired about the outcome of the study conducted by the Census and Statistics Department ("C&SD") on refining the classification of "Sex" to take into account transgender and transsexual persons, and the classification of "Marital status" to include co-habitation and same-sex relationship under the data topics of the 2016 Population By-census ("16BC"). He urged C&SD to include a data topic on sexual orientation in population census/by-census and refine the classification for the data topics on "Sex" and "Marital status". On the Administration's response that no bureaux/departments had proposed themes related to sexual orientations for the Thematic Household Survey, Mr CHAN asked if the relevant bureaux had approached C&SD for discussion on this data topic.

5.22 Commissioner for Census and Statistics responded that population censuses/by-censuses were not appropriate vehicles for collecting data on sexual orientations and transgender identities having regard to the difficulty to ensure data accuracy due to respondents' potential unwillingness to disclose such highly sensitive personal information. As such, C&SD had decided not to include a data topic on sexual orientations in the 16BC, or refine the classification for data topics on "Sex" and "Marital status".

Financial Disputes Resolution Centre

5.23 Mr Albert HO noted that since its establishment in 2011, the Financial Disputes Resolution Centre ("FDRC") had received only 82 applications for mediation services. As only disputes of a monetary nature not exceeding HK\$500,000 could be brought before FDRC, Mr HO expressed concern about the effectiveness of FDRC in resolving financial disputes. Noting that the arbitration process in FDRC was primarily a "documents-only" arbitration without involving in-person hearings, Mr HO sought information on the number of disputes successfully resolved by FDRC, the amount of claims/compensation concerned, and the number of cases involving in-person hearings.

5.24 Permanent Secretary for Financial Services and the Treasury (Financial Services) said that since its establishment, FDRC had resolved

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about 70 financial disputes, all of which were settled through "documents-only" arbitration. He undertook to provide supplementary information to Mr Albert HO's questions above.

Anti-money laundering measures

5.25 Mr Albert HO expressed concern that investigation and enforcement actions in relation to suspected money laundering activities might in some cases affect innocent parties, as he had received complaints from members of the public about freezing of their bank accounts for excessively long periods without explanation. Out of the cases categorized as money laundering in 2014 by the relevant law enforcement agencies, he enquired about the number of cases which involved freezing of bank accounts suspected of money laundering and the subsequent prosecution initiated, if any.

5.26 Head (Financial Infrastructure Development), Hong Kong Monetary Authority said that the Joint Financial Intelligence Unit and the Hong Kong Police Force were responsible for receiving and analyzing reports about suspicious financial activities, and taking enforcement actions where warranted, whereas the role of the Hong Kong Monetary Authority ("HKMA") was to monitor the measures and systems adopted by banks in compliance with the requirements under the anti-money laundering regime in Hong Kong. He said that HKMA did not have the information requested by Mr Albert HO in hand and would liaise with the relevant authorities to provide the information.

Operating expenditure of the Financial Services Branch

5.27 Mr CHAN Kam-lam expressed concern about adequacy of resources for the Financial Services Branch ("FSB") of FSTB and departments under its purview to cope with the increased workload and new initiatives such as preparing for Hong Kong's participation in AIIB and the implementation of SZ-HK SC, as he noted that the provisions for FSB and the departments concerned in 2015-2016 would decrease by \$20 million to \$980 million.

5.28 SFST said that the resources sought under the Estimates of Expenditure 2015-2016 would be adequate in meeting FSTB's operating expenses. Resources would be deployed for undertaking new initiatives including establishment of the Provisional Insurance Authority. He assured members that FSTB and the financial regulators would give due

regard to industry needs, and strive to ensure allocation of sufficient resources for development of the financial services industry.

Gender mainstreaming in financial services

5.29 Referring to the Third Report of the Hong Kong Special Administrative Region under the Convention on the Elimination of All Forms of Discrimination against Women for consideration by the United Nations, Ms Emily LAU enquired whether and how the Government would collaborate with the Women's Commission in promoting the interest of women in Hong Kong, and the measures under consideration and the resources required in respect of mainstreaming gender in the financial services sector and for the related manpower training. In particular, she asked whether the Administration would consider specifying a minimum proportion of female members on the boards of directors of listed companies.

5.30 SFST responded that FSTB followed the Government's policy in gender mainstreaming, and had all along implemented the relevant requirements consciously and proactively, including the latest requirement for all bureaux and government departments to raise the rate of appointment of women to government advisory and statutory bodies from 30% to 35% starting from 2015-2016. Regarding the proportion of female members on the board of directors of listed companies, SFST agreed that promoting board diversity, including gender diversity, would help enhance corporate governance. It should be noted that a listed company's board of directors could benefit from diversification of members in aspects such as age and professional background besides gender, taking into account the unique circumstances of the company and its business model and needs. Instead of prescribing a minimum proportion of female members on the board, HKEx considered it a better and more flexible approach to enhance board diversity through a "comply or explain" regime, i.e. the board had the option to either comply with the provision of board diversity or explain non-compliance in its corporate governance report. SFST added that the Administration would follow up on HKEx's board diversity policy and measures, and explore with the Women's Commission and the stakeholders on promoting gender equality in the financial services sector where appropriate.

Financial arrangement for the three-runway system

5.31 Dr KWOK Ka-ki, Mr LEUNG Kwok-hung and Mr Albert CHAN expressed grave concerns about the propriety and viability of the financial arrangement, including raising funds through the issuance of bonds by AAHK, for implementing the 3RS project at an estimated cost of \$141.5 billion. They expressed worry that the funding gap would be met by taxpayers' money should AAHK fail to raise sufficient funds from the market or over-estimate the return of the 3RS project. They considered it incumbent upon the Government to examine the financing arrangement for 3RS in detail. In particular, SFST, being a member of the AAHK Board and the director of bureau overseeing financial services, should play a gate-keeping role in scrutinizing the financial arrangement for the 3RS project. Dr KWOK and Mr LEUNG criticized that the Administration had not conducted a thorough cost-benefit assessment of the 3RS project, and the Executive Council's endorsement of the financial arrangement proposed by AAHK was to bypass the monitoring by the Legislative Council and the public.

5.32 Mr NG Leung-sing stressed that implementation of the 3RS project would bring benefits to the Hong Kong economy. He opined that members of the opposition camp should not oppose infrastructure projects indiscriminately.

5.33 SFST said that issues relating to 3RS were not under the purview of FSB. The Chairman advised that members could raise questions on 3RS and related issues at the session on "Transport" for which the Secretary for Transport and Housing was responsible.

Chapter VI : Public Finance

6.1 Professor K C CHAN, Secretary for Financial Services and the Treasury ("SFST") highlighted the major initiatives in public finance under his purview in 2015-2016 (Appendix IV-4).

Establishment of the Future Fund and use of fiscal reserves

6.2 Mr SIN Chung-kai, Dr KWOK Ka-ki, Ms Emily LAU and Mr LEE Cheuk-yan expressed grave concern that the underlying purpose of the establishment of the Future Fund ("FF") was to circumvent monitoring of the Legislative Council over the utilization of the fiscal reserves and hide away the Government's disposable resources. They considered that the establishment of FF through administrative means departed from the Government's financial discipline and the Administration should clearly explain to the public the objectives and use of FF.

6.3 Dr CHIANG Lai-wan welcomed the proposal to establish FF, and suggested that a portion of the fund should be earmarked for implementing initiatives which would benefit the future generations.

6.4 SFST clarified that the purpose of establishing FF was to set aside part of the fiscal reserves for long-term investment. With the higher investment returns expected from FF, the Government could strengthen its fiscal capacity in supporting non-recurrent infrastructure projects in future. The Working Group on Long-Term Fiscal Planning had pointed out that notwithstanding the Government had enjoyed fiscal surpluses in the past years, with an ageing population and slower growth in the economy, Hong Kong might experience structural deficits in the next 10 years. FF would help mitigate the adverse impact of the structural deficits. SFST assured members that FF was not to hide away Government's resources, but to save up in a timely manner to prepare for future needs of Hong Kong. He stressed that the operation of FF would be transparent, as with the established practice of the Government to maintain a high degree of transparency in its income and expenditure positions.

6.5 Mr SIN Chung-kai, Dr KWOK Ka-ki, Ms Emily LAU and Mr LEE Cheuk-yan criticized the Administration for its lack of commitment in making investment in social infrastructure, including education, health and welfare services and setting up a universal retirement protection scheme, despite continuous accumulation of huge fiscal surpluses over the years. They also expressed disappointment over the Administration's poor performance in the management of public finance as evidenced by constant

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over-estimation of public expenditure and under-estimation of government revenue. They urged the Administration to seriously respond to the needs of the community and make better use of the fiscal reserves for the long-term development of Hong Kong. Mr SIN and Ms LAU opined that the implementation of one-off relief measures could only cater for the short-term needs of the general public, and it was essential for the Administration to increase investment in social infrastructure to cater for the future needs of the community and address the problem of ageing population. In this connection, Mr LEE expressed disappointment that the estimated 0.3% increase in the subvention to the Hospital Authority in 2015-2016 would be far from sufficient in meeting the increase in service demand and addressing the problem of ageing population.

6.6 SFST responded that over the years, the Administration had increased expenditure on recurrent and non-recurrent items taking into account the actual needs of the community and having regard to the views and suggestions of Legislative Council Members. As pointed out by the Financial Secretary ("FS"), the increase in government expenditure had actually outpaced the growth in the Gross Domestic Product. There had been continuous increases in investment in infrastructure, such as construction of new hospitals and public rental housing units. In respect of the provision of new public infrastructure, apart from financial commitments from the Government, the availability of land and the time required for the planning work had to be taken into account.

6.7 Mr LEE Cheuk-yan expressed concern about the proposal of establishing the Housing Reserve with \$20 billion from the budget surplus in 2014-2015 and criticized that it was another example of the Administration's hiding away Government's disposable resources. SFST explained that the Housing Reserve would be used to support future public housing development programmes. The arrangement was in line with the Government's principle in managing public finance in a prudent manner, and could avoid adding pressure on government finances in the future.

6.8 Mr Kenneth LEUNG was of the view that since FF was an investment scheme rather than a savings scheme, the Administration should consider changing the name of FF to better reflect its purpose of making "investment". SFST responded that the Administration had made reference to names of similar schemes in other jurisdictions and considered other suggested names for the fund. The current name was appropriate as it was simple and direct.

Automatic exchange of financial account information in tax matters

6.9 Referring to the Government's plan to introduce an amendment bill in 2016 for implementing the automatic exchange of financial account information ("AEOI") in tax matters and have it enacted in meeting the pledge to the Organisation for Economic Cooperation and Development ("OECD") in implementing the new global AEOI standard in Hong Kong by the end of 2018, Mr Kenneth LEUNG asked how the Administration would solicit support from the business sector and financial institutions as he expected that there would be strong opposition to the legislative proposal from these parties. He also enquired about the possible consequences for Hong Kong if it failed to meet its pledge to OECD.

6.10 SFST responded that the Administration would make its best endeavours to press ahead the initiative on AEOI. The Administration was aware of the challenges in taking forward the relevant legislative proposal and was mindful of the need to address concerns of the business sector and the general public about protection of privacy and confidentiality of the information exchanged. To this end, the Administration would continue to consult various stakeholders and the general public on the relevant legislative proposal, as well as providing appropriate safeguards in the relevant bill. SFST cautioned that if the new global AEOI standard was not implemented by the expected timeframe, Hong Kong might be blacklisted by OECD as an unco-operative jurisdiction, and this would impact on Hong Kong's status as an international financial centre. He remarked that G20 had considered blacklisting Hong Kong as a "tax haven" in 2009. The matter was eventually resolved with the intervention by the Mainland authorities and Hong Kong's commitment to enhance its tax transparency through the network of comprehensive agreements on avoidance of double taxation with other economies.

Adjustments of fees and charges of government services

6.11 Mr WONG Kwok-hing pointed out that FS had stated in his 2013-2014 Budget Speech that the Administration would not make substantial revisions of fees and charges of government services. The Administration had also put in place principles to achieve full cost recovery in a gradual manner, including adopting an increase of 20%, 15% and 10% or less for items with an existing cost recovery rate of less than 40%, 40% to 70%, and over 70% respectively. However, he noted with concern that recently the Administration had proposed steep increases in fees for various

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services, including examinations of bovine animals and swine, and cremation services. He was concerned that the Administration would no longer adhere to the aforesaid principles. Dr CHIANG Lai-wan shared that the public had concern about possible increase in fees and charges for other services in the near future, including public health services.

6.12 Mr CHAN Chi-chuen remarked that the Administration's recent proposals to adjust the fees and charges of some services provided by the Food and Environmental Hygiene Department, the Agriculture, Fisheries and Conservation Department and the Social Welfare Department were generally opposed by the Panel on Food Safety and Environmental Hygiene and Panel on Welfare Service. He opined that while the proposed fee adjustments would have minimal impact on the general revenue, the increase in fees and charges could add significant burdens to the users. In particular, he criticized the steep increases in the fees for cremation services, and opined that the fee adjustment for the adoption service was inappropriate. He cautioned that the Administration should not push through the fee adjustment proposals without the support of Legislative Council Members.

6.13 SFST responded that the Administration had all along adhered to the "user pays" principle in upholding prudent management of public finances. In reviewing the fees and charges, the Administration would not make substantial revisions in one go, and would take into account a number of factors, including policy considerations relevant to the services provided, public affordability and acceptability, and the views of Legislative Council Members. In fact, the fees and charges for many Government services had not been adjusted since 1997, creating a negative impact on the provision of public services. As regards the recent proposals in fee revisions submitted to the Panels of the Legislative Council, the government bureaux/departments concerned were considering members' views and would continue to discuss with them on related issues.

6.14 Permanent Secretary for Financial Services and the Treasury (Treasury) supplemented that in 1997-1998, government services with fees and charges determined on a cost recovery basis had generated around \$12 billion in revenue, which represented about 4.2% of the total government revenue then. In 2013-2014, revenue from this source had dropped to \$11 billion, which amounted to about 2.4% of the total government revenue. She pointed out that to uphold fiscal discipline, there was a need to review fee items with very low cost recovery rates. Indeed

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there were items for which fees had not been adjusted for over 10 years, and some items were charging at very low cost recovery rates. In the past two years, the Administration had reviewed the fees and charges of over 2 000 items of public services, and there were both downward and upward adjustments in the fees and charges concerned.

Relocation of government offices in core business districts

6.15 Dr CHIANG Lai-wan welcomed the Administration's plan to relocate government offices away from the core business districts, including Wan Chai and Mong Kok. In the light of the huge fiscal reserves, she suggested that the land released after the relocation should not be put to sale and the government office buildings vacated should be rented out with the rental income generated credited to FF. SFST said that the objective of relocating the government offices away from the core business districts was to release valuable sites for commercial use to support the development of Hong Kong's economy. As such, the buildings or land would be put to sale upon completion of the relocation exercise.

Financial monitoring of government departments and statutory bodies

6.16 Mr Albert CHAN criticized the Administration for failing to exercise proper control over the spending of some government departments and statutory bodies. The Airport Authority Hong Kong ("AAHK")'s project of expanding the Hong Kong International Airport into a three-runway system and the installation of extravagant recreational facilities in the new Civil Aviation Department Headquarters were cases in point. He queried if SFST had duly performed his role as the Government's gatekeeper in public finance in respect of AAHK's proposal to build the third runway, in particular the cost effectiveness of the project. He considered that the information provided by AAHK on the project had deliberately misled the public, as assessments of a number of experts and academics had pointed out that the economic benefits of the project for Hong Kong were limited and the expected return from the investment was lower than that estimated by AAHK. Dr KWOK Ka-ki echoed the same concern. Pointing out that the third runway project would be partly financed by AAHK's operational surplus, which had been typically paid as dividends to the Government, and an airport construction fee collected from departing passengers, he opined that the financial arrangement would bypass Legislative Council's monitoring and force the general public to finance the project.

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6.17 SFST responded that when considering AAHK's recommendations, the Administration had re-affirmed the need for the three-runway system, which could cater for the development needs of Hong Kong in the long run. The financial arrangement for the AAHK's third runway project and related matters were under the purview of the Transport and Housing Bureau.

Chapter VII : Environment

7.1 At the invitation of the Chairman, Mr WONG Kam-sing, Secretary for the Environment ("SEN"), briefed members on the financial provisions and the main initiatives of the Policy Area: Environment for the 2015-2016 financial year (Appendix IV-5).

Promotion of green buildings and energy saving

7.2 Noting that the Electrical and Mechanical Services Department had commenced a study on the expansion of the product coverage of the Mandatory Energy Efficiency Labelling Scheme ("MEELS"), Dr LO Wai-kwok expressed concern about the effectiveness of MEELS in facilitating the public to choose energy-efficient electrical products.

7.3 The Director of Electrical and Mechanical Services ("DEMS") advised that under MEELS, energy labels were required to be displayed on five types of prescribed products, namely room air conditioners, refrigerating appliances, compact fluorescent lamps, washing machines, and dehumidifiers. These home electrical appliances accounted for about 60% of annual electricity consumption in the residential sector. MEELS had achieved significant energy saving and raised public awareness on using more energy-efficient appliances. DEMS expected that after the full implementation of the new energy efficiency grading standards for room air conditioners, refrigerating appliances and washing machines in November 2015, 300 million kWh of electricity could be saved per year.

7.4 Dr LO Wai-kwok also noted with concern about the gradual drop in the number of fluorescent lamps and tubes recovered under the Fluorescent Lamp Recycling Programme in recent years. SEN advised that as stated in the 2015 Policy Address, the Administration would step up its efforts to engage the general public to reduce, separate and recycle waste. The Deputy Secretary for the Environment ("DSEN") added that the Energy Saving Charter on "No Incandescent Light Bulbs ("ILBs")" rolled out in 2013 had encouraged the retirement of ILBs and the use of more energy-efficient lighting products.

7.5 Mr Kenneth LEUNG sought elaboration on the work of the Steering Committee for the Promotion of Green Building ("the Steering Committee"), in particular whether a review on the current practices of granting gross floor area ("GFA") concessions to buildings with green and

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amenity features would be conducted.

7.6 SEN advised that the Steering Committee was responsible for co-ordinating the efforts of various Government bureaux and departments ("B/Ds") in promoting green buildings in Hong Kong. In 2009, the Development Bureau and the Environment Bureau ("ENB") had promulgated a target-based green performance framework to set out targets in various green building aspects for new and existing government buildings. The Administration was reviewing the framework with a view to promoting further the environmental performance of buildings in Hong Kong and planned to issue a blueprint in the summer of 2015 to set out its policies on energy conservation and green buildings. A review on the existing GFA concession practices related to the provision of green and amenity features would be conducted as appropriate.

7.7 Mr Kenneth LEUNG further enquired whether the Administration would release the carbon audit data of existing government buildings and public facilities to the public and extend the scope of the 3-year energy-cum-carbon audit programme to cover commercial buildings. DEMS responded that since the launch of the 3-year programme in September 2012, the Administration had conducted energy-cum-carbon audits in about 120 government buildings and public facilities. The audit reports had suggested that carbon reduction and energy efficiency measures could be implemented in areas including energy use, waste management, use of papers and behavioural change. DSEN added that to further promote carbon reduction, ENB had launched in December 2014 an online carbon footprint repository which enabled Hong Kong listed companies to disclose their carbon footprints and share successful stories on carbon management and practices. More than 60 listed companies had conducted carbon footprint audits and disclosed their carbon data. The Administration would continue to encourage more listed companies in Hong Kong to join the initiative.

7.8 Noting that the Administration had set a target of 5% saving in the electricity consumption of government buildings in the next five years from 2015-2016 to 2019-2020 under comparable operating conditions in 2013-2014, Mr Tony TSE asked whether ENB would formulate energy management proposals for B/Ds to help them achieve the target. DSEN responded that ENB would provide guidelines for B/Ds on energy saving

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measures. Energy audits for major government buildings with comparatively high annual electricity consumption would also be conducted to identify energy management opportunities. B/Ds would implement energy saving measures and projects having regard to the energy audit results.

Solid waste management

7.9 Mr TANG Ka-piu enquired when the South East New Territories ("SENT") Landfill would be designated to accept only construction waste and whether the number of vehicle trips of refuse collection vehicles ("RCVs") to the SENT Landfill would be reduced as a result. SEN advised that the number of vehicle trips delivering waste to the SENT Landfill was estimated to be reduced from the 1 000 vehicle trips per day at present to about 500 upon the designation of the SENT Landfill to receive only construction waste.

7.10 The Deputy Director of Environmental Protection (2) ("DDEP(2)") added that subject to satisfactory progress of the implementation of the Waste Diversion Plan, the Administration intended to bring into effect the part of the Waste Disposal (Designated Waste Disposal Facility) (Amendment) Regulation 2013 which specified the SENT Landfill as a designated disposal facility to accept only construction waste around the end of 2015. The corresponding commencement notice would be gazetted after consultation with the Panel on Environmental Affairs around mid-2015.

7.11 Mr James TIEN was concerned about the monitoring of fly-tipping on Wan Po Road. DDEP(2) advised that 24-hour close-circuit television ("CCTV") cameras had already been installed at fly-tipping black spots near Wan Po Road. The Administration was studying the feasibility of extending the CCTV camera installation to other suitable locations along Wan Po Road to enhance enforcement against RCVs dripping leachate or dropping waste during their trips to landfills. DDEP(2) undertook to relay Mr TIEN's concern on road defects along Wan Po Road caused by the heavy traffic of RCVs to the Highways Department for follow-up.

7.12 Mr Michael TIEN expressed concern that the reduction in the number of litter containers ("LCs") placed in public places for the

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implementation of municipal solid waste ("MSW") charging might discourage on-street shopping, thus affecting the business of small shops on the street. He enquired whether the Administration would take into account the possible economic loss when deciding the number of LCs to be reduced. The Permanent Secretary for the Environment ("PSEN") responded that the Environmental Protection Department ("EPD") had convened a working group to steer and co-ordinate the preparatory work for the implementation of MSW charging. The working group would give due consideration to the interface issues between MSW charging and other public services, such as the design of LCs and their distribution. The Administration would work out detailed arrangements with relevant B/Ds and seek local communities' views as and when necessary.

Food waste management

7.13 Noting that as at February 2015, 12 government departments and public institutions had signed the Food Wise Charter ("the Charter") under the Food Wise Hong Kong Campaign launched and were committed to reducing food waste, Ms Emily LAU enquired how the Administration would encourage the food and beverage industry to sign the Charter to support food waste reduction.

7.14 SEN responded that at present, nearly 400 organizations had signed the Charter and some of the signees were from the food and beverage sector and the hotel sector. Through drawing up plans and adopting best practices, some signees had successfully reduced food waste by 10 to 20%. To further promote a food wise and waste less culture, the Administration would launch the "Food Wise Eateries" scheme in collaboration with the catering industry to encourage the public to further reduce food waste at source. Ms Emily LAU opined that the proposed scheme should not adversely affect normal business operations or cause undue pressure on business costs of restaurants and hotels. Otherwise, the catering industry would not be interested to participate in the scheme.

Waste recycling

7.15 Noting the multiple-fold increase in the quantity of tyres disposed of at landfills between 2012 and 2014, Mr Frankie YICK asked if the Administration would consider introducing a mandatory producer

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responsibility scheme ("PRS") on discarded tyres to promote waste tyre recycling.

7.16 DDEP(2) responded that the Administration had been introducing PRSs progressively with initial focus on plastic shopping bags, waste electrical and electronic equipment and glass beverage bottles ("GBBs"). According to the action plans under the Hong Kong Blueprint for the Sustainable Use of Resources 2013-2022, the Administration would study between 2016 and 2018 the feasibility of including other recyclables, such as rubber tyres, packaging materials and rechargeable batteries in PRSs. In response to the Chairman's concern about the recycling of GBBs, SEN advised that the Administration was drafting legislation for the implementation of the mandatory PRS on GBBs. It was expected that all the waste glass recovered under the mandatory PRS on GBBs would be reused in local public works projects.

7.17 Mr WU Chi-wai sought elaboration on how the Administration would expand the recycling network in the community. DDEP(2) advised that the development of Community Green Stations in each of the 18 districts was one of the initiatives to enhance recycling. There were also other programmes on waste reduction and recycling. For example, under the territory-wide Programme on Source Separation of Domestic Waste, three-colour waste separation bins were placed in participating housing estates to facilitate source separation of waste by residents. Mr WU suggested that the Administration should explore with the Hong Kong Housing Authority ("HA") the feasibility of engaging HA's cleansing contractors in segregating recyclable materials from household refuse at a designated area within individual public rental housing estates as there might not be sufficient space in households for waste separation.

Transportation of waste

7.18 Noting that the transportation of sludge from sewage treatment plants to the Sludge Treatment Facilities ("STFs") in Tuen Mun mainly relied on road transport, Mr TAM Yiu-chung enquired about the feasibility of transporting sludge to STFs by sea to reduce possible odour impact caused by road transportation. DDEP(2) responded that the Administration aimed to transport sludge by sea as far as practicable to reduce the nuisance caused by sludge vehicles moving on roads. However, given that some

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sewage treatment plants did not have seafront access, some of the sludge delivery still had to rely on land transport. Nonetheless, sludge transported on land would be delivered in fully enclosed containers to minimize its traffic and environmental impacts along the route.

7.19 In response to Mr TAM Yiu-chung's further enquiry about the transportation of MSW to landfills by sea, DDEP(2) advised that at present, MSW disposed of at the refuse transfer stations on Hong Kong Island and in Kowloon was compacted and delivered to landfills in fully enclosed containers on waste collection vessels. SEN supplemented that the Administration would commence a study in 2015, spanning 18 months to two years, for the purpose of formulating a territory-wide long-term plan for waste treatment and transfer facilities and identify additional waste facilities for bulk transfer and treatment of MSW and construction waste to meet Hong Kong's sustainable development needs.

Implementation of the extension of the PSB Charging

7.20 Mr WONG Kwok-hing expressed concern about the implementation of the extension of the PSB Charging to all retail outlets and possible confusion to the general public. He commented that there was inadequate publicity to raise public awareness of the extended charging scheme. On the enforcement of the extended charging scheme, Mr WONG enquired about the manpower deployed for conducting random checks and mystery shopping at retail outlets.

7.21 PSEN responded that a team of 18 EPD staff would conduct enforcement actions for the extended PSB Charging. During the launch of the charging scheme, about 50 contract staff would be engaged to support the implementation by initially visiting retail outlets to explain the charging requirements and at a later stage playing the role of mysterious shoppers to help collate intelligence for follow up enforcement action. EPD would conduct investigations into reports of suspected violations.

7.22 Dr Kenneth CHAN sought elaboration on the hotline service operated by EPD to handle enquiries about the extended PSB Charging and how the Administration would publicize the extended charging scheme to overseas tourists and ethnic minorities living in Hong Kong who might not understand the promotional publications which were printed in Chinese or

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English. PSEN advised that EPD was operating a hotline to assist the retail trade and the community to understand the charging requirements, which would continue for a certain period of time after April 2015 when the new requirements were brought into effect. To publicize the extended PSB Charging to overseas tourists, EPD had invited the Consumer Council ("CC") to upload the implementation details of the extended charging scheme on CC's website and widely distributed publicity stickers and posters to retail operators for display at shopfront and cashier counters. The Administration would step up promotion to explain the extended PSB Charging requirements to ethnic minorities in Hong Kong.

Management of public fill

7.23 Noting that in the past five years, major infrastructure projects had generated about 4 million tonnes of public fill annually, Mr James TIEN sought information on the amount of public fill which was attributed to public housing projects in the past five years. He further asked whether the Administration would consider delivering more public fill to the Mainland for reuse.

7.24 The Director of Civil Engineering and Development ("DCED") responded that while the Administration would reuse inert materials generated from construction works as filling materials in reclamation and site formation works as far as possible, surplus filling materials would be stockpiled at the two fill banks Tseung Kwan O and Tuen Mun. As the total capacity of these two fill banks was only around 22 million tonnes, while about 10 million tonnes of filling materials were being generated annually, the Administration had been delivering surplus filling materials to the Mainland for reclamation to alleviate the pressure on the two fill banks. DCED would provide further information on filling materials generated by public housing projects annually after the meeting. PSEN supplemented that non-inert construction waste usually comprised timber, bamboo, plastic and other organic materials. Some of these could be recycled while others were disposed of at landfills. In contrast, inert waste, also known as public fill, mainly included rock, debris and concrete, which could be used for reclamation and land formation. The SENT Landfill would be designated to accept only construction waste but not public fill.

7.25 Dr CHIANG Lai-wan expressed concern about the environmental

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nuisances and transportation costs arising from the delivery of public fill to the Mainland. She opined that the Administration should reuse as far as possible the public fill generated from major infrastructure projects in reclamation and site formation works. SEN explained that the public fill generated in Hong Kong had all along been used for reclamation purposes. While the Administration had endeavoured to use the public fill locally, the supply of public fill had been exceeding demand as there had been fewer reclamation projects in recent years. If the situation persisted, the two fill banks would be filled up soon. Under these circumstances, the delivery of public fill to the Mainland for reclamation was a win-win solution which was in line with the principles of sustainable development.

Replacement programme for franchised buses

7.26 Mr TANG Ka-piu pointed out that under the bus replacement programme, around 2 456 Euro II franchised buses, representing about 50% of the bus fleet, would retire by the end of 2019. He expressed concern that the franchised bus companies might seek to increase bus fare to cover the replacement costs and as a result, a major part of the replacement costs might ultimately be borne by passengers. The Deputy Director of Environmental Protection (3) ("DDEP(3)") responded that under the franchised agreements, bus companies had to use buses of less than 18 years old to provide services. As such, the costs relating to bus fleet replacement had already been factored in the financial planning and operation of the bus companies. A new double-deck bus now cost about \$3 million.

7.27 In response to Mr TANG Ka-piu's further enquiry about the Government's initiative to fully subsidize the franchised bus companies to retrofit some 1 400 Euro II and III franchised buses with selective catalytic reduction devices to upgrade their emission performance to that of Euro IV or above level, DDEP(3) advised that buses eligible to be retrofitted should have at least two years of service life after that. Under the bus replacement programme, all the Euro II and III franchised buses would be retired by the end of 2019 and 2026 respectively.

Marine emissions

7.28 Mr SIN Chung-kai enquired about the feasibility of requiring different types of vessels to switch to cleaner fuels when they entered Hong

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Kong waters. Under Secretary for the Environment responded that as approved by the Legislative Council, the Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation would take effect on 1 July 2015 and all ocean-going vessels ("OGVs") would be required to use low sulphur marine fuel with sulphur content not exceeding 0.5 % or comparable clean fuel while berthing in Hong Kong to reduce emissions and improve air quality. On the Mainland, the Shenzhen authorities had also launched an incentive scheme in March 2015 to encourage OGVs to switch to use low sulphur fuel while berthing. The Administration were exploring with the Guangdong authorities the feasibility of making the fuel switch a common requirement for ports in the Pearl River Delta region.

7.29 In response to Mr SIN Chung-kai's further enquiry about the emissions from local vessels and the resultant impact on the environment, DDEP(3) advised that the Air Pollution Control (Marine Light Diesel) Regulation, which had come into operation on 1 April 2014, required the sulphur content of locally supplied marine light diesel to be capped at 0.05%, which was a 90% reduction from previous sulphur level of marine light diesel supplied to marine vessels. The Mainland had required local vessels to use diesel with a sulphur limit of 0.035%.

Use of electric vehicles

7.30 Mr Tony TSE noted that the Government had exempted the first registration tax ("FRT") for electric vehicles ("EVs") since 1994 and as at the end of February 2015, the exemption had been granted to a total of 1 220 vehicle owners, involving 1 628 EVs. He asked if the outcome met the expectations of the Administration. DDEP(3) responded that the Administration had not set a target on the number of EVs to be used in Hong Kong and waiving FRT for EVs was mainly to promote the wider use of EVs, thereby improving roadside air quality. The Administration would continue to encourage prospective buyers to purchase EVs over conventional vehicles.

7.31 Pointing out that no greenhouse gas would be emitted during the process of nuclear power generation, Dr CHIANG Lai-wan enquired whether the Administration would consider developing and promoting the use of "cleaner" energy for EVs. SEN responded that EVs had no tailpipe emissions. Although they were powered by electricity, the emission of air

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pollutants during electricity generation was less than that of petrol or diesel vehicles. The Administration would continue to promote the wider use of EVs in Hong Kong and review the present coal-dependent fuel mix to further reduce air pollutant emissions by power plants.

Phasing out pre-Euro IV diesel commercial vehicles

7.32 Mr Frankie YICK noted with concern that as at the end of February 2015, only about 26% of owners of pre-Euro public light buses ("PLBs") had participated in the incentive-cum-regulatory scheme implemented by EPD in March 2014 to phase out pre-Euro IV diesel commercial vehicles ("DCVs") by the end of 2019. Pointing out that PLB owners had encountered difficulties in replacing their old vehicles with new models that met Euro IV or more stringent emission standards, he enquired how the Administration would assist pre-Euro DCV owners to acquire a replacement before the ex-gratia payment application deadline (i.e. 31 December 2015).

7.33 DDEP(3) advised that the Administration had been encouraging the PLB trade to replace diesel PLBs with liquefied petroleum gas ("LPG") ones to improve roadside air quality. While some PLBs might not get their refilling easily as dedicated LPG filling stations were located far away from their main service areas, the Administration had been closely monitoring the supply of different models of PLBs in the market. Mr Frankie YICK urged the Administration to assist PLB owners in replacing their old vehicles with new models as well as to remind owners of pre-Euro DCVs of the retirement deadline to facilitate them to make necessary preparation and arrangements as early as possible.

Country parks

7.34 Mr Tony TSE enquired whether the Agriculture, Fisheries and Conservation Department ("AFCD") had compiled statistics on the number of visitors using the campsites in country parks in order to better promote wild camping as one of the recreational choices in town and encourage the public to experience the natural environment in countryside.

7.35 Director of Agriculture, Fisheries and Conservation ("DAFC") advised that some of the campsites in country parks were located in

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relatively remote areas, and AFCD staff would conduct regular patrols to ensure that camping facilities were properly maintained. Although AFCD did not keep statistics on the number of visitors using the campsites in country parks, it had been closely monitoring the conditions of each campsite. He considered that the number of campsites currently provided in country parks was adequate to meet the demand of potential users.

7.36 Mr YIU Si-wing considered that there was a need for the Administration to conduct detailed assessment of the number of visitors to major country parks, which could provide useful information to AFCD in the planning and management of country park facilities. DAFC responded that AFCD had been regularly conducting visitor sampling surveys at the major entry points and recreational sites of various country parks to estimate the number of visitors to country parks located in different parts of Hong Kong. According to the estimates, there were about 11 to 12 million people visiting country parks annually. However, AFCD did not have a breakdown on the respective numbers of visitors to individual country parks.

7.37 In response to Mr YIU Si-wing's further enquiry about measures to promote eco-tourism in Hong Kong, DAFC advised that AFCD had conducted a series of publicity and education activities for the public, students and visitors to promote their visit to country parks. It had also collaborated with the Hong Kong Tourism Board ("HKTB") to carry out overseas promotion of nature-based eco-tourism activities in country parks. The total expenditure involved was around \$15 million in 2014-2015. DAFC undertook to provide information on the expenditure involved in the collaboration with HKTB on the promotion of green tourism if available. As regards the number of eco-tour guides in Hong Kong, DAFC advised that AFCD did not have information on the eco-tour guides employed by travel agencies. Nonetheless, AFCD had been organizing educational activities and guided tours on nature conservation for eco-tour guides. All the participants had received eco-tour guide training.

Oil prices

7.38 Mr WU Chi-wai noted that CC had analyzed the relationship between international crude oil prices and retail prices of five oil companies in Hong Kong over the past two years and suggested that there were signs of

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"quick going up, slow coming down" in the pricing practices of the oil companies. He asked if the Administration had been monitoring whether there was profiteering by the oil companies.

7.39 DSEN responded that CC's analysis was based on the international oil prices, which was not an appropriate approach as all auto-fuels sold locally were imported refined oil products instead of crude oil. It would be more appropriate to make reference to Singapore free-on-board prices (i.e. Means of Platts Singapore ("MOPS")) for analysis. Besides, the retail prices of local auto-fuels included tax and other operating costs. Since tax remained unchanged, and the operating costs did not follow the change in oil price, the magnitude of retail prices adjustment would be smaller than that of the import prices of refined oil. In monitoring the trend movement of MOPS and local retail prices, the Administration did not observe any signs of "quick going up, slow coming down". The Administration noted that from the second half of 2014 till now, the price reductions of the auto-fuels by local oil companies were generally in tandem with the drops in prices of importing oil products by oil companies.

Environment and Conservation Fund

7.40 The Chairman expressed concern about the significant decrease in the number of projects approved under Environment and Conservation Fund ("ECF") in 2014-2015 for recycling commercial waste as compared with that of 2013-2014. The Deputy Director of Environmental Protection (1) ("DDEP(1)") advised that ECF provided funding support to a wide range of educational, research and other projects and activities in relation to environmental and conservation matters. While ECF had focused on recycling commercial waste in the previous years, its focus in 2014-2015 was more towards supporting non-governmental organizations and schools to undertake projects to promote waste reduction, food waste recovery and waste recycling in the community. DDEP(1) further explained that since its establishment, ECF had been providing funding to various environment and conservation programmes to meet emerging policy priorities and public expectations. For this purpose, the Administration would identify core themes for ECF from time to time to promote specific environmental or conservation matters. ECF would continue to set priority areas for projects and activities in order to promote behavioural changes for protecting the environment in the community.

Appointment of Director of Environmental Protection

7.41 Pointing out that the post holder of PSEN was also the Director of Environmental Protection ("DEP"), the latter was responsible for statutory functions under various pieces of environmental protection-related legislation, Ms Cyd HO enquired whether the post of DEP would be open for filling by EPD staff of professional grades who had professional knowledge and experience in environmental affairs in future.

7.42 PSEN advised that ENB and EPD was of a merged bureau cum department organizational structure. The civil service teams included colleagues of professional expertise on environmental protection as well as experience in public administration and macro policy formulation to handle environmental issues in a holistic manner. This organizational structure was supported by the Establishment Subcommittee and approved by the Finance Committee. When making appointment to the post of PSEN, the Administration would take all relevant considerations into account, including the approved establishment, the work requirements of ENB and EPD, and the responsibilities required of the office in question. Ms Cyd HO remained of the view that the post holder of DEP was obliged to discharge his statutory functions effectively, in particular in considering whether or not an Environmental Permit should be granted under the Environmental Impact Assessment Ordinance (Cap. 499) to a designated project. She considered it more desirable for the post of DEP to be filled by a qualified environmental professional instead of an Administrative Officer grade staff.

Chapter VIII : Commerce, Industry and Tourism

8.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development ("SCED"), briefed members on the key areas of work under the Commerce, Industry and Tourism portfolio for the 2015-2016 financial year (Appendix IV-6).

Commerce and Industry

Development of intellectual property trading

8.2 Mr WONG Kwok-hing commended the Administration's plan to implement the "original grant" patent ("OGP") system in Hong Kong in 2016-2017. He urged the Administration to submit the relevant legislative proposals for the Legislative Council's scrutiny as soon as possible. SCED advised that legislative proposals to amend the Patents Ordinance (Cap. 514) were being drawn up to implement the OGP system, refine the short-term patent system, and introduce interim measures for regulating patent practitioners in Hong Kong. Subject to the progress of the drafting and other preparatory work, the Administration planned to introduce an amendment bill into the Legislative Council in the first half of the 2014-2015 legislative session. He assured members that the Administration would strive for early introduction of the amendment bill.

8.3 Mr CHUNG Kwok-pan said that the \$23 million earmarked in the coming three years for offering intellectual property ("IP") consultation, manpower training and other services to small and medium enterprises ("SMEs") in the development of IP trading was insufficient. SCED advised that the initial provision of \$23 million was deemed sufficient as a start for new initiatives, such as to enhance SMEs' understanding on IP trading related issues. The Administration would consider injecting more resources into this area of work if needed.

8.4 In response to Mr CHUNG Kwok-pan's enquiry, Director of Intellectual Property clarified that the annual salary provision of \$1.22 million in 2015-2016 for the Chief Executive Officer post created in the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau ("CEDB") to provide dedicated support to the Working Group on Intellectual Property Trading would not be charged to the \$23 million provision set aside for promotion of IP trading.

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Assisting Hong Kong enterprises in the Mainland

8.5 Dr LO Wai-kwok said that according to a recent research, the number of Hong Kong enterprises in the Pearl River Delta region had declined by 40% since 2008 to around 32 000 in 2013. The rapid growth of the Mainland's economy, the appreciation of Renminbi and the surge in production costs in the Mainland had added to the pressure on Hong Kong enterprises. Dr LO called upon the Administration to step up the measures to assist Hong Kong enterprises in the Mainland to overcome the challenges.

8.6 SCED responded that Hong Kong's traditional industries in the Mainland that primarily focused on Original Equipment Manufacturing had to upgrade their operations in terms of design, technology and branding in order to move up the value chain and enhance their competitiveness. In this connection, the Dedicated Fund on Branding, Upgrading and Domestic Sales had been providing funding support for individual Hong Kong enterprises in relevant projects so as to enhance their competitiveness and facilitate their business development in the Mainland market. The Administration would continue to explore with the trade appropriate measures to assist Hong Kong enterprises to enhance their competitiveness in the Mainland.

8.7 Dr LO Wai Kwok declared that he was a member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation ("HKSTPC"). Pointing out that the site at Pak Shek Kok (East) which was originally designated for Hong Kong Science Park ("HKSP") Phase 4 development had been subsequently rezoned for medium-density private residential development, he enquired how the Administration would increase the resources, including land, to promote the development of innovation and technology in Hong Kong so as to facilitate the upgrading of its industries. SCED replied that the Commissioner for Innovation and Technology would present the development plan of the HKSTPC, including the land use in the existing sites of HKSP Phases I to III, at the session of the special Finance Committee meetings under the subject of Communications and Technology.

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Funding schemes for small and medium enterprises

8.8 Mr Martin LIAO enquired why the number of applications for SME Export Marketing Fund ("EMF") had decreased from 26 157 in 2010-2011 to 15 661 in 2014-2015, and the percentage of approved applications in the relevant years had also dropped from about 90% to about 74%.

8.9 Director-General of Trade and Industry ("DG of TI") responded that the number of EMF applications in the past five years had dropped mainly because SMEs had been more prudent in carrying out export promotion activities in view of uncertainties in traditional export markets, as well as the increasing use of electronic marketing strategies on the Internet in place of traditional marketing channels supported by EMF, such as advertising on printed trade publications and staging of exhibitions. As requested by Mr LIAO, the Administration agreed to provide supplementary information on the expected number of EMF applications, approval rate and the average amount of fund to be granted to each application in the coming three years with the proposed injection of funds and the expansion of the EMF scope as announced in the 2015-2016 Budget Speech.

8.10 Mr Charles MOK enquired whether the Administration would consider relaxing the prescribed funding ceiling of \$200,000 per company under EMF so that SME companies could continue to apply for EMF for their promotion work in overseas markets.

8.11 SCED advised that the Administration had raised the cumulative funding ceiling of EMF and expanded its scope in the past few years to meet the needs of SMEs. DG of TI added that EMF that provided matching grants for SMEs to expand their businesses through participation in export promotion activities during the initial stage of their market development was not meant to be long-term funding support. Since less than 1% of the 40 000 SMEs that were granted EMF in the past had exhausted the \$200,000 being the maximum amount of fund that could be granted, there was no apparent need for relaxing the EMF funding mechanism at the present stage.

8.12 Mr Charles MOK relayed SMEs' request to re-instate the SME Training Fund ("STF") in support of SME employers and employees to take

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training courses relevant to their business operation on the ground that as considered by SMEs, the Continuing Education Fund ("CEF"), which provided subsidies for individual employees to take training courses, was unable to meet the specific staff training needs of SMEs. DG of TI advised that TID had ceased accepting new STF applications in view of the significant duplication between STF and other training and education initiatives including CEF.

Trade facilitation

8.13 Mr Frankie YICK noted that the Administration had commissioned a consultancy study on developing the existing "Government Electronic Trading Services" to provide one-stop customs clearance service for the trade through a "single window". In the light of the Mainland's initiatives of building the Silk Road Economic Belt and the 21st Century Maritime Silk Road ("One Belt One Road"), Mr YICK considered that the Administration should consider connecting the proposed single window with those of member states of the Association of Southeast Asian Nations ("ASEAN"), thereby establishing a common electronic customs platform among Hong Kong and various ASEAN countries to facilitate Hong Kong's trading and logistics industry to tap the business opportunities arising from the "One Belt One Road" initiatives. He called on the Administration to expedite the study and expand the scope of the study to apply the "single window" concept to Mainland and regional collaboration.

8.14 Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PS(CIT)") said that the relevant consultancy study that commenced in September 2014 was in progress. The technical aspects of connecting the proposed single window with other platforms, such as the single windows of other economies in the region, were covered by the study. The Administration would strive for early completion of the study.

8.15 Mr Frankie YICK expressed concern that only 25 companies had so far been accredited as Authorized Economic Operator ("AEO") under the Hong Kong AEO Programme. Noting that the Customs and Excise Department ("C&ED") had entered into mutual recognition arrangements ("MRAs") with the Mainland, India, Korea and Singapore Customs respectively which would allow accredited companies to enjoy further

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customs facilitations in relevant countries, Mr YICK enquired at what time the Administration would start MRA negotiations with the customs administrations of the European Union and the United States which were the most important trading partners of the Hong Kong Special Administrative Region ("HKSAR").

8.16 Commissioner of Customs and Excise ("C of C&E") advised that the number of accredited AEOs had been increasing, with over 50 cases in different stages of processing. C&ED was collaborating with relevant trade associations to promote the Hong Kong AEO Programme and assist interested companies to meet the requisite requirements. On the development of MRAs, C of C&E said that MRAs with the Malaysian Customs and Thai Customs were expected to be concluded in 2015, while initial contacts with the European Union had also been made. He assured members that C&ED would strive to develop MRAs with customs administrations of Hong Kong's principal trading partners to facilitate local traders to gain access to overseas markets, bringing more business opportunities to the import/export and logistics industries.

ASEAN Internship for University Students of Hong Kong Scheme

8.17 Mr Martin LIAO noted that the 90 internship places in 2014-2015 under ASEAN Internship for University Students of Hong Kong Scheme ("the Scheme") were confined to students from the University Grants Committee ("UGC")-funded institutions. Mr LIAO enquired whether the Administration would consider extending the Scheme to students of self-financing degree programmes of non-UGC-funded institutions for the 250 internship places available in 2015-2016.

8.18 SCED advised that the Scheme initiated by the Hong Kong Economic and Trade Office ("ETO") in Singapore aimed to broaden the international horizons of university students of Hong Kong and enhance their understanding of ASEAN countries. Owing to the limited number of internship places available, only students of the UGC-funded institutions had been invited to participate in the Scheme during the initial years of its implementation. The Administration would not rule out the possibility of extending the Scheme to students of non-UGC-funded institutions in the future should more internship places become available. SCED undertook to provide supplementary information on the distribution of internship

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places among ASEAN countries under the Scheme and the underlying reason for the distribution.

Promotion of Hong Kong's arts and culture

8.19 Mr MA Fung-kwok enquired about the assistance rendered by overseas ETOs to Hong Kong performing arts groups ("PAGs") in conducting cultural exchange activities in overseas countries, and the liaison mechanism between ETOs and PAGs when performance opportunities arose in ETOs' host countries. He considered that more opportunities should be provided for Hong Kong arts and cultural organizations to take part in overseas cultural exchange activities.

8.20 PS(CIT) responded that overseas ETOs had from time to time invited Hong Kong PAGs to perform in ETO-initiated arts and cultural promotion activities, and maintained close contact with different cultural organizations in Hong Kong to provide support for their cultural exchanges in overseas countries or cities under their respective charge. In general, ETOs would respond positively to requests raised by cultural organizations and provide a wide range of assistance to them, which included liaising with relevant local partners and art and cultural bodies to facilitate cultural exchanges and co-operation, providing assistance in publicity work through different channels, and supporting or co-organizing events, etc., to promote Hong Kong's cultural and creative industries overseas. On Mr MA's query as to whether only certain specific PAGs would be invited to participate in performance, PS(CIT) said that ETOs would extend its network as far as possible and liaise with different PAGs when performance opportunities arose.

Economic and trade relations with overseas countries

8.21 Mr CHUNG Kwok-pan urged the Administration to expedite the implementation of the Investment Promotion and Protection Agreements ("IPPA") that had been concluded with Myanmar to help protect the investments of Hong Kong enterprises in Myanmar. DG of TI advised that implementation of the IPPA between Hong Kong and Myanmar required the authorization of the Central Government. While the relevant negotiations had been concluded, the texts of the IPPA, which were drafted in English, Chinese and Burmese, were still under the consideration of the

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Governments concerned. The Administration would strive for early signing of the IPPA between Hong Kong and Myanmar after completion of the necessary internal procedures by the parties concerned.

Tourism

The One-year Multiple-entry Individual Visit Endorsements Policy

8.22 Mr SIN Chung-kai noted with concern about the ten-fold increase in the number of Mainland visitor arrivals travelling on One-year Multiple-entry Individual Visit Endorsements ("multiple-entry endorsements") within the five years from 2009 to 2014. Noting that these cross-boundary visitors who mainly came to Hong Kong for purchase of daily necessities had accounted for about 25% of the total number of visitor arrivals in 2014, he enquired what measures the Administration would adopt to reduce the number of these visitors so as to mitigate their impact on the livelihood of local residents, as well as to free up capacity for Hong Kong to receive other visitors.

8.23 Mr WU Chi-wai expressed a similar concern. Noting that the Hong Kong Tourism Board ("HKTB") would strive to attract high value-added overnight visitors to Hong Kong by enhancing the promotion of green tourism and MICE (meetings, incentives, conventions and exhibitions) travel in 2015-2016, he said that the Administration should put in place measures to mitigate the adverse impact of frequent cross-boundary visitors on the travel experience of high-spending visitors.

8.24 Dr Helena WONG enquired about the Administration's visitor growth targets and the expected changes in visitor composition in the upcoming one to two years. She was of the view that while the arrangements under Individual Visit Scheme ("IVS") was an outbound travel policy of Mainland residents which fell within the remit of the Central Government, Hong Kong's autonomy in determining its immigration policy should be upheld when considering measures to fine tune the IVS. She urged the Administration to pursue with the Central Government to revise the multiple-entry endorsements policy and restrict the number of Shenzhen residents' visits to Hong Kong from an average of 9.1 per person per year to 8 or below.

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8.25 Mr Michael TIEN noted that Mainland visitors travelling on multiple-entry endorsements were mainly same-day visitors with low spending. These visitors had not only created nuisance to local residents, but had also affected the travel experience of other tourists. Judging from the pace of increase of Mainland visitors travelling on multiple-entry endorsements in the past few years, Mr TIEN said that this type of travellers would likely dominate among Mainland tourists in the future. He asked whether and when the Administration would consider changing the multiple-entry endorsements to endorsements with a limit on the number of trips. Pointing out that the spending of Mainland visitors had been decreasing due to the reduced number of overnight visitors, and that the volume of total retail sales had dropped significantly in March 2015, Mr TIEN urged the Administration to explore with the Central Government the opening up of more Mainland cities under IVS with a view to increasing the number of overnight Mainland visitors.

8.26 Mr LEUNG Kwok-hung said that Mainland people who frequently visited Hong Kong on multiple-entry endorsements were in fact transient population rather than tourists and they had competed with local residents for the use of public facilities and pushed up prices of daily necessities. He urged the Administration to give priority attention to this issue.

8.27 Mr James TIEN said that to address the issues arising from parallel trading activities, members of the Liberal Party ("LP") had proposed in the third session of the 12th National Committee of the Chinese People's Political Consultative Conference held in March 2015 to limit the number of visits that could be made by multiple-entry endorsements holders to about 10 times a year. The LP also proposed to increase the number of Mainland cities under IVS which had been kept unchanged at 49 since 2007.

8.28 Mr CHAN Kam-lam said that Hong Kong had encountered a bottleneck in the development of the tourism industry in the face of the overwhelming increase in Mainland visitors and the city's limited receiving capacity. He advised that apart from enhancing Hong Kong's capacity to receive tourists, the Administration should also step up its effort to improve the overall service level of the tourism industry and implement measures to combat unscrupulous practices of traders that would damage Hong Kong's international reputation in tourism.

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8.29 Ms Claudia MO expressed grave concern about the nuisance caused by parallel traders to the local community. She asked whether the Administration would consider imposing a land departure tax or arrival tax on non-Hong Kong residents upon their entry or departure by land so as to reduce the number of same-day visitors coming to Hong Kong for parallel trading activities. Expressing disagreement to some members' suggestion of increasing the number of Mainland cities under IVS, Ms MO enquired whether the policy on multiple-entry endorsements could be abolished.

8.30 SCED replied that tourism was an important pillar of Hong Kong's economy, accounting for 4.7% of Gross Domestic Product. Apart from driving the development of various relevant sectors, tourism offered 250 000 direct employment opportunities, of which most were jobs for the grassroots requiring relatively lower level skills. The growth in visitor arrivals had generated economic benefits and created employment. Last year, Hong Kong received 60.8 million visitors in total, representing year-on-year growth of 12%.

8.31 SCED said that the Government fully understood the community's concern about the impact of the continuous growth in visitor arrivals on people's livelihood. When formulating measures to regulate the growth of visitor arrivals, the Administration's policy objective was to ensure the stable and orderly development of the tourism industry, and at the same time to minimize as far as possible the inconvenience to local residents caused by increasing visitor arrivals, with a view to striking a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. SCED highlighted that the Administration had been taking a realistic and pragmatic attitude in handling tourism-related issues. The relevant measures included expanding the tourism infrastructure to enhance Hong Kong's capacity to receive tourists in the long term, rendering necessary advice and assistance to the project proponent for the establishment of a new shopping centre at Lok Ma Chau to help divert Mainland visitors, and exploring with the Central Government on how to refine the composition and total number of Mainland visitors. The Administration did not agree to an across-the-board cancellation of the multiple-entry endorsements.

8.32 As regards the arrangements under IVS, SCED said that the outbound travel policy of Mainland residents fell within the remit of the

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Central Government. The HKSAR Government had been discussing with the Central Government measures to fine-tune the arrangements, and had submitted its views to the Central Government. The Administration would continue to monitor the situation and reflect different views of the Hong Kong community to the Central Government. SCED envisaged that any adjustment to IVS should take into account its impact on the long-term development of Hong Kong's tourism industry, including the tourism infrastructure expansion projects which were already in the pipeline and targeted for completion in the upcoming one to two years.

8.33 In respect of the proposed land arrival or departure tax on non-Hong Kong residents to combat parallel trading activities, SCED advised that the proposal was considered not feasible, taking into account its possible adverse impact on Hong Kong's economy. He assured members that the various law enforcement departments would step up enforcement actions against parallel trading activities to reduce the nuisance caused to the livelihood of local residents.

8.34 Mr Gary FAN enquired whether the HKSAR Government's report to the Central Government on parallel trading activities could be made public. SCED said that the Administration had incorporated the views of relevant stakeholders on issues relating to parallel trading activities in the report. As the report was one submitted by the HKSAR Government to the Central Government, it was inappropriate for the HKSAR Government to make it public.

Re-building Hong Kong's image

8.35 Mr WONG Kwok-hing said that Hong Kong's tourism and retail industries had been hard hit by the "Occupy Movement" and the recent protests against parallel traders. He doubted whether the additional provision of \$80 million to the HKTb would be sufficient to rebuild Hong Kong's image as a world-class travel destination. SCED advised that apart from the additional funding to HKTb for overseas promotion, the overseas ETOs and Principal Officials of the HKSAR would also help promote Hong Kong's position as a premier travel destination in activities organized by ETOs and overseas visits respectively.

8.36 Dr CHIANG Lai-wan considered that protests against parallel

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traders initiated by a small group of Hong Kong people had adversely affected Hong Kong's image. She asked how the additional \$80 million provision would be used to rebuild Hong Kong's image in overseas countries, in particular the Mainland. Mr POON Siu-ping enquired which markets HKTb's promotion work would focus on and the targeted number of visitors expected to be drawn to Hong Kong by the promotion programmes. Mr James TIEN opined that apart from the 49 Mainland cities under IVS, HKTb should dedicate more resources to promotion work in second-tier cities, such as Qingdao and Harbin, to correct Mainland people's misconception that Hong Kong did not welcome Mainland tourists.

8.37 Executive Director, Hong Kong Tourism Board ("ED, HKTb") replied that HKTb would launch a series of targeted promotion in major short-haul markets and the Mainland to promote Hong Kong's positive image as a hospitable city. In addition, Chairman of HKTb would lead a delegation comprising representatives from the travel trade to visit seven short-haul markets to promote Hong Kong. Familiarization visits to Hong Kong would be arranged for overseas travel trade and media from selected markets to help strengthen Hong Kong's image as a hospitable city.

8.38 ED, HKTb further said that HKTb would continue to concentrate its marketing work on 20 global markets with a view to attracting overnight visitors to Hong Kong. To maintain a diverse visitor portfolio, HKTb would invest over 76% of its resources in the international markets. The remaining 24% would be allocated to the Mainland market, with the bulk going to the non-Guangdong provinces.

8.39 Mr YIU Si-wing suggested that the HKTb should take advantage of the overseas networks of individual travel agents in its promotion work. He suggested that HKTb should dedicate more resources to assist local travel agents, in particular the small and medium travel agents, to develop new tour products and undertake overseas promotion work to broaden their customer base.

8.40 ED, HKTb advised that in addition to the \$10 million provision already provided in HKTb's 2015-2016 budget for holding overseas promotion fairs, another \$2.5 million out of the \$80 million additional provision would be set aside for expanding the scale of overseas promotion fairs and waiving local traders' participation fees. HKTb had also set aside

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\$4 million in its 2015-2016 budget to implement the "New Product Development Scheme" to encourage local travel agencies, tour operators and receiving agents to develop new themed tour products. Successful applicants would receive dollar-for-dollar subsidies from HKTb for marketing the approved products.

8.41 Mr YIU Si-wing suggested that apart from waiving the participation fees, consideration should be given to subsidizing the accommodation and travelling expenses of travel agents that presented creative proposals. ED, HKTb said that while the waiver of participation fees was considered adequate at the moment, HKTb would discuss Mr YIU's suggestion with the travel trade.

Tourism infrastructure

8.42 Mr POON Siu-ping expressed concern whether the projects under the expansion plans of the Hong Kong Disneyland and the Ocean Park could be completed according to the planned schedule and within the original cost estimates given the severe shortage of construction workers. Commissioner for Tourism ("C for Tourism") advised that the Administration had requested the management of the two theme parks to closely monitor the construction progress and project costs in the light of the tight supply of construction labour and other unforeseeable factors which might have an impact on the relevant projects.

8.43 Mr POON Siu-ping enquired about the breakdown of Ocean Park's visitor attendance in the past five years based on the place of origin of visitors. C for Tourism advised that the visitor profile of the Ocean Park was broadly similar to that of the Hong Kong Disneyland, with Mainland tourists constituting the largest portion of visitor attendance and the respective percentages of local and international visitors being relatively lower.

Food Trucks

8.44 Mr WONG Ting-kwong and Mr POON Siu-ping enquired about the timetable for conducting the studies on the introduction of Food Trucks into Hong Kong and the detailed implementation plan. Pointing out that there was a lack of catering facilities in the vicinity of the new shopping

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centre at Lok Ma Chau which was under planning, Mr WONG Ting-kwong urged the Administration to expedite the implementation of Food Trucks to tie in with the commencement of operation of the shopping centre. Mr WONG Kwok-hing asked whether an inter-departmental group would be set up to study the implementation of Food Trucks. He cautioned the Administration that measures should be put in place to avoid the domination of the Food Trucks business by major consortia.

8.45 SCED responded that CEDB, in collaboration with the Food and Health Bureau, the Food and Environmental Hygiene Department, the Transport Department and other relevant bureaux and departments, had begun studying issues such as vehicle specifications and requirements, licensing requirements, mode of operation (including types of operator), food safety and environmental hygiene, etc. with a view to bringing in more diverse delicacies for tourists and citizens by the introduction of Food Trucks. The Administration was also actively looking into and collecting information on relevant practices and experiences in overseas countries. The timetable and detailed implementation plan would be subject to the outcome of the study and whether any legislative amendment was required.

Border shopping facilities

8.46 Mr SIN Chung-kai asked whether the Government would explore other locations in the border area for developing shopping facilities, similar to the proposed Lok Ma Chau shopping centre, to help divert Mainland visitors and mitigate their impact on the livelihood of local residents.

8.47 SCED advised that the Development Bureau had reserved land in the new development areas in the northern part of the New Territories for the provision of shopping facilities from the town planning perspective. The Administration would offer advice and assistance to any proponents from the business sector who were interested in developing shopping facilities in the border area.

Manpower of the travel industry

8.48 Mr TANG Ka-piu said that tour escorts ("TEs") and tourist guides ("TGs") suffered from reduced income since some outbound tours no longer provided TEs and the practice of recommended tips for TEs and TGs was

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abolished for fear of infringing the requirements of the Competition Ordinance (Cap. 619) in relation to collusive price-fixing. Mr TANG was concerned that this and the lack of working opportunities would lead to brain drain in the tourism industry, impeding its development in the long term.

8.49 SCED advised that it was the consensus of the travel trade that the engagement of TEs should not be made mandatory for outbound tours so that travel agents were free to consider the need for them on the basis of the needs of their customers. According to the directive of the Travel Industry Council of Hong Kong, travel agents were required to clearly explain to consumers the accompanying escort arrangement before consumers signed up for a tour, so that consumers could make an informed choice. SCED added that the regulatory requirements under the Competition Ordinance would apply across different industries and not just to the travel trade.

8.50 Mr TANG Ka-piu said that despite the negative impact of the "Occupy Movement" on the income of local TGs and TEs, they were unable to benefit from the six-month waiver licence fees for travel agents which was proposed in the 2015-2016 Budget as a support measure for the travel industry. SCED responded that the waiver could benefit travel agents, and, in turn, TEs and TGs probably by way of more job opportunities for them.

Chapter IX : Communications and Technology

9.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development ("SCED"), briefed members on the key areas of work under the Communications and Technology portfolio for the 2015-2016 financial year (Appendix IV-7).

Domestic free television programme services

9.2 Mr SIN Chung-kai enquired about the progress of the Administration's processing of the applications for renewal of domestic free television programme service ("free TV") licence, of the free TV licence applications of Fantastic Television Limited ("FTV") and Hong Kong Television Entertainment Company Limited ("HKTVE"), and of the application for a free TV licence submitted by Hong Kong Television Network Limited ("HKTV") in April 2014.

9.3 SCED advised that the Communications Authority ("CA") had discharged its statutory duty under the Broadcasting Ordinance ("BO") (Cap. 562) by submitting to the Chief Executive in Council its recommendations on the free TV licence renewal applications of the two existing licensees, namely Television Broadcasts Limited and Asia Television Limited ("ATV"), in November 2014. In processing the said application in accordance with the established procedures, the Chief Executive in Council would consider all relevant factors and make a decision as soon as possible. SCED added that on 19 January 2015, CA submitted its recommendations in respect of the applications for free TV licences from FTV and HKTVE which were granted approvals-in-principle ("AIPs") in October 2013. The Chief Executive in Council was processing the two applications in accordance with the established procedures and the law. The Administration would announce the outcome after the Chief Executive in Council had made its final decision.

9.4 Regarding the application for free TV licence submitted by HKTV, SCED said that CA was examining the application in accordance with the BO and established procedures and criteria, and has requested for several times further supporting information from HKTV. CA would examine the application carefully and submit its recommendations to the Chief Executive

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in Council as soon as practicable.

9.5 Mr WONG Yuk-man opined that the Administration had been adopting a procrastination approach in considering the licence renewal application of ATV. As ATV's TV licence would expire on 30 November 2015, it was unreasonable for the Chief Executive in Council not to make a decision on the application. Ms CHAN Yuen-han and Ms Cyd HO shared a similar view. In this regard, Mr Charles MOK and Mr WU Chi-wai doubted if the reason for the Chief Executive in Council not making a decision was to allow ATV more time to look for new investors so as to facilitate the subsequent approval for the renewal of its licence. Ms Claudia MO was of the view that the Administration had the responsibility to update the public on possible changes in the shareholding structure of ATV. These members enquired when the Chief Executive in Council would announce its decision on the licence renewal application of ATV and the allocation of the radio spectrum in the event that the licence was not renewed.

9.6 SCED advised that the in processing the renewal application by ATV, CA carried out a comprehensive assessment on its performance and conducted a public consultation exercise from February 4 to April 3 2014 to gauge public views on ATV's service. CA submitted its recommendation to the Chief Executive in Council in November 2014. Regarding some members' view that Chief Executive in Council should have taken a decision in respect of ATV's renewal application last year upon CA's submission of its recommendations, SCED said that the Administration had been acutely aware of the developments surrounding ATV over the past few months. For the sake of procedural justice and under the principle of due process, it was necessary to give ATV reasonable time to submit a concrete restructuring programme on its "planned transformation" as referred to in the letter from ATV's court-appointed managers to the Chief Executive in Council in January 2015. In fact, the Chief Executive in Council had imposed a deadline of 31 March 2015 for ATV to submit concrete implementation details. The Administration was of the view that the Chief Executive in Council had not procrastinated in processing the application. SCED further advised that the Chief Executive in Council would make a decision on ATV's application as soon as possible and announce to the

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public its explanation as to the process and the decision. In the event of non-renewal of ATV's licence, the reallocation of the radio spectrum currently used by ATV would be determined by CA.

9.7 Mr MA Fung-kwok enquired if the Administration had formulated any measures to facilitate the development of local independent television production houses. SCED advised that the Administration had always encouraged local television stations to hire the services provided by local independent production houses with a view to nurturing creative talents in the industry.

9.8 Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PS(CT)") added that in discussing the proposed licence conditions with the two applicants which had been granted AIPs for free TV licences, namely FTV and HKTVE, CA would consider proposing licence conditions for the applicants to hire the services provided by local production houses.

Digital broadcasting

9.9 Noting that the Administration did not compile statistics on the number of digital audio broadcasting ("DAB") listeners, Mr MA Fung-kwok opined that there was a need for the Administration to compile such statistics in order to monitor the development of DAB in Hong Kong. In this regard, Mr IP Kwok-him considered that the Administration should allocate more resources to facilitate the development of DAB services in Hong Kong.

9.10 SCED advised that as DAB services had only been introduced in Hong Kong for a short period of time, the Administration considered it too early to compile such statistics. Meanwhile, there was no consensus among the DAB broadcasters regarding the need to compile such statistics. SCED added that the Administration had provided significant resources in the development of DAB services in Hong Kong, including the construction of the transmission network to improve signal coverage and reception. So far, DAB broadcasters had established transmission facilities on seven key hilltop sites. Meanwhile, the Administration would maintain close

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monitoring of the progress of construction of the transmission network by broadcasters and the coverage of the network. To further improve signal coverage and reception, the Digital Audio Broadcasting Steering Committee had urged the operators to optimize the transmission network by, among other things, the construction of new gap-filler stations.

E-government services

9.11 Noting the limited number of downloads of mobile applications developed by Government bureaux and departments, Mr CHAN Chi-chuen enquired about measures to ensure the development of mobile applications which would have a higher usage rate and were more cost-efficient. Noting that the Constitutional and Mainland Affairs Bureau would develop a new mobile application in 2015-2016 to promote more in-depth understanding of the "one country, two systems" principle and the Basic Law via interactive means and Basic Law related materials under the theme of 25th anniversary of the promulgation of the Basic Law, Mr CHAN also enquired whether the Administration had set an upper limit on the cost of developing the mobile application.

9.12 Government Chief Information Officer ("GCIO") advised that the number of downloads of a mobile application might not truly reflect the usage of the application, as it could be used for numerous times after a single download. Meanwhile, the Administration had implemented different measures to enhance support for Government bureaux and departments in developing user-friendly mobile applications that cater for users' needs. Such measures included organizing thematic seminars to update departments on the latest development and functions of mobile technology, beefing up the practice guide to assist departments in developing more convenient mobile applications, and providing practical application templates for common mobile applications features (such as version update and use of Global Positioning System). Regarding the mobile application to be developed under the theme of 25th anniversary of the promulgation of the Basic Law, GCIO said that the development cost would be subject to the result of the relevant request for quotation exercise.

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9.13 Ms Starry LEE opined that the Administration should take the lead in the promotion of innovation and technology by utilizing the popular social media to communicate with the public and disseminate relevant information on activities to promote science and technology.

9.14 GCIO advised that social media such as Facebook and Twitter had been widely used by the Administration in communicating with the public and disseminating information on activities to promote its policies and initiatives. The Administration would continue to develop its e-citizen engagement and e-government services, such as by introducing more mobile services to enhance access to public services and information in tandem with technology advancement and the aspirations and needs of the general public.

9.15 Mr YIU Si-wing enquired whether the Administration had any plan to provide Government Wi-Fi ("GovWiFi") service at all government premises. GCIO said that as at February 2015, over 2 900 Wi-Fi hotspots had been installed at a total of 513 government premises across the territory under the GovWiFi Programme for free use by the public and visitors. In formulating the plan for the further development of the GovWiFi Programme, consideration had to be given to public demand for and cost-effectiveness of the service at specific locations.

Telecommunications

9.16 Noting that broadband Internet access service had become a necessity in the daily lives of members of the public, Mr YIU Si-wing enquired whether the Administration had set any benchmark for the penetration rate of the broadband Internet access service in remote areas, and required the fixed network operators ("FNOs") to establish fixed broadband networks in less populated areas when the population reached a certain level.

9.17 PS(CT) advised that with the full liberalization of the telecommunications market in Hong Kong, the provision of fixed broadband service, the network coverage and the type of technologies adopted were primarily decided by the FNOs based on their commercial considerations.

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The Administration considered that the suggestion of requiring FNOs to roll out broadband networks in less populated areas was not in line with the Administration's pro-market approach in regulating the telecommunications sector and that the current coverage compared favourably with that of other economies. PS(CT) added that the public might resort to mobile broadband services where fixed broadband services were unavailable.

Creative industries

9.18 Whilst indicating support for the development of the film industry, Ms Cyd HO expressed disappointment that the Administration had announced its decision to make a further injection of \$200 million into the Film Development Fund ("FDF") and modify its funding arrangements in the 2015-2016 Budget without first seeking the approval of the Finance Committee.

9.19 SCED advised that the Administration consulted the Panel on Information Technology and Broadcasting and obtained its support for the funding proposal for the FDF on 9 March 2015. The Administration had received no objection to the proposal from Members so far.

Innovation and Technology Bureau

9.20 Mr IP Kwok-him and Mr TAM Yiu-chung enquired about the measures taken by the Administration and the expenditure involved in preparing for the establishment of the Innovation and Technology Bureau.

9.21 SCED advised that on 2 March 2015, the Chief Executive announced the appointment of the Advisor to the Chief Executive on Innovation and Technology and the reorganization of the Steering Committee on Innovation and Technology into the Advisory Committee on Innovation and Technology. The manpower and expenditure involved would be absorbed by existing resources of the Commerce and Economic Development Bureau, Innovation and Technology Commission and the Office of the Government Chief Information Officer without a separate breakdown of expenditure.

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9.22 Commissioner for Innovation and Technology added that the new Advisory Committee on Innovation and Technology would assess the overall innovation and technological environment of Hong Kong, with a view to advising the Administration on the strategic and developmental enhancements of innovation and technology in Hong Kong, with the focus on making the best use of Hong Kong's strengths and opportunities as the gateway to the Mainland, and further strengthening the collaboration among the Government, industry, academia and research sectors.

Chapter X : Home Affairs

10.1 At the invitation of the Chairman, Mr TSANG Tak-sing, Secretary for Home Affairs ("SHA") briefed members on the priority areas of the Home Affairs Bureau (HAB) with additional resources provided in the new financial year (Appendix IV-8).

Legal aid services

10.2 Referring to a recent press report concerning the influx of people from India who sought refugee status, made torture claims and applied for legal aid to lodge claims against their removal immediately upon arrival at Hong Kong, Mr WONG Kwok-hing expressed concern about suspected abuse of the legal aid system by refugees/torture claimants. In his view, the Government should look into the matter and come up with measures to plug the loophole. His view was echoed by Dr CHIANG Lai-wan.

10.3 Mr TANG Ka-piu noted that the number of non-ethnic Chinese illegal immigrants ("NECII") had rebounded in recent years, with a total of 1 984 NECIIs intercepted in 2014, representing an increase of 63% over 2013. He expressed concern that since the commencement of the unified screening mechanism in March 2014 till end-2014, the Immigration Department had received over 3 400 non-refoulement claims, which was 2.7 times the average for the previous four years.

10.4 SHA responded that the Government attached great importance to preventing abuse of the torture claim system. The fact that there was an increasing number of torture claims raised by refugees (some of which had applied for legal aid to lodge claims against their removal from Hong Kong to another country) was worth noting as it might pose threats to public safety and economic stability in Hong Kong.

10.5 Noting that one or two counsel on the Legal Aid Panel ("the Panel") were assigned a disproportionately high number of cases among the top 50 counsel and solicitors ranked by the number of cases assigned by the Legal Aid Department ("LAD") in 2014-2015, Mr Frankie YICK, Mr TANG Ka-piu, Mr CHAN Kin-por and Dr Priscilla LEUNG expressed concern that legal aid applications might involve activities of recovery agents and illegal acts of champerty and maintenance. In their views, the Administration should review LAD's policy and criteria on assignment of private lawyers to legally aided persons in order to enhance the transparency

and fairness of the process. They suggested that LAD should randomly assign cases to the lawyers on the Panel.

10.6 Mr LEUNG Kwok-hung however held an opposite view and considered the suggestion of assigning counsel/solicitors to legally aided persons by rotation an interference with the aided person's right of access to justice. In his view, suspected cases involving acts of champerty and maintenance should be referred to the law enforcement agencies for follow-up and investigation.

10.7 In response to members' suggestion that LAD should consider assigning cases to the lawyers on the Panel by rotation, Director of Legal Aid ("DLA") explained that under section 13 of the Legal Aid Ordinance (Cap. 91) ("LAO"), DLA might assign counsel or solicitors in private practice who were on the Panel, to be selected by the aided person, if he/she so desired. DLA stressed that the practice of acceding to the aided person's nomination in the absence of compelling reasons against it served to give recognition to the fiduciary nature of the relationship between a litigant and his legal representative which was a relationship that required total trust and confidence. This was essential in the conduct of legal proceedings and contributed to the smooth operation of the justice system and protected the interest of aided persons. This notwithstanding, DLA said that the Government acknowledged members' concern and would consider whether there was a need to refine the lawyer assignment procedures. LAD and the Independent Commission Against Corruption ("ICAC") had formed a Corruption Prevention Group to discuss issues relating to prevention of corruption and bribery. The Group had agreed to commence a review of the legal aid assignment procedures, the results of which would be reported to the Legislative Council once available. In response to Mr Frankie YICK's request, DLA said that LAD would discuss with ICAC making public the recommendations of the ICAC study.

10.8 Mr Frankie YICK said that it was his understanding that when distributing legal aid work to lawyers on the Panel, LAD followed its published criteria on the assignment of legal aid cases which included features such as imposition of a limit on the number of assignments that aimed to facilitate an equitable distribution of legal aid work. Knowing that assignments for civil cases handled by solicitors should not generally exceed 45 cases within the past 12 months, he queried why the numbers of

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cases assigned in 2014-2015 (up to end-February 2015) to the top 10 or more counsel and solicitors on the Panel exceeded the specified limit.

10.9 In response, DLA explained that when assigning legal aid cases to lawyers, the aided person's interests were of paramount importance. When aided persons decided to nominate lawyers in accordance with section 13 of LAO, LAD took the view that the aided person's nominations should be given due weight and should not be rejected unless there were compelling reasons to do so. DLA further advised that counsel and solicitors might be assigned with cases more than the specified limit with the approval of a directorate officer. Of the 174 cases assigned to the Panel counsel/solicitor who ranked first among the 50 Panel counsel and solicitors with the most number of assigned cases in 2014-2015, 139 cases belonged to one single group case involving multiple aided persons with identical legal issue and claim and no litigation was involved in these cases. In general, it was actually more cost effective and in the interests of the legally aided persons involved in group cases to have the same team of Panel counsel and solicitor dealing with their claims together especially if it involved minor claims with identical legal issues which could be settled by negotiation.

10.10 Responding to Mr CHAN Kin-por's further enquiries, DLA advised that LAD had established mechanism for monitoring the progress of assigned-out legal aid cases to prevent assigned lawyer's delay in the conduct of proceedings. LAD staff would monitor the progress and reports of unsatisfactory performance or conduct of assigned lawyers would be referred to the Departmental Monitoring Committee for advice on appropriate action to be taken. If the performance of an assigned lawyer was not satisfactory, his/her name would be placed on the "Record of Unsatisfactory Performance" or removed from the Panel.

10.11 Dr Priscilla LEUNG expressed concern on whether there was an uneven distribution of legal aid applications among different type of cases (i.e. judicial reviews, civil actions/appeals and criminal cases), with a higher proportion in the category of judicial reviews and hence a corresponding higher amount of expenditure involved in LAD's delivery of legal aid services. In her view, the Administration should look into the matter to ensure that the legal aid funding was evenly and well spent.

10.12 DLA responded that the provision of legal aid was an integral part of Hong Kong's legal system. The policy objective of legal aid was to ensure that no one with reasonable grounds for pursuing or defending a legal action was denied access to justice because of a lack of means. To qualify for legal aid, a person was required by law to satisfy the means and merits tests as provided under LAO. At present, the Government did not impose any spending cap on each individual case in which legal aid was granted. DLA further said that based on the figures over the past few years, there was no sign of increase in the number of legal aid applications for judicial review.

Youth development

10.13 Mr SIN Chung-kai noted that the Government had earmarked an additional \$205 million in the next three years for two funding schemes, viz. the Funding Scheme for Youth Exchange in the Mainland and the Funding Scheme for Youth Internship in the Mainland, to support more young people to participate in Mainland exchange and internship activities. He asked whether the two funding schemes would be expanded to include youth exchange and internship programmes in other countries.

10.14 SHA replied that the Government had launched the International Youth Exchange Programme ("IYEP") to provide overseas exchange opportunities for Hong Kong youths to broaden their horizon and international perspective through exchange with overseas counterparts. The Government would strive to establish partnership with more countries, in addition to the existing five exchange partners, namely Singapore, Ireland, Japan, Poland and Russia, with a view to providing more overseas exchange opportunities for the youths. Apart from continuing with IYEP, the Government would step up the work in the promotion of youth volunteerism. It would partner with three local volunteer bodies and the United Nations Volunteers in launching a new Hong Kong-United Nations Youth Volunteers Programme to support in each year 10 local university students to work in various United Nations agencies in the South East Asian region for about six months.

10.15 Responding to Mr IP Kin-yuen's follow-up question on IYEP, Permanent Secretary for Home Affairs ("PSHA") advised that in the past five years, the numbers of participants under IYEP were around 100 per year.

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The Administration would continue to explore opportunities to establish partnership with more countries under IYEP so that more overseas exchange opportunities could be made available.

10.16 Dr Helena WONG and Mr LEUNG Kwok-hung said that some students who had participated in the occupy movement were refused entry into the Mainland. They enquired whether measures would be taken by the Administration to assist these students should they wish to participate in the youth exchange and internship programmes to the Mainland.

10.17 SHA responded that youth exchange programmes were designed to broaden young people's horizon and international perspectives. The Government would be willing to offer appropriate assistance to any young people who aspired to participate in these activities.

10.18 Regarding the Administration's work in promoting civic education and national education among the youths, Mr Tony TSE noted that the Government worked closely with the Committee on the Promotion of Civic Education ("CPCE") and the Commission on Youth ("CoY") in sponsoring community organizations to organize programmes and activities that promoted civic education/national education. He enquired whether the programmes/activities would be subject to regular review and the role of CoY in encouraging young people to develop a sense of social awareness, to take an interest in the development of Hong Kong and the country and to cultivate an international vision.

10.19 PSHA responded that the Government would review from time to time the need for adjusting existing programmes and introducing new initiatives for promoting youth development and civic education outside schools, including national education. Apart from assessing applications submitted by interested organizations under various funding schemes, such as the Mainland exchange and internship programmes, CoY formulated and reviewed the guidelines and selection criteria of its funding schemes. Furthermore, its members also served as advisors or delegation leaders for exchange with overseas youth under IYEP, as well as mentors and facilitators of the Youth Ambassadors. PSHA added that CoY attached great importance to communication with young people and would explore further means to enhance the communication with the youth.

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10.20 Mr IP Kwok-him asked how the estimated provision of \$39.6 million in 2015-2016 for promoting national education would be used.

10.21 PSHA advised that in 2015-2016, the Government would continue to collaborate with CPCE and CoY in promoting national education among the general public, particularly the youth. The programmes would include sponsoring community organizations to organize youth exchange programmes to the Mainland and local activities to promote national education. The local activities would cover (a) promotion of the Basic Law, the rule of law and social justice; (b) production of television programmes and publications to enhance public understanding of various aspects of the Mainland (such as arts, culture and history); and (c) organizing exhibitions, seminars and workshops on relevant themes. PSHA further said that in 2015-2016, CPCE would promote the topical theme of "Cherish yourself and your family, Love Hong Kong and your country", as well as the core civic values of "respect and inclusiveness", "responsibility" and "love".

10.22 Mr Michael TIEN and Mr IP Kin-yuen enquired whether consideration would be given to revamping the composition of CoY, with a view to enhancing youth participation in CoY and providing a democratic element in the appointment of CoY's members. SHA responded that at present, all members of CoY were appointed. The Government had recently announced the appointment of CoY's Chairman as well as eight new members and the re-appointment of 10 members for a two-year term starting from 1 April 2015. The Government would consider members' views and suggestions in this regard during the next appointment exercise.

10.23 In response to Dr CHIANG Lai-wan's enquiry about the Youth Development Fund, SHA advised that the Government was consulting CoY on the operational arrangements of the fund. As the fund was intended to support innovative youth development activities that were not covered by existing schemes, support would be solicited from non-governmental organizations as well as the business sector when it was rolled out.

Arts and cultural development

10.24 In respect of the \$300 million Art Development Matching Grants Pilot Scheme ("the Pilot Scheme"), Mr MA Fung-kwok noted that the Pilot Scheme primarily targetted at helping those arts groups/organizations which had received Springboard Grants for two rounds under the Arts Capacity Development Funding Scheme (ACDFS) and had completed the approved projects to the satisfaction of the Government. Enquiring about the rationale for adopting such a high threshold as an eligibility criterion, Mr MA asked about the number of arts groups/organizations that could meet the eligibility requirements of and benefit from the Pilot Scheme and whether consideration would be given to converting the Pilot Scheme into a regular programme.

10.25 PSHA explained that the Pilot Scheme was launched with a view to providing further incentive to the art groups/organizations which had successfully obtained two rounds of Springboard Grants under the ACDFS to raise private donations. Up to March 2015, at least six springboard grantees would be eligible to apply for the new matching grants upon successful completion of their second round of projects. The Government would review the effectiveness of the Pilot Scheme in collaboration with the Advisory Committee on Arts Development (ACAD), before deciding on whether the Pilot Scheme should be operated on a long-term basis. PSHA added that the Government was considering broadening the eligibility for the Pilot Scheme to include major local arts organizations, such as the nine major performing arts groups and the Hong Kong Arts Festival. The Government would consult the ACAD on this idea.

10.26 In response to Mr MA Fung-kwok's further enquiry about the Government's future plans to improve and upgrade its recreational, sports and cultural venues and facilities, Director of Leisure and Cultural Services ("DLCS") undertook to provide a written response after the meeting.

10.27 Mr LEE Cheuk-yan sought justification for the estimate of \$466 million for the renewal of the permanent exhibition in Hong Kong Museum of History ("HKMH") as well as details of this renewal project.

10.28 DLCS responded that to sustain the appeal to the public, cultivate a wider audience base, and enhance the educational elements in their

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services, the Government would renew the permanent exhibitions of public museums managed by the Leisure and Cultural Services Department at suitable intervals, which was in line with professional practice of museums worldwide. The renewal project in respect of HKMH would include replacing outdated exhibits, updating and enhancing the contents of the permanent exhibitions in the light of new information or archival information surfaced through new researches, extending the scope of exhibitions and deploying latest technologies to enhance visitors' experience. The project was currently at its planning stage. HKMH would conduct comprehensive researches before formulating plans on the content and presentation of the renewal of its permanent exhibitions. In the process, it would engage and consult the relevant Museum Advisory Panel, museum expert advisers, as well as academics and institutions in the relevant fields. The renewal work would be handled in an objective and professional manner by museum curators who would consult experts and academics in the relevant fields when deciding on curatorial matters.

Provision of sports facilities

10.29 Expressing concern over the shortage of sports venues/facilities in Tin Shui Wai and Yuen Long, Mr LEE Cheuk-yan enquired about the progress of the Government's long-committed proposed project of building a standard swimming pool in Tin Shui Wai North.

10.30 DLCS responded that the Government was fully aware of the local community's wish to have a swimming pool complex in Tin Shui Wai North. The Government had all along been maintaining a close dialogue with the Yuen Long District Council and the local community on the scope and design of the project.

Guesthouse licensing regime

10.31 Mr SIN Chung-kai sought information on the latest development regarding the introduction for trial of spots for "home-stay lodgings" in the New Territories.

10.32 SHA responded that Heung Yee Kuk had proposed the conversion of village-type houses in the New Territories into "home-stay lodgings". While operation of hotels and guesthouses in Hong Kong was regulated by

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the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) ("HAGAO"), there was no definition of "home-stay lodgings" in HAGAO. This notwithstanding, HAB had discussed issues relating to the proposed development of "home-stay lodgings" in the New Territories at its regular liaison meetings with Heung Yee Kuk. Since the matter straddled across various policy areas, the Home Affairs Department ("HAD") had referred the proposal to relevant bureaux/departments for consideration. SHA stressed that the Government's recent review of HAGAO aimed to update and enhance the existing licensing regime governing hotels and guesthouses, with a view to minimizing the nuisance and annoyance caused by licensed guesthouses to the local residents and facilitating enforcement actions against unlicensed guesthouses.

Building management

10.33 Dr Kenneth CHAN expressed dissatisfaction at the reluctance of the Administration to provide the information requested in Mr Dennis KWOK's question of Reply Serial No. HAB132. He sought details of the approximately 50 000 visits made to private buildings in Hong Kong by HAD in 2014, e.g. the works done and their effectiveness.

10.34 SHA responded that there were currently about 40 000 private buildings in Hong Kong. In order to better understand their needs and provide necessary supporting services to owners and owners' corporations ("OCs"), the target of HAD was to visit each OC/private building at least once every year. HAD would increase the number of visits to individual buildings if and when necessary, or at the request of the owners and OCs. The number of staff paying visits to these buildings and the duration of the visits varied, subject to the nature and purposes of the visits. The Government did not have handy information on the buildings covered by the visits, nor did it have information on the number of staff and the average time spent on each visit. To compile such data would require substantial manpower resources which, in the view of the Government, should best be channelled to make more visits to individual buildings.

10.35 Responding to Mr Tony TSE's enquiry on the follow-up action taken by the Administration in respect of the six complaint cases relating to alleged bid-rigging activities which were recorded in 2014-2015, Acting Director of Home Affairs ("DHA(Ag.)") said that for cases involving

suspected criminal offences or corruption elements, the complainants had been advised to report the cases to the Police or ICAC for investigation.

Promoting Hong Kong overseas

10.36 Noting that \$26 million would be allocated to the Information Services Department ("ISD") in 2015-2016 to uplift Hong Kong's international image, Mr YIU Si-wing sought details of the work to be carried out by ISD and questioned whether ISD's work would overlap with that of the Hong Kong Tourism Board ("HKTB").

10.37 Director of Information Services ("DIS") responded that of the \$26 million allocated to ISD in 2015-2016 to enhance Hong Kong's public relations and promotional efforts, ISD planned to allocate about \$20 million to publicity and promotion programmes outside Hong Kong and about \$6 million for local publicity and promotions. On publicity and promotions outside Hong Kong, more resources would be allocated to (a) invite overseas media and opinion leaders from around the world to visit Hong Kong, (b) arrange more overseas visits by principal officials and (c) launch another round of publicity campaign for Brand Hong Kong. For Brand Hong Kong, ISD would launch a new advertising/publicity campaign to complement and ride on other publicity and promotional efforts outside Hong Kong, including those to be staged by the Economic and Trade Offices. DIS stressed that the publicity and promotional work of ISD would not overlap with that of HKTB, as the focus of HKTB's marketing activities was mainly placed on promoting Hong Kong worldwide as a preferred travel destination while ISD's on reinforcing Hong Kong's status as an international business centre and a stable, law-abiding and efficient city with a favourable business environment.

Government announcements in the public interest

10.38 Ms Claudia MO expressed concern that some of the Government's recent announcements in the public interest ("APIs") carried political overtones, adopting a lopsided approach in disseminating government information. She asked whether the Government had any guidelines to ensure that APIs would not be political advertisements, and whether there was any mechanism to rectify or withdraw an API that was suspected by the public to have a predetermined political viewpoint.

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10.39 DIS responded that television and radio APIs were produced and funded by bureaux/departments, with technical assistance provided by ISD. To qualify for free government air time, APIs should carry messages that were in the public interest, related to issues of public concern, or were directly related to government policies and operational objectives. If an API attracted a complaint or comment, it would be referred to the API owner, i.e. the relevant bureaux/departments or agencies, for follow-up action.

District administration

10.40 Mr LEUNG Che-cheung considered that given the cumbersome procedures and formalities involved in claiming reimbursement of expenses under the accountable Operating Expenses Reimbursement ("OER") for District Council ("DC") members, HAD should issue guidelines and organize workshops to assist DC members in claiming OER.

10.41 DHA(Ag.) responded that HAD had issued a set of guidelines on OER, which set out the rules and practices governing OER and procedures for making claims. The guidelines also provided a list of reimbursable items and the associated criteria for reimbursement. In addition, HAD would organize briefing sessions on relevant topics at the commencement of the DC term and afterwards, if necessary, for DC members and their assistants.

Social enterprises

10.42 Responding to Mr LEUNG Che-cheung's enquiry about the effectiveness of the Enhancing Self-Reliance Through District Partnership Programme ("ESR Programme"), Under Secretary for Home Affairs advised that since its inception in 2006, the ESR Programme of HAD had granted a total of \$180 million to support the establishment of 161 social enterprises ("SEs"), creating a total of about 3 800 job opportunities. Among the SEs funded under the ESR Programme, 80% were still in operation after the funding period. According to another survey, 32% of the surveyed SEs achieved a profit, with another 30% achieved break-even in 2012. Financial benefits aside, according to the questionnaires completed by the employees of the funded SEs, about 80% of them considered that the jobs of SEs could help enhance their skills and confidence, bringing intangible

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benefits to the employees. In sum, the ESR Programme had achieved significant benefits to the SE employees, representing effective use of the ESR Programme funding.

Chapter XI: Security

11.1 At the Chairman's invitation, Mr LAI Tung-kwok, Secretary for Security ("S for S") briefed members on the main initiatives and expenditure on the policy area of security for 2015-2016 (Appendix IV-9).

Police

Handling of incidents relating to the Occupy Movement

11.2 Dr KWOK Ka-ki considered that Police-public relations, which had been good in the past, had deteriorated as many members of the public were concerned about abuse of powers by police officers in the handling of incidents relating to the Occupy Movement ("the Movement"). He said that the Police's plan to expand the use of body-worn video cameras might restrict freedom of expression and infringe upon the privacy of members of the public.

11.3 Mr IP Kwok-him disagreed with the view of Dr KWOK Ka-ki and said that many members of the public considered that the Police had handled the Movement in a restrained and professional manner. He commended the Police for handling the Movement professionally and restoring law and order in Hong Kong.

11.4 Ms Emily LAU said that some police officers had been restrained while some others had not been so in handling participants of the Movement, who had been considered peaceful by many overseas media.

11.5 S for S disagreed with the view that police officers had abused their powers when handling incidents relating to the Movement. He said that the Police had always acted in accordance with the law. Members of the public were aware of how the Police had handled incidents relating to the Movement. He stressed that the right to peaceful expression of views was protected under the laws of Hong Kong.

11.6 Dr Helena WONG sought information on the factors taken into consideration in deciding whether and when clearance operations relating to the Movement should be launched. She asked whether such decision was made by the Chief Executive or the Commissioner of Police ("CP"). She

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queried why clearance operations had not been launched at an earlier time. CP responded that in handling any public order events, the major duties of the Police were to maintain public order and ensure public safety. The decision of whether and when to launch a clearance operation was decided by the relevant police commanders, having regard to the circumstances and whether such operation would have a positive effect on safeguarding public order and public safety. As CP, he was accountable for the decisions made by the relevant commanders.

11.7 Mr WONG Kwok-hing commended the Police for its work in handling the Movement and restoring law and order in Hong Kong. He expressed concern about the current condition of a police officer who had become unconscious when handling incidents relating to the Movement. CP responded that many police officers were exhausted and became sick because of the need to work very long hours during the Movement. Among them, a police sergeant who suffered from a heart attack whilst on duty was still in a coma. Mr WONG Kwok-hing asked the Administration to convey his regards to family members of the police sergeant concerned.

11.8 Dr Priscilla LEUNG asked whether police officers injured when handling incidents relating to the Movement would be compensated in accordance with legislation on employees' compensation. S for S responded that adequate medical treatment and support were provided to all police officers injured whilst on duty.

11.9 Mr Albert CHAN expressed concern that there was slow progress in the Police's investigation into a case of alleged assault of a subdued demonstrator by seven plain-clothed police officers. Mr LEUNG Kwok-hung sought information on the number of complaints received by the Police relating to the alleged assault of a subdued demonstrator by seven plain-clothed police officers. CP responded that the Police had received around 2 000 complaints relating to the Movement, among which about 150 needed to be followed up. He undertook to provide information in writing on the number of complaints received by the Police relating to the alleged assault of a subdued demonstrator by seven plain-clothed police officers.

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11.10 Dr Priscilla LEUNG expressed concern that many participants of the Movement had insulted police officers and deliberately provoked frontline police officers to make mistakes. She said that consideration should be given to enacting legislation against the offence of insulting police officers. S for S responded that existing legislation, including that relating to the offences of "obstructing police officers in discharging duties" and "assaults on police", had provided protection for police officers and the Administration had no plans to enact legislation against the offence of insulting police officers.

11.11 Mr WONG Kwok-hing commended CP for his efforts and dedication in commanding the Police's handling of the Movement round-the-clock for many days. Noting that CP would be retiring very soon, he asked whether the service of CP could be extended, especially given the possibility of vigorous public assemblies relating to political reform in the short future. S for S commended CP and senior management of the Police for their efforts and dedication in handling the Movement and restoring law and order in Hong Kong. He said that the retirement of civil servants had to be handled in accordance with relevant Civil Service Regulations.

11.12 The Chairman said that the catering sector commended the Police for its work in handling the Movement and restoring law and order in Hong Kong.

Procurement of specialized crowd management vehicles with water spray device

11.13 Dr KWOK Ka-ki expressed concern about the Police's plan to procure specialized crowd management vehicles with water spray device. He asked whether the Police had assessed the injury to human body that might be caused by the water spray device of such vehicles.

11.14 Referring to Reply Serial No. SB129, Mr Kenneth LEUNG expressed concern that the Administration had not provided information on the highest pressure of water jets from specialized crowd management

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vehicles, the highest volume of water that could be discharged per minute and the bodily harm that could be caused by such high pressure water jets.

11.15 Mr IP Kwok-him pointed out that specialized crowd management vehicles with water spray device were widely used in western countries. He queried whether water jets from such vehicles could cause serious bodily harm.

11.16 CP advised that after funding approval was obtained, the Police would draw up the specifications required of such vehicles, having regard to the experience of other countries where such vehicles were used. To his knowledge, the pressure of water jets of such vehicles was adjustable. He said that the level of force involved with such water jets was placed somewhere between those involving tear gas and baton by some advanced countries. The Police would draw up strict guidelines on the use and operation of these specialized crowd management vehicles.

11.17 Mr Kenneth LEUNG queried why the Administration had not consulted the Panel on Security on its plan to procure three specialized crowd management vehicles. S for S advised that it was the Administration's established practice to consult the relevant Panel on capital commitments for each major systems or equipment exceeding \$10 million. He pointed out that each of the specialized crowd management vehicles concerned was estimated to cost around \$9 million.

11.18 Ms Claudia MO said that the total estimated cost of the three crowd management vehicles had exceeded \$10 million. She queried why the Panel on Security had not been consulted. Deputy Secretary for Financial Services and the Treasury (Treasury)¹ responded that the Finance Committee had delegated powers to the Financial Secretary to create financial commitments each up to \$10 million for projects on major systems and equipment. It was the established practice that such delegated powers were applied on the basis of the unit cost of the capital item concerned.

11.19 Ms Claudia MO expressed concern that the proposed vehicles would be capable of spraying liquid dye and queried the need for such a function. Mr LEE Cheuk-yan expressed concern that such liquid dye

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might contain toxic ingredients which could cause bodily harm. CP advised that whether there was a need to use liquid dye would depend on the circumstances.

11.20 Mr SIN Chung-kai queried why the specialized crowd management vehicles concerned were estimated to cost around \$9 million each, when the specifications of the water spray devices on the vehicles were still to be determined. He asked whether the Police could proceed with the procurement, if each vehicle eventually turned out to cost more than \$9 million. CP responded that \$9 million was the estimated ceiling of the unit cost of the vehicles having regard to the experience of other countries where such vehicles were used. If the cost of each unit turned out to be more than \$9 million, the Police would not be able to procure the vehicles.

11.21 Ms Emily LAU expressed concern about reports that high pressure water jets from such vehicles could cause bodily harm, including damage to a person's eyes, and queried why there was a need for the Police to procure such vehicles. She considered that instead of using crowd management vehicles, police negotiators should be deployed to resolve confrontations peacefully.

11.22 CP responded that members of the public had noticed the violence demonstrated by some participants of the Movement and the extent to which trunk roads had been blocked. He pointed out that negotiators of the Police and the Fire Services Department had tried to persuade participants of the Movement to remove blockades on the road. However, participants of the Movement had not only refused to do so, but also insulted the negotiators with abusive language. He said that the Police had a duty to ensure the adequacy of manpower, devices and equipment for maintaining public order and public safety. He stressed that guidelines would be issued on the use of water spray devices of such vehicles. Where circumstances permitted, police officers would give warning of their intention to use force. The use of force would cease once the purpose of which was achieved.

11.23 Mr Christopher CHEUNG commended the Police for its performance in handling the Movement and restoring law and order in Hong

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Kong. He considered that there was a need for the Police to procure crowd management vehicles with water spray device, given the increasingly violent public assemblies in Hong Kong and the possibility of more occupation of roads. He expressed concern about whether the Police had drawn up measures to deal with further occupation of roads before the delivery of such vehicles.

11.24 S for S responded that the Police had a duty to maintain law and order in Hong Kong. Police officers, who had received relevant training, were capable and confident of handling large scale public assemblies.

11.25 Dr Helena WONG considered that Mr Christopher CHEUNG, who was a Deputy Chairman of the Independent Police Complaints Council ("IPCC"), should not comment on the Police's handling of the Movement, as the reports of the Complaints Against Police Office ("CAPO") on a number of complaints relating to the Police's handling of the Movement were still to be reviewed by IPCC. She said that many papers for joint meetings of IPCC and CAPO had been provided within a short time before the meetings. Mr Christopher CHEUNG said that he was entitled to express views in his capacity as a Legislative Council Member. The role of IPCC was to monitor whether the Police had acted in accordance with the law.

11.26 Mr Christopher CHEUNG asked whether the Police had studied overseas experience and assessed whether the number of crowd management vehicles to be procured would be adequate. CP responded that such vehicles were in use in many overseas countries and places, including Belgium, South Korea, Singapore, the United Kingdom, the United States of America and the Macao Special Administrative Region. The number of vehicles to be procured had been proposed having regard to the circumstances of Hong Kong.

Technology crime

11.27 Mr Charles MOK referred to the statistics provided in Reply Serial No. SB070 and said that as the category of "others" under technology crime amounted to about 36% of the cases, there should be a further breakdown of

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the category. He also expressed concern about the low detection rate of technology crime.

11.28 CP responded that the category of technology crime classified as "others" mainly comprised cases of social media deception and naked chat blackmail. He said that the classification of technology crime was the same as those of previous years in order to facilitate comparison. Nevertheless, the Police would consider Mr MOK's view in the future classification of technology crime. He added that the detection rate of technology crime had been relatively low because a majority of such crime was cross-boundary in nature.

Proposed increase in police manpower for 2015-2016

11.29 Mr LEE Cheuk-yan expressed concern that the Police had proposed a 1.8% increase in manpower for 2015-2016. He sought information on how the additional manpower would be deployed. S for S responded that the Police had sought for an increase of 603 posts in 2015-2016, including 581 police officer posts and 22 civilian posts. The increase in manpower was intended for meeting the needs arising from the upgrading of Tseung Kwan O Police Division to a Police District, the additional manpower needed for combating technology crime and the additional manpower required with the opening of the Midfield Concourse of the airport. It also included the additional manpower needed for the Police Tactical Unit and provision of back-end support service to strengthen frontline operational capability as well as support the management of major security and crowd management events.

11.30 Mr LEE Cheuk-yan queried the need for additional police manpower for the Police Tactical Unit and provision of back-end support service. He considered that political issues should not be tackled by the addition of more police officers. S for S responded that the need for additional police manpower had been reflected in the substantial overtime work required of police officers involved in handling incidents relating to the Movement. He said that the Administration had a responsibility to maintain an adequate number of police officers for maintaining law and order in Hong Kong at all times. A sufficient number of police officers

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were required not only for maintaining public order and safety in large scale public assemblies, but also for handling possible confrontations between different social groups with opposing views, and maintaining law and order in the territory.

Other issues

11.31 Mr James TO said that some police officers who had retired or left service had established companies which provided security-related services. He asked whether the Police had outsourced its intelligence gathering or surveillance work to such companies. CP responded that it was inappropriate for him to comment on speculative questions. He stressed that the Police had always acted in accordance with the law.

11.32 Mr SIN Chung-kai asked whether the Administration had any plan to relocate the Hong Kong Police College at Wong Chuk Hang to another location to relief land for addressing the current housing problem. S for S responded that the Administration had no plan to relocate the Hong Kong Police College.

11.33 Mr Albert CHAN expressed concern that the annual expenditure of the Police had reached a record high level.

11.34 Mr Frankie YICK expressed concern that the number of fixed penalty tickets against illegal parking in New Territories North had increased substantially. He considered that the Administration should examine whether it was due to an acute shortage of parking spaces in the region. S for S undertook to convey Mr YICK's views to the Transport and Housing Bureau ("THB").

Handling of non-refoulement claims

11.35 Dr CHIANG Lai-wan expressed concern that the number of non-ethnic Chinese illegal immigrants intercepted in 2014 had increased by 63% over 2013 and the Immigration Department ("ImmD") had received more than 3 400 non-refoulement claims in 2014, which was 2.7 times the average of the preceding four years. She expressed concern that many of

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these persons had come to Hong Kong for the purpose of seeking illegal employment. She sought information on the average waiting time for determination of a non-refoulement claim and asked whether such persons could be repatriated immediately upon arrest.

11.36 S for S advised that it was the Administration's policy to repatriate illegal immigrants immediately. However, non-refoulement claims had to be handled in compliance with the law and relevant rulings of the Court of Final Appeal. The increase in the number of non-refoulement claims was partly due to an increase in the number of illegal immigrants in the previous year. A number of torture claimants whose claim had been rejected before had lodged a further non-refoulement claim for determination under the unified screening mechanism launched in March 2014. Director of Immigration ("D of Imm") said that a non-refoulement claim would normally take about six months to determine. However, the processing time might be longer, say if a claimant failed to attend a scheduled interview or medical examination. The time for which a claimant would remain in Hong Kong might be longer if he lodged an appeal or petition regarding the determination of ImmD.

11.37 Mr TANG Ka-piu expressed concern that the average duration of a non-refoulement claimant's presence in Hong Kong was 2.7 years, with the longest being almost 11 years. He also expressed concern that the expenditure incurred in the screening of torture or non-refoulement claims and related work had increased from \$393 million in 2012-2013 to \$526 million in 2014-2015, and was estimated to reach \$644 million in 2015-2016. He expressed concern about whether the increasing expenditure on non-refoulement claimants, the ease of claimants to undertake illegal employment in Hong Kong and the immediate availability of legal advice upon their arrival in Hong Kong had attracted more people to come to lodge non-refoulement claims in Hong Kong.

11.38 Mr IP Kwok-him expressed concern about reports regarding a recent case in which 13 persons had lodged non-refoulement claims immediately upon their arrival in Hong Kong and all of them requested a particular lawyer to act as their legal representative. He also asked whether ImmD had been allocated sufficient manpower and resources for

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handling the increased number of non-refoulement claims. Mr CHUNG Kwok-pan expressed concern that there were signs of organized efforts to arrange persons from other countries to come to Hong Kong and lodge non-refoulement claims.

11.39 S for S advised that the Administration was aware of the increase in the number of non-refoulement claims in recent years. It was carrying out a review on the procedures for handling such claims and strengthening training, with a view to shortening the processing time and preventing abuse. The Administration would also keep its visa-free arrangements for different countries under constant review. D of Imm said that the Administration had noted that there were abuses of the existing regime. For example, some claimants had travelled to Hong Kong via countries where they could lodge a torture claim but had not done so until they arrived Hong Kong. A number of claimants were foreign domestic helpers who lodged non-refoulement claims upon expiry of their employment contracts in Hong Kong. There was a recent case in which ImmD received notification from the legal representative of 13 persons who were still on their way to Hong Kong that they would lodge non-refoulement claims upon their arrival in Hong Kong. There were also cases in which a claimant, when interviewed by ImmD, was not aware of the contents of information submitted by his lawyer on his behalf to ImmD. Nevertheless, ImmD had been maintaining high standards of fairness in the determination of non-refoulement claims, as required by previous court judgments.

11.40 Mr TANG Ka-piu asked whether claimants convicted of crime or illegal employment in Hong Kong could be repatriated. Mr LEUNG Che-cheung asked whether a claimant convicted of crime in Hong Kong had a lower chance of success in his non-refoulement claim. D of Imm responded that a claimant's conviction of crime and non-refoulement claim were different issues that were dealt with separately.

11.41 Mr IP Kwok-him sought information on the number of cases in which legal assistance was provided to a claimant in 2012-2013. He expressed concern about the number of lawyers involved in providing legal assistance to claimants and the average number of non-refoulement claims handled by a lawyer. S for S responded that before a claim was

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determined, publicly funded legal assistance was provided to a non-refoulement claimant by a duty lawyer assigned by the Duty Lawyer Service. After a claim was determined (including the decision made by the Torture Claims Appeal Board, if any), the legal assistance to a rejected claimant who lodged a judicial review was handled by the Legal Aid Department in accordance with its established mechanism.

Relaxation of the upper age limit for Category B Security Personnel Permit

11.42 Mr TANG Ka-piu expressed concern about the Administration's timetable for relaxation of the upper age limit for Category B Security Personnel Permit. S for S responded that the Administration intended to move a resolution to give effect to the proposed relaxation of upper age limit at a meeting of the Legislative Council in about two months' time.

Possibility of opening up the Lok Ma Chau Spur Line Control Point to passengers not arriving by trains

11.43 Mr LEUNG Che-cheung expressed concern that the trains of Lok Ma Chau Spur Line ("LMCSL") were overcrowded and asked whether the LMCSL Control Point could be opened to passengers other than train passengers. S for S responded that the LMCSL Control Point had been designed for train passengers of LMCSL and there was only a narrow road allowing vehicular access to the control point. Owing to the geographical location of the control point, it would not be viable for passengers using the Lok Ma Chau-Huanggang shuttle bus service to walk to the control point. D of Imm added that immigration manpower was flexibly deployed at different times of a day to cope with needs. Where necessary, additional immigration manpower was redeployed from other control points to meet the manpower needs of a control point.

Combating parallel trade activities and smuggling

11.44 Mr IP Kwok-him expressed concern that some demonstrators opposing parallel trade activities had recently kicked the belongings of an old man and insulted a woman as well as her young child, who were not

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parallel traders. He considered that the Police should deploy sufficient manpower to prevent the recurrence of similar incidents.

11.45 Mr YIU Si-wing noted that the Customs and Excise Department ("C&ED") had been mounting special operations with the Shenzhen authorities to combat smuggling. He sought information on the number, duration and effectiveness of such operations in the previous year.

11.46 Commissioner of Customs and Excise ("C of C&E") advised that a total of 99 special operations, in which a total of 251 cases were involved, had been mounted in 2014. The duration of such operations depended on the circumstances and was generally longer around the Chinese New Year. Goods smuggled to the Mainland were mainly items of high tax value, including mobile phones, computers, electronic devices and dried seafood. The goods smuggled to Hong Kong included pirate products and dutiable goods such as wine and cigarettes. He said that C&ED would continue to mount such special operations with the Shenzhen authorities.

11.47 Ms Emily LAU expressed concern about possible corruption of some Mainland customs officials and asked whether more could be done by the Administration to address nuisance caused by parallel trade activities.

11.48 Mr YIU Si-wing considered that parallel trade activities might be substantially reduced, if restrictions of the Mainland were strictly enforced by Mainland customs officials.

11.49 C of C&E advised that C&ED was responsible for taking enforcement actions against smuggling activities in accordance with the laws of Hong Kong, whereas Mainland customs authorities were responsible for enforcement of relevant Mainland laws. In response to the Chairman's question regarding how the customs-related laws of the two sides compared, C of C&E said that the restrictions imposed by the Hong Kong Special Administrative Region on outgoing goods were less stringent than Mainland restrictions on incoming goods.

11.50 Miss CHAN Yuen-han noted that there were only 4 400 persons in ImmD's watchlist of visitors suspected of being involved in parallel trade

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activities and the number of entries of visitors refused in 2014-2015 due to suspected involvement in parallel trade activities had reached 13 704. She sought elaboration on the two figures. D of Imm responded that the 4 400 suspected parallel traders added to the watchlist between March 2014 and February 2015 were all Mainland residents and the watchlist was constantly updated. As at end of February 2015, the number of entries of Mainland visitors refused for suspected involvement in parallel trade activities was 13 704.

Handling of transgender persons by law enforcement officers

11.51 Mr CHAN Chi-chuen expressed concern that in a report released by the Transgender Resource Center on the previous day, there were allegations that a male police officer had carried out strip search on a transgender female, a police officer had asked a transgender person to provide sex service, the Correctional Services Department ("CSD") had refused to provide hormone treatment to transgender persons and a CSD staff had asked a transgender person in custody to provide sex service.

11.52 Commissioner of Correctional Services responded that inmates were held in custody with persons of the same sex in accordance with the gender appearing on their identity documents. For transgender persons in custody, CSD would consolidate the views of medical officers, clinical psychologists or psychiatrists and make suitable arrangements for their treatment in correctional institutions. Correctional officers of an appropriate gender would be deployed to conduct body search. He stressed that all persons in custody were treated equally by CSD and the medical service they received was no different from that received by other residents of Hong Kong. Regarding the allegations against CSD staff referred to by Mr CHAN Chi-chuen, CSD had not received any complaint of that nature in the past. Given the serious nature of the allegations, CSD had referred the cases to the Police for follow-up.

Unlicensed travel agents

11.53 Mr YIU Si-wing said that he had recently received complaints about a case in which the Travel Agents Registry ("TAR") had confirmed

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that a travel agent was an unlicensed one but no prosecution was instituted. He considered that the Police should step up enforcement actions against unlicensed travel agents.

11.54 CP responded that TAR was responsible for administration of the Travel Agents Ordinance (Cap. 218). Suspected cases of unlicensed travel agents' operation were referred by TAR to the Police for investigation. Where there was sufficient evidence, prosecution would be instituted.

Soliciting of passengers by taxi drivers

11.55 Mr Frankie YICK expressed concern about an increasing number of mobile applications ("Apps") for taxi hiring. He asked whether the arrangement of taxi service by such Apps constituted the offence of soliciting passengers. CP responded that whether an act would amount to an offence of soliciting passengers would depend to a large extent on the circumstances. There was so far no prosecution against the offence of soliciting passengers involving Apps. Mr YICK considered that the Administration should carry out a review on legislation relating to soliciting of taxi passengers. S for S undertook to convey Mr YICK's views to THB.

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12.1 At the invitation of the Chairman, Prof Anthony CHEUNG, Secretary for Transport and Housing ("STH") briefed members on the financial provisions and the Government's major initiatives on housing in the 2015-2016 financial year (Appendix IV-10).

The new Long Term Housing Strategy

The new housing supply target

12.2 Noting that the public housing supply target under the new Long Term Housing Strategy ("LTHS") would be 290 000 units for the ten-year period from 2015-2016 to 2024-2025, comprising 200 000 public rental housing ("PRH") units and 90 000 subsidized sale units, Mr WONG Kwok-hing was concerned that the Hong Kong Housing Authority ("HA") would produce only 77 100 PRH units and 10 600 Home Ownership Scheme ("HOS") units during the five year period from 2014-2015 to 2018-2019, totaling 87 700 units. In this connection, he asked how HA would meet the shortfall of 202 300 public housing units within the rest of the ten-year period. Expressing similar concerns, Mr Frederick FUNG cast doubt on the capacity of the construction industry to raise the public housing production level by more than 90% to an average of about 38 600 units each year for the second five-year period from 2020-2021 onwards.

12.3 STH responded that as it took time to identify land and to undergo the planning process, the scope of increasing the production volume at the earlier stage of the ten-year period was relatively limited. He acknowledged the need to put in extra efforts in the second five-year period to achieve the public housing supply target, and advised that HA had already embarked on the necessary preparatory work such as identifying the land required and conducting the planning process. The Administration had identified land for the construction of some 254 000 public housing units at present, and would spare no effort in securing the land required for construction of the remaining 36 000 units. In face of the challenge posed by the shortage of construction manpower, the Administration would take appropriate measures as detailed in the new LTHS.

Securing the public's support for housing developments

12.4 Mr LEUNG Che-cheung was not optimistic about securing the

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land required for provision of the remaining 36 000 public housing units in view of the fact that some districts, such as Yuen Long, were already facing the problem of high development density, and the District Councils and the local communities concerned were inclined to oppose new housing developments there. Miss Alice MAK however held a different view. She said that the Kwai Tsing District Council of which she was a member would not oppose new housing developments with appropriate ancillary facilities in the district.

12.5 To increase land supply, Mr NG Leung-sing opined that the Government should solicit support from Members of the opposition camp who had raised objections to rezoning land for housing developments.

12.6 Ms Emily LAU said that the younger generation was frustrated by the soaring property prices which affected their living and hindered their marriage decisions. Given the high property prices, the middle-class could only afford to buy small properties. Considering it a priority for the Government to expedite housing production, she enquired about the Administration's plan to secure the support of local communities for new housing developments.

12.7 STH advised that the Administration would conduct various impact assessments and plan for the provision of ancillary facilities prior to consulting local communities on proposals on rezoning land for housing developments. To address the concerns of District Councils, he had also been conducting bi-monthly meetings with the chairmen or if the chairmen were not available, vice-chairmen of the housing committees of all the 18 District Councils through a District Liaison Group mechanism.

Helping all households gain access to adequate and affordable housing

12.8 Dr Fernando CHEUNG was concerned about the surge in the number of subdivided units from 66 900 in 2013 to about 86 400 in 2014, representing an increase of 30%. Referring to international studies which found that property prices were unaffordable to most Hong Kong people with the latest mortgage-to-income ratio worsened to almost 60%, he asked how the Administration would assess the achievement of the new LTHS in helping all households in Hong Kong gain access to adequate and affordable housing.

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12.9 STH replied that there was no common standard of adequate and affordable housing. Different societies or even individuals might have their own views. Public housing was provided to those who could not afford to rent or buy a flat in the private sector. To meet the pressing housing needs of the lower-income families, the Government would continue its endeavours to increase the supply of public housing by making available financial and land resources.

Public rental housing

Developing infill sites within existing public rental housing estates

12.10 Mr KWOK Wai-keung was concerned about the cases where the Administration had failed to enhance the ancillary facilities of the districts concerned in developing infill sites. He further said that it was unsatisfactory to convert a park into an infill site. He remarked that in order to make infill sites more acceptable to the local community, the Administration should enhance the provision of ancillary facilities, such as roads and transport networks.

12.11 The Deputy Director of Housing (Development and Construction) ("DD of H (D&C)") responded that various traffic and environmental assessments would be conducted on a site proposed for housing developments prior to consulting the District Council and the local community concerned. HA would also ensure the provision of ancillary facilities in accordance with the planning standards in force. For proposals on converting parks for housing developments, the public would be consulted in advance and arrangements for reprovisioning would be made as appropriate.

Recovery of public rental housing flats

12.12 Noting the lead time required for housing production, Mr KWOK Wai-keung opined that HA should speed up the recovery of PRH flats so that more PRH flats could be released for re-allocation. STH responded that HA would strive to address the demand for PRH through new production and recovery of PRH flats. There was on average a net number of about 7 000 flats recovered each year from surrender of flats by sitting tenants and from enforcement actions against abuse of PRH resources.

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12.13 Noting that the number of appeals heard by the Appeal Panel (Housing) in respect of termination of leases by HA was 450 in 2014 while the number of notices-to-quit cancelled or amended by the Appeal Panel (Housing) was 192, Mr LEUNG Che-cheung was concerned about the difference in figures. The Deputy Director of Housing (Estate Management) advised that of the 1 200 appeal cases received by the Appeal Panel (Housing) in 2014, about 60% were related to cases of rent arrears. For the 450 hearings on the appeal cases held in 2014, about 13% were allowed to retain the tenancy. At Mr LEUNG's request, the Administration agreed to provide information on the number of judicial review cases against the decisions made by the Appeal Panel (Housing).

Redeveloping aged public rental housing estates

12.14 In response to Mr SIN Chung-kai's enquiry on the redevelopment timetable for Wah Fu Estate, DD of H (D&C) advised that following the announcement in the 2014 Policy Address to lift the development moratorium at the south of Pok Fu Lam for public housing development and the future redevelopment of Wah Fu Estate, the Administration commenced a feasibility study in early 2015 on five Government sites, including Wah Fu North, Wah King Street, near Chi Fu Road, Wah Lok Path and Kai Lung Wan. The study was expected to complete in early 2016. After completion of the study, local consultation and relevant planning procedures, the Administration would formulate the flat production programme.

Impact of the refined Quota and Points System on existing public rental housing applicants

12.15 Referring to the refinement of Quota and Points System ("QPS") endorsed by HA in October 2014, Mr WONG Kwok-hing was concerned whether non-elderly one-person applicants who were due for detailed eligibility vetting or even flat allocation would be affected by this measure.

12.16 Mr Albert CHAN expressed grave concern about cases where PRH applicants under QPS who had been waiting for a long time and were due for detailed eligibility vetting would have to wait even longer for flat allocation under the refined QPS. He said that HA should be condemned for making the decision to refine QPS without consulting the public.

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12.17 Mr James TO commented the changes made to QPS were grossly unfair to those non-elderly one-person applicants who had been on the Waiting List for a long time and hence had legitimate expectation on the timing for flat allocation. He held a strong view that any changes to QPS should in no way jeopardize their due entitlement to flat allocation.

12.18 STH explained that in response to the recommendations of the LTHS Steering Committee as well as those of the Public Accounts Committee to better utilize the precious PRH resources, HA's Subsidised Housing Committee ("SHC") had decided to refine QPS, which included awarding a one-off bonus of 60 points to QPS applicants when they reached the age of 45 to help them gain earlier access to PRH. The Deputy Secretary for Transport and Housing (Housing) ("DS(H)") supplemented that under QPS, elder applicants had all along been given priority over younger applicants in flat allocation. This being the case, it was not possible to estimate when individual PRH applicants would be due for PRH allocation. In line with the new policy measure to help those aged 45 and above gain earlier access to PRH, the priority of younger applicants would inevitably be affected. For applicants who had passed the detailed eligibility vetting before SHC's decision to refine QPS and were undergoing the allocation process, for the timing of flat allocation to them would not be affected. In response to Mr WONG Kwok-hing's call for reviewing the policy, DS(H) advised that the refined QPS took effect on 1 February 2015, and HA would keep QPS under constant review.

Rent adjustment mechanism for public rental housing

12.19 Pointing out that the establishment of the Housing Reserve as announced by the Financial Secretary in December 2014 would ease the financial burden of HA, Mr LEUNG Yiu-chung asked whether the Administration would review the rent adjustment mechanism for PRH to relieve the rental burden of PRH tenants. STH replied that under the existing rent adjustment mechanism for PRH, HA would conduct a rent review every two years and adjust the PRH rent according to the change in the income index. Notwithstanding HA's statistical findings in recent years showing that tenants' income had risen quite markedly, the rate of rent increase had been capped at 10% according to the current mechanism. Establishment of the Housing Reserve demonstrated the Government's financial commitment to the new public housing initiatives. Mr LEUNG

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said that the living standard of PRH households actually had not improved given the high inflation rate. He urged the Administration to review the rent adjustment mechanism for PRH.

Subsidized home ownership

Green Form Subsidised Home Ownership Pilot Scheme

12.20 Mr Frederick FUNG queried why the Green Form Subsidised Home Ownership Pilot Scheme ("GSH") was never mentioned in the new LTHS promulgated in December 2014 but was announced in the 2015 Policy Address delivered in January 2015. He also asked if the Administration had an estimate on the revenue to be generated for each PRH unit sold under GSH.

12.21 STH responded that in the course of public consultation on LTHS, there were views that the Government should introduce a new form of subsidized housing for Green Form ("GF") applicants as some of them could afford subsidized sale flats. In response to such views, LTHS stated that the Government would consider how to expand the forms of subsidized home ownership. The proposal of GSH was subsequently announced in the 2015 Policy Address in response to the LTHS.

12.22 In reply to Miss Alice MAK's enquiry on details of GSH, STH advised that HA was now working on the implementation details for GSH, including eligibility criteria, price setting mechanism, resale arrangements, site selection principle, etc. Details of GSH would be finalized in the next few months and would be announced in due course.

Leveraging on the Urban Renewal Authority's capacity for supplying subsidized sale flats

12.23 Mr NG Leung-sing expressed concern about the progress of the Urban Renewal Authority ("URA")'s resumption of land for development purposes. He opined that property owners/occupiers affected by land resumption exercises might have requested for high compensations, hence hindering URA's land resumption work.

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12.24 Mr WU Chi-wai pointed out that households with income between \$40,000 and \$60,000 were eligible for subsidized housing under the former Sandwich Class Housing Scheme ("SCHS"). Noting that the Administration would leverage on URA's capacity to increase the supply of subsidized sale flats and the income limits of which would be higher than those for HOS, he asked whether the Administration would relaunch SCHS, and suggested URA should build SCHS flats to meet the home ownership aspirations of low to middle-income households.

12.25 STH said that the issue of SCHS was discussed in the course of public consultation on LTHS. The Administration currently had no plan to re-introduce SCHS as it would further stretch the limited land resources available for public housing. The Administration would continue to accord priority to achieving the supply target of PRH and subsidized sale flats under the new LTHS. On the role of URA in providing subsidized sale flats, STH advised that URA would examine in detail its capacity for both public and private housing production, and its involvement in providing subsidized sale flats was yet to be finalized.

The Home Ownership Scheme Secondary Market

12.26 Mr NG Leung-sing remarked that the policy of allowing owners of HOS flats to trade their flats in the open market upon paying premium would give rise to an increase in demand for such flats and hence speculative activities. STH advised that the said arrangement had been in place for many years and revising it would represent a very significant change. Pointing out that there was a HOS Secondary Market in addition to the open market, STH hoped such secondary market would help eligible people who were in need of HOS flats, many of whom being PRH tenants, achieve their home ownership aspirations.

12.27 Expressing concern on the lack of effective short- to medium-term measures to tackle the hike in property prices and the long waiting time for PRH, Mr Albert CHAN reiterated his suggestion for HA to revitalize the rental market of some 300 000 subsidized sale flats with premium not yet paid by allowing owners of such flats to lease their premises to GF applicants at a rent lower than the market rent. This in his view would increase the supply of rental flats in the market. STH responded that according to the current law, HOS flats with premium not yet paid could not

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be let out. There were diverse views over the issue in the society. The Administration had been monitoring such views expressed by Members of the Legislative Council as well as those of the public, and would continue to consider them and keep the Panel informed.

12.28 Referring to the measure in the Budget that the Hong Kong Mortgage Corporation Limited would consider launching a new Premium Loan Guarantee Scheme to help owners of subsidized sale flats pay the premium, Mr Michael TIEN commented that the measure, which would enable the owners to make profits from leasing or selling their properties, was against the policy objective of subsidized sale flats to address the home ownership aspirations of low-to middle-income households.

12.29 STH said that apart from the Hong Kong Mortgage Corporation Limited, owners of subsidized sale flats could also finance the premium payment from other financial institutions. The Premium Loan Guarantee Scheme was only an additional way of helping owners of subsidized sale flats pay the premium, thus promoting market circulation of subsidized sale flats.

Financial resources of the Hong Kong Housing Authority

12.30 Mr SIN Chung-kai pointed out that the sale of HOS flats had always been a good source of income funding HA's public housing construction projects. Noting the Administration's target to supply 90 000 subsidized sale flats for the ten-year period from 2015-2016 to 2024-2025, he sought justification for the need for the Housing Reserve, and enquired about the number and amount of further injections required. Mr LEUNG Che-cheung held a different view. He queried if the Housing Reserve at \$27.5 billion would be enough to finance the production of 200 000 PRH units.

12.31 STH explained that HA had resumed the production of HOS flats only in recent years. The Government's new 10-year public housing supply target at 290 000 units put an immense pressure on HA's financial position. Also, since only part of the 90 000 subsidized sale flats would be completed in the coming years, HA's fund balance would drop to a rather low level in the coming five years. In view of the foregoing, the Financial Secretary had set aside \$27.5 billion as the initial injection to the Housing

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Reserve to provide financial resources to meet the ten-year public housing supply target, and had advised that further injections would be considered at appropriate junctures. The Administration would discuss with HA the amount of and the timing for financial support required, and would seek funding approval from the Legislative Council in accordance with the established mechanism. STH emphasized that even with the support of the Housing Reserve, HA would be required to continue to exercise prudent financial control to make the best use of its resources and continue to enhance its cost-effectiveness in meeting the new public housing target.

Private housing

Land supply for private housing developments

12.32 Mr LEUNG Che-cheung said that the supply of private housing units, even at about 14 600 units each year for the coming ten years, was still falling short of the supply target under the new LTHS at 190 000 units. He asked whether the Administration had sufficient land put up for sale in order to meet the supply target. STH advised that while the Government would implement regular Land Sale Programme to supply land for private housing developments, housing land might also be available from developers themselves upon modifications to their land lease.

Tackling exuberance in the property market

12.33 Mr TANG Ka-piu noted with concern that of the about 1 136 400 private residential units in existence as at the end of 2014, about 43 260 units were vacant, representing a vacancy rate of 3.8%. He asked whether the Administration would consider imposing a vacant property tax as a measure to increase the supply of private residential flats. STH pointed out that the latest property vacancy rate at 3.8% was in fact the lowest in the past 20 years.

12.34 Noting that the property market had resumed an upward trend since April 2014 with flat prices picking up markedly, Mr TANG Ka-piu and Miss Alice MAK sought information on the Administration's measures to stop property prices from surging further.

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12.35 STH responded that the exuberant market sentiment had been supported by a serious demand-supply imbalance in the property market and the expectation of a continued low interest rate environment in the near term. The introduction of Special Stamp Duty and the Buyer's Stamp Duty had achieved the objectives of combating short-term speculative activities and curbing external demands respectively. Property prices were also stabilized from March 2013 to April 2014 upon introduction of the doubled ad valorem stamp duty. The Government would continue to closely monitor the property market, and would consider adjusting existing measures or introducing new measures as and when circumstances warranted.

Redeveloping Tai Hang Sai Estate

12.36 Dr Priscilla LEUNG referred to a survey conducted by her office on sitting tenants of the Tai Hang Sai Estate which indicated that the majority of the respondents did not oppose to the redevelopment of the Estate. In respect of the 1 300 units to be reserved for rehousing the affected tenants out of the 5 000 units to be produced upon redevelopment, 75% of the respondents were willing to purchase the flats at concessionary rates. A small number of respondents, including elderly tenants, who could not afford to purchase the new flats or preferred to continue to be given rented accommodation upon redevelopment requested the Administration to work with the Hong Kong Settlers Housing Corporation Limited ("HKSHCL") to guarantee that they could continue to rent the units. In view that some tenants were previously persuaded to give up the chance of being allocated PRH units in order to be given rented accommodation in the Tai Hang Sai Estate, Dr LEUNG asked whether the Administration would consider rehousing these tenants in the PRH estates in the same district.

12.37 Mr Frederick FUNG pointed out that in a survey conducted by his office on sitting tenants of Tai Hang Sai Estate, over 80% and 35% of the respondents indicated the wish to be rehoused to PRH units or be allowed to buy HOS flats respectively. He said that the tenants had also expressed the wish that the Government should take over the redevelopment exercise so that appropriate rehousing arrangements could be made.

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12.38 STH replied that Tai Hang Sai Estate was a private rental housing estate which was built and managed by HKSHCL. The Estate was neither owned nor managed by HA. As the redeveloper, HKSHCL was responsible for rehousing the sitting tenants, and HKSHCL had stated clearly that it would be responsible for the rehousing arrangements. STH stressed that HA would make rehousing arrangements for the households affected by HA's redevelopment projects. It would not be appropriate for HA to provide rehousing for tenants of estates owned by non-government organizations. In reply to Mr Frederick FUNG, STH affirmed that HKSHCL had not indicated that it would surrender the relevant lot to the Government.

12.39 In response to Mr Frederick FUNG's further enquiry on the reasons for not extending the concessionary measure on paying rent for tenants of public housing units as announced in the Budget to also tenants of Tai Hang Sai Estate, STH advised that the proposal was targeted at tenants of public rental units, so it would not apply to tenants of Tai Hang Sai Estate, which was a private housing estate.

Other concerns

Management of retail facilities by The Link

12.40 Miss CHAN Yuen-han said that she had received many complaints from tenants of public housing about the high prices of goods at retail facilities managed by The Link Management Limited ("The Link"). Citing the case of the Lung Cheung Plaza as an example, she was concerned that high rentals of the retail facilities had not only forced many shop tenants of traditional trades to move out from The Link's shopping centres, but had also driven up the retail prices of goods, hence affecting the livelihood of people living in public housing, especially the elderly. She criticized the Administration for failing to perform effective monitoring of The Link after divestment of HA's retail facilities, and asked whether the Administration had observed its legal responsibility to secure the provision of ancillary services pursuant to the Housing Ordinance. Echoing Miss CHAN's views, the Chairman said that he was opposed to the divestment of public assets to The Link from the start.

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12.41 STH responded that as a private entity, The Link might determine its own business strategies on which the Administration could not and would not intervene. Nonetheless, The Link had to comply with prevailing legislation, conditions of government leases, and terms of covenants in the assignment deeds between The Link and HA. Appropriate measures, including legal action, would be taken if the Administration considered that there were cases of non-compliance.

Staffing of the Housing Department

12.42 Mr Tony TSE noted that the Housing Department ("HD") issued 17 notices under the Mandatory Building Inspection Scheme ("MBIS") and 12 980 notices under the Mandatory Window Inspection Scheme ("MWIS") in 2014, and it was estimated that the number of relevant notices to be issued would be 4 500 and 46 000 respectively in 2015. Noting further that the Independent Checking Unit ("ICU") of HD was responsible for administering MBIS and MWIS, he asked whether ICU's current establishment of 22 staff was sufficient to cope with the surge in workload, and if not, whether the above enforcement targets could be adjusted accordingly.

12.43 Assistant Director of Housing (Independent Checking Unit) replied that as MBIS and MWIS ("the Schemes") were comparatively new, ICU had focused its efforts in promoting the Schemes and answering public enquiries and therefore relatively fewer notices under the Schemes were issued in 2014. With the public gaining more knowledge about the Schemes, ICU could spare more resources and effort in stepping up the implementation of the Schemes and processing the relevant submissions this year. Since a bit more time would still be needed for ICU to collect feedback from the public on the practical issues and to consolidate sufficient statistics from the implementation of the Schemes, ICU would continue to monitor the situation in the interim and conduct regular reviews on the workload and resource requirement with a view to accomplishing the work more efficiently.

12.44 Noting that HD had provided rehousing assistance to only some 100 eligible clearances affected by government actions in land clearance every year, Mr Tony TSE asked whether the 29 non-directorate posts currently deployed to undertake the relevant duties were excessive. The Permanent

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Secretary for Transport and Housing (Housing) responded that staffing requirements were not strictly formulaic, and HD would continue to monitor its staffing and arrange redeployment as appropriate according to operational needs.

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13.1 At the Chairman's invitation, Prof Anthony CHEUNG, Secretary for Transport and Housing ("STH") briefed members on the main initiatives and expenditure on the policy area of transport (Appendix IV-11).

Land transport

Transport fares

13.2 Dr Priscilla LEUNG noted that the MTR Corporation Limited ("MTRCL") would have to postpone the commissioning of the Kwun Tong Line Extension to mid-2016 and residents living near the site of the new Whampoa station would have to bear with the impact of the construction works for a much longer time. She suggested that MTRCL should consider providing fare concessions for passengers of the Kwun Tong Line Extension, particularly passengers boarding trains at Whampoa station.

13.3 STH said that MTRCL offered various fare concessions to passengers from time to time. He undertook to relay Dr LEUNG's suggestion to MTRCL for consideration.

13.4 Mr WONG Kwok-hing expressed dissatisfaction that in spite of the huge profits earned by MTRCL in 2014, MTRCL would increase its fares in 2015. While noting that MTRCL was entitled to do so under the Fare Adjustment Mechanism ("FAM"), Mr WONG asked whether the Administration, as the majority shareholder of MTRCL, would direct MTRCL to freeze the fares. He also urged the Administration to advance the next review of the FAM.

13.5 STH said that the FAM had been put in place after extensive discussion in the Legislative Council and was part of the Operating Agreement signed between MTRCL and the Government in 2007. The FAM took into account factors including changes in the Composite Consumer Price Index and the Nominal Wage Index (Transportation Section). The fares would go up in an inflationary environment and vice versa. In 2012-2013, the Government and MTRCL conducted a review on the FAM according to the Operating Agreement. Under the revised FAM, the Productivity Factor value was increased from 0.1% to 0.6%, thereby

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reducing any fare increase by 0.5 percentage point. Also, fare increase was subject to an affordability cap linked with the Median Monthly Household Income. In addition, MTRCL would be imposed a fine for serious service disruptions due to factors within its control. MTRCL would also share its profits with passengers vide fare concessions in accordance with a pre-determined tiered table. Either party of the Operating Agreement might request a review on the FAM once every five years. Subject to the mutual agreement between the Government and MTRCL, the next review of the FAM could be advanced.

13.6 Regarding the MTR fare increase in 2015, STH advised that the Administration would urge MTRCL to offer more fare concessions and improve its service performance having regard to the views of the public. He added that since MTRCL was a listed company, the majority shareholder could not jeopardize the interest of the minority shareholders, who expected that the company should adhere to the outcome of the FAM and generate a reasonable return from its operation.

13.7 Dr Helena WONG expressed concern on the expensive school bus fees and the lack of a mechanism for regulating the fees. STH said that non-franchised bus ("NFB") services were arranged by the service provider and clients direct, and the fares were not regulated by the Administration. The fees of school bus service, which was a kind of NFB service, were similarly determined by demand and supply of the market. Nevertheless, the Administration was reviewing the adequacy of school bus service in the market.

13.8 Commissioner for Transport ("C for T") supplemented that the Administration noted the trade's concerns over the proposal recently made by the Transport Department ("TD") on granting new endorsement for "solely student service" (with a code of A03R) to NFBs. She said that the matter would be discussed at the relevant Panel of the Legislative Council in April 2015.

Fees for using bridges and tunnels

13.9 Miss Alice MAK called on the Administration to make the Tuen

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Mun-Chek Lap Kok Link toll-free when it would be commissioned and cancel toll for using the Lantau Link. She explained that residents and, to a certain extent, the economy of Lantau Island had been suffering from the high transportation cost as there was no alternative route for commuting between Lantau Island and other areas.

13.10 Pointing out that there were bridges and tunnels which were toll-free whereas some were not in the territory, Mr TANG Ka-piu called on the Administration to conduct a comprehensive review on the policy of toll collection by these facilities, taking the opportunity of the transfer of ownership of the Eastern Harbour Crossing to the Government in 2016. He also asked about the possible impact of abolishing the toll for the Lantau Link on the traffic flow.

13.11 STH said that when determining whether the use of bridges and tunnels concerned should be charged or not, apart from the "user pays" principle, the Government would also consider the impact on traffic flow. He said that the Government had in the past studied various toll adjustment options as measures to improve the traffic distribution among the road harbour crossings. The Government considered it an opportune time to revisit toll adjustment options to rationalize cross-harbour traffic after the transfer of ownership of the Eastern Harbour Crossing to the Government in 2016 and the commissioning of the Central-Wan Chai Bypass ("CWB") in about 2017.

13.12 C for T supplemented that even if the toll for using Lantau Link was removed, it would unlikely affect its traffic flow, or for that matter, public transport fares.

Transport infrastructure

13.13 Mr POON Siu-ping noted that a number of industrial accidents had taken place while implementing the railway projects. He asked about the frequency and effectiveness of inspections of the construction sites of MTRCL by the Highways Department ("HyD").

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13.14 Director of Highways ("D of Hy") said that HyD attached great importance to construction safety in railway projects and had stipulated the safety requirements in the relevant agreements with MTRCL. MTRCL was required to oversee the construction works carried out by its contractors in accordance with the relevant laws, rules and project guidelines. HyD carried out regular site inspections with an independent consultant to monitor the work of MTRCL on construction safety. Construction safety was the first item on the agenda of the monthly meetings of the Project Supervision Committee chaired by him. HyD would continue to urge MTRCL to implement safety measures at construction sites.

13.15 Mr YIU Si-wing, Mr LEUNG Kwok-hung and Mr Gary FAN expressed concern over the co-location arrangements for the boundary control facilities ("co-location arrangements") at the West Kowloon Terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"). Mr YIU asked whether there was a timetable for implementing the co-location arrangements. Mr LEUNG was concerned about the Administration's lack of bargaining power in the relevant negotiations with the Mainland authorities. Mr Gary FAN enquired if the Government had any fallback in case the co-location arrangements could not be implemented.

13.16 STH responded that it was the goal of the Administration to strive to implement the co-location arrangements at the West Kowloon Terminus when the Hong Kong section of XRL was commissioned by the end of 2017. He said that a key consideration was to enable Mainland officers to carry out their duties under the Mainland laws in Hong Kong within the constitutional and legal framework. Led by the Secretary for Justice, representatives of the Transport and Housing Bureau ("THB") and the relevant policy bureaux and departments were actively engaged in discussions with the Mainland authorities, which were expected to take time as issues involved were complex.

13.17 Mr CHAN Kam-lam asked whether the Administration would salvage the sunken wreck found during the reclamation works under the Wan Chai Development Phase II project and whether it would affect the work progress and construction cost of the CWB project.

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13.18 D of Hy advised that the underground tunnel of CWB would be constructed after the completion of relevant reclamation works. HyD was closely liaising with the Civil Engineering and Development Department on the way forward of the matter and would explore mitigation measures to avoid project delay.

13.19 In response to Mr Gary FAN's request, the Administration undertook to provide supplementary information on whether the Mainland authorities would revise the works schedule of Hong Kong-Zhuhai-Macao Bridge in the event that the Main Bridge could not be commissioned by end-2016, and the time of delay as compared with the original schedule.

Sea transport

13.20 Dr Priscilla LEUNG opined that the Administration should make fuller use of ferries to relieve the burden of road traffic and to serve as tourism facilities. To maintain the financial viability of providing ferry services, she considered that the Administration should facilitate ferry operators to generate more non-fare box revenue and enhance the facilities at piers and waterfront.

13.21 STH said that the provision of additional ferry routes hinged on whether road transport services were sufficient and whether the provision of ferry services was commercially viable or not. The Administration had been providing special helping measures for six major outlying island ferry routes which were not financially viable with a view to providing essential ferry services where cross-district land-based public transport services were limited.

13.22 C for T supplemented that the Administration had been facilitating ferry operators to generate more non-fare box revenue. For example, the operator of the terminated "Hung Hom–Central" and "Hung Hom–Wan Chai" licensed ferry services had indeed made use of the piers to generate non-fare box revenue but the two routes were eventually terminated due to the lack of patronage. She further said that the Administration was discussing with ferry operators which proposed to add a stop of the existing ferry routes at Kai Tak Cruise Terminal and held an open attitude towards

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the proposal.

Air transport

Development of the Three-Runway System at the Hong Kong International Airport

13.23 Expressing doubts on the effectiveness of developing Three-Runway System ("3RS") at the Hong Kong International Airport ("HKIA"), Dr KWOK Ka-ki queried why the Administration did not implement all the measures stipulated in the "Pearl River Delta ("PRD") Region Air Traffic Management Planning and Implementation Plan (Version 2.0)" ("the PRD Airspace Plan") drawn up in 2007 to increase the capacity of the existing runway system. Mr LEUNG Kwok-hung expressed his view that the Hong Kong Government should clarify the matter on airspace before taking forward the 3RS project.

13.24 Mr WU Chi-wai noted that congested airspace was one of the reasons which had made it impossible to further expand the runway capacity to over 68 air traffic movements per hour. He asked whether the implementation of the PRD Airspace Plan was subject to the completion of all the airport expansion projects to be conducted by the three sides involved in the Plan and whether the runway capacity of the existing two-runway system ("2RS") could be maximized with the PRD Airspace Plan in the absence of 3RS.

13.25 STH said that the need for 3RS was verified through various studies in the past years. Following the publication of the Hong Kong International Airport Master Plan 2030 by the Airport Authority Hong Kong ("AAHK") in 2011, it was concluded that 3RS should be developed to solve the problem of saturation of the existing two-runway system. He added that the PRD Airspace Plan had clearly stipulated the short-, medium- and long-term optimization targets and measures to be achieved and implemented before 2020. Some short-term measures had been implemented and the Administration would continue to press ahead the implementation of the remaining measures as agreed in the PRD Airspace Plan. The aim was to cope with the growth in the volume of air traffic

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serving the five airports in the PRD region.

13.26 Director-General of Civil Aviation ("DG of CA") supplemented that of the five airports in the PRD region, three of them, namely, HKIA, Macau International Airport and Shenzhen Baoan Airport, would be most affected by the PRD Airspace Plan. Due to their locations and runway directions, the flight procedures of the three airports were very complicated. He advised that the future expansion plans of the three airports had been taken into account while the PRD Airspace Plan was drawn up in 2007. In connection with this, a meticulous evaluation supported by simulation tests had been conducted and it confirmed that the improved airspace could accommodate the forecasted air traffic demand of at least 5 000 aircraft movements per day by 2020.

13.27 Mr SIN Chung-kai noted that there were criticisms against Civil Aviation Department ("CAD") for its inactive role in increasing the capacity of the existing 2RS. He asked why CAD could not increase the capacity of 2RS to 86 movements per hour as mentioned in the New Airport Master Plan ("NAMP") published in 1992.

13.28 DG of CA clarified that the maximum capacity (i.e. 86 movements per hour) mentioned in NAMP published in 1992 which required HKIA to be operated in Independent Mixed Mode was infeasible due to the hilly terrain of the Lantau Island south of HKIA. To achieve Independent Mixed Mode of operation, many peaks on the Lantau Island had to be removed. The suggestion of just removing the peaks of Tai Yam Teng and Fa Peng Teng was inadequate and incomplete.

13.29 DG of CA explained that an in-depth study conducted in 1994 confirmed that, being limited by the surrounding terrain, the maximum capacity of the two existing runways at HKIA was no more than 63 movements per hour. Another study conducted in 2008 also confirmed that, after implementing 46 improvement recommendations, the practical maximum capacity of the two runways at HKIA under Segregated Mode could be increased to 68 movements per hour. The study had also reaffirmed findings in previous studies that Independent Mixed Mode could not be supported by the two runways owing to the surrounding terrain.

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13.30 DG of CA further said that over the past years, CAD had, through various optimization measures of air traffic management, increased the aircraft movements at HKIA under 2RS from 55 movements per hour in 2008 to the current 66 movements per hour¹. CAD would continue to further increase the aircraft movements under 2RS to the maximum of 68 movements per hour.

13.31 Mr Michael TIEN expressed concern whether it would be more effective to construct a new airport than to implement 3RS with a view to meeting the long-term needs after 2030. In response, STH said that the construction of 3RS would take about seven years but the construction of a new airport would take even much longer. In addition, in the light of the stringent requirements in environmental impact assessment, it would be very difficult to reclaim a large piece of land from sea as the site for the new airport.

13.32 Mr CHAN Kam-lam declared that he was a member of the Board of AAHK. He said that the Democratic Alliance for the Betterment and Progress of Hong Kong supported the development of air transport in Hong Kong. He was aware that there had been considerable discussions on 3RS in the community in the past and the public was in general supportive of 3RS. He said that since 2RS would be saturated very soon, 3RS was necessary for the benefit of Hong Kong's economic development.

13.33 Ms Emily LAU said that there were criticisms against AAHK's proposal to self-finance the 3RS project thereby bypassing the scrutiny of the Legislative Council. She considered that to show its respect to the Legislature, the Administration should table a resolution at the Legislative Council for seeking the support of Members on the project and the financing mode.

13.34 In reply, STH said that the Administration was of the view that under the self-financing mode of the 3RS project, AAHK on the principle of "joint contribution approach" which would require seeking external borrowing to fill the funding gap would in fact ensure sufficient scrutiny by

¹ 67 movements per hour with effect from 29 Mar 2015.

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the market and effective return of the project. He stressed that although funding approval from the Legislative Council was not required to implement the project, the Administration would not bypass the Legislative Council on the matter. In fact, the proposal of 3RS as well as its related impact on the environment had been extensively discussed by Legislative Council Members. He assured Members that the matter would continue to be discussed at the Legislative Council in the future.

13.35 Dr Helena WONG was also concerned over the role of the Legislative Council in respect of the construction of 3RS. Noting that the Administration was considering the establishment of a consultative committee to allow key stakeholders in the society to monitor the 3RS project, she asked about relationship between the consultative committee and the Legislative Council.

13.36 STH said that making reference to the implementation of the new airport project in Chek Lap Kok in 1990s, the Administration planned to establish a similar consultative committee with members representing key stakeholders. He emphasized that the Government would fully cooperate with the subcommittee to be set up in the Legislative Council to follow up issues related to the 3RS project and would duly report the progress of the 3RS project to the Legislative Council.

13.37 Dr CHIANG Lai-wan expressed support for the implementation of 3RS. She noted that since AAHK would finance the project, she believed that AAHK would give due consideration to the concerns of the public, including the PRD airspace and construction cost. While considering it reasonable to adopt the "user pays" principle to finance the construction cost of 3RS, she opined that Hong Kong residents should now start contributing to the cost by paying the Airport Construction Fee levied on departing passengers. She also suggested that the Administration should step up the publicity of the 3RS project such that the public would have better understanding of the justifications for the construction cost and scale of reclamation. The Administration took note of Dr CHIANG's views.

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Passenger fuel surcharge

13.38 Mr YIU Si-wing noted that CAD processed about 4 000 filings for passenger fuel surcharge in the past five years, and about 200 filings were rejected. He asked about the reasons for the disapproval and whether there was any mechanism to handle those airlines which had repeatedly submitted applications with unacceptable reasons.

13.39 DG of CA advised that the major reason for the disapproval was that the proposed level applied for was too high. Under the existing mechanism, airlines could file for passenger fuel surcharge each month and CAD would then assess the application based on the established criteria. There was not a mechanism to stop airlines from submitting applications again in the next month.

Logistics development

13.40 Noting that the site in Tuen Mun Area 38 originally reserved for logistics development was currently used as a temporary fill bank, Dr LO Wai-kyok expressed concern about when it could be released for logistics use since the logistics industry was facing a shortage of land. He suggested that the Administration should consider making use of the topside of transport interchanges for provision of land for the industry.

13.41 Deputy Secretary for Transport and Housing (Transport)5 ("DS(T)5) said that the Government was conducting a consultancy study to explore the feasibility of developing a site in Kwai Chung, currently used for port backup purposes, into a multi-storey car park to accommodate mainly container trucks and medium/heavy goods vehicles, so as to free up more land for port backup uses. It was also reviewing the allocation and management of port backup land in the vicinity of the Kwai Tsing Container Terminals (review on port backup land) to explore how to better utilize the land to support the efficient operation of the container terminals and the port as a whole. She added that in the past few years, the Government had released a total of three sites of approximate 7 hectares in the Kwai Tsing district for use by the logistics industry.

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13.42 Miss Alice MAK considered that while the work of the review on port backup land would be absorbed by existing manpower in the Transport Branch of THB, it would be more effective if THB could deploy dedicated staff to carry out relevant duties. In respect of the consultancy study on multi-storey car park, she requested the Administration to determine the rental level of the car park carefully in order it could attract the users.

13.43 STH responded that although THB deployed its existing manpower to conduct the review on port backup land, it might also deploy additional staff to carry out work relevant to the development of the site into a multi-storey car park and associated facilities. The Administration would also assess the cost effectiveness of constructing the multi-storey car park.

13.44 Mr Frankie YICK asked about the timetable of releasing the site in Tuen Mun Area 49 reserved for logistics development. He also expressed concern over the insufficient car parking space provided for heavy vehicles following the Administration's recovery of some "brownfield sites" (i.e. deserted or damaged agricultural and industrial lands) currently used as car parks to meet the demand for residential sites.

13.45 DS(T)5 said that when the matter on releasing the above-mentioned site was discussed at the Tuen Mun District Council in March 2015, some District Council members requested the Administration to provide details on the traffic arrangements. She said that subject to the support of the district, the Administration would follow up the necessary procedures with the Town Planning Board and assuming a smooth process, the land might be released by the end of 2015.

13.46 STH added that given the general view in the community that "brownfield sites" should be used efficiently, the Development Bureau was coordinating with different government bureaux and departments, including THB, to release some "brownfield sites" and implement measures to minimize the impact on affected economic activities on these sites. One of the measures studied by the Government was to provide to the affected carpark users parking spaces in multi-storey car parks.

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Transport policies and related services

13.47 Mr Tony TSE expressed concern with the Administration's piecemeal approach in dealing with transport matters. To illustrate his point, he cited the example of the lack of a comprehensive policy in promoting the use of electric vehicles. Mr LEUNG Kwok-hung also commented that the Administration had failed to comprehensively review the transport matters as reflected from a number of contradictory transport policies.

13.48 STH said that THB was actively coordinating with the Environment Bureau, which was driving the initiative in promoting the use of electric vehicles. For example, TD had put in place charging facilities for electric vehicles in some government car parks. It was noted that some vehicle owners were not willing to switch to use electric vehicles due to various reasons like limited choice of vehicle types, higher vehicle cost and concern over the driving range of electric vehicles.

13.49 Regarding Mr Frankie YICK's concern about the lack of parking spaces for coaches, STH responded that TD had been closely monitoring the relevant demand and supply situations in various districts of Hong Kong.

13.50 In response to Mr Tony TSE's comments that the design of the government Public Sector Information portal, Data.One (<http://data.gov.hk>), which provided real-time road traffic data, was neither attractive nor user-friendly, C for T said that TD welcomed any views and comments on the design of Data.One for further improvement.

Registration of vehicle mechanics and designated car testing centres

13.51 Mr POON Siu-ping asked why some of the applications for registration as vehicle mechanics were rejected and the measures that the Administration would take to reduce the complaint against designated car testing centres ("DCTCs") before the completion of the computerization of the procedures for making vehicle examination appointments in mid-2015.

13.52 Director of Electrical and Mechanical Services said that the

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voluntary registration scheme for vehicle mechanics was well-received and about 6 000 vehicle mechanics were registered under the scheme. Some applications were rejected because the applicants could not fulfill the requirements for registration, such as completion of continuous development training courses prior to application. However, the Electrical and Mechanical Services Department would re-consider those applications if the applicants met the relevant requirements afterwards.

13.53 Regarding the concern on the waiting time for making vehicle examination appointments at DCTCs, C for T responded that apart from computerizing the procedures for making appointments, TD also reminded, by way of notices, posters and flyers, those who needed vehicle examination service to book their appointments early. Indeed, those who needed such service might arrange annual examinations for their vehicles four months before their vehicle licences were due to expire. In addition, the business hours of some DCTCs had been extended. The Administration undertook to provide more detailed information about the above arrangements after the meeting.

Governance in overseeing transport policies

13.54 Mr Albert CHAN criticized STH for failing to effectively monitor the land, sea and air transport in Hong Kong as evidenced in the slippage in the XRL project, flaws in the MTRCL's FAM, and problems with the Marine Department in regulating local passenger vessels. He also expressed grave concern about the Administration's approach in taking forward the 3RS project, and inappropriate provision of office accommodation and facilities in the new CAD headquarters, as revealed in the recent Audit Commission's report.

13.55 STH noted the concern of Mr Albert CHAN about the Audit Commission's observations on the new CAD headquarters and the purchase of the new air traffic control system. He advised that THB was following up the report submitted by DG of CA on the conclusion and recommendations made by the Public Accounts Committee on the new CAD headquarters.

Chapter XIV : Education

14.1 At the Chairman's invitation, Mr Eddie NG, Secretary for Education ("SED") briefed members on the main initiatives and expenditure on the policy area of education for the coming year (Appendix IV- 12).

Overall expenditure on education

14.2 Dr CHIANG Lai-wan noted that since the return of Hong Kong to China in 1997, the overall student population had dropped by over 20%. However, the resources that the Government had put into education increased rather than decreased over the years, with a cumulative increase of over 90% in recurrent education expenditure. Dr CHIANG was concerned that despite the heavy investment, the ranking of local universities among world-renowned universities had dropped. In response, SED highlighted various initiatives implemented over the years, such as extension of free education from nine years to 12 years, the launch of the Pre-primary Education Voucher Scheme ("PEVS") etc., with a view to improving the quality of education.

14.3 Dr KWOK Ka-ki noted from the Research Brief recently published by the Legislative Council Secretariat that the Government had allocated a vast amount of public resources for infrastructural projects over the last decade and the rate of increase in public expenditure on infrastructure was higher than that of other policy areas such as education. On the other hand, Singapore adopted a different fiscal strategy of placing a greater weight on building the skills and capacity of its people. Dr KWOK was concerned that the growth in education expenditure in Hong Kong was mainly attributable to private consumption expenditure on education services.

14.4 SED informed members that according to the latest available information, Singapore's annual expenditure on education accounted for about 18% of its total expenditure and about 3% of its Gross Domestic Product. The corresponding figures in Hong Kong were about 18% and 3.4% respectively. He highlighted that the pace of development in the two places differed but the Administration had continued to implement measures conducive to the development of schools, teachers and students.

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Kindergarten education

14.5 Mr TANG Ka-piu expressed concern about insufficient whole-day ("WD") kindergarten ("KG") places to meet the keen demand for places from children of working parents. Noting the emerging consensus of the Committee on Free Kindergarten Education ("the KG Committee") that free KG education should cover half-day ("HD") service as the basic provision for all eligible children, he was concerned that only HD KG services would be subsidized in future. Mr TANG considered that the provision of subsidized WD/long whole-day ("LWD") KG services would provide useful services to women with young children and facilitate their joining the labour market. This would help realize the strategy of the Steering Committee on Population Policy to unleash the potential of the local labour force.

14.6 SED advised that currently, about 70% of some 180 000 KG students attended HD classes while the remaining 30% attended WD/LWD classes. He recapitulated that as announced in the 2015 Policy Address, the KG Committee would study ways to encourage KGs to provide more WD services in order to meet the demand and consider providing needy families with additional financial assistance. Meanwhile, the KG Committee was expected to submit its report to the Administration in mid-2015.

14.7 On the financial assistance under the Kindergarten and Child Care Centre Fee Remission Scheme ("KCFRS"), Mr TANG Ka-piu noted with concern that only about one-third of the students attending WD classes in KGs under PEVS could receive fee remission at the maximum assistance level of 100%. In response, Deputy Secretary for Education (3) ("DS(Ed)3") explained that to be eligible for assistance under KCFRS, applicants were required to pass a means test. To cater for the financial needs of different families, fee remission was currently provided at three assistance levels, namely 50%, 75% and 100%, according to different levels of household income thresholds.

Primary and secondary education

Provision of Primary One places

14.8 Mr TAM Yiu-chung remarked that there was a keen demand for Primary One ("P1") school places in districts near the border, as well as in

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Kwun Tong and the Eastern District. He enquired about the measure, if any, to meet the demand for P1 places in individual districts.

14.9 In response, Deputy Secretary for Education (2) ("DS(Ed)2") advised that based on information available, the demand for territory-wide P1 places was expected to increase in the next few years and reach its peak in about 2018 when the large number of babies born to Mainland women in Hong Kong whose spouses were not Hong Kong permanent residents (i.e. Type II children) before the implementation of the "zero delivery quota" policy since 2013 would reach the relevant age for P1 education. The demand for public sector P1 places in individual districts or school nets in each year might vary due to factors such as the actual number of Type II children coming to study in Hong Kong and parental choices of schools. To cope with the transient increase and year-on-year changes in the demand for P1 places at the district level, the Education Bureau ("EDB") would continue to implement flexible measures to increase the number of places to meet the shortfall of particular districts or school net(s), such as encouraging schools to increase the number of places by making use of their vacant classrooms, borrowing places from nearby district(s) or school net(s), etc. While shortfall of primary school places was not expected in the Eastern District, to meet the demand in Kwun Tong, EDB had allocated two vacant school premises for school sponsoring bodies to operate time-limited primary schools from the 2015/2016 school year.

Language proficiency of students

14.10 Ms Claudia MO said that the declining standard of English among students and young people in Hong Kong was an issue of concern. She noted that the estimated expenditure for implementing the Native-speaking English Teachers ("NET") Scheme in public sector primary and secondary schools in the 2015-2016 financial year would amount to about \$800 million, and pointed out that some NETs were employed with an annual remuneration package up to some \$800,000 to \$1 million. Ms MO raised concern about the cost-effectiveness of the NET Scheme, and considered that the Administration should critically examine whether the financial provision for the NET Scheme could better achieve the intended purpose if it was deployed to strengthen training for local English teachers.

14.11 In this regard, DS(Ed)3 highlighted that the NET Scheme was one of the measures to enhance students' English proficiency. It had been

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introduced with the objective of enriching the English language environment and students' exposure to English in schools. NETs served as resource teachers, and collaborated with local teachers to enhance the strategies for curriculum development, language instruction and assessment.

14.12 Mr Michael TIEN noted that as revealed in the results of the Territory-wide System Assessment ("TSA"), the percentage of Primary Three students who had achieved basic competency in the English Language subject in TSA had risen by about 4% from 75.9% in 2004 to 80.3% in 2014. The corresponding increase for P6 students was about 2% only. Mr TIEN questioned whether it was adequate to provide each primary school with only one NET to serve the entire school. SED advised that while there was room for improvement, the English proficiency of students in Hong Kong was acceptable. He reiterated that apart from the NET Scheme, the Standing Committee on Language Education and Research ("SCOLAR") had also launched other programmes to raise the English standard of students.

14.13 Referring to the evaluation of the NET Scheme commissioned by EDB in late 2014, Mr Michael TIEN considered that the evaluation should examine the effect of the implementation of the NET Scheme on students' performance in TSA. He also suggested that the Administration should consider deploying an additional NET to selected schools on a pilot basis to ascertain whether this enhanced measure could improve students' English proficiency.

14.14 Regarding the evaluation currently in progress, Deputy Secretary for Education (5) ("DS(Ed)5") advised that relevant information would be collected with a view to ascertaining the relationship, if any, between the support measures (such as the NET Scheme) and students' language proficiency. The Administration took note of Mr TIEN's suggestion for consideration.

14.15 Mr Gary FAN noted that the Scheme to Support Schools in using Putonghua to teach Chinese Language Subject ("the Support Scheme") launched by SCOLAR in the 2008/2009 school year was completed in August 2014. Given that about \$180 million had been spent under the Support Scheme, Mr FAN was concerned about its cost-effectiveness.

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14.16 In response, DS(Ed)5 pointed out that the Support Scheme was launched on a pilot basis. Although it was completed in August 2014, EDB had continued to provide schools with professional support on the teaching of the Chinese Language subject irrespective of whether Putonghua or Cantonese was used as the medium of instruction.

The subject of Liberal Studies

14.17 Dr Priscilla LEUNG said that in the past three years, the examination paper of the Liberal Studies ("LS") subject in the Hong Kong Diploma of Secondary Education ("HKDSE") Examination consisted of at least one compulsory question on political issues. She did not consider it appropriate to include compulsory questions in the examination of the LS subject. She was also concerned about the curriculum and assessment of the subject. In her view, LS should not be a mandatory subject in the New Senior Secondary ("NSS") curriculum. Students' critical thinking skills could be assessed in their conduct of independent enquiry study rather than by way of examination.

14.18 SED noted Dr LEUNG's views and said that the curriculum of the LS subject straddled multiple disciplines and aimed at developing students' thinking and analytical skills. The curriculum and assessment design of the LS subject under the NSS curriculum had been drawn up by relevant professionals and experts, teachers and school principals.

E-Learning in schools

14.19 Mr Charles MOK was concerned about the deployment of the Composite Information Technology Grant by schools to upgrade and replace their information technology ("IT") facilities. He was of the view that the Administration should stipulate certain minimum requirements on the standard of IT facilities in schools. He also considered it necessary for the Administration to monitor the progress of upgrading IT facilities and the implementation of e-Learning in schools.

14.20 SED advised that the WiFi infrastructure enhancement works in the 100 public sector schools participating in the Support Scheme for e-Learning in Schools had been completed in mid-January 2015 as scheduled. It was the Government's plan under the Fourth Strategy on Information Technology in Education to provide funding to the remaining

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900 public sector schools (including local schools under the Direct Subsidy Scheme ("DSS")) in phases to enable them to enhance their WiFi infrastructure and purchase mobile computing devices.

14.21 In response to Mr Charles MOK's enquiry about the progress of the implementation of the E-textbook Market Development Scheme ("EMADS"), SED advised that the e-textbooks developed under Phase One of EMADS had been launched in the market. Sharing sessions among schools on the implementation of e-textbooks were also conducted. The try-out of e-textbooks by partner schools under Phase Two of EMADS was in progress.

Ratio of graduate teacher posts in public sector primary schools

14.22 Mr WONG Kwok-hing sought further information on the progress of increasing the ratio of graduate teacher posts in public sector primary schools. SED said that currently, some primary schools had not filled all the graduate teacher posts on their approved teacher establishment. Deputy Secretary for Education (4) ("DS(Ed)4") supplemented that EDB would continue to encourage schools to appoint suitable teachers to fill up the graduate teacher posts on their approved establishment. Besides, the Administration would increase the ratio of graduate teacher posts progressively by phases in three years, from the current 50% to 55%, 60% and 65% in the 2015/2016, 2016/2017 and 2017/2018 school years respectively.

Small class teaching in secondary schools

14.23 Mr IP Kin-yuen stated that he did not subscribe to the view maintained by the Administration that small class teaching ("SCT") was conceptually a teaching strategy involving teaching setting or grouping driven by pedagogical consideration. He was of the view that the implementation of SCT also required a relatively small class size to bring about greater effectiveness in teaching and learning. Whilst explaining the Administration's stance on SCT, SED pointed out that under the NSS curriculum, it was common for secondary schools to arrange small groupings of students to suit the teaching and learning needs of specific subjects.

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Life planning education

14.24 Mr CHEUNG Kwok-che noted the provision of the recurrent Career and Life Planning Grant ("CLP Grant") to public sector and DSS schools operating classes at senior secondary levels for strengthening life planning education of secondary students since the 2014/2015 school year. He was concerned about the deployment of the funding by schools and the Administration's monitoring role, and requested EDB to provide relevant information in writing after the meeting. Noting that the Home Affairs Bureau ("HAB") and the Hong Kong Jockey Club ("HKJC") had also provided funding to support projects on life planning education, he enquired whether EDB would collaborate with HAB and HKJC so that resources could be put to more effective use.

14.25 SED advised that the major objective of providing schools with the CLP Grant was to enhance the capacity of the teaching team involved in providing quality career and life planning education for students. It would need time for schools to take forward a paradigm shift towards life planning education in a more co-ordinated and systematic manner. He further said that EDB had been working closely with other policy bureaux and organizations on various initiatives to support career and life planning education for secondary students.

Post-secondary education

Admission of non-local students to publicly-funded programmes

14.26 Dr Kenneth CHAN welcomed the decision that starting from the 2016/2017 academic year, all new non-local students would be admitted to publicly-funded sub-degree, undergraduate and taught postgraduate ("TPg") programmes of the University Grants Committee ("UGC")-funded institutions through over-enrolment outside the approved UGC-funded student number targets, capped at a level equivalent to 20% of the approved UGC-funded student number targets for these programmes. However, he was concerned that the institutions could still admit non-local students to certain undergraduate programmes in excess of the 20% ceiling as long as the overall number of non-local students admitted by the institution concerned was within the 20% upper limit. Mr Gary FAN enquired whether the institutions would be required to use all the approved publicly-funded undergraduate places for admission of local students.

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14.27 Deputy Secretary for Education (1) ("DS(Ed)1") confirmed that the aforesaid policy to be implemented by UGC-funded institutions from the 2016/2017 academic year would only be applicable to the admission of non-local students. The institutions could use all the 15 000 approved undergraduate places for admission of local students.

14.28 Regarding UGC-funded research postgraduate ("RPg") programmes, Mr Gary FAN noted that the proportion of non-local students had increased from about 68% in the 2010/2011 academic year to about 80% in the 2014/2015 academic year. He was concerned about the low enrolment of local students in UGC-funded RPg programmes. Dr Fernando CHEUNG said that students undertaking publicly-funded RPg programmes were predominantly from the Mainland. He considered that the low intake of local students to RPg programmes was not conducive to nurturing local talents and urged the Administration to review the situation.

14.29 Dr Helena WONG noted that the average student unit cost of UGC-funded RPg programmes was about \$500,000 per annum. Given the large number of non-local students pursuing RPg programmes, she was concerned that a vast amount of public resources had in fact been used in subsidizing non-local students. She was of the view that the Administration should consider charging higher tuition fees on non-local students in order to recover the costs in full.

14.30 In this regard, SED and DS(Ed)1 advised that in line with the practices adopted by universities worldwide, the RPg programmes offered by UGC-funded institutions aimed to attract high caliber individuals to undertake research work in Hong Kong. The admission to these programmes was merit-based regardless of the place of origin of the students. In fact, the success rate for application for admission to publicly-funded postgraduate programmes of local graduates was higher than that of non-local graduates. The majority of students enrolled in UGC-funded TPg programmes were local students.

Self-financing post-secondary programmes

14.31 Dr Helena WONG noted that in the 2014/2015 academic year, there were over 46 000 students pursuing self-financing post-secondary programmes. However, only up to 1 000 students pursuing self-financing

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post-secondary programmes per cohort would be subsidized under the Study Subsidy Scheme for Designated Professions/Sectors ("SSSDP"). She was concerned about the high tuition fees for self-financing post-secondary programmes, and said that the Administration should consider providing subsidy to students in the form of education voucher.

14.32 In this regard, SED advised that SSSDP was only one of the initiatives announced in the 2014 Policy Address to broaden the opportunities for local students to receive subsidized higher education. A number of assistance schemes were also in place to provide financial assistance to needy post-secondary students.

14.33 Mr CHEUNG Kwok-che noted that under SSSDP, the maximum subsidy to be provided could not fully cover the tuition fees of certain selected programmes. He was concerned about the criteria for determining the maximum amount of subsidy and whether the institutions had increased the tuition fees of the selected programmes in view of the subsidy provided by the Government.

14.34 DS(Ed)1 explained that under SSSDP, the Administration would provide to the institutions a subsidy of up to \$40,000 per student per annum ("pspa") for non-laboratory-based programmes while a higher subsidy of up to \$70,000 pspa would be provided for laboratory-based programmes. Adjustment of tuition fees to keep pace with consumer price index changes was a matter within institutional autonomy. Approval from EDB was however required for adjusting tuition fees for the purpose of enhancing the quality of study programmes.

14.35 Mr MA Fung-kwok noted that the Administration did not collect information on self-financed taught master degree programmes. He considered it necessary to require the institutions to provide EDB with the information in question to facilitate monitoring.

14.36 In response, DS(Ed)1 advised that a wide range of local and non-local self-financing taught master degree programmes were offered in Hong Kong on a full-time or part-time basis. Information on all locally accredited self-financing programmes, including taught master degree programmes, which had been quality-assured or accredited by the relevant bodies was available from the Hong Kong Qualifications Register. In addition, there were also non-local programmes which were registered

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under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493). EDB did not have readily available information including tuition fees, student enrolment and ratios of local to mainland students on all self-financing taught master degree programmes in Hong Kong as these programmes were under different regulatory regimes and were subject to different requirements.

Vocational education

14.37 Mr WONG Kwok-hing noted that about 7 200 out of 17 300 students (i.e. about 41%) who completed full-time vocational education programmes offered by the Vocational Training Council ("VTC") worked in the relevant fields after graduation. He asked whether the programmes offered by VTC could meet the needs of the various industries for trained manpower, and whether there was any plan to conduct a review on the programmes.

14.38 In reply, SED informed members that generally about 40% to 50% of the graduates were employed in the fields relevant to their study. Some graduates would continue their studies or work in other fields.

Provision of international school places and non-local curricula

14.39 Ms Emily LAU highlighted the difficulties reflected by many expatriates working in Hong Kong in securing international school places for their children. She was also aware that international school places were highly sought after by local students. Ms LAU considered it necessary for the Administration to actively explore how the demand for international school places could be met.

14.40 The Chairman declared that he was a board member of a DSS school which offered a non-local curriculum in addition to the local curriculum. Noting that there was a keen demand from parents for school places of international schools or schools that offered non-local curricula, the Chairman enquired whether the Administration would consider relaxing the curriculum requirement on DSS schools so that more DSS schools could offer non-local curricula.

14.41 SED advised that international schools were provided to meet the education needs of children whose parents came to work or do business in

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Hong Kong. Currently, EDB would, on a case-by-case basis, allow individual DSS schools to offer the non-local curriculum stream in addition to local curriculum for their students. Nevertheless, a careful study would be required for any change of policy to allow all DSS schools to offer non-local curricula.

14.42 In response to the Chairman's concern about the low proportion of non-local students in some international schools, DS(Ed)2 advised that international school operators that had been allocated vacant school premises or greenfield sites by EDB from 2007 and 2009 were required to admit non-local students at not less than 50% and not less than 70% of their total student intake respectively. All the international schools in question had fulfilled this requirement.

Support measures for non-Chinese speaking students in learning Chinese

14.43 Mr TAM Yiu-chung noted with concern that in the 2014/2015 school year, only 61 KGs (representing about 11% of all KGs with non-Chinese speaking ("NCS") students) were supported by the University-School Support Programme ("USP") and only 494 NCS secondary students (i.e. about 6% of NCS secondary students) had joined the Student Support Programme. He considered that the Administration should strengthen measures to support NCS students in learning Chinese language.

14.44 DS(Ed)5 advised that NCS students were encouraged to have early integration and to immerse in a Chinese language environment. Various support schemes had been put in place targeting at NCS students at different levels. EDB would provide school-based support to all KGs that admitted NCS children when requested. The USP was a three-year project launched in September 2012 to support the learning and teaching of Chinese for NCS students at KGs.

14.45 In response to Dr Fernando CHEUNG's concern about the low enrolment of NCS students in the Applied Learning Chinese (for NCS students) courses for the 2015/2017 cohort, SED highlighted that the Applied Learning Chinese (for NCS students) courses were relatively new to schools and students. Their uptake was expected to grow over time when schools and students became more familiar with these courses.

Support for students with special educational needs ("SEN students")

14.46 Dr Fernando CHEUNG noted that the Government would invite the Community Care Fund ("CCF") Task Force to consider the provision of a cash grant on a pilot basis for ordinary schools with relatively more SEN students and students with financial needs to deploy a designated teacher to co-ordinate matters relating to the support for SEN students ("SENCO teacher"). He also noted that the amount of the proposed cash grant for secondary schools and primary schools would be capped at the mid-point salary of Graduate Masters/Mistresses and Assistant Primary School Masters/Mistresses respectively. Dr CHEUNG considered that support and assistance should be provided for SEN students regardless of the financial means of their families. He was also concerned that the amount of cash grant would not be sufficient to employ a senior teacher to assume the SENCO teacher post. Noting that the pilot scheme would only cover about 10% of public sector secondary and primary schools, Dr CHEUNG urged for an early review of the pilot scheme with a view to extending the arrangement for SENCO teacher to all schools.

14.47 In this regard, Under Secretary for Education advised that under the pilot scheme, assessment would be made on various aspects, such as the duties and qualifications of the SENCO teacher post. He clarified that schools which had admitted relatively more SEN students and students with financial needs would be eligible for selection to participate in the pilot scheme and the SENCO teacher would co-ordinate support for all SEN in the school, not only those with financial needs.

14.48 Dr KWOK Ka-ki enquired on the reasons for inviting CCF to launch the initiatives announced in the 2015 Policy Address to support SEN students instead of tasking EDB to implement them. In response, SED advised that CCF was invited to consider launching the support measures on a pilot basis in order to provide assistance to target groups in a flexible and timely manner. In the light of past experience, if the outcomes were successful, consideration would be given to regularizing the programmes in question.

14.49 Mr Dennis KWOK noted with concern that EDB was unable to provide the number of SEN students in mainstream schools receiving support under each tier of the 3-Tier Intervention Model and the number of

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SEN students provided with individual education plans ("IEPs"). Mr KWOK queried that EDB should be able to provide the requisite information as the amount of Learning Support Grant ("LSG") disbursed to each school was computed according to the number of SEN students admitted by the school and the level of support required. Dr Fernando CHEUNG and the Chairman also remarked that the Administration should be in a position to provide the information requested by Mr KWOK.

14.50 On the support for SEN students, DS(Ed)3 advised that EDB had been providing public sector mainstream schools with additional resources on top of the regular subvention. These included the recurrent LSG and other funding as well as professional support. She explained that the level of support for SEN students might require upward or downward adjustment according to the performance of the SEN students in response to the support given. As a result, the distribution of SEN students in each tier of the 3-Tier Intervention Model and the number of SEN students provided with IEPs could vary over time. Hence, it was not practicable to provide the precise number of such SEN students. Nevertheless, DS(Ed)3 agreed to provide information on the support measures and resources provided to mainstream schools to support SEN students. She also confirmed in reply to Mr Dennis KWOK that additional support measures and resources were provided to public sector mainstream schools to support NCS students with SEN.

Gifted education

14.51 Ms Emily LAU declared that she was a board member of the Hong Kong Academy for Gifted Education ("HKAGE"). Ms LAU recalled that the Administration had provided a one-off grant for the establishment of HKAGE. She was concerned about the long-term development of HKAGE and enquired whether the Administration would consider providing additional funding to HKAGE.

14.52 SED said that education for gifted students had received growing support from the community. The Administration was exploring ways to promote the long-term development of gifted education in Hong Kong. Permanent Secretary for Education said that she was also a board member of HKAGE. The Administration was reviewing the longer-term funding requirements of HKAGE and the feasibility of allocating additional public resources to support its development. It was expected that the

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Administration would seek Members' views on this matter later this year.

Sister school scheme

14.53 Mr IP Kin-yuen noted that the Hong Kong Federation of Education Workers had been commissioned for providing service for years under the Guangdong-Hong Kong Sister School Scheme ("Sister School Scheme"). He expressed concern about commissioning the service under the Sister School Scheme to the same agency for years and whether other agencies had been invited to provide the service. Noting that the Government planned to provide an annual grant of \$120,000 to each public sector school under a three-year pilot scheme from the 2015/2016 to the 2017/2018 school year to support sister school activities, Mr IP enquired whether EDB would take up the work of this pilot scheme or commission the work to an agency on a competitive basis instead of continuing to appoint the same agency.

14.54 DS(Ed)4 advised that the Sister School Scheme aimed at enhancing communication and collaboration between schools in Hong Kong and the Mainland. On commissioning the service provider, EDB had followed the established procedures in procuring services and invited relevant organizations to submit quotations.

14.55 In response to Dr Helena WONG's enquiry about the use of the proposed annual grant by schools, DS(Ed)4 explained that the grant aimed at subsidizing local schools to arrange exchange activities with their sister schools in the Mainland to enhance professional interflow.

Duty visits outside Hong Kong

14.56 Dr Kenneth CHAN noted with concern that since assuming office in July 2012, SED had made a total of 24 duty visits outside Hong Kong incurring a total expenditure in excess of \$1.8 million. He considered that SED should delegate the attendance of some of these visits to his deputies, and focus his time and effort on education matters in Hong Kong. Mr LEUNG Kwok-hung and Mr IP Kin-yuen shared similar views. Mr CHAN Chi-chuen and Mr SIN Chung-kai sought information on the projected number of duty visits to be made by SED for the 2015-2016 financial year and the estimated expenditure involved.

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14.57 SED explained that his duty visits outside Hong Kong had been made for specific purposes. Some examples included the signing of a cooperation agreement with the Shenzhen authorities regarding education for Hong Kong children in Shenzhen, studying the experience of other jurisdictions in implementing education policies and initiatives and promoting international recognition of the New Academic Structure and the qualification of HKDSE. Many activities were participated by officials at the ministerial level. He stressed that some overseas duty visits were not fore-planned at the start of each financial year, but would be undertaken when there was a proven need to do so.

Chapter XV : Works

15.1 At the Chairman's invitation, Mr Paul CHAN Mo-po, Secretary for Development ("SDEV"), briefed members on the major initiatives and expenditure on the policy areas of works for the coming year (Appendix IV-13).

Progress of examination of funding proposals on capital works projects

15.2 Dr LO Wai-kwok said that the filibustering by some Members at the meetings of the Finance Committee ("FC") and the Public Works Subcommittee ("PWSC") had slowed down the examination of funding proposals on capital works projects and thus the implementation of such projects. Noting that it was the Administration's plan to maintain the annual construction output for capital works projects at around \$70 billion and yet the actual amount of funds approved by FC for such projects in the current and the last legislative sessions was significantly below the Administration's target, Dr LO enquired whether the Administration had assessed the potential impact of the slow progress of examination of funding proposals on capital works projects on the engineering and construction industries in the next few years.

15.3 Permanent Secretary for Development (Works) ("PS(W)") advised that based on the joint-assessment made by the Development Bureau and the Construction Industry Council ("CIC") of the anticipated construction output for public and private major works projects in the coming 10 years, the impact of the slow progress of examination of funding proposals was not significant at this stage. As over 50 new funding proposals had yet to be submitted to PWSC for consideration before the end of the current legislative session, the Administration would conduct another assessment in due course.

15.4 Dr LO Wai-kwok commented that the assessment conducted jointly by the Administration and CIC had not taken into account the impact of filibustering in the Legislative Council in the past year. The engineering and construction industries were concerned about the possible drastic reduction in the works volume in both the public and private sectors in the next few years. Dr LO enquired if the Administration had any information

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on whether engineering consultancy companies had suffered from reduction in workload, which, in his view, could foretell the works volume for the industry in the near future.

15.5 In reply, SDEV said that the workload of consultancy companies had been reduced due to the slow progress of FC's funding approval for capital works projects. The amount of funds for such projects approved by FC in the last legislative session was around \$6 billion only. He called on members to speed up the scrutiny of capital works funding proposals.

15.6 Mr Tony TSE said that filibustering in PWSC and FC not only would increase the costs of capital works projects but also reduce the efficacy of such projects. Noting from the Administration's written reply that the delay in the deliberation/approval of 27 capital works funding applications made in the 2013-2014 legislative session had resulted in an increase of about \$2.5 billion in project costs, Mr TSE enquired whether the project costs would further increase; and if yes, the reasons.

15.7 PS(W) said that as set out in the above-mentioned written reply regarding the 27 projects, the delayed deliberation/approval of the funding applications did have an impact on the tender exercises of the projects in various ways, i.e. the tender validity had to be extended or the tender was not conducted as scheduled. The project costs might further increase if the projects concerned were further delayed.

15.8 Mr CHAN Kam-lam remarked that filibustering as well as rejection of funding proposals recently taking place at PWSC had made some capital works projects unable to proceed. Concerned about the impact of PWSC's rejection earlier this year of a funding proposal to increase the approved project estimate of an on-going project, i.e. PWP Item No. 19 GB (Liantang/Heung Yuen Wai Boundary Control Point and associated works - site formation and infrastructure works), he asked about the Administration's way forward for the continuation of the project. In his view, if the project was to be suspended or terminated due to lack of funds, the economic loss would be tremendous. He asked whether re-tendering of the project would lead to increases in project costs.

15.9 SDEV replied that the Administration was studying the matters related to re-submission of the funding proposals on two capital works projects related to the construction of the Liantang/Heung Yuen Wai Boundary Control Point, i.e. 19GB and 13GB, recently rejected by PWSC. The Administration's stance was that the projects should not be aborted as the consequential loss would be enormous. SDEV said that the Administration was concerned about possible increases in tender prices in the event of re-tendering for some capital works projects.

15.10 Referring to the Administration's written reply (DEVB(W)039), Mr LEUNG Che-cheung asked the Administration to elaborate on "conducting tender exercises for appropriate projects in parallel" in the context of minimizing the adverse impact of filibustering on capital works projects. He also enquired whether the Administration would, as a measure to reduce the adverse impact of filibustering, consider negotiating with tenderers for extending tender validity periods.

15.11 PS(W) responded that for certain capital works projects, the Administration would conduct the tender exercises before obtaining FC's funding approval for the projects. The practice had been adopted as a response to the suggestions of some Legislative Council Members made in 2001 and 2007. However, the Administration would award the contracts only after FC had granted the funding approval. To minimize the adverse impact of filibustering, the Administration had been adopting the aforementioned practice as appropriate. The Administration would, having regard to project complexity and cost implications, request a longer tender validity period as necessary.

15.12 Mr LEUNG Kwok-hung said that the incidents of cost overrun in a number of major capital works projects, including the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"), the Liantang/Heung Yuen Wai boundary control point and associated works, the Hong Kong-Zhuhai-Macao Bridge, the West Kowloon Cultural District project and the Shatin to Central Link, were neither caused by filibustering nor rising wages of workers. In his view, the cost overrun in many capital works projects was attributed to other factors, such as increases in the prices

of raw materials and mistakes made by the Administration in cost estimation. Mr LEUNG opined that, if filibustering had caused project cost overrun, the Administration should specify the concerned projects in its comments. In reply, SDEV said that as far as the Liantang/Heung Yuen Wai boundary control point project, which had been referred to by Mr CHAN Kam-lam in his comments about filibustering, was concerned, the tender prices would go up if a re-tendering exercise was conducted after the expiry of the validity period of the original tender.

Manpower in the construction industry

15.13 Ms Emily LAU noted that the Administration had suggested taking measures to import skilled workers in anticipation of a shortage of about 10 000 to 15 000 skilled workers in the construction industry in the next few years, even though CIC had trained up more than 13 000 semi-skilled workers between 2009 and end-2014. She enquired how the Administration would allay the concerns of local workers on importation of workers and sought details about the proposed enhancement measures for the Supplementary Labour Scheme ("SLS"). She considered it important that the interests of local workers must not be adversely affected by the Administration's measures to address the manpower shortage problem in the construction industry. Ms LAU further enquired whether the Administration had stepped up its efforts in attracting new local entrants and training up local construction workers.

15.14 PS(W) said that owing to serious manpower shortfall, SLS had been used to alleviate the shortage problem for certain trades of the construction industry. SLS would further be enhanced having regard to the unique characteristics of the construction industry. For instance, imported skilled workers would be allowed to work for the same contractor in more than one public sector works project to enhance the flexibility of deployment and maximize the productivity of skilled workers. Under SLS, a contractor was required to conduct a local recruitment exercise for four weeks before the application was approved. He added that the Administration and CIC had taken measures to attract new entrants and expand the training programmes for local construction workers. Relevant

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surveys indicated that more young people were interested in entering the construction industry. The average age of new entrants (which stood at around 38) was lower than that of all workers in the industry (which stood at 46). However, CIC could only train semi-skilled workers and some contractors were indeed unable to recruit suitable local skilled workers to assist with training.

15.15 Mr SIN Chung-kai noted that the Administration would apply for a funding of \$100 million to support CIC's new initiatives in the next few years to upgrade the skill levels of semi-skilled workers to those of skilled workers. He enquired about the number of places to be offered under the new initiatives and whether the amount of funding would be increased so that more local workers could benefit. He also enquired about the extent to which the funding would alleviate the manpower shortage problem in the construction industry in the coming five years.

15.16 SDEV explained that the above-mentioned funding was for upgrading the skill levels of local construction workers as currently CIC had been focusing on training of semi-skilled workers and the construction industry was short of skilled ones. The Administration would liaise with CIC on the implementation of the proposal. As such training would take time, it was still necessary to import skilled workers to address the existing manpower shortage in the industry. The new initiative to be implemented by CIC would provide around 1 000 training places. The Administration would assess whether more funding should be sought having regard to the effectiveness of the initiative.

15.17 Miss Alice MAK requested the Administration to provide concrete examples and figures to substantiate its remarks that manpower shortage was one of the reasons for cost overrun in capital works projects. She said that the labour sector was very concerned about the enhancement measures for SLS because the Administration had not provided sufficient information on how to monitor the implementation of those measures to prevent abuse by contractors. Moreover, the labour sector considered that the existing SLS already provided a well-established mechanism for the importation of labour. Citing the ban of alcoholic consumption in two locations in

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Singapore inhabited by foreign workers, Miss MAK urged the Administration to consider the social impact that might arise from importation of workers, and to pay heed to the labour sector's concerns.

15.18 Miss CHAN Yuen-han shared Miss MAK's views. Miss CHAN further queried whether there would indeed be a shortage of about 10 000 to 15 000 skilled workers in the next few years, as a recent survey conducted by the Hong Kong Federation of Trade Unions revealed that the increase in the wages of many local workers in the construction industry actually lagged behind inflation and many local workers had difficulties in finding jobs. Miss CHAN cautioned that the Administration should not incline towards the interests of property developers.

15.19 PS(W) clarified that the Administration had not said that there was a direct relation between cost overrun of capital works projects and changes in the wages of local workers. However, contractors had to add risk premiums in their tenders owing to the uncertainties in labour supply. He added that the anticipated manpower shortfall in the construction industry in the next few years had been worked out by CIC based on scientific analysis. Miss Alice MAK sought the Administration's confirmation on whether cost overrun in some capital works projects could be attributed to shortage of workers. PS(W) responded that shortage of workers was one of the causes of the increases in cost estimates for capital works projects.

Studies on enhancing land supply

Development of artificial islands

15.20 Mr Michael TIEN said that well-planned ancillary transport infrastructure was essential to the connectivity of the proposed artificial islands to be developed in the central waters. As such, he welcomed the Administration's proposal set out in the 2015 Policy Address of linking up the proposed East Lantau Metropolis, to be developed on artificial islands, to Hong Kong Island, Lantau and the New Territories ("NT") West. Mr TIEN enquired whether the consultancy study on the development of artificial islands in the central waters would cover the feasibility of

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constructing the fifth cross-harbour railway in Hong Kong. PS(W) responded that the study would cover various transport linkage options, including such a railway.

15.21 Dr Helena WONG enquired on whether the Administration would conduct a public consultation exercise on the proposed development of artificial islands in the central waters before the relevant funding proposal was re-submitted to the Legislative Council for scrutiny. PS(W) advised that the funding proposal aimed to seek funding support for carrying out strategic studies to explore the feasibility of developing artificial islands in the central waters. Public engagement exercises would be conducted as part of the studies.

Development of underground space

15.22 Mr Michael TIEN opined that the pilot study proposed by the Administration on underground space development should cover the utilization of the space underneath Kowloon Park, given its proximity to the terminus of XRL, the Hong Kong section of which was scheduled for commissioning in 2017. Director of Civil Engineering and Development ("DCED") advised that the study would cover four strategic urban areas including Kowloon Park in Tsim Sha Tsui West and other three strategic urban areas. Mr TIEN considered that the Administration should accord priority to developing the space underneath Kowloon Park.

Water Supply

Supply of Dongjiang water and desalination of seawater

15.23 Noting that a substantial amount of fresh water had been discharged to the sea due to overflow from reservoirs, Ms Claudia MO enquired whether such discharge involved Dongjiang water, and whether the Administration would negotiate with the Guangdong authorities for a new agreement on the supply of Dongjiang water to avoid purchase of excessive Dongjiang water. Ms MO also asked why the unit water production cost of the proposed desalination plant at Tseung Kwan O ("TKO") was higher than

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that of the desalinated seawater in certain overseas countries like Singapore.

15.24 Director of Water Supplies ("DWS") advised that since 2006, Dongjiang water had been supplied to Hong Kong on demand and no Dongjiang water had been overflowed from reservoirs. The overflow in recent years was from locally collected rainwater in small and medium reservoirs during heavy rainstorms and the average annual overflow quantity was around 20 million cubic metres. The Administration had been carrying out works to reduce overflow. The Chairman requested the Administration to provide supplementary information to address Ms Claudia MO's enquiry on the unit water production cost of the proposed desalination plant at TKO.

15.25 Dr Helena WONG enquired about the annual expenditure on the purchase of Dongjiang water and whether Hong Kong could reduce the quantity of water to be purchased under the next agreement. DWS advised that the annual expenditure on the purchase of Dongjiang water was around \$4 billion. The Administration would assess Hong Kong's demand for Dongjiang water in working out new water supply agreement with the Guangdong authorities. He added that the adjustment of the price of Dongjiang water for each agreement was mainly based on changes in the exchange rate between Renminbi and Hong Kong dollar as well as the relevant price indices of Guangdong and Hong Kong.

15.26 Noting that the desalination plant at TKO was expected to commence operation in 2020 and its output would account for about five to 10 percent of Hong Kong's annual fresh water consumption, Dr Helena WONG enquired whether around 90% of Hong Kong's annual fresh water consumption would still depend on Dongjiang water by then. In reply, DWS said that Dongjiang water currently accounted for around 70% to 80% of Hong Kong's annual fresh water consumption. It was envisaged that the proportion would decrease when the desalination plant at TKO commenced operation.

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Use of reclaimed water for flushing

15.27 Noting that the Administration had started the planning work and would conduct studies on supplying reclaimed water to the northeastern part of the NT for toilet flushing and other non-potable uses, Mr SIN Chung-kai enquired about the rationale for launching the initiative and whether the Administration had compared the respective unit costs of reclaimed water and seawater. He also asked whether the Administration would extend the use of reclaimed water for flushing to other parts of Hong Kong, and whether such use of reclaimed water was adopted in other cities.

15.28 Director of Drainage Services ("DDS") said that upon the completion of the expansion of the Shek Wu Hui sewage treatment works ("STWs") in the North East NT, its sewage treatment standard would be upgraded from the secondary to the tertiary level (which was the best level). As the treated effluent from it could be put to use upon simple sterilization, the unit cost of reclaimed water produced from the treated effluent was relatively low. DDS added that as the sewage treatment standard of new STWs in North East NT would generally reach the tertiary level, the reclaimed water produced from the effluent treated at these STWs could be used for flushing in the areas around the new STWs. A number of countries in the world, including Singapore, were using reclaimed water.

Replacement/rehabilitation of aged water mains and the implementation of the Water Intelligent Networks

15.29 Miss Alice MAK said that some areas in Hong Kong frequently suffered from bursts of water mains. Noting that of the 18 districts in Hong Kong, Yuen Long had the longest lengths of both types of aged fresh water mains, i.e. (i) those with ages between 25 and 30 years, and (ii) those with ages over 30 years, she sought details about the distribution of such aged fresh water mains and enquired whether the Administration would expedite the establishment of Water Intelligent Networks ("WINs") in Yuen Long. Miss MAK also asked whether the Administration had allocated sufficient manpower resources to set up WINs over the territory.

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15.30 DWS said that under the Water Mains Replacement and Rehabilitation Programme, some 3 000 km of water mains would be replaced/rehabilitated. The length of water mains replaced/rehabilitated under the programme in Yuen Long was relatively longer and the number of bursts of water mains in Yuen Long had decreased from 24 in 2013 to 12 in 2014. DWS added that the Water Supplies Department ("WSD") engaged qualified contractors to install sensors in the water supply networks to set up WIN. Design of a district metering area under WIN would be based on the number of households rather than the ages of the water mains in the area. In general, a district metering area would be established for an area with 1 000 to 3 000 households.

Measures to address the needs of individuals and groups engaged in cultural and creative activities

15.31 Referring to the Administration's policy on revitalizing industrial buildings, Miss CHAN Yuen-han expressed concerns that some projects under the policy might eventually become property development projects, which would subsequently make individuals and groups engaged in cultural and creative activities ("practitioners of cultural and creative activities") suffer from high rents or even termination of tenancy. Miss CHAN enquired whether the Administration had assessed the number of individuals and workshops so affected and formulated measures to relieve the hardship they encountered.

15.32 SDEV said that the implementation of the Energizing Kowloon East initiative had taken into account the needs of practitioners of cultural and creative activities. Head of Energizing Kowloon East Office ("H of EKEO") added that under their "Fly the Flyover Operation", three sites underneath Kwun Tong Bypass would provide venues and premises for practitioners of cultural and creative activities. The Administration was identifying a suitable non-governmental organization to operate the sites. The Administration also intended to plan for providing additional floor space in the Kwun Tong Action Area ("KTAA") near the Kwun Tong Ferry Pier for cultural and creative uses in the long run.

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15.33 Miss CHAN Yuen-han commented that the implementation of the Energizing Kowloon East initiative might not be able to address the actual needs of practitioners of cultural and creative activities. She was concerned that KTAA might eventually be developed into a new commercial/office hub, which would not benefit the creative industries.

Heritage conservation

15.34 Referring to the requests of some people for preserving an old stone wall at the Hong Kong Park and a building at Lugard Road, Dr Kenneth CHAN said that the local community had an aspiration for allocation of more public resources to heritage conservation. He enquired whether the Administration had a timetable for the assessment of the historic buildings yet to be graded, including 58 such buildings within military sites and managed by the People's Liberation Army ("PLA").

15.35 SDEV said that the grading of historic buildings by the Antiquities Advisory Board ("AAB") was not confined to the some 1 400 buildings identified in 2004. Deputy Secretary for Development (Works)1 ("DS(W)1") added that AAB would consider the grading of new items proposed by the public. In general, in terms of priority, historic buildings likely to be affected by development projects would be assessed first. DS(W)1 stressed that the same assessment mechanism was applied to all types of historic buildings, including the 58 buildings currently managed by PLA. The Administration had been liaising with PLA on the grading of the buildings and commenced preparatory work. As AAB would consider the grading of historic buildings in phases and the priorities were subject to the prevailing circumstances, it would be difficult to provide a timetable for the grading of individual historic buildings.

Tree safety

15.36 Mr WONG Kwok-hing opined that the Administration's work on tree safety should cover a wider scope than the issuance of guidelines for tree risk assessment and management. He enquired whether the Administration would consider regulating tree management by legislation in

the long run.

15.37 SDEV replied that the Administration adopted an open attitude towards regulating tree management by legislation. However, there was currently a lack of qualified arborists in Hong Kong. Legislation on tree management would also affect a large number of owners of private properties. The Administration would continue to explore feasible measures to enhance public education on tree maintenance and expand the training capacity of qualified tree professionals in the meantime. Mr WONG Kwok-hing called on the Administration to step up its work on tree safety.

Security of payment for the construction industry

15.38 Mr WONG Kwok-hing welcomed the Administration's commencement of preparatory work for the security of payment legislation for the construction industry. He enquired about the timetable for the legislative exercise. PS(W) advised that the Administration had conducted some surveys on payment of wages to construction workers in the past two years and concluded that there was a need to initiate a legislative exercise on the security of payment. The framework of the proposed legislation had been worked out. The Administration would conduct a public consultation exercise on the proposed legislation in the second quarter of 2015, to be followed by a consultation with the relevant Panel of the Legislative Council.

Kai Tak Development Area

15.39 Noting that the Administration had commissioned consultancy studies to enhance the pedestrian and traffic environment in Kwun Tong and Kowloon Bay, Mr YIU Si-wing opined that a similar study should be conducted for the Kai Tak Development ("KTD") Area, where facilities and tourist attractions like the Kai Tak Fantasy project, the Kai Tak Multi-purpose Sports Complex and the Kai Tak Cruise Terminal would bring in heavy pedestrian and traffic flows in future. The Administration should also examine how the connectivity between the KTD Area and the

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surrounding areas could be enhanced. Mr YIU suggested that the Administration should assess the adverse impact of tourist activities on the traffic conditions in To Kwa Wan.

15.40 H of EKEO advised that as the KTD Area, including the future Tourism Node, was a new development area, the Administration had taken the future transport needs of the area into account in formulating the development plan for the area. DCED supplemented that an Environmentally Friendly Linkage System being studied for Kowloon East would enhance the connectivity among the KTD Area, Kowloon Bay and Kwun Tong in the long run.

15.41 Dr Helena WONG said that residents of the Kai Ching Estate and the Tak Long Estate were keen on the early completion of the Metro Park in the KTD Area. She enquired about the progress and timetable of the project and whether the planned size of the Metro Park had been changed. She further asked whether the Metro Park could be constructed in phases so that residents of the two estates could enjoy the facility sooner.

15.42 DCED advised that the planned size of the Metro Park remained unchanged and the commissioning of the Park would hinge on the completion of works to improve the water quality at the Kai Tak Approach Channel. He added that the Metro Park was located near the northern part of the former Kai Tak Airport runway and was not in the vicinity of the Kai Ching Estate and the Tak Long Estate.

Reimbursement of tender submission costs

15.43 Mr Tony TSE enquired about the Administration's prevailing policy on reimbursement of tender submission costs. He suggested that the Administration should explore ways, including offering partial reimbursement of such costs for bidders meeting a certain standard as an incentive, to attract more young professionals and small and medium enterprises with limited resources to submit tenders for public works projects.

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15.44 Director of Architectural Services ("D Arch S") said that in general, the Administration would not reimburse tender submission costs to the bidders. SDEV added that the Administration would consider Mr Tony TSE's suggestion.

Promotion of roof greening and vertical greening

15.45 Referring to the Administration's written reply to his question on the promotion of roof greening and vertical greening, Mr Tony TSE enquired about the Administration's plan on providing roof greening and vertical greening for existing government buildings. Mr TSE also sought details about the measures taken by the Administration to encourage the implementation of greening projects in the private sector.

15.46 D Arch S advised that the Administration would conduct roof greening projects as far as practicable for existing government buildings when the roof of the buildings concerned were under major renovation. The Administration had launched a number of projects on provision of vertical greening for existing government buildings. DS(W)1 advised that the Administration had been collaborating with the Hong Kong Green Building Council to promote greening projects in the private sector by organizing greening competitions, issuing greening guidelines, etc.

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16.1 At the Chairman's invitation, Mr Paul CHAN Mo-po, Secretary for Development ("SDEV"), briefed members on the major initiatives and expenditure on the policy areas of planning and lands for the coming year (Appendix IV-14).

Land Sale Programme

16.2 Mr Tony TSE said that many prospective bidders for sale sites were small- and medium-sized developers who needed a longer time for considering whether to submit tenders or preparing the tenders. He suggested that the Administration should include in the Land Sale Programme the sites to be put up for sale in the coming two quarters instead of one.

16.3 SDEV replied that it was an established practice for the Administration to announce the annual Land Sale Programme in February every year as well as quarterly land sale programmes during the year. He advised that Mr TSE's suggestion might not be feasible given that in some cases, the time for a site to be put up for sale would not be certain until the completion of processes such as change of land use, termination of the relevant tenancy, judicial review proceedings, etc. Notwithstanding, the Administration would strive to include sites in the Land Sale Programme as early as possible, and might allow a longer tender period where appropriate, so that prospective tenderers would have more time to formulate their bidding strategies.

Land supply

16.4 Considering that the Administration had yet to fully achieve its target on housing supply and the difficulty to further identify suitable public housing land in developed areas, Mr LEUNG Che-cheung enquired whether the Administration would pursue reclamation projects to provide public housing instead of sites for private flats above railway stations.

16.5 Director of Planning ("D of Plan") replied that the Administration would continue to pay due regard to the developments of both public and private housing. Under the existing policy, property development projects above railway stations were in general a source of private housing supply. SDEV said that the Administration had identified a number of potential public housing sites in the vicinity of railway stations. He said that to

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increase land supply in the short term, the Administration had been implementing various measures wherever feasible, such as increasing residential development intensity and converting suitable sites to residential use. However, most other measures, such as reclamation projects, would take longer time to materialize.

16.6 Mr SIN Chung-kai enquired whether the Administration would consider relocating the Hong Kong Police College at Wong Chuk Hang to vacate the site for housing development. He opined that the site was suitable for providing public housing in view of its size and its proximity to the proposed Ocean Park MTR Station.

16.7 D of Plan replied that the Administration would need to ensure that changing the use of such a large site of the Hong Kong Police College would not adversely affect the traffic of the surrounding areas. He advised that the planned capacity of the Ocean Park MTR Station might not have taken into account the additional demand arising from housing developments at the site. Moreover, to take forward Mr SIN's suggestion, the Administration would need to identify another site elsewhere large enough to reprovision the Hong Kong Police College. Notwithstanding, he said that the Administration would consider the suggestion if the Police facility was to be relocated and the site could be released for alternative use.

16.8 Miss Alice MAK noted that in the 2015-2016 Estimates, the Administration had earmarked some provisions for the creation of 15 non-directorate posts in the Lands Department ("LandsD"). She enquired whether the additional staffing resources would be adequate to cope with the increasing workload of the Department arising from the policy initiatives of increasing land supply.

16.9 Mr Albert CHAN stressed the importance for the Development Bureau ("DEVB") to set a right direction for its work on increasing land supply. He opined that the Administration should focus its manpower resources on identifying large pieces of land that could support massive housing developments. SDEV responded that the Administration had all along strived to make available large sites for housing developments where they were available including taking forward various new development areas and new town projects and would continue to press ahead with the multi-pronged strategy to increase land supply.

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Provision of Government, Institution or Community facilities

16.10 Mr WU Chi-wai noted that the Administration would pursue the initiative of converting suitable Government, Institution or Community ("G/IC") sites in core business districts into commercial sites to increase commercial land supply. He was concerned that the initiative would reduce the land available for providing G/IC facilities and enquired whether the Administration would co-locate G/IC facilities with the planned developments at these commercial sites. He said that the permitted plot ratios of G/IC sites were usually only about 3 to 4. The Planning Department ("PD") should consider relaxing the relevant planning restrictions to allow the relevant bureaux/departments to provide G/IC facilities at these sites to meet the demand of the community.

16.11 D of Plan replied that whether G/IC facilities could be provided as part of a new development had to be considered on a case-by-case basis. The Administration would continue to review the adequacy of G/IC facilities to tie in with the population changes in various districts. He advised that in determining the permitted plot ratio for a G/IC site, the Administration would take into account a set of factors including the accommodation requests from bureaux/departments. In compliance with the relevant legislation, some G/IC facilities such as elderly care homes could not be provided on the upper floors of a building. The Administration would, without compromising the quality of the living environment, relax the plot ratio restrictions for G/IC sites as far as practicable.

16.12 Mr WU cited as an example the Administration's proposal to provide a public transport interchange at a site in Ping Shan, Yuen Long and commented that to optimize the use of land resources, the Administration should have included G/IC facilities above the interchange. SDEV undertook to follow up the matter.

Provision of parking facilities

16.13 Mr Frankie YICK said that the number of short-term tenancies granted by the LandsD for sites used as temporary fee-paying car parks had fallen short of the number of tenancies terminated in the past three years. The Administration had taken back in recent years two short-term tenancy sites near Hing Wah West Street and Tsing Hung Road which provided about 500 parking spaces for heavy goods vehicles. It had planned to take

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back a parking site in Kwai Fong for providing a public transport interchange and certain parking facilities at the ex-airport site. He expressed concern about parking spaces in the territory and hence the great difficulties to the logistics industry and asked whether the Administration would put in place longer-term measures to mitigate the impact of continuous reduction in temporary parking spaces.

16.14 Director of Lands ("D of L") replied that it was necessary for the Administration to terminate some short-term tenancy sites, including those providing public parking facilities, in order to release the sites for meeting other development needs. The Administration would give consideration to incorporating the provision of parking facilities in the planning and development of a site. During the period after the site had been resumed and before the completion of the new development, the Administration might also provide temporary sites to cater for justified parking demands. Lands Department would consult relevant departments including Transport Department in assessing whether there was a genuine long-term and/or temporary demand and how the demand should be met. She said that in view of the increasing difficulty in identifying parking sites, the Administration might need to accord different priorities to different types of parking demand. For instance, lower priority might have to be accorded to private vehicle users requesting parking facilities purely for convenience, if the consensus was that demand for parking spaces supporting the logistics industry should be met to support Hong Kong's economic development.

16.15 Mr Frankie YICK said that upon the commissioning of the Hong Kong-Zhuhai-Macao-Bridge, the demand for parking facilities for heavy good vehicles would increase. He urged that the Administration should expedite the consultancy study on the provision of multi-storey parking facilities for heavy goods vehicles.

Manpower in the Buildings Department

16.16 Mr CHAN Chi-chuen enquired whether the 152 civil service non-directorate posts proposed to be created in the Buildings Department ("BD") in 2015-2016 were replacements of the existing non-civil service contract ("NCSC") positions. He was concerned that the proposal would result in the departure of experienced NCSC staff, such as the Building Safety Officers, in the department, hence affecting its work effectiveness.

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16.17 Director of Buildings ("D of B") replied that among the 152 newly created civil service posts, 145 would be converted from the existing NCSC positions in BD. Although the net increase of new positions was limited to seven, the proposed conversion would facilitate the Department to develop a more stable and efficient workforce. He advised that the affected NCSC positions would not be phased out immediately after the conversion and the NCSC staff concerned would stay in these positions for a certain period in the coming financial year unless they resigned. He said past experience had suggested that there would be sufficient time for NCSC staff to plan and seek alternative employment before their positions were converted into civil service posts, and quite a number of them had successfully applied for those posts.

16.18 Mr CHAN Chi-chuen asked whether SDEV was satisfied with the performance of BD in dealing with matters arising from water seepage, subdivision of flats and unauthorized building works ("UBWs"), and whether he agreed that there was a need to further increase the manpower of the department. SDEV responded that in the past few years, staff of BD had to cope with very heavy workload. DEVB had bid for new resources for the Department in the resource allocation exercise last year and would continue to do so in future. The Chairman urged the Administration to deploy more manpower to expedite the processing of building plans submitted by the catering outlets which was essential for their getting restaurant licences.

Unauthorized building works

16.19 Mr CHAN Chi-chuen enquired, of the 11 816 removal orders issued by BD against UBWs in 2014, how many had been complied with. He further enquired about the average duration between the issuance of a removal order and the compliance of the respective order. D of B agreed to provide the relevant information after the meeting. He advised that the number of removal orders issued in 2014 was comparable to that in 2013 and the number of UBWs successfully removed in 2014 was about 23 000, which was significantly more than that in 2013. The main reason for the significant increase was that the department had deployed additional resources to clear the backlog of outstanding removal orders. The Administration would continue to give priority to those cases that had been outstanding for a long time or in which an imminently dangerous situation had been identified.

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Dangerous hillside orders

16.20 Dr LO Wai-kwok said that some property owners had difficulties in acting on the dangerous hillside orders ("DHOs") as they were required to hire authorized persons or registered geotechnical engineers for carrying out slope investigation and remedial work, or to resolve complicated ownership issues in order to proceed with the work. He enquired whether the Administration would consider undertaking the remedial work required and charging the owners for the work concerned.

16.21 D of B replied that the Administration had engaged consultants to carry out regular inspection on the slopes involved in the DHOs and was ready to take appropriate actions if dangerous situation had been identified. BD anticipated that it would be able to deploy more manpower to follow up the outstanding DHOs since the number of repair orders to be issued to property owners would reduce in 2015. He advised that the Administration had all along provided assistance to the concerned property owners to help them comply with DHOs. In recent years, there were more and more cases in which BD undertook slope remedial work at the owners' costs. D of B advised that the number of DHOs issued by the department was more or less the same in the past three years.

Central Harbourfront

16.22 Mr YIU Si-wing relayed the concern of the tourist industry it was difficult to obtain information about the events to be held at the part of the Central Harbourfront on short-term lease to organizations for holding activities. Mr YIU suggested that the Administration should consider making it part of the terms and conditions of the relevant agreements that the event organizer had to publicize its events for which the Central Harbourfront site was leased. The Administration should also strengthen its collaboration with the tourist industry as well as the Hong Kong Tourism Board to promote the events.

16.23 Deputy Secretary for Development (Planning and Lands)¹ replied that as part of its work to make temporary uses of the new Central Harbourfront for early public enjoyment, the Administration had leased out to an event organizer on a three-year short-term tenancy a government site at the harbourfront which required the organizer to organize a variety of activities, including events open to the public free of charge, and to

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publicize the activities on a dedicated website. DEVB held regular meetings with the event organizer to ensure that it provided services in compliance with the relevant requirements. Other organizations which would like to rent the site for hosting events might contact the event organizer directly or through the Bureau.

Hong Kong 2030+

16.24 Mr Tony TSE enquired about the planning horizon adopted for the study "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+") undertaken by PD.

16.25 D of Plan replied that unlike some other strategic planning studies, Hong Kong 2030+ had not adopted a specific year as a definite planning horizon, although most of the data and statistics referred to in it were based on the current population projections up to 2041. He said that while it had been revealed that the new opportunities tentatively identified in the study would meet the long-term development needs of Hong Kong, the timing that these opportunities could be realized was subject to future changes in the population and economy. D of Plan further advised that the Administration would regularly review the strategic plans to be proposed under the study in future.

Pilot Scheme for Arbitration on Land Premium

16.26 Mr Tony TSE noted that none of the applicants of eight lease modification/land exchange cases invited by the LandsD to consider settling premium disputes through arbitration under the Pilot Scheme for Arbitration on Land Premium had accepted the invitations. He enquired about the Administration's measures to encourage applicants to settle land premium disputes through the Scheme.

16.27 D of L replied that the design of the Pilot Scheme for Arbitration on Land Premium had incorporated the views of developers and the legal sector. In individual cases, developers might have their own business considerations in choosing not to resolve land premium disputes through the Scheme. Given that the Scheme was only meant to provide an alternative way to resolve disputes on land premium and had been implemented for only a few months, the Administration considered it appropriate to keep in view the development in the meantime.

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Urban Renewal Authority

16.28 Ms Emily LAU said it was reported in the media that the Managing Director of the Urban Renewal Authority ("URA"), who had recently handed in her resignation, stated that there were differences between her and the Chairman of URA over URA's philosophy, mission and direction. Ms LAU enquired whether SDEV would meet the Managing Director of URA to understand what led to the differences. She said the media had reported that the Managing Director of URA had cautioned that URA should not act like a developer or a land assembly agent to supply land for developers. She sought clarification on whether URA's mission to take forward urban renewal projects for the benefit of people living in old districts had changed.

16.29 Mr Albert CHAN expressed disagreement with the Administration's decision two years ago to appoint the incumbent Chairman of URA. He said that when the Chairman of URA was working for the Hong Kong Housing Society years ago, he had sacrificed public interest by abandoning a redevelopment project in Tsuen Wan. Mr CHAN said that it should be remembered that the Administration's capital injection of \$10 billion for URA's start-up in 2002 was to enable URA to take forward urban redevelopment projects in the old districts without adopting a commercial approach like the former Land Development Corporation.

16.30 Mr James TO said that the Urban Renewal Strategy launched in 2011 ("the 2011 URS") had been drawn up on the basis of broad consensus reached after extensive public engagement. He queried whether the appointment of the incumbent Chairman two years ago was a veiled tactic employed by the Administration to digress from the 2011 URS and whether URA under his chairmanship would cease to uphold the 'people first' principle for urban renewal.

16.31 In reply, SDEV advised that URA had not changed its role or functions. Apart from redeveloping dilapidated buildings, the purposes of URA included rehabilitating buildings in poor condition, improving the conditions and physical appearance of the built environment, as well as preserving buildings and sites of historical, cultural or architectural interest. SDEV advised that the Chairman of URA had informed URA staff that he and the Managing Director of URA did not differ on their understanding of the mission of the Authority, though they had different views on how to take

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the mission forward. SDEV said that he himself and colleagues in DEVB met URA regularly at bi-monthly meetings and had not noticed any discord between the Chairman and the Managing Director of URA. He considered it normal that the two of them might hold different views on how to take forward URA's work.

16.32 Ms Emily LAU questioned about the impact of the departure of the Managing Director on the work of URA. SDEV advised that on the day before this meeting, he himself and the Under Secretary for Development had met the Managing Director and the Chairman of URA separately. The Chief Executive had also accepted the resignation of the Managing Director of URA. The departure of the Managing Director should not have major impact on URA's operation and the Administration would find a replacement in accordance with the established procedures.

16.33 Mr CHAN Kin-por opined that as the operation of URA was funded by taxpayers' monies, the Administration should closely monitor its financial and staffing situations and the progress of its redevelopment projects. He enquired about the existing mechanism for ensuring that URA would operate on a financially sustainable basis and be prudent with its staffing establishment

16.34 SDEV replied that URA reported its work progress to DEVB on a bi-monthly basis. To enable the Administration to monitor URA's financial position, the latter would have to submit an annual Business Plan for the next year as well as a five-year Corporate Plan setting out its work plan for the next five years through DEVB to the Financial Secretary for approval. URA estimated that to meet the cost of all the projects included in URA's last Corporate Plan (i.e. 13th Corporate Plan), URA's projected cash balances by the end of the 13th Corporate Plan (i.e. 2027-28) would be less than the \$10 billion capital injection. SDEV advised that the number of URA staff had increased by about 40% from about 390 in 2009-2010 to 560 in 2013-2014. For the same period, the operating expenditure had increased by 50% from \$260 million to \$400 million. A net operating deficit of \$2.3 billion was recorded in 2013-2014. The total financial loss projected to be incurred by the projects under the demand-led redevelopment scheme since its launch in 2011 amounted to about \$3 billion. URA had requested the Financial Secretary to increase its borrowing limit from \$6 to \$8 billion. On the suggestion of the Financial Secretary, URA had engaged a consultant to conduct a value-for-money study to review the economy, efficiency and

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effectiveness of its operation, and to conduct also an organization structure review.

16.35 Miss Alice MAK declared that she was a non-executive director of URA. Referring to the initiative under the Chief Executive's 2015 Policy Address to engage URA in providing subsidized housing, she enquired whether the initiative would be a long-term measure and how the Administration would support URA financially to take forward the initiative. As regards the issues arising from the resignation of the Managing Director of URA, Miss MAK commented that SDEV should maintain dialogue with the URA management to remind them on the need to boost staff morale in these critical times.

16.36 SDEV replied that as announced in the 2015 Policy Address, having regard to the high property prices, the increasing difficulty faced by the public in home purchase and hence a higher demand for subsidized sale flats, the Administration would actively explore ways to increase the supply of subsidized sale flats through a multi-pronged approach by engaging organizations such as URA, the Hong Kong Housing Society, and the Hong Kong Settlers Housing Corporation Limited. He advised that the URA Board had agreed in principle to convert some flats at De Novo in the Kai Tak Development Area into subsidized flats for sale. The Administration would consider the appropriate financial arrangement to support URA's implementation of the initiative.

16.37 SDEV continued that while URA should abide by its prudent financial discipline to ensure that urban regeneration could be implemented in a sustainable manner, it was not practicable to expect that all its redevelopment projects would be profitable. To facilitate URA in fulfilling its social responsibility, the Administration had provided much financial support to it. Apart from the \$10 billion capital injection, the Administration also granted waiver of land premium for redevelopment sites to URA. In some cases, the Administration would even offer URA "linked sites" which would effectively link up the implementation of two projects, one of which was profitable and the other, not. Up to June 2014, the total amount of land premium foregone in waivers offered to URA was as much as \$6.5 billion.

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16.38 Considering that the role of URA under the 2011 URS did not include the provision of subsidized housing, Miss Alice MAK enquired whether the Administration would undertake a review of the 2011 URS in the light of the new initiative to be undertaken under the 2015 Policy Address as well as the recent concerns over the positioning of URA. SDEV considered it premature at the present stage to review the 2011 URS given that the Authority was conducting a value-for-money review and most of the new initiatives under the 2011 URS had been launched for only a few years. Moreover, of the projects currently undertaken by URA, most were not suitable to be changed to provide subsidized flats due to the limited scales of the projects.

16.39 Mr CHAN Kam-lam opined that some urban renewal projects launched by URA, such as the Kwun Tong Town Centre Redevelopment Project, had dragged on for a long time because a few affected property owners insisted on rejecting URA's acquisition offers. In his view, in the event that URA had already attained the threshold of owners holding 80% or more of the property interests accepting the URA's acquisition offers, the Administration should invoke the Land (Compulsory Sale for Redevelopment) Ordinance to resume the remaining interests in the land lot concerned.

16.40 In reply, Permanent Secretary for Development (Planning and Lands) ("PS(P&L)") referred to the urban renewal project in Kwun Tong mentioned by Mr CHAN Kam-lam and explained that URA had taken some time to implement the project because, apart from acquiring the properties from owners, URA wished to work out an arrangement acceptable to those affected by the project who were not owners of the relevant properties so as to facilitate a smooth implementation of land resumption. He advised that URA was required to comply with the Urban Renewal Authority Ordinance in carrying out its redevelopment projects to which the Land (Compulsory Sale for Redevelopment) Ordinance was not applicable. In the event that URA had acquired certain percentage of the property interests within a project site and it was not practicable for it to make further acquisitions, URA might apply to SDEV requesting him to recommend to the Chief Executive-in-Council the resumption of land required for the redevelopment project.

Central Market revitalization project

16.41 Dr Kenneth CHAN said that the Central Market revitalization project had dragged on for a long time and according to the Administration, the original cost estimate made by URA for the project was inadequate. He questioned how the Administration would ensure the completion of the project according to plan, and whether the Administration would enhance its funding support for the project. He stressed that URA had a role to play in preserving buildings with historical value and the Central Market site should not be put up for sale.

16.42 PS(P&L) replied that the original cost estimate of \$500 million worked out by URA in 2009 for the Central Market revitalization project had been rendered inadequate with the rising construction cost over time. The Administration had requested URA to revisit the project details with a view to rationalizing both the cost and the works to be carried out. SDEV advised that the project had been held up in 2013 by an application for judicial review. URA had not expressed any intention to discontinue the project. Dr CHAN held the view that the Administration should take a more active role in taking forward the project.

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17.1 At the invitation of the Chairman, Dr KO Wing-man, Secretary for Food and Health ("SFH") briefed members on the main initiatives and expenditure on the policy area of food safety and environmental hygiene in the new financial year (Appendix IV-15).

Food safety

17.2 Dr Helena WONG enquired how the Administration could, under the existing food surveillance mechanism, prohibit problem food products from importing into Hong Kong from the Mainland and neighbouring regions. SFH advised that the Administration had adopted a risk-based principle in determining the types of imported food taken for inspection and devising corresponding control measures to ensure food safety. The Administration was discussing with the Customs and Excise Department ("C&ED") how to carry out full inspection of certain food products on the basis of the findings of risk-based assessment.

17.3 Dr Helena WONG was concerned that under the current declaration procedures, importers could lodge declaration forms to C&ED within 14 days after importation of food items and were not required to make advance declarations. She referred to a recent incident that some carrots were illegally imported from Chiba, Japan despite the fact that an import ban had been implemented on some food products from five prefectures of Japan affected by the Fukushima nuclear power plant incident in 2011. Dr WONG queried whether the existing declaration procedures were effective in preventing the import of problem food products. She also asked how the Administration could prohibit the import of food from five prefectures of Japan if importers were only required to provide the name of countries of origin of food but not the cities/prefectures concerned in the relevant declaration forms.

17.4 Commissioner of Customs and Excise replied that although traders were allowed at present to make declarations within 14 days upon arrival of the goods in Hong Kong, they had filed advance declarations on a voluntary basis for all imports conveyed by air as well as a majority of imports via marine channel. Relevant information would then be referred to the Food and Environmental Hygiene Department ("FEHD") for necessary follow-up actions to be taken. Regarding the illegal import of carrots from Japan, Controller, Centre for Food Safety ("Controller, CFS")

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explained that it was found that the Hong Kong importer concerned did not order any food products from the five prefectures of Japan but the carrots were mistakenly imported into Hong Kong by the exporter. The contact address of the Hong Kong importer was also wrongly reported, adding difficulties for the Centre for Food Safety ("CFS") to trace the sources for inspection. Notwithstanding this, CFS had prohibited the problem carrots from entering the local market based on the intelligence collected.

17.5 Ms Emily LAU considered that the regulatory regime on food safety in Hong Kong was not stringent enough. She enquired whether the Administration would review the relevant legislation to strengthen the statutory requirements and what measures would be taken by the Administration to safeguard food safety in the light of recent food incidents in the Mainland and Taiwan.

17.6 SFH advised that the Administration had been reviewing the legislation on food safety from time to time. It was the plan of the Administration to gradually bring the food safety standards of Hong Kong on par with international standards. On the regulatory and enforcement fronts, the Administration had adopted a risk-based principle in ensuring food safety. For instance, the Administration would require importers of edible oil to provide an official certificate issued by the place of origin or a certificate issued by an independent testing institution recognized by the government of the place of origin, certifying that the edible oil imported into Hong Kong fulfilled the relevant requirements. The Administration aimed to launch a public consultation on the regulatory proposals in this regard in the first half of 2015. Regarding Ms Emily LAU's concerns about the food incidents in Taiwan, Controller, CFS stressed that CFS had adopted a food safety management system which was based on risk assessment and food safety could not be ensured simply by stepping up inspections. The joint efforts from the trade, the Government and members of the public were required in ensuring food safety.

17.7 Mr SIN Chung-kai expressed concern that in 2015-2016, the financial provision for the food safety and public health programme only increased by 1.5% or \$15.2 million and only three more posts would be created for discharging food safety and public health services. Besides, the Administration did not mention any particular measures to be taken to ensure food safety in 2015-2016 in response to the recent food incidents in

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Taiwan. Noting that the annual numbers of food samples taken/to be taken by CFS from 2013 to 2015 were 64 387, 64 219 and 65 000 respectively, Mr SIN asked why the Administration could not increase the number of food samples to be taken for testing in 2015 to protect public health.

17.8 SFH advised that the Government had always attached great importance to ensuring food safety in Hong Kong through a multi-pronged approach, including regulating food safety standards by legislation, conducting food surveillance programme and establishing food incidents handling mechanism. The Administration would consider amending legislation to update the relevant safety standards in view of the food incidents in the neighbouring regions. SFH added that CFS conducted tests on a total of about 65 000 samples annually. This was a relatively high testing rate (i.e. about nine samples per 1 000 persons of the population of Hong Kong) when compared with other overseas economies. Based on risk analysis, CFS would increase testing of samples of some food products where necessary.

17.9 The Chairman expressed commendation on CFS's performance in ensuring food safety in Hong Kong. He said that the Administration should consider allocating more financial and manpower resources to CFS to meet the growing public demand for CFS to step up inspections and conduct proactive investigations into food incidents.

Provision and management of public markets

17.10 Dr KWOK Ka-ki expressed concern about the high vacancy rate in some public markets, such as the Tsuen King Circuit Market. He considered that the Administration should formulate measures to improve the operating environment of public markets to attract new stall tenants. SFH advised that the consultant engaged by the Administration had recently completed a consultancy study on measures to improve the operating environment of public markets to assist in developing improvement proposals. The Administration had also consulted the Subcommittee on Hawker Policy (formed under the Panel on Food Safety and Environmental Hygiene ("FSEH Panel") on proposals on hawker management, including converting, on a pilot basis, an existing public market (or part of a market) with a low occupancy rate into an off-street cooked food centre.

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17.11 Miss Alice MAK said that the Subcommittee on Issues Relating to Public Markets under FEHD Panel had passed a motion to urge the Administration to expeditiously take forward the planning for building new markets in Tin Shui Wai and Tung Chung and to review its policy on the provision of new markets in newly developed districts. She enquired whether the Administration would consider building new markets in new districts, such as Tseung Kwan O and Tung Chung, to cater for the needs of the residents there.

17.12 SFH advised that the Administration noted the requests for building new markets in newly developed districts where there were not many fresh provision retail outlets. On the other hand, the Administration was aware that the operating environment of some existing markets was not satisfactory and was reviewing how to improve their business environment. The future provision of new public markets would be considered on a case-by-case basis taking into account a number of factors, including the population of the area concerned, the demographic mix, the community needs, the availability of public and private market facilities nearby and the number of fresh provisions retail outlets in the vicinity. The recommendations in the consultancy study as mentioned in paragraph 17.10 above would also provide reference to the Administration for considering the way forward. SFH added that the Administration would brief the Subcommittee on Issues Relating to Public Markets in June 2015 on the preliminary proposals to implement improvement plans for public markets. At present, the Administration had no plan to build new public markets.

17.13 Miss Alice MAK asked which public markets would be closed in the coming year due to low utilization. SFH advised that the Administration was considering options to deal with under-utilized public markets. As mentioned earlier, the Administration was considering converting, on a pilot basis, an existing public market with a low occupancy rate into an off-street cooked food centre. The Administration would brief the FSEH Panel on its proposals in due course.

17.14 Mr TANG Ka-piu expressed disappointment that the Administration refused to build new public markets in newly developed districts. In his view, the improvement in operating environment of existing markets would not help residents in new districts as they would not travel a long way to other districts to buy fresh food. Besides, some fresh

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markets in new districts (e.g. Tung Chung) were monopolized by the Link Management Limited and residents there had no choice but to buy fresh food at higher prices.

17.15 SFH stressed the need for the Administration to ensure prudent use of public money in building public facilities. He reiterated that the Administration would review the operating mode of existing markets taking into account the recommendations in the finalized report of the consultancy study before considering the way forward. It should be noted that as indicated in some surveys, the prices of foods sold at public markets managed by FEHD were not necessarily cheaper than those sold at markets managed by other operators.

17.16 Noting that FEHD incurred an annual deficit of about \$200 million in operating public markets, Mr Michael TIEN considered that the Administration should study the possibility of setting up a statutory body to take up the responsibility of managing public markets to revitalize the markets. Referring to the number of cleansing staff deployed in public markets, he expressed concern about the large differences in the ratio between cleaning workers and market stalls of some markets (e.g. a cleaning worker in Yeung UK Road Market had to manage 8 market stalls whereas a cleaning worker in Heung Che Street Market had to handle up to 30 market stalls). The differences in the occupancy rates of some markets (e.g. the occupancy rate of Heung Che Street Market and Tsuen King Circuit Market was 99% and 24% respectively) also implied that the workload of cleaning workers varied. Mr TIEN considered that the Administration should review the staff deployment situation in public markets with a view to rationalizing the workload of staff.

17.17 Director of Food and Environmental Hygiene ("DFEH") advised that about 60% to 70% of the management and cleansing services of public markets were outsourced to contractors at present. The deployment of market staff was district-based. In determining the number of management and cleansing staff in each district, FEHD would consider factors including the operation of markets and their occupancy rates. Mr Michael TIEN urged the Administration to review the deployment of market staff taking into account the actual situation of each market.

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Assistance to hawkers

17.18 Mr WONG Kwok-hing expressed appreciation that the Food and Health Bureau ("FHB") had adopted an open mind in formulating hawker policy to further develop the trade in order to promote small business. He expressed concern on when the Administration would complete the review on relevant work arrangements to enhance the personal safety of frontline staff (following the loss of a hawker control officer of FEHD in an incident during frontline duties).

17.19 Dr Kenneth CHAN expressed support for the Administration's new directions in formulating hawker policy to promote the trade. He hoped that the new hawker policy could strike a balance between allowing the licensed hawking business to thrive on the one hand and ensuring food safety and environmental hygiene on the other. Noting that the general take-up rates of the five-year assistance scheme for the licensed hawkers in the 43 fixed-pitch hawker areas to carry out stall reconstruction and relocation ("the assistance scheme") were relatively low, Dr CHAN enquired about the Administration's measures to improve the take-up rates of the scheme while giving hawkers sufficient time to consider joining the scheme.

17.20 SFH advised that the assistance scheme consisted of three main parts, namely, the relocation of stalls away from staircase discharge points of buildings/emergency vehicular access to reduce fire risk, the voluntary surrender of hawker licences to the Government and the in-situ reconstruction of stalls. The Administration considered it more effective to roll forward the assistance scheme through liaison with the representatives of hawkers and therefore did not set a tight timetable for the scheme. As the relocation of stalls to reduce fire risks and the voluntary surrender of hawker licences would be accorded higher priorities than the in-situ reconstruction of stalls which would involve participation of the majority of stalls, the take-up rates of the scheme in the latter respect were at present relatively lower.

Columbaria policy

17.21 Citing Kerry Logistics's application to the Town Planning Board for redeveloping its 15-storey warehouses in Chai Wan into a columbarium

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to provide 120 000 private niches as an example, Mr WONG Kwok-hing expressed concern that there might be many private columbaria development proposal submissions to the Town Planning Board before the enactment of the Private Columbaria Bill, which aimed to introduce a licensing scheme for regulating private columbaria. Mr WONG considered that apart from reminding consumers to protect their interests before the Bill came into operation, FHB and FEHD should make known their oppositions to those applications which sought to circumvent the proposed regulatory measures under the Bill.

17.22 SFH advised that the Administration was mindful of the need to sensitively handle any proposals for developing columbarium facilities before the passage of the Private Columbaria Bill. Applicants concerned would be reminded that upon enactment of the Bill, all private columbaria which were not exempted or given temporary suspension of liability must obtain a licence and private columbaria seeking a licence must comply with all statutory and government requirements. SFH further said that traffic impact assessment studies would also need to be conducted for any large-scale columbarium projects, including Government's proposals, to address the concerns of the Town Planning Board and neighbouring residents about the traffic implications of the proposed projects. The Administration would keep an eye on the development of the Kerry Logistics's project.

17.23 Dr KWOK Ka-ki urged the Administration to expedite its allocation process of public niches and to establish a waiting list mechanism for this purpose. DFEH advised that public niches were allocated through computer balloting at present. The Administration would in future consider the recommendation of the Ombudsman on using other allocation methods. She said that FEHD was in the process of allocating public niches at the Wo Hop Shek Kiu Tau Road Public Columbarium. As some applicants might not turn up, it was expected that the majority of applicants would have been invited to select a niche upon completion of the allocation process in the summer of 2015.

17.24 Dr KWOK Ka-ki considered that the Administration should step up publicity to promote "green burials" in the coming year, including the scattering of ashes in Gardens of Remembrance or at sea. SFH said that the Administration would enhance publicity in this regard. A new series of

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publicity programmes would soon be launched. The Administration was also reviewing how best to enhance the relevant services managed by FEHD.

17.25 Mr LEUNG Kwok-hung expressed concern about the shortage of supply of public niches to meet public demand. He urged FHB to collaborate with the Development Bureau to identify sites for developing columbarium facilities. He also considered that the Administration should step up enforcement actions against unauthorized private columbaria. SFH said that in the absence of legislation targeted specifically at private columbaria, enforcement actions against malpractices of private columbaria were taken by relevant departments in accordance with the existing laws. The Administration therefore introduced the Private Columbaria Bill into the Legislative Council to regulate private columbaria. The Administration would strengthen enforcement actions upon passage of the Bill.

17.26 Mr Michael TIEN expressed concern that the average waiting time for allocation of a public niche in Hong Kong was 4.5 years. He asked whether the Administration would explore with the Mainland authorities the feasibility of providing columbarium niches (e.g. under the management of a Hong Kong non-governmental organization) in the Mainland to serve Hong Kong people and mainlanders. SFH said that the Government would implement its columbarium policy through a three-pronged approach, i.e. increasing the supply of public niches, regulating private columbaria and promoting green burial and green memorial activities. FHB had already obtained support from District Councils on several projects involving about 450 000 new niches. The Administration considered that the proposal of building columbaria facilities in the Mainland might not be feasible, as indicated in a case where a columbaria facility situated in Hong Kong had received complaints from Mainland residents who had concerns about its visual impact.

New agricultural policy

17.27 Mr CHUNG Kwok-pan expressed concern about the difficulties of farmers in identifying farmland for cultivation and the reduction in the production value of local agricultural output in recent years. He enquired about the Administration's measures to promote the development of local agriculture under the proposed new agricultural policy.

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17.28 SFH advised that the Administration recognized the need to promote local agriculture to promote the development of a diversified economy in Hong Kong, assist farmers in identifying farmland for cultivation and to meet consumer' growing aspiration and demand for food with high safety standard. The Administration received general support from the community on the proposal of establishing an Agricultural Park ("Agri-Park") during the public consultation exercise on the new agricultural policy. The Administration believed that the provision of agricultural infrastructure in the Agri-Park and the offering of stable tenancy agreements with prospects of renewal would give certainty to farmers conducive to their making investment in their farms. SFH said that while the proposed scale of the Agri-Park might not fully meet the growing need for farming activities, it would surely set an example showcasing the productive use of farmland and encourage landowners to release their farmland for agricultural use. The Administration would put forward a concrete proposal for setting up the Agri-Park in due course.

17.29 In response to Mr CHUNG Kwok-pan's enquiry about the difficulties encountered in land acquisition for establishing Agri-Park, SFH advised that the Government had to acquire land for setting up the Agri-Park as much of the farmland in the territory was privately held. Director of Agriculture, Fisheries and Conservation ("DAFC") supplemented that the Government did not own much land that was suitable for agricultural use. Of the 4 523 hectares of agricultural land in Hong Kong, about 729 hectares were under active farming. As the supply of farmland hinged on the rental return for such land, the Administration planned to help farmers to increase the production value of crops so that farmers could pay higher rents to landowners to encourage them to release farmland for cultivation.

17.30 Mr YIU Si-wing expressed dissatisfaction that the Administration failed to provide statistics on the number of visitors to leisure farms in Hong Kong. He pointed out that the estimated expenditure for promoting leisure farms in 2015-2016 remained at \$0.8 million, same as the amount in the past three financial years, indicating that the Administration lacked vision on the future development of leisure farms. In his view, the Administration should select some larger-scale leisure farms for promotion and make plans on leisure farms which could be a direction for the further development of local agriculture.

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17.31 SFH advised that while the main objective of the new agricultural policy was to promote agricultural development, the Administration considered that certain modes of farming related activities, including leisure farms, could be included in the Agri-Park. However, the Administration would need to consider carefully whether it should plan for the development of leisure farms. SFH observed that the scale and operating standards of existing leisure farms varied. If leisure farms were to be set up in the Agri-Park for illustration purpose, the Administration expected that they would operate to robust standards.

Combating illegal trawling

17.32 Mr Steven HO said that some fishing equipment of local fishermen was reported stolen by fishermen engaged in illegal trawling in Hong Kong waters. He also noted with concern that there were only 10 successful prosecutions against illegal trawling in 2014 despite the fact that more vessels and manpower resources had been deployed for enforcement against illegal trawling.

17.33 SFH advised that the Agriculture, Fisheries and Conservation Department ("AFCD") had carried out targeted enforcement actions with other law enforcement departments to combat illegal trawling. DAFC advised that the Police would follow up the theft of fishing equipment. He said that in 2014, AFCD had deployed more than 10 vessels to conduct over 1 300 patrols in the waters of Hong Kong against illegal fishing activities including trawling. Of the 10 successful prosecutions in 2014, the highest fine and penalty imposed on convicted cases were \$85 000 and two-month imprisonment respectively. As fishermen from the Mainland were found involved in illegal trawling in Hong Kong waters, AFCD had been collaborating with the Marine Police and the Mainland authorities in combating illegal trawling in Hong Kong waters and collecting intelligence from fishermen's associations about illegal trawling activities. Thanks in part to the enhanced enforcement actions, the scale of illegal trawling activities had reduced over the past three months.

17.34 In response to Mr Steven HO's further enquiries about the number of joint operations involving the Mainland authorities and the detection rate of illegal trawling, DAFC said that the Administration would continue to collaborate with the relevant Mainland authorities to carry out joint

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operations and solicit support from various parties to control illegal trawling. The Administration undertook to provide supplementary information on the number of reports received by the Police on illegal fishing activities.

Supply of live poultry

17.35 Noting that the Government was commissioning a consultant to study the future of the live poultry trade, Mr Vincent FANG asked whether the consultant would consult the live poultry trade before making recommendations on the way forward. He was concerned that the trade would be seriously affected if the Government decided to suspend selling of live poultry in Hong Kong. Mr FANG also sought information on the estimated expenditures of the consultancy study.

17.36 SFH advised that the Administration had maintained close contact with the live poultry trade and explained to the trade that as long as Hong Kong continued the current practice of supplying live poultry, the public health threat would persist. No surveillance system against avian influenza could attain zero risk as had been borne out by experience in advanced overseas economies. While the Administration would strive to maintain the supply chain of live poultry, joint efforts by the trade would be necessary to prevent the spread of avian influenza if Hong Kong was to continue the practice of selling live poultry. SFH assured members that the consultant to be engaged by the Government would consult relevant stakeholders in the live poultry trade on the way forward. As the Administration was in the course of inviting tenders on the project, estimation on the consultancy fee was not available at this stage.

Reduction of salt and sugar in food

17.37 While expressing support for the reduction of salt and sugar in food, Mr CHAN Chi-chuen queried the need for setting up the Committee on Reduction of Salt and Sugar in Food in March 2015 to implement strategic plans in this regard. He asked whether it was the policy direction to set up advisory committees or impose tax to implement Government's policies in this regard in the future. He also expressed concern as to whether the additional expenditures required could be absorbed from within existing resources of FHB.

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17.38 SFH explained that the reduction of intake of salt and sugar was not simply a personal choice of consumers but involved the co-operation of food manufacturers to reduce the salt and sugar content in food during manufacturing process. The Administration considered that the promotion of salt and sugar reduction in food solely by publicity means was inadequate. Having made reference to overseas experiences, the Administration considered that a high-level committee should be set up to enlist the support of the food trade first to voluntarily reduce salt and sugar in food. The Administration was inclined not to impose tax or enact legislation to reduce the intake of salt and sugar in food at the present stage.

Application for restaurant licence

17.39 The Chairman asked whether the Administration would consider extending the validity period of a restaurant licence from one year to two years as a trade facilitation measure. Referring to the average processing time for issuing a full restaurant licence and a provisional restaurant licence from 2012 to 2014, the Chairman asked whether the Administration would increase the manpower resources of the relevant departments to expedite the processing of restaurant licence applications.

17.40 DFEH advised that restaurant licences were renewed annually at present. With reference to the recent arrangement for extending the maximum validity period of a liquor licence from one year to two years, the Administration would consider extending the validity period of restaurant licence for cases with a good track record. DFEH said that apart from manpower, the processing time for an application was contingent upon the time spent by the applicant in complying with the relevant licensing requirements, settling objections raised by the public or other departments concerned and addressing relevant land issues, if any.

Animal welfare

17.41 Noting that the expenditure on the euthanasia of animals in the past three financial years had reduced from \$1.5 million in 2012-2013 to 1.4 million in 2014-2015, Ms Claudia MO enquired whether the Administration had a timetable for cessation of euthanasia of animals. SFH advised that the Administration noted that animal welfare groups were opposed to euthanasia of animals. The Administration had considered

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other alternatives, such as implementing the "Trap-Neuter-Return" trial programme, to reduce the number of animals euthanized. The Administration did not have a timetable on the cessation of euthanasia of animals. The Administration considered it more important to fortify public education promoting awareness of animal welfare issues. In response to Ms MO's enquiry, DAFC advised that the Administration was exploring the relocation of the Kowloon Animal Management Centre to a suitable site in Kowloon such as the Kai Tak Development Area. He also informed members that AFCD received every year over 10 000 complaints about animals causing nuisances to the public.

Rodent prevention and control

17.42 Dr Priscilla LEUNG was concerned that the overall rodent infestation rate went up in 2015, with the problem being particularly serious in Kowloon City District. She said that the accumulation of water at the MTR Corporation Limited's construction sites after heavy rain, the hygiene problem caused by the food premises and shops selling wet goods had led to the deterioration of the rodent infestation problem. She considered that FEHD should enhance training for its frontline staff to ensure that they were equipped with the requisite skills and knowledge on rodent prevention and control. She suggested that FEHD should exchange experience and knowledge in anti-rodent work with the experts in the Guangdong Province.

17.43 SFH agreed that public hygiene issues (e.g. handling of food and leftovers by restaurants) should first be tackled in order to effectively reduce the rodent problem. He said that the Administration would step up publicity and educational programmes on rodent prevention and control and enhance training and experience sharing in anti-rodent work. Dr Priscilla LEUNG considered that the MTR Corporation Limited should be requested to address the hygiene problem caused by the construction works.

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18.1 At the Chairman's invitation, Dr KO Wing-man, Secretary for Food and Health ("SFH") briefed members on the main initiatives and expenditure on the policy area of health services for the coming year (Appendix IV-16).

Public healthcare expenditure

18.2 In view of the considerable fiscal surplus and the growing demand for public healthcare services from population ageing, Mr Vincent FANG expressed concern about the reduction of the proportion of health budget to the Government's recurrent expenditure from 17% in 2012-2013 to 16.8% in 2015-2016. In particular, he sought explanation on why, according to the Administration, the Hospital Authority ("HA") would need to mobilize its internal resources in 2015-2016 for strengthening its healthcare services.

18.3 SFH advised that the recurrent Government expenditure on health, which was estimated at \$54.50 billion in 2015-2016, was higher than the revised estimate of \$54.08 billion in 2014-2015. The subvention to HA would amount to \$49.9 billion in 2015-2016. HA's overall operating expenditure was, however, projected to reach \$54 billion in 2015-2016, representing an increase of over 3% as compared to the 2014-2015 budget. Hence, HA would need to utilize the subvention from the Government, as well as its own income and internal resources for implementing the various measures to meet the increasing demand for hospital services and to improve the quality of patient care. He assured members that the reserve of HA would continue to stand at a healthy level.

18.4 Mr Albert HO considered that given the rising demand for public healthcare services in view of an ageing population and the current long waiting time for HA's specialist outpatient services, he saw no reason why health expenditure would also be required to subject to the "0-1-1" envelope savings programme launched by the Financial Secretary ("FS") which aimed to reduce the operating expenditure by a total of 2% over the next three financial years. SFH assured members that resources would continue be earmarked to ensure that the long term demand of the population for public healthcare services would be met by HA through the introduction of various service initiatives and enhancement of its manpower and service capacity.

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18.5 Noting that FS had pledged in the 2015-2016 Budget to allocate to HA a sum of \$10 billion as endowment to generate investment return for funding HA's public-private partnership ("PPP") initiatives, Miss Alice MAK sought information about how the amount of endowment was derived, the PPP initiatives to be covered and the estimated expenditure involved.

18.6 SFH advised that one of the PPP initiatives under consideration was the extension of the General Outpatient Clinic PPP Programme, which was launched by HA in three districts on a pilot basis in mid-2014, to the remaining 15 districts by phases. Chief Executive, HA ("CE, HA") supplemented that at present, HA's annual expenditure for PPP initiatives was about \$120 million. It was estimated that the endowment of \$10 billion would generate an investment return of \$300 to \$400 million for funding HA's existing and future PPP initiatives. The Government and HA were working on the detailed funding proposal and would consult the Panel on Health Services of the Legislative Council in due course.

Capital and minor works projects of HA

18.7 Miss CHAN Yuen-han pointed out that the finding of a recent survey which revealed that Wong Tai Sin ("WTS") recorded the highest number of elders, in particular elders who were Comprehensive Social Security Assistance recipients, indicated that many residents at WTS had to rely on public healthcare services. Given that the development of an acute general hospital in Kai Tak Development Area was still under planning, she urged the Administration to accede to the repeated request from the WTS District Council for the provision of public accident and emergency ("A&E") services in the district, say, at the nearby Our Lady of Maryknoll Hospital.

18.8 SFH admitted that in view of the growing and ageing population of the WTS district, it was undesirable that the healthcare needs of its residents had to be met by the various public hospitals in the Kowloon West ("KW") Cluster. That said, it was considered inappropriate to provide A&E services in Our Lady of Maryknoll Hospital. While the long-term service needs of WTS district would be met by the acute general hospital to be developed in Kai Tak Development Area, it should be noted that the recommendations to be put forth by the Steering Committee on Review of the Hospital Authority in 2015 would cover, among others, a review on hospital cluster arrangement.

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18.9 Dr Helena WONG noted that a total of 250 additional beds would be provided in public hospitals in 2015-2016, whereas another 2 800 additional beds would only be provided upon completion of various public hospital projects. She sought information about the concrete timetable for the provision of these additional beds. SFH explained that the schedule of opening of these additional beds would depend on the timing of completion of the hospital projects. While some of these projects were being carried out at various stages of works, some projects were still under planning and subject to funding approval by the Finance Committee ("FC") of the Legislative Council. The works expenditure of all these hospital projects was estimated at \$81 billion.

18.10 Noting that a one-off grant of \$13 billion had been provided for HA to carry out its minor works projects for about 10 years or so starting from 2014-2015, Prof Joseph LEE asked why HA was required to absorb the resources required of providing an additional 20 beds by phases in the Siu Lam Hospital during the period of 2015-2016 to 2017-2018. CE, HA explained that the one-off grant received for minor works projects together with the related investment income were recognized as deferred income. At present, part of the funds was placed with the Exchange Fund and the remaining funds had been managed internally and invested within the ambit of HA's prevailing investment guidelines. Each year, HA would allocate more than \$1 billion for carrying out the minor works projects with the cost of the projects be met by the deferred income.

Healthcare manpower

Measures to facilitate overseas-trained doctors to practise in Hong Kong

18.11 Referring to the long waiting time for public hospital services, the rising healthcare service demand in the face of an ageing population, and the pilot scheme to attract the second generation of Hong Kong permanent residents who had emigrated overseas to return to Hong Kong as announced by the Chief Executive in his 2015 Policy Address, Mr CHUNG Kwok-pan considered that the Administration should actively work with the Hong Kong Medical Council ("MCHK") to facilitate overseas-trained doctors, in particular those who were Hong Kong permanent residents, to practise in Hong Kong so as to address the current problem of shortage of medical manpower.

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18.12 SFH advised that it was not uncommon among overseas jurisdictions to require those who wished to practise locally after having received medical training outside the jurisdictions to attempt a licensing examination. The Administration had been actively exploring with MCHK on ways to facilitate more overseas-trained doctors, including those who were Hong Kong residents, to return to practise in Hong Kong. The frequency of the Licensing Examination had since 2014 been increased from once to twice a year, with a significant increase in the number of candidates passing the examination. Moreover, consideration was being given to allowing candidates passing the Licensing Examination, who had already obtained a specialist qualification which was comparable to a Fellowship of the Hong Kong Academy of Medicine ("HKAM"), to apply for exemption from a specialty of internship training. It should, however, be noted that the problem of medical manpower shortfall in Hong Kong should in the longer term be addressed through increasing the number of local medical graduates.

18.13 The Chairman declared that his daughter and son-in-law were both overseas-trained doctors. He said that to his understanding, the two local universities providing medical training supported introduction of measures to facilitate non-local doctors to practise in Hong Kong. In his view, it was inappropriate to require experienced overseas specialist doctors to attempt the part of Licensing Examination of MCHK which aimed at testing their professional knowledge in subjects such as basic sciences. In addition, passing the Licensing Examination was no equivalence of recognition of the specialist qualification of these doctors. He surmised that the reason why a high threshold was set for the Licensing Examination was for limiting the supply of doctors in Hong Kong so as to protect the interest of local doctors in private practice. Hence, he considered that the composition of MCHK should be expanded to include more lay members.

18.14 SFH responded that the Licensing Examination of MCHK aimed to ensure that those who wished to register as medical practitioners in Hong Kong after receiving medical training outside Hong Kong had attained a professional standard comparable to that of local medical graduates. Hence, the papers of the Licensing Examination (including the paper on professional knowledge) were set with reference to the papers of local examinations at a comparable level of difficulty. It should, however, be noted that the difference in the mode of examination of the local medical

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schools of the two universities with that of the overseas places had posed difficulty for overseas-trained doctors to pass the Licensing Examination. Given that local medical schools were reviewing their mode of examination, it was expected that the passing rate of the Licensing Examination would rise after the completion of the review exercise. For those overseas-trained doctors who wished their specialist status to be recognized in Hong Kong, they had to be certified by HKAM to have training and qualification comparable to that required of an HKAM Fellow in the relevant specialty. Director (Cluster Service), HA ("D(CS), HA") supplemented that with the arrangements to increase the frequency of the Licensing Examination from once to twice a year and to allow candidates to further attempt any part of the Licensing Examination, the passing rate of the Licensing Examination had increased from about 20% (i.e. about 20 candidates) in the past to 30% to 40% (i.e. about 60 candidates) in 2014.

18.15 Mr Paul TSE sought information about the average number of non-local doctors registered in Hong Kong and recruited by HA under limited registration respectively each year. D(CS), HA advised that there were more than 100 applications to sit the various parts (i.e. the examination in professional knowledge, the proficiency test in medical English and the clinical examination) of the Licensing Examination each year. Depending on whether re-sitting was required, the time required of a candidate to complete all three parts of the Licensing Examination varied from one to six years. As regards the number of non-local doctors recruited by HA for practice under limited registration, D(CS), HA advised that HA received about 20 to 30 job applications from non-local doctors for each job opening. It currently recruited 13 non-local doctors under limited registration.

18.16 To provide members with a better understanding of the issue, SFH undertook to provide in writing the passing rate of each part of the Licensing Examination in the past five years; the number of candidates who had completed all three parts of the Licensing Examination in each of the past five years, with a breakdown by whether the candidates were Hong Kong residents; and the number of non-local doctors who were already on the register of MCHK when being employed by HA.

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Manpower of HA

18.17 Ms Emily LAU asked whether the plan of HA to earmark around \$321 million in 2015-2016 for, among others, recruiting around 400 doctors and retaining its staff could address its manpower constraint issue having taken into account the attrition rate of its doctors. CE, HA advised that there would be a net increase of 148 doctors in 2015-2016. Looking forward, it was anticipated that with a further increase in the number of medical graduates completing their internship from 320 in 2015 to 420 in 2018, the medical manpower shortage problem of HA would be improved in the long run. In response to the suggestion of Ms Emily LAU that HA should in the meantime recruit more overseas-trained doctors to alleviate the heavy workload of its doctors, CE, HA advised that HA would continue to recruit doctors from overseas by way of limited registration to improve the manpower strength of the pressurized specialties.

18.18 Mr TANG Ka-piu sought explanation as to the reason why the manpower of doctors in the A&E department of the Prince of Wales Hospital ("PWH") (i.e. 21 doctors), being the major acute hospital in the New Territories East ("NTE") Cluster, was lower than that of the North Lantau Hospital (i.e. 22 doctors) and far lower than that of the Princess Margaret Hospital (i.e. 29 doctors) in the KW Cluster. D(CS), HA responded that there was currently a shortfall of 10 doctors in PWH. This notwithstanding, with the deployment of extra manpower provided by the recruitment of medical staff from non-A&E departments to work extra hours on voluntary basis with payment of special honorarium, PWH's A&E department was supported by about 30 doctors to ensure that its actual level of service provision would remain unaffected.

18.19 Noting the high attrition number of doctors and nurses of HA in recent years, Dr Helena WONG asked how the Administration would address the brain drain of experienced doctors and nurses from the public to the private sector with a view to ensuring the quality of public healthcare services. SFH advised that a recommendation to be put forth under the Government's review on healthcare manpower planning and professional development was that HA should strengthen professional training and development for its staff to improve staff retention. That said, with the introduction of a number of measures by HA to retain its staff in recent years, the attrition rates of doctors and nurses in HA had become steady.

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18.20 Prof Joseph LEE noted with concern that staff having less than five years of service had accounted for the largest proportion of the full-time nursing and allied health staff who left HA in the rolling period from 1 January to 31 December 2014. He asked whether HA would review its policy of not awarding increment jumps during the first two years of services of the nursing and allied health staff in order to retain the newly joined staff. CE, HA advised that HA had retained staff through various measures which included enhancement of their promotion opportunities and professional training. Efforts had been, and would continuously be, made to review the incremental policy having taken into account of the overall operating expenditure of HA.

18.21 Referring to the Administration's reply in Reply Serial No. FHB(H)004, Miss LAU sought explanation as to why HA's provision of special allowances and leave encashment to encourage staff to increase work hours to provide more frequent ward rounds during weekends and holidays was aimed at facilitating discharge of suitable patients.

18.22 CE, HA explained that given that HA had mobilized manpower to cope with the increase in service demand during the 2014-2015 winter surge, there was a need to increase the manpower for conducting more frequent ward rounds during weekends and holidays so that suitable patients would be discharged or transferred to other units or hospitals in order to vacate beds for new admissions.

Payment adjustment for the Hospital Authority staff

18.23 Mr POON Siu-ping asked whether HA would review its practice to enable ex-employees, who had left HA from 1 April 2014 to the date the 2014-2015 pay adjustment took effect, to be eligible for the retrospective pay adjustment. CE, HA advised that it had been an established practice of HA that annual pay adjustment to HA's pay scales would be applied to serving employees as at the date when the pay adjustment was approved by the HA Board, which normally took effect in July. For the 2014-2015 annual pay adjustment which was only approved by the HA Board in January 2015 due to the reason that the 2014-2015 civil service pay adjustment was not approved by FC until 16 January 2015, the HA Board had agreed on exceptional grounds a one-off arrangement that ex-employees who were still in service between 24 July 2014 and 21 January 2015 (both

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dates inclusive) would have their salaries adjusted with retrospective effect from 1 April 2014.

Primary care services

Dental care services

18.24 Noting that the Elderly Dental Assistance Programme under the Community Care Fund would only be expanded to benefit those Old Age Living Allowance recipients aged 80 or above, Miss Alice MAK asked whether consideration could be given to enhancing the provision of public dental care services for the elderly through increasing the number of government dental clinics to cover all 18 districts, expanding the service scope of these dental clinics to cover more complex dental procedures, and introducing separate dental care vouchers to enable elderly persons to visit dentists in the private sector. Referring to the significant increase in the number of voucher claims by dentists under the Elderly Health Care Voucher Scheme from 36 783 in 2013 to 73 586 in 2014, Miss CHAN Yuen-han and Mr TANG Ka-piu urged the Administration to squarely address the increasing demand of elders for dental care services.

18.25 SFH said that he had reservation on introducing a separate elderly voucher scheme to cover dental care services. The existing arrangement to allow elders aged 70 or above to make use of the vouchers under the Elderly Health Care Voucher Scheme to access various types of private primary care services, including private dental services, was considered more flexible. The Administration would continue to introduce enhancements to the Scheme where appropriate based on its operational experience.

18.26 Mr POON Siu-ping sought information about the number of healthcare personnel among the six civil service posts provided in 2014-2015 and 2015-2016 for the implementation of the Outreach Dental Care Programme for the Elderly. Director of Health ("DoH") replied that the six posts included a Senior Dental Officer, a Dental Officer, a Senior Executive Officer, an Executive Officer II, an Assistant Clerical Officer and an Accounting Officer.

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Elderly Health Care Voucher Scheme

18.27 Noting that the estimated financial implication of lowering the age eligible for the Elderly Health Care Voucher Scheme from 70 to 65 years of age would only be about \$0.4 billion, Mr POON Siu-ping urged the Administration to lower the age requirement of the Scheme in order to benefit more elderly persons in using primary care services in the private sector and hence, reducing their demand for public healthcare services. SFH responded that since its introduction in 2009, the Administration had continuously enhanced the Scheme and would continue to do so pursuant to the gaining of operational experience.

Elderly Health Centres

18.28 Noting that the median waiting time for elders to receive health assessment and medical consultation at the Elderly Health Centres ("EHCs") at Sai Ying Pun, Wan Chai, Yau Ma Tei, Kowloon City was more than 30 months, Prof Joseph LEE asked how the creation of an additional clinical team comprising one doctor, three nurses and two clerical staff in 2015-2016 could enhance the service capacity of, and reduce the waiting time for, EHCs.

18.29 DoH advised that resources had been earmarked in 2014-2015 and 2015-2016 for the creation of an additional clinical team each for the Lek Yuen EHC and Wan Chai EHC. The clinical team established in 2014-2015 had started operation since March 2015. Efforts had also been made to allocate certain quota of those EHCs with less number of cases requiring medical consultations to first-time health assessments.

Primary Care Directory

18.30 In response to Prof Joseph LEE's enquiry about the timetable for the development of the Primary Care Sub-directories for optometrists and physiotherapists, DoH advised that the Administration was in the progress of consulting the Optometrists Board in the development of the Sub-directory for optometrists. The development of Sub-directories for other healthcare professionals, including physiotherapists, would only be considered after the launch of the Sub-directory for optometrists in 2015 the earliest.

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Breast cancer prevention and screening

18.31 Noting that a Colorectal Cancer Screening Pilot Programme was expected to be introduced by DH by end 2015 the earliest, Dr Helena WONG asked whether consideration could be given to introducing a breast cancer mammography screening programme for women for breast cancer prevention.

18.32 SFH advised that there was prevailing and increasing international evidence that questioned overall benefits to harm of population-based breast cancer screening. There were also divergent views in this regard among local experts. As a first step, the Administration would commission a local university to conduct a local clinical study. It was expected that the study would take one to two years to complete. Miss CHAN YUEN-han maintained the view that population-based breast cancer screening should be introduced to facilitate early detection of breast cancer, which was the third most common cancer in Hong Kong.

Development of Chinese medicine

18.33 Mr WONG Kwok-hing commended the Administration for stepping up efforts to take forward the development of Chinese medicine. He, however, considered the non-inclusion of public Chinese medicine outpatient services in the scope of medical and dental benefits for civil service eligible persons a discrimination against Chinese medicine. He urged SFH to work with the Secretary for Civil Service on the matter. SFH advised that the issue fell within the purview of the Civil Service Bureau. It should also be noted that the development of Chinese medicine in the public healthcare system was still at the early stage of development.

18.34 Mr WONG Ting-kwong called on the Chinese Medicine Board ("CMB") to expedite the processing of transitional registration of proprietary Chinese medicines ("pCm") to formal registration.

18.35 DoH advised that as of 1 March 2015, CMB had received a total of 17 980 applications for registration of pCms as provided for under the Chinese Medicine Ordinance (Cap. 549) since December 2003. CMB had completed processing all the applications for transitional registration and had issued 8 548 "Notice of confirmation of transitional registration of

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pCm" (i.e. HKP) to those applications which contained three acceptable basic test reports. Holders of HKP had to submit the necessary documents in respect of safety, quality and efficacy to CMB in order to migrate their transitional registrations to formal registrations. Having taken into account the difficulties encountered by the trade in the testing of safety and quality, CMB had adjusted the processing arrangements, such as extending the deadline for submitting the product specification and general stability test reports by HKP holders. It would continue to actively communicate with the applicants to facilitate them to migrate to formal registration.

18.36 Mr WONG Ting-kwong urged DH to carry out joint operations with other enforcement authorities to combat the sale of spurious pCm to safeguard public health. DoH advised that the regulatory regime for the import, export, sale or manufacturing of goods to which a forged trademark was applied was provided for under the Trade Descriptions Ordinance (Cap. 362). Upon receipt of complaints about pCm suspected to be counterfeit products, DH would refer the case to enforcement agencies for investigation as appropriate.

Healthcare services provided by HA

Mental health services

18.37 Pointing out that early identification of children with developmental disorder was critical towards effective intervention before six years old, Dr Fernando CHEUNG considered it unacceptable that some new cases of children with suspected autistic spectrum or hyperactivity disorders had to wait for two to three years for receiving assessment and treatment at the child and adolescent psychiatric specialist outpatient clinics ("SOPCs") of HA. In view of the increasing service demand in this regard, he asked whether HA would enhance its child and adolescent psychiatric services by, say, strengthening the manpower of its paediatrics and child and adolescent psychiatric specialties through recruiting non-local doctors under limited registration, and provide interim support services for new cases on the waiting list.

18.38 SFH admitted that there was an increasing demand for public mental healthcare services, particularly from children and adolescents, as well as patients with common mental disorders ("CMD"), in recent years.

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In the meantime, the Government was conducting a strategic review on healthcare manpower and development in Hong Kong. Pending the outcome of the review, which would formulate recommendations on how to cope with the anticipated demand for healthcare manpower (including that for the psychiatric specialty) in the longer term, the Administration was in discussion with the University Grants Committee on an interim arrangement to increase the number of publicly-funded first-year-first-degree places in medicine and other healthcare disciplines in the 2016-2017 to 2018-2019 funding triennium for universities.

18.39 D(CS), HA supplemented that in view of an increasing demand for child and adolescent psychiatric services, HA had strengthen its child and adolescent psychiatric teams in the KW and NTE Clusters in 2014-2015. In 2015-2016, another multi-disciplinary team would be provided to the child and adolescent psychiatric services in the Kowloon East Cluster. It should, however, be noted that the increase in manpower of HA's child and adolescent psychiatric teams was unable to catch up with the surge in demand, which had increased by 10% in the past two years. In the light of this, the Review Committee on Mental Health ("the Review Committee") was studying how to strengthen the collaboration between the medical and education sector in order to enhance support to children with special educational needs.

18.40 Ms Emily LAU enquired about the timetable for the Review Committee, which was established in May 2013, to complete its review. SFH advised that the Review Committee had considered measures for improvement of services for persons suffering from severe mental illness. These included, among others, the extension of the Case Management Programme to all the 18 districts and the repositioning of almost all second generation oral anti-psychotic drugs to the general drug category in HA Drug Formulary so that all these drugs could be prescribed as first-line drugs. For persons with common mental disorder, the roles of psychiatric nurses and family doctors in treating these patients would be explored, so that psychiatrists could devote more time to managing new cases.

Waiting time for specialist outpatient services

18.41 Mr Albert HO expressed concern that some 20 000 new cases had to wait for more than one year for consultation at public SOPCs. Many of

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these patients were unable to afford private healthcare services and the long waiting time might lead to deterioration of their clinical conditions. Citing a case whereby a patient had to wait more than 36 months for consultation at a public orthopaedics and traumatology S OPC as an example, Mr WONG Ting-kwong also expressed concern about the long waiting time for public specialist outpatient services.

18.42 SFH advised that under the triage system, referrals of new patients were usually first screened by a nurse and then by a specialist doctor of the relevant specialty for classification into urgent, semi-urgent and routine categories. HA's target was to maintain the median waiting time for cases in the urgent category within two weeks. The waiting time for patients, in particular those in less severe and non-urgent conditions, had however lengthened over years as there was a surge in demand for public S OPC services and HA was experiencing manpower shortage in recent years. Given that many patients were referred from within HA, HA would look into how these referrals could be managed in a shorter period of time. As regards the case referred to by Mr WONG Ting-kwong, SFH said that while he could not comment on individual case, it should be noted that the appointment time for consultation of each patient was determined according to the patient's clinical conditions.

Management of ambiguous genitalia cases

18.43 Mr CHAN Chi-chuen expressed concern that HA did not maintain statistics on the number of babies born in Hong Kong with ambiguous genitalia to ensure that these cases had been followed up appropriately. SFH explained that the absence of these statistics was due to the reason that ambiguous genitalia, which were appearances caused by many different underlying conditions, was not a principal diagnosis classified under HA's diagnosis-related groups. Given that congenital adrenal hyperplasia or other steroid biosynthetic defects might cause ambiguous genitalia, he had requested HA to explore whether its relevant statistics could shed light on the number of babies born with ambiguous genitalia.

Sex reassignment surgery

18.44 In response to Mr CHAN Chi-chuen's concern about the long waiting time for sex reassignment surgery ("SRS") at public hospitals,

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CE, HA advised that services for patients with Gender Identity Disorder were provided by HA's psychiatric SOPCs in all seven hospital clusters. While SRS were conducted in Ruttonjee Hospital in the past, HA would commence SRS services in PWH in 2015-2016. The plan was for PWH to receive referral for SRS for male to female and female to male, while Ruttonjee Hospital continued to provide SRS for male to female.

Outstanding fee due from Mainland women giving birth in public hospitals

18.45 Mr CHAN Chi-chuen was concerned about the outstanding fee due from Mainland women giving birth in public hospitals in the past three years. CE, HA advised that since the suspension, from April 2012, of booking of obstetric services by non-local women (including Mainland women) for 2013 and onwards, there had been a decrease in the number of deliveries by non-eligible persons with outstanding fee from 2013-2014 onwards. HA would provide the requisite statistics in writing after the meeting.

Voluntary Health Insurance Scheme

18.46 Holding the view that the tax deduction proposed for the Voluntary Health Insurance Scheme ("VHIS") was not enough to incentivize more healthy people to take out individual indemnity hospital insurance policies complying with the VHIS Minimum Requirements, Mr WONG Kwok-hing called on the Administration to provide greater financial incentive under VHIS. While expressing support for VHIS, Mr CHAN Kin-por raised a similar concern. In particular, tax deduction alone could not incentivize VHIS subscribers to stay on after retirement and did not address the problem that the subscribers might become unable to afford the premium and stay insured at an older age when they needed it most.

18.47 SFH clarified that the annual ceiling of claimable premiums and the average tax benefit per eligible taxpayer as set out in the Consultation Document on VHIS were for pure illustration purpose. The exact amount of tax deduction claimable by taxpayers to support the introduction of VHIS would be determined by FS closer to the time of implementation of VHIS. Subject to public views received during the public consultation period (which had been extended till 16 April 2015) on the proposed tax deduction, the Administration would come up with a finalized proposal on the

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provision of financial incentives under VHIS.

Tobacco control

18.48 Mr CHAN Chi-chuen enquired about the number of fixed penalty notices for smoking offences issued to Mainlanders in Hong Kong which had not been settled and the amount involved. DoH advised that as of 6 March 2015, there were a total of 185 and 283 fixed penalty notices in 2013 and 2014 respectively which had not been settled, involving an amount of around \$702,000,. She would provide in writing a breakdown of the numbers by the nationality of the smoking offenders, if available.

Chapter XIX : Welfare and Women

19.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare ("SLW") briefed members on the major initiatives and expenditure concerning welfare and women for the 2015-2016 financial year (Appendix IV-17).

Elderly services

Residential care services

19.2 Mr SIN Chung-kai considered that in view of the growing ageing population, the provision of new places was inadequate to meet the pressing demand for subsidized places of residential care homes for the elderly ("RCHEs").

19.3 Mr Albert CHAN called on the Administration to tackle the long-standing problem of the gross shortage of subsidized RCHE places.

19.4 SLW responded that to echo with the policy objective of "ageing in place as the core, institutional care as back-up", the Administration had expended efforts in increasing the subsidized RCHE places and enhancing community care services to facilitate elderly persons to age in place. He reiterated the measures taken by the Administration on residential care services ("RCS") as set out in paragraph 6 of his speaking note for the meeting.

19.5 Mr SIN Chung-kai asked if the Special Scheme on Privately Owned Sites for Welfare Uses ("Special Scheme") could help shorten the long waiting time for subsidized RCS and whether it would incur any resources.

19.6 SLW replied that the waiting time for subsidized RCS would be affected by various factors, such as the preference of elderly persons on RCHEs. Hence, it was difficult for the Administration to make a pledge in this regard. In any event, the provision of about 9 000 additional places for elderly services under the Special Scheme in the coming five to 10 years would considerably relieve the pressure on service demand and shorten the waiting time. Permanent Secretary for Labour and Welfare ("PSLW") added that the Administration had injected \$10 billion to the Lotteries Fund

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for implementing the Special Scheme.

19.7 Mr Michael TIEN said that the service standard of private RCHes in the Enhanced Bought Place Scheme ("EBPS") was not comparable to those of subvented/contract RCHes even if their EA2 places had been upgraded to EA1 places under the Pilot Scheme on Residential Care Service Voucher for the Elderly ("Pilot Scheme on RCS Voucher"). It was understandable that elderly persons had preference for subsidized RCHes which were of higher quality. To shorten the waiting time for subsidized places effectively, he called on the Administration to consider increasing subsidy to private RCHes in EBPS to help upgrade their service standard to the level of subvented/contract RCHes.

19.8 SLW responded that the service standard of the private RCHes in EBPS was considered satisfactory. However, their service standard was sometimes affected by structural constraints of the premises. To provide more options to enable eligible elderly persons to choose RCS that suited their needs, a consultancy study was underway to explore the feasibility of introducing the Pilot Scheme on RCS Voucher.

19.9 Mr POON Siu-ping enquired about the reasons for the low participation rate of the Pilot Residential Care Service Scheme in Guangdong ("Guangdong Scheme") and the measures to be taken by the Administration to encourage more elderly persons to join the Scheme.

19.10 SLW said that since the launch of the Guangdong Scheme, 26 and 11 elderly persons had chosen to reside in the residential care homes in Shenzhen and Zhaoqing respectively and 43 applications were under processing. The low participation rate was due to the elderly's wish to reside in RCHes located near the homes of their family members and relatives, worries about the quality of healthcare services, and the elderly's lack of social network in the Mainland. To provide more elderly persons with the option to reside in care homes in Guangdong, the Administration planned to allow elderly persons not on the Central Waiting List for subsidized RCHes to join the Guangdong Scheme.

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Community care services

19.11 Mr CHEUNG Kwok-che noted that some participants of the Pilot Scheme on Community Care Service Voucher for the Elderly ("Pilot Scheme on CCS Voucher") had not yet used the vouchers which had been issued for more than three months. He asked if elderly persons who were waiting for subsidized RCHE places and had not been invited to participate in the first phase of the Pilot Scheme on CCS Voucher could have a chance to use the vouchers which were not utilized before expiry.

19.12 Director of Social Welfare ("DSW") replied that for those voucher holders who had not yet made a choice of service provider and/or service package, the Social Welfare Department ("SWD") would continue to encourage and assist them to use the service as soon as possible. The Administration was now preparing for the implementation of the second phase of the Pilot Scheme on CCS Voucher so as to benefit more elderly persons.

Manpower resources for care services

19.13 Mr CHEUNG Kwok-che expressed concern as to whether a reasonable salary would be offered to young people participating in the "first-hire-then-train" pilot project so as to provide more incentive for young people to continue their services at elderly homes.

19.14 SLW said that the Administration launched the pilot project to encourage young people to join the elderly care service sector. The response to the project was encouraging in that some 200 young people had been enrolled as trainees, with a starting salary of \$8,200 in the first phase or \$9,100 in the second phase. Upon satisfactory completion of a part-time diploma course offered by the Open University, they would be qualified for registration as Health Worker and might further pursue a top-up programme for the qualification of Enrolled Nurse if they met the relevant entry requirements.

19.15 Mr LEUNG Che-cheung said that the supply of some 1 000 young people in servicing the elderly care homes under the Navigation Scheme for Young Persons in Care Services ("Navigation Scheme"). He urged the Administration to train more people to join the workforce of care workers

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and healthcare practitioners so as to keep pace with the expansion of elderly services in the coming years.

19.16 SLW said that in view of the positive response to the "first-hire-then-train" pilot project, the Administration had earmarked approximately \$147 million to launch the Navigation Scheme to encourage young people to join the elderly and rehabilitation care services. Apart from the younger generation, the Administration also encouraged women and middle-aged people to join the care service workforce through a wide range of training programmes organized by the Vocational Training Council and the Employees Retraining Board. Training programmes had also been offered by local universities and the Hospital Authority to strengthen the manpower supply of occupational therapists, physiotherapists, and enrolled nurses.

Women's interests

19.17 Dr Helena WONG enquired about the measures to be taken by the Administration to ensure that the benchmark for appointing women to Government advisory and statutory bodies could be raised from 30% to 35% in the coming year, in particular training programmes for senior government officials in regard to applying gender mainstreaming to the formulation of government policies.

19.18 Miss Alice MAK pointed out that there was only a slight increase in the number of curriculum vitae provided by female data subjects in the Central Personality Index of the Government. She considered that the Administration should reach out to the women community more proactively to invite outstanding Hong Kong women to join Government advisory and statutory bodies as members.

19.19 SLW said that to meet the gender benchmark, the Administration strived to encourage heads of bureaux/departments to appoint outstanding women as members of Government advisory and statutory bodies and invite women's associations and professional organizations to nominate women for inclusion in the Central Personality Index. He further said that the Labour and Welfare Bureau had spared no efforts in promoting gender

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mainstreaming through talks and seminars for senior government officials on the gender benchmark requirements and the "Gender Mainstreaming Checklist". A circular had also been issued to all heads of bureaux/departments on the application of gender mainstreaming when formulating major government policies and initiatives.

19.20 Casting doubt on the effectiveness of the above measures, Ms Emily LAU strongly appealed to the Administration to apply gender mainstreaming when formulating policies. She also urged the Administration to consider regulating the proportion of female members in the boards of directors of listed companies.

19.21 Mr Albert CHAN expressed concern about women's status in Hong Kong, in particular the business sector.

19.22 SLW responded that the Government had accepted the recommendation of the Women's Commission that starting from 2015-2016, all bureaux and departments should refer to the "Gender Mainstreaming Checklist" and apply gender mainstreaming when formulating major government policies and initiatives. As regards the proportion of female members in the boards of directors of listed companies, SLW said that the Administration would take the initiative to promote women participation in public service and work closely with leading women bodies with a view to developing the same culture in the business sector. PSLW added that the Administration would continue to liaise with stakeholders from different sectors to facilitate women's participation in the community.

Social security and retirement protection

19.23 Noting that the estimated total recurrent expenditure of the Comprehensive Social Security Assistance ("CSSA") and Social Security Allowance ("SSA") Scheme in 2015-2016 marked an increase of 8.1% over the last year, Mr LEUNG Che-cheung asked what factors the Administration had taken into consideration in its estimation of the expenditure for the two Schemes and whether any reserves had been earmarked for the Schemes.

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19.24 SLW said that the estimated recurrent expenditure of the two Schemes in 2015-2016 was about \$40 billion. The increase was to reflect the annual adjustment of payment rates under the two Schemes and the estimated increase in the number of cases under the SSA Scheme resulting from the growth of the elderly population.

19.25 Mr WONG Kwok-hing welcomed the one-off relief measures on providing an extra allowance to recipients of CSSA, Old Age Allowance, Old Age Living Allowance ("OALA") and Disability Allowance as well as paying one month's rent for lower income tenants living in public rental housing. He, however, expressed concern about when the targeted beneficiaries could receive the aforesaid assistance. He also called on members not to filibuster for the benefit of the grassroots.

19.26 SLW said that, barring unforeseeable circumstances, the aforesaid one-off relief measures could be implemented by July 2015. However, the implementation schedule would be delayed if the passage of the Appropriation Bill 2015 and the approval of the funding proposal for the additional payment by the Finance Committee were adversely affected by the filibustering.

Comprehensive Social Security Assistance

19.27 Noting that some districts had a higher number of CSSA cases, Mr Frederick FUNG asked whether the Administration had formulated any district-based poverty alleviation policies, and whether District Councils had provided facilities and assistance to help the disadvantaged at the district level.

19.28 SLW replied that the Administration would continue to take specific measures in districts with more needy people, such as elderly persons, new arrivals and ethnic minorities, to address their special needs.

19.29 Noting that \$220 million was earmarked to extend the Integrated Employment Assistance Programme for Self-reliance ("IEAPS") under CSSA in 2015-2016, Mr Paul TSE asked about the implementation details of IEAPS, including how the operating non-governmental organizations ("NGOs") implemented IEAPS, the actual expenditure of IEAPS in the past two years and the conditions under which CSSA cases were closed.

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19.30 SLW responded that the operating NGOs were responsible for providing employable able-bodied CSSA recipients with a range of one-stop integrated employment assistance services, taking into account their special needs on a family basis. Deputy Director of Social Welfare (Administration) ("DDSW(A)") added that with price adjustment offset by reduction in the number of CSSA cases, the proposed allocation of IEAPS in 2015-2016 should not differ a lot from the expenditure in the past two years. If employable able-bodied CSSA recipients refused to take part in IEAPS, their CSSA cases would be closed. If those taking part in IEAPS failed to participate in any of the employment assistance services provided or arranged by the operating NGOs without good reasons, SWD would consider suspending their CSSA payments for a period of time.

19.31 Mr Paul TSE noted that from January 2013 to end-December 2014, a total of 30 997 able-bodied CSSA recipients participated in IEAPS. Among these participants, 9 930 had secured employment or returned to mainstream schooling after participating in IEAPS, and 1 870 had left the CSSA net. He asked whether the latter were counted in the 9 930 participants, and sought information on the number of CSSA recipients who had left the CSSA net before and after the implementation of IEAPS.

19.32 Deputy Director of Social Welfare (Administration) ("DDSW(A)") replied that among the 9 930 participants who had secured employment or returned to mainstream schooling after participating in IEAPS, 1 870 had left the CSSA net while the rest might become low-income CSSA recipients. However, it might not be appropriate to directly compare the number of CSSA recipients who had left the CSSA net before and after the implementation of IEAPS, since IEAPS was a different operating mode integrating various employment assistance projects previously implemented under the Support for Self-reliance Scheme.

19.33 Mr Albert HO said that the number of CSSA cases in private housing with actual rent exceeding the maximum rates of the rent allowance ("MRA") was on average about 50% from 2010-2011 to 2014-2015. He enquired whether the Administration had provided any subsidies to alleviate the hardship of these grassroots families arising from the high rental and, if so, the amount of subsidies granted for each household.

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19.34 Mr Frederick FUNG called on the Administration to consider raising the amount of rent allowance under CSSA in view of the increasing number of CSSA cases with actual rent exceeding MRA and the high rental in the past few years.

19.35 DSW said that MRA had been increased by 6.7% with effect from 1 February 2015 and the accumulative increase since 2012 was 29%. The Community Care Fund ("CCF") launched three rounds of the assistance programme "Subsidy for CSSA Recipients Living in Rented Private Housing" in October 2011, September 2013 and September 2014. By providing a one-off subsidy for CSSA households living in rented private housing and paying a rent which exceeded MRA, the CCF programme aimed to relieve the financial burden on these households arising from the periodic increase in rent. DDSW(A) added that in the latest round of the CCF programme, the amount of subsidy for one-person and two-or-more-person CSSA households were \$2,000 and \$4,000 respectively.

Social Security Allowance

19.36 Mr TAM Yiu-chung enquired about the details regarding the 11 578 cases in which the elderly persons had failed to meet the income and asset requirements of OALA as revealed by the postal review conducted by SWD in 2014-2015.

19.37 SLW responded that currently there were some 415 000 elderly persons benefiting from OALA. Subject to the income and asset assessment, those elderly persons who had left the social security net in the review exercise might receive OALA again in accordance with the annual adjustment exercise under the Scheme. DSW supplemented that SWD had conducted a thorough review of each case and the data collected from the postal review would serve as future reference.

19.38 Miss CHAN Yuen-han expressed dissatisfaction at the means test requirements imposed on elderly persons aged 70 or above under the OALA Scheme and the ineligibility of elderly persons aged between 60 and 64 for any financial assistance for their living.

19.39 SLW said that OALA was an important pillar in supplementing the living expenses of elderly people aged 65 or above who were in need of

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financial support. As regards assistance for elderly persons aged below 65, he said that currently they were eligible for various subsidized public welfare services but in view of the ageing population, the Administration was prudent about the deployment of public funding for cash-based assistance for elderly persons.

19.40 Noting that the new computerized social security system had not been completed, Mr POON Siu-ping enquired about its impact on the provision of social security services. DSW responded that while the new system was expected to be rolled out in early 2018, SWD was upgrading the existing system, which would be ready for use in May 2015, to meet the service requirements. The provision of social security services had not been affected.

Retirement protection

19.41 Anticipating that there would be intensive discussions on various models of retirement protection in the community, Miss CHAN Yuen-han called on the Administration to expedite its consultation work and propose a model for the implementation of retirement protection as soon as possible.

19.42 Mr LEUNG Kwok-hung asked if the Administration had planned to implement universal retirement protection in the current-term government.

19.43 SLW said that the Administration had been working closely with the Commission on Poverty ("CoP") on its preparation for taking forward retirement protection, and CoP would consult the public on retirement protection in the latter half of this year. To demonstrate its determination and commitment, the Administration had earmarked \$50 billion to provide for future needs.

Low-income Working Family Allowance

19.44 Mr TANG Ka-piu sought the Administration's reply about the detailed implementation timetable of the Low-income Working Family Allowance ("LIFA") Scheme. Whilst expressing support for the provision of a one-off special subsidy for primary and secondary students on full grant under the School Textbook Assistance Scheme ("STAS") before the launch

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of the LIFA Scheme, Mr TANG queried why the Administration could not extend the scope of the assistance to grassroots' families with kindergarten students.

19.45 SLW said that with the funding proposals for the LIFA Scheme approved by the Finance Committee in January 2015, the Administration was working in full swing towards the implementation of the Scheme in the second quarter of 2016. The Administration would widely publicize the Scheme at least six months prior to the launch of LIFA to ensure that eligible applicants could have enough time to collect documentary proofs of their family income and working hours. As regards assistance for grassroots' families with kindergarten students, he said that CoP aimed to release the special subsidy to targeted beneficiaries under STAS before the commencement of the 2015/16 school year. As kindergarten students were not the targeted beneficiaries of STAS, and given that a lead time was required for identifying the needy kindergarten students before the provision of assistance to the families concerned, the proposed provision of subsidy for kindergarten students would not be pursued for the time being.

19.46 In response to Mr TANG's enquiry, SLW said that the Efficiency Unit had commissioned a consultancy study on the provision of a more user-friendly one-stop service in relation to applications for benefits under various welfare schemes. The Administration would revert to members on the detailed findings in due course.

Carer allowance

19.47 Dr Helena WONG said that many women were not able to enter the labour market as they had to stay at home to take care of their family members. She called on the Administration to provide allowance for family carers to ease their hardship.

19.48 SLW responded that eligible persons with financial difficulties could apply for CSSA or other financial assistance, such as LIFA or the assistance provided under the CCF's pilot scheme on living allowance for carers of the elderly persons from low income families.

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Rehabilitation and medical social services

19.49 Dr Fernando CHEUNG called on the Administration to expeditiously increase the number of places offered by the Special Child Care Centre ("SCCC") to address the needs of children with severe disabilities aged between 0 and 6 for the sake of early intervention.

19.50 SLW responded that the Administration would continue to increase the number of places of pre-school rehabilitation services in line with the pledge of the current term of the Government. To enable children to receive timely pre-school services while waiting for subvented services, CCF had launched an assistance programme to provide a training subsidy for low-income families with children in need of such services. DSW added that an additional 90 places would be offered by SCCC in 2015-2016 and about 1 000 SCCC places would be provided through the Special Scheme. The CCF's assistance programme had been regularized with the level of subsidy increased. Eligible children with severe disabilities who were waitlisted for subvented pre-school services could be granted a higher amount of subsidy under the regularized programme.

19.51 Mr TAM Yiu-chung pointed out that the average waiting time for residential care homes for mentally handicapped persons went further up to more than 100 months. He called on the Administration to draw up measures to alleviate the acute shortage of such care home places.

19.52 SLW responded that the Administration had accorded high priority to coping with the shortage of places for services for persons with disabilities. In the coming years, some 2 000 places for residential care services for persons with disabilities would be provided under the Special Scheme. In addition, the Administration had undertaken a study on the redevelopment of the former Siu Lam Hospital in Tuen Mun and the former Kai Nang Sheltered Workshop and Hostel in Kwun Tong, with a total provision of some 1 450 residential care places. Apart from providing care home places, the Administration had committed to enhancing its community care and support services to facilitate the re-integration of persons with disabilities into the community.

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19.53 Dr Fernando CHEUNG called on the Administration to provide further support for persons with disabilities who were waiting for RCS and day care services.

19.54 SLW replied that the Administration had earmarked around \$230 million in 2015-2016 to continue to implement the regularized home care service for persons with severe disabilities with a view to enhancing community support services for persons with severe disabilities living in the community and helping relieve the burden of their carers. It was expected that about 3 000 persons with severe disabilities would benefit from the service. Moreover, additional provision was allocated to strengthen the manpower of the 16 District Support Centres for Persons with Disabilities to address the special needs of persons with intellectual disabilities.

19.55 In view of the increasing number of people who suffered from dementia, Dr Helena WONG asked if the Administration had earmarked resources to address their needs and provide support to their carers.

19.56 DSW replied that the Administration had allocated \$22 million in 2014 to strengthen the manpower of the District Elderly Community Centres in all 18 districts. Moreover, the provision of Dementia Supplement for Day Care Centres for the Elderly and the private RCHEs participating in EBPS had been increased so as to enhance care services for elderly persons with dementia.

19.57 Mr CHEUNG Kwok-che called on the Administration to review the implementation and effectiveness of the Integrated Community Centres for Mental Wellness ("ICCMWs"). He also asked the Administration to explain the purpose of earmarking an additional full-year recurrent funding of some \$12.7 million in 2015-2016 for ICCMWs.

19.58 SLW said that ICCMWs were considered effective in providing support services for mental patients and their families in a holistic manner. Deputy Director of Social Welfare (Services) added that SWD would discuss with the operators of ICCMWs to examine their current operation and explore areas for improvement in the delivery of services. DSW supplemented that the additional funding of some \$12.7 million would be used to strengthen the manpower of social workers in ICCMWs.

Domestic violence

19.59 Pointing out that the number of male victims accounted for 18% and 17% of the total number of newly reported spouse/cohabitant battering cases in 2013 and 2014 respectively, Mr WONG Kwok-hing expressed concern that the Administration should offer counseling services and sheltered homes specially for men.

19.60 Ms Emily LAU noted that the Administration had introduced the Educational Programme on Stopping Domestic Violence in October 2013 to provide psycho-education services for batterers of spouse/cohabitant battering cases. She, however, cast doubt on the effectiveness of the Programme in combating domestic violence given that there were only 170 participants as at December 2014.

19.61 SLW said that the Administration had been committed to providing professional counselling services and protection for victims of domestic violence and their family members. Such provision was based on their needs irrespective of their gender. At present, there were five refuge centres which were operated by NGOs and provided a total of 260 temporary residential places for victims of domestic violence. DSW added that SWD attached importance to the provision of services for victims of both genders and there were shelters run by NGOs which provided designated accommodation service for male and female victims of domestic violence.

19.62 Noting that there were over 11 000 domestic conflicts cases reported to the Police in 2014, Miss CHAN Yuen-han wondered why SWD only received a total of 100 referral calls from the Police in 2014-2015 through the 24-hour hotline which was designated for facilitating the Police in referring emergency domestic violence cases. She called on the Administration to review the relevant mechanism for the Police to refer domestic violence cases to SWD.

19.63 Mr Albert HO noted that the Police had referred a total of 7 326 domestic violence cases to the Family and Child Protective Services Units ("FCPSUs") of SWD for follow-up in 2014. He also noted that in 2014-2015, there were 168 social workers in FCPSUs and the average

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number of supervision cases per social worker was 29. In other words, only 4 872 (168 x 29) domestic violence cases were handled by FCPSUs in 2014. He sought clarification of the discrepancy between the number of cases referred by the Police and that handled by FCPSUs.

19.64 SLW explained that the classifications of domestic violence cases by SWD and the Police were different. Statistics provided by SWD were newly reported domestic violence cases while those provided by the Police included all domestic conflict incidents. He added that among the referrals by the Police, those involving problems of spouse/cohabitant battering or problems of child abuse would be followed up by FCPSUs while the rest would be handled by Integrated Family Service Centres.

Child care services

19.65 Miss Alice MAK urged the Administration to develop a standardized rate in regard to the incentive payments for carers joining the Neighbourhood Support Child Care Project ("NSCCP") to recognize their services in the community.

19.66 SLW said that the incentive payments offered to the carers joining NSCCP aimed to recognize their contribution and mutual support but not to provide remuneration for their services. He had reservations about the imposition of statutory minimum wage on carers joining NSCCP as it would drive up the service charge to a level which might become unaffordable to some users of services provided under NSCCP. He undertook to consider Miss MAK's suggestion of standardizing the payment rate.

19.67 Mr MA Fung-kwok asked about the number of additional places of Extended Hours Service ("EHS") to be provided at aided child care centres and kindergarten-sum child care centres in each of the coming few years. He also called on the Administration to allocate the EHS places in different districts according to the utilization rates.

19.68 SLW responded that the Administration would first provide 1 200 additional EHS places in 2015-2016. Subject to the response, it was hoped that a total of 5 000 additional EHS places could be provided in the coming few years. DSW added that the Administration would consider allocating the EHS places in different districts according to the utilization rates.

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19.69 Noting that SWD did not capture the number of children waiting for EHS, Mr MA Fung-kwok sought justifications for providing 5 000 additional EHS places from 2015-2016 onwards.

19.70 Dr Helena WONG wondered how the Administration could have a good grasp of and address the demand for EHS in each district without capturing the number of children waiting for EHS.

19.71 DSW replied that the Administration would closely liaise with the operating NGOs and stakeholders in the districts to understand the demand for and utilization of the EHS places as well as the capacity of the operating NGOs to enhance the provision of EHS. The Administration would consider capturing the number of children waiting for EHS systematically.

Others issues

19.72 Mr LEUNG Kwok-hung noted that Government's recurrent spending on social welfare and women's interests would be increased by 9.5% in 2015-2016 as compared with the revised estimate of \$54.5 billion for 2014-2015. He, however, said that the proposed increase was not enough to effectively address all concerns regarding social welfare and women's interests.

19.73 SLW advised that in 2015-2016, Government's recurrent spending on social welfare and women's interest would reach \$59.7 billion, accounting for 18.4% of the total recurrent government expenditure of the year, second only to education. The Administration would fully utilize the allocated resources to provide suitable services.

19.74 Mr Albert HO said that the Administration had already conducted a public consultation on the recommendations regarding the arrangements in relation to child custody made by the Hong Kong Law Reform Commission, including the introduction of a new "parental responsibility model" into Hong Kong's family law. Under the new model, both parents would be able to continue to play an active part in the life of their children after divorce. He asked whether the Administration could provide a timetable for the implementation of the aforesaid model, and whether any resources had been earmarked for providing support services for divorced parents in this regard.

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19.75 SLW responded that a working group had been formed under the Social Welfare Advisory Committee to advise the Administration on the follow-up actions relating to the recommendations on child custody and access made by the Hong Kong Law Reform Commission. In parallel, the Department of Justice was preparing relevant legislative proposals. PSLW added that the preparation of legislative proposals was targeted to be completed in 2015. The Administration would further engage stakeholders before embarking on the enactment of legislation, and would ask for additional resources if warranted.

19.76 Mr CHEUNG Kwok-che enquired about the future direction of the pilot cyber youth outreaching projects ("PCYOPs") in providing counselling services for needy young people through cyber means.

19.77 SLW said that since its launch in 2011, PCYOPs had reached out to 9 000 young people. As the cyber means was considered an effective way to keep track of needy young people for timely intervention, SWD would consider the way forward for PCYOPs in the light of the findings of an evaluative study by the University of Hong Kong to be completed in mid-2015.

19.78 Mr WONG Kwok-hing urged the Administration to provide full-fare concession for eligible elderly persons, given that the amount required to reimburse public transport operators the difference between the revenue forgone under the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities and full-fare concession was not a huge amount.

19.79 SLW responded that the Administration would conduct a comprehensive review of the Scheme around one year after the full implementation of the extension of the Scheme to green minibuses, and would study, in the context of the review, whether there was room for enhancing the Scheme.

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20.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare ("SLW") briefed members on the main initiatives and expenditure on the policy area of labour and manpower development for the coming year (Appendix IV-18).

Occupational safety and health

20.2 Noting the increasing number of industrial accidents in the construction industry in recent years, Dr CHIANG Lai-wan sought information on the age of victims of injury and fatal cases in the construction industry and enquired whether there was a trend that they were getting younger. She asked whether the Administration would consider making it mandatory for resident safety officers in construction sites to receive relevant occupational safety and health ("OSH") training so as to enhance safe work practices in construction sites.

20.3 Sharing Dr CHIANG Lai-wan's view that construction was a high-risk industry, SLW said that it was important to raise employees' OSH awareness, in particular that of young construction workers. Apart from carrying out inspection and taking enforcement actions against breaches of OSH legislation, the Government would strengthen its efforts in education and training as well as publicity and promotion in order to foster a safety culture and encourage the adoption of safe work practices.

20.4 SLW and Commissioner for Labour ("C for L") said that the Labour Department ("LD") would thoroughly investigate into the causes of industrial accidents with a view to formulating specific measures to prevent the recurrences of such accidents. Depending on the circumstances of the cases, LD would issue improvement notices/suspension notices and initiate prosecutions as appropriate. C for L added that with the large number of major infrastructure projects taking place and the substantial increase in the number of construction workers in the past few years, there was a corresponding increase in the number of industrial accidents in recent years. C for L agreed to provide the information requested by Dr CHIANG Lai-wan, if available, after the meeting.

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20.5 C for L further advised that the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Cap. 59Z) required a contractor or a specialist contractor to employ one full-time registered Safety Officer with 100 or more persons employed in construction sites or one Safety Supervisor in each site with 20 or more persons employed. LD would collaborate with the industry and the Construction Industry Council in strengthening the training of safety supervisors as well as stepping up the inspection and enforcement actions.

20.6 Mr POON Siu-ping sought elaboration on the submission of supplementary information to the court for reference in sentencing for raising penalties for breaching OSH legislation as a way to enhance the OSH merit and demerit system.

20.7 C for L responded that LD would seek the advice of the Department of Justice ("DoJ") as to whether a review or an appeal to the court decision should be made. In the past, the average fine for non-compliance of the OSH legislation was in the region of \$15,000 to \$20,000. With the provision of supplementary information by LD to the court for considering the appropriate levels of penalties, the fines for offences in some fatal cases had increased significantly to six-digit figures in the past year or so. LD would continue with its work in such direction.

20.8 Mr POON Siu-ping enquired why that the planned target set for promotional visits to workplaces under the Factories and Industrial Undertakings Ordinance (Cap. 59) and the Occupational Safety and Health Ordinance (Cap. 509) in 2015 was nearly 1 000 below the actual number of such visits conducted in 2014.

20.9 C for L explained that the target number of promotional visits was set for planning purpose, and was not the upper limit. LD would make suitable adjustments to the number of promotional visits in the light of the latest OSH performance of various trades and industries.

Protecting employees' rights and benefits

20.10 Referring to the 31% drop in the number of convictions that LD secured against wage offences in 2014, Mr WONG Kwok-hing considered that amendment to the Employment Ordinance (Cap. 57) ("EO") in respect of the criminal liability of the responsible persons of a body corporate with regard to wage offences was proven effective. Yet, Mr WONG expressed concern about the repeated failures of Asia Television Limited ("ATV") to pay wages to its employees on time since July 2014 and enquired about the follow-up actions taken by LD in providing assistance to the affected employees.

20.11 Mr TANG Ka-piu, Miss CHAN Yuen-han, Dr Priscilla LEUNG and Ms Emily LAU shared similar concerns about the specific employment support and services rendered to the affected ATV employees in the light of the Chief Executive in Council's decision of not renewing ATV's domestic free television programme service licence. Mr TANG and Miss CHAN urged the Administration to arrange job matching for the affected ATV employees and consider the possibility of absorbing them by the Radio Television Hong Kong. Mr TANG and Miss CHAN further expressed concern about how the affected ATV employees' benefits and rights could be safeguarded in the light of ATV's possible winding up. Dr LEUNG sought clarification about the role played by the Government in the event of company liquidation.

20.12 In response to members' concerns and views, SLW made the following points -

- (a) the Government was determined to protect the statutory rights of employees in Hong Kong and would spare no effort to provide necessary assistance to the affected employees;
- (b) ATV pleaded guilty to 38 summonses of the 102 summonses issued against it for wage default since July 2014 and was imposed a penalty of \$380,000. ATV's Executive Director pleaded not guilty to all of the charges

against him for ATV's committing wage offences with his consent, connivance or neglect, and the proceedings were underway;

- (c) LD had reminded the management of ATV of its liability for wage payment as well as the criminal consequences for any breaches thereof. As having been done before, where necessary LD would conduct briefings for ATV's employees again to explain to them their employment rights and benefits, and to provide assistance to those in need. LD had already set up two hotlines for ATV employees to make enquiries during office hours. Employees could also approach LD's Labour Relations Division in Sha Tin for enquiry about their employment rights and benefits. In addition, special counters had been set up at Job Centres in Tai Po and Sha Tin to provide employment services, such as job referral, to ATV employees in need. LD would closely monitor the situation and maintain communication with the affected employees. It would appeal to media organizations with openings to consider recruiting the affected employees as appropriate;
- (d) LD would liaise closely with the task force set up by the Communications and Technology Branch of the Commerce and Economic Development Bureau with a view to providing necessary information and services to the employees; and
- (e) the Government would take action in accordance with the court's ruling in the event of company liquidation.

20.13 Dr Priscilla LEUNG, however, expressed great reservations about instituting prosecution against ATV's Executive Director, who was a remunerated employee, for committing wage offences. She called on the Government to conduct a review on the relevant policy and legislation.

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20.14 In response, SLW said that the Government was not in a position to comment on the case as the relevant legal proceedings had commenced.

Employment support and services

20.15 Notwithstanding the low unemployment rate at present, Mr TANG Ka-piu drew members' attention to the reduction of the value and volume of the retail sales and inbound tourism in the past two months as well as the unpromising economic forecast in Hong Kong. Under such circumstances, Mr TANG was concerned about how the Administration would monitor the employment market.

20.16 SLW responded that given the high degree of external orientation of the economy in Hong Kong and thereby subject to external shocks, the Government would stay vigilant and closely monitor the labour market.

20.17 While noting the enrolment of the Youth Employment and Training Programme ("YETP") had been substantially reduced by about half from 15 543 in 2009-2010 to 7 753 in 2013-2014, Mr CHEUNG Kwok-che affirmed the value of YETP in providing assistance to the needy youth. Given that the service target of the Employees Retraining Board ("ERB") had been extended to all eligible local employees aged 15 or above with education attainment at sub-degree level or below, which overlapped with the target and training elements of YETP, Mr CHEUNG suggested LD to hand over YETP to ERB with a view to achieving synergy and better use of resources.

20.18 SLW explained that YETP provided through-train pre-employment training, workplace attachment and on-the-job training to young school leavers aged 15 to 24 with educational attainment at sub-degree level or below, so as to enhance the employability and employment opportunities of these young people. YETP's low enrolment rate in recent years might be attributed to the improvement of the unemployment situation. C for L added that YETP had organized special employment projects in collaboration with ERB, Vocational Training Council and individual employers of various trades and industries, including

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aviation and property management, to facilitate young persons to enter the job market.

20.19 Dr CHIANG Lai-wan sought elaboration on the scope of services of the two Youth Employment Resource Centres ("YERCs") operated by LD.

20.20 SLW said that the two YERCs targeted to provide personalized advisory and support services on employment and self-employment to young people aged 15 to 29, including self-employment support, workshops on job search techniques and career talks, through which they helped young people enhance their employability and plan their careers.

20.21 Mr POON Siu-ping sought information on the employment status of the 11 ethnic minority trainees of YETP trained as employment services ambassadors ("ESAs") under the pilot "Employment Services Ambassador Programme for Ethnic Minorities" launched by LD in September 2014 to provide employment services to other ethnic minority job seekers.

20.22 In reply, C for L said that 11 ESAs had completed the training and eight had found employment. LD was assisting the remaining ESAs in job-searching, but some of them decided to pursue further studies.

Standard working hours

20.23 Miss CHAN Yuen-han sought clarification about whether there was a possibility of advancing the submission of report of the Standard Working Hours Committee ("SWHC") from the first quarter of 2016 to mid-2015 which to her was a sign that the current-term Government might not be genuinely determined to take forward the subject of legislating for standard working hours ("SWH") within its tenure. Mr LEUNG Kwok-hung echoed a similar concern.

20.24 In view of the widespread phenomenon of long working hours in different trades and industries in Hong Kong, in particular the legal profession, accounting as well as the media, and the opposing views on legislating for SWH between labour unions and the business sector.

Chapter XX : Labour

Dr CHIANG appealed to the Administration to seriously consider amending EO to require employment contracts to stipulate the contractual working hours as well as arrangements and compensation for overtime work.

20.25 Mr LEUNG Kwok-hung held a strong view that the Government should legislate for SWH to address the long working hours situation and expressed concern that SWHC would eventually recommend legislating for contractual working hours instead. Mr LEUNG criticized that the design of the questionnaire for collection of views on the way forward of a working hours policy as it would mislead the respondents into giving a favorable response to legislating for contractual working hours rather than for SWH. He requested that the questionnaire be made public.

20.26 Responding to members' views and concerns, SLW made the following points -

- (a) SWHC would strive to complete its work as soon as possible with a view to submitting its report to the Government in the first quarter of 2016 as scheduled;
- (b) SWHC Chairman had clarified that the possible approach of legislating for mandatory stipulation of hours of work and overtime arrangements in employment contracts was just a starting point for SWHC's deliberation;
- (c) the consulting firms were finalizing their reports on "Working Hours Study" and "Working Hours Consultation" which were expected to be submitted by the second quarter of 2015 to SWHC for its reference and consideration as to whether the reports should be made public; and
- (d) the Government would relay members' concerns and views on SWH to SWHC for consideration.

Policies relating to foreign domestic helpers and regulation of employment agencies

20.27 Ms Emily LAU was concerned about the problem of huge debts incurred by some foreign domestic helpers ("FDHs") for paying the high fees charged by the employment agencies ("EAs") in their home countries prior to working in Hong Kong. Ms LAU was of the view that it was imperative for the Administration to bring the problem to the attention of the respective Consulate Generals ("CGs"). Owing to language barrier, some FDHs had limited channels to voice out the problems and difficulties encountered in their employment. She further expressed concern about the assistance rendered to these FDHs, in particular after they had lodged complaints against their employers. In her view, the Administration should put in place a mechanism for handling disputes between FDHs and their employers.

20.28 SLW made the following responses -

- (a) the Government took a very serious view of protecting the interest of FDHs and the employers, as well as ensuring that local EAs placing FDHs were operating in compliance with the law;
- (b) regarding concerns about EAs' overcharging FDHs back in their home countries, given that the Government did not have any jurisdiction on overseas EAs, the Government would continue to urge the FDH-exporting countries to tackle the issue at source through liaising with the relevant CGs in Hong Kong;
- (c) LD had been maintaining communication with FDH unions in respect of FDH-related issues; and
- (d) LD would disseminate to newly-arrived FDHs information on their rights and entitlements while working in Hong Kong, which were available in various languages. FDHs who considered that their rights and

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entitlements under EO had been infringed could report to LD using its 24-hour hotline and 1823 Call Centre service or seek voluntary conciliation service from LD's Labour Relations Division. The Government would strengthen the publicity and educational efforts to raise FDHs' awareness of their rights and entitlements.

Manpower training and development

20.29 Mr POON Siu-ping sought explanation for the low enrolment rate of 3% for the traineeship scheme for the retail industry implemented by the Vocational Training Council in 2014-2015. Mr POON asked how the Administration could make effective use of the resources and improve the situation.

20.30 Permanent Secretary for Labour and Welfare advised that the traineeship scheme for the services industries was extended to the retail industry in 2014-2015 on a pilot basis. The low enrolment rate might be attributed to the fact that similar training courses with the same target applicants in the retail industry were being offered in the market. The Government would explore the possibility of consolidating the relevant training courses in 2015-2016.

Importation of labour

20.31 The Chairman said that despite the increase in the number of imported workers for the catering industry under the Supplementary Labour Scheme ("SLS") in 2014, individual employers in the industry still encountered difficulties in importing sufficient number of workers for their business operation.

20.32 SLW advised that employers who had genuine difficulties in recruiting the required workers locally might consider applying for importing workers to fill vacancies at technician level or below under the established mechanism of SLS. The Government would relay the concern about individual employers' difficulties in importing workers under SLS to the Labour Advisory Board ("LAB"). C for L added that when assessing SLS applications, LD officers would conduct site visits and consult relevant

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training bodies as appropriate. Employers having their SLS applications rejected might consider putting up requests for re-consideration as necessary.

20.33 Mr LEUNG Kwok-hung sought information on the details of further enhancement measures as proposed under SLS in respect of allowing imported skilled workers to work across more than one public sector works project under the same contractor.

20.34 SLW said that manpower development for the construction industry was spearheaded by the Development Bureau which had briefed members of LAB on the details of the enhancement measure under SLS which was implemented in April 2014 in order to expedite the preparatory work, largely within the Government, for SLS applications involving 26 trades with manpower shortage, as submitted by contractors for public sector works projects. SLW further said that having regard to the unique operational characteristics of the construction industry, the further enhancement measures for SLS whereby imported skilled workers would be allowed to work across more than one public sector works project under the same contractor could enhance the flexibility of deployment of workers, maximize their productivity and control costs more effectively. SLW stressed that the importation of workers under SLS would not be expanded consequent upon the further enhancement measures, and that employers concerned had to first launch a four-week local recruitment exercise and accord priority to hiring local skilled workers to fill the vacancies.

Maternity leave

20.35 Pointing out that a pregnant employee's entitlement to 10 weeks' maternity leave ("ML") and the rate of ML pay, which had not been reviewed since their introduction in 1981 and 1995 respectively, now lagged far behind other developed economies, Dr Helena WONG urged the Administration to conduct a review, including a public consultation, on ML benefits as soon as practicable.

20.36 In response, SLW said that when enhancing labour rights and benefits, the Government needed to strike a reasonable balance between

employees' interests and employers' affordability having regard to Hong Kong's social and economic development. SLW highlighted that the rate of ML pay at four-fifths of the employees' daily wages was more favourable than the rate stipulated in the International Labour Conventions which was pitched at not less than two-thirds of the employee's earnings. Given the varying economic situations and social systems in different places, individual places have to formulate their own employee benefit standards according to their individual circumstances. The cost of ML pay for female employees was fully borne by individual employers in Hong Kong, which was different from the arrangements adopted in some other places around the world where ML pay was often fully or partially financed by a social security system with contributions from both employers and employees. SLW stressed that the Government would review the labour rights and benefits from time to time, taking into account the need to balance employees' interests and employers' affordability.

Legislative proposal on compulsory reinstatement and re-engagement

20.37 Mr WONG Kwok-hing enquired about the progress of the Administration's plan of introducing a legislative proposal in the 2014-2015 session to empower the Labour Tribunal to make a compulsory reinstatement and re-engagement order in cases of unreasonable and unlawful dismissal under EO.

20.38 SLW responded that as the relevant bill involved complicated legal issues, LD and DoJ were exchanging discussions on the contents of the bill and ways of resolving the technical issues concerned. The Government would revert to the Legislative Council as soon as practicable after the bill was finalized.

Statutory Minimum Wage

20.39 Notwithstanding the implementation of the statutory minimum wage, Mr LEUNG Kwok-hung noted with concern that a considerable number of employees still had to work long hours and rely on the compensation for overtime work to make ends meet. In his view, the

setting of the statutory minimum wage should be under the premise of eight hours work per day.

The arrangement of offsetting severance payments and long service payments against Mandatory Provident Fund accrued benefits

20.40 Mr LEUNG Kwok-hung said that the labour sector had expressed strong dissatisfaction about the arrangement of allowing employers to use the Mandatory Provident Fund ("MPF") accrued benefits from their contributions to offset severance payments and long service payments ("the offsetting arrangement"), which had significantly reduced the effectiveness of the MPF System in providing adequate retirement protection for the employees concerned. Mr LEUNG held the view that notwithstanding the long-established offsetting arrangement in the MPF System being an outcome of extensive consultations with employers' associations and employees' unions, the Administration should now consult the employers' associations with a view to abolishing the offsetting arrangement.

Chapter XXI : Constitutional and Mainland Affairs

21.1 At the Chairman's invitation, Mr LAU Kong-wah, Acting Secretary for Constitutional and Mainland Affairs ("SCMA(Ag)"), briefed members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau ("CMAB") in 2015-2016 (Appendix IV-19).

Constitutional development

21.2 Dr CHIANG Lai-wan noted that according to some recent opinion polls, nearly half of the respondents were not optimistic that the Legislative Council would pass the Government's proposal on the method for selecting the Chief Executive, which would soon be submitted to the Council. She considered that the Administration should step up publicity to solicit public support for the proposal. SCMA(Ag) said that the Government would adopt a multi-pronged approach in its publicity campaign for the proposal, including production of TV Announcements in the Public Interest ("APIs"), conducting visits to districts and distributing publicity leaflets.

21.3 Mr Dennis KWOK queried that the TV APIs relating to constitutional development were advertisements of a political nature and were in breach of the Broadcasting Ordinance (Cap. 562), which prohibited the advertisement of a political nature on television. SCMA(Ag) explained that APIs were not subject to the control of Cap. 562. He said that the APIs in question qualified for free government air time as they carried messages that were in the public interest and related to issues of wide public concern and government policies.

21.4 Dr Kenneth CHAN enquired whether the Administration would hold a television debate on the reform proposal. SCMA(Ag) responded that, as the Chief Executive had recently said publicly, given its limited use, the Government would not hold a television debate for such purpose. Dr CHAN suggested that the Administration should commission an academic institution to conduct public opinion polls on constitutional reform in a scientific, objective and impartial manner, and publicize the relevant results. SCMA(Ag) said that the Government had in the past conducted opinion polls on relevant matters for internal reference and would not rule out the possibility of conducting opinion polls as suggested by Dr CHAN if necessary.

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21.5 Ms Cyd HO considered that the best way of gauging public views was to conduct a referendum or a large-scale public opinion poll covering all Hong Kong people. Mr LEUNG Kwok-hung said that the Administration should either conduct a referendum or invoke Article 50 of the Basic Law ("BL") to dissolve the Legislative Council in the event that the motion to amend Annex I to BL regarding the method for selecting the Chief Executive was vetoed by the Legislative Council.

Promoting the Basic Law

21.6 Mr WONG Kwok-hing considered that the Administration should promote public understanding of the Constitution of the People's Republic of China ("PRC") and the "one country, two systems" principle, and explain to the public the fallacies of the idea of "Hong Kong independence". SCMA(Ag) advised that the focus of the Government's promotion efforts on BL in 2015 included constitutional development on the basis of BL. He pointed out that as Article 1 of BL stipulated, the Hong Kong Special Administrative Region ("HKSAR") was an inalienable part of PRC. The message would be included in the Government's publicity work.

21.7 Mr TANG Ka-piu enquired about the adequacy of the provision of \$16 million for enhancing public awareness and students' understanding of various issues relating to BL. Permanent Secretary for Constitutional and Mainland Affairs ("PSCMA") said that the BL Promotion Steering Committee was set up under the chairmanship of the Chief Secretary for Administration to provide steer on the overall programme and strategy for promoting BL. A wide range of BL promotional activities were organized by the five working groups established under the BL Promotion Steering Committee. In addition to CMAB which had set aside about \$16 million in each of the recent five financial years (including 2015-2016) for organizing BL promotional activities, relevant bureaux/departments (namely, the Home Affairs Bureau, the Education Bureau, the Civil Service Bureau, the Trade and Industry Department and the Information Services Department) had also provided financial resources to carry out BL promotional activities under the auspices of the respective working groups. At the request of Mr Martin LIAO, PSCMA agreed to provide information on the total estimated expenditure for organizing BL promotional activities

for 2015-2016.

21.8 In response to Mr Tony TSE's comments on the need to strengthen promotion of BL, PSCMA said that riding on the 25th anniversary of the promulgation of BL in 2015, the Government would organize different types of large-scale activities to promote a more in-depth understanding of the "one-country, two systems" principle and BL in the community. Besides, the Government would continue to promote BL through civic education, school education and training for civil servants. PSCMA added that BL promotional initiatives were reviewed from time to time to evaluate their effectiveness.

21.9 Ms Emily LAU considered that the expenditure on promotion of BL was a waste of money given the Administration's failure to respect Hong Kong people's aspirations for upholding the principles of "one country, two systems", "Hong Kong people ruling Hong Kong" and "a high degree of autonomy" as seen from the publication of the White Paper on "The Practice of the 'One Country, Two Systems' Policy in the Hong Kong Special Administrative Region" in the previous year. PSCMA pointed out that BL served as the constitutional document for HKSAR. Given the importance of BL, the Government would make sustained efforts in promoting public understanding of BL.

21.10 Mr TAM Yiu-chung suggested that the Administration should update the BL information booklet and relevant publicity materials to incorporate the latest information (including the Decision adopted by the Standing Committee of the National People's Congress on 31 August 2014 and relevant explanations). PSCMA advised that a revised version incorporating the latest developments had already been published for distribution to the public starting from April 2015.

Electoral arrangements

21.11 Mr TAM Yiu-chung expressed concern about the anticipated substantial increase in workload of CMAB in the next election cycle. SCMA(Ag) responded that the Government would cope with the additional workload through creation of time-limited posts in 2015-2016.

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21.12 Referring to the plan of a Legislative Council ("LegCo") member to trigger a "de-facto referendum" by resigning from the Council after the vote on the electoral reform package in the middle of 2015, Mr TAM Yiu-chung enquired about the provision for conducting the by-elections that might arise as a result. Chief Electoral Officer ("CEO") of the Registration and Electoral Office ("REO") advised that REO had reserved approximately \$200 million in 2015-2016 for the preparation and conduct of any possible by-election. CEO said that the numbers of polling stations used in the 2010 LegCo by-election and the 2012 LegCo general election were about 500 and 560 respectively. For the 2015-2017 election cycle, the number would be increased to about 580.

21.13 Mr WONG Kwok-hing expressed objection to the above-mentioned funding provision of \$200 million for the possible by-election as it would be a waste of public money. SCMA(Ag) explained that the Government had only earmarked the provision for budgetary purpose in the estimate for 2015-2016. Relevant expenditure should be incurred only as and when necessary. He added that the constitutional and legal system of Hong Kong did not provide for any so-called referendum.

21.14 On voter registration ("VR"), Ms Emily LAU enquired about the scale of various checking measures to be conducted in 2015-2016. CEO advised that REO would continue to implement checking measures and conduct statutory inquiries in the 2015 VR cycle to improve the accuracy and completeness of VR records. The checking measures which covered about 1.6 million electors included the full-scale data matching with the Housing Department and the Hong Kong Housing Society in respect of electors' registered residential addresses in public housing units. REO planned to conduct more targeted checks in addition to random sample checks.

Rights of the individual

The Office of the Privacy Commissioner for Personal Data

21.15 Miss Alice MAK asked about the number of compliance checks on mobile applications conducted by the Office of the Privacy

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Commissioner for Personal Data ("PCPD") since 2013-2014 and the number of cases of non-compliance. Miss MAK enquired whether additional resources would be provided to PCPD in respect of its proposal that the Do-not-call registers, currently administered by the Office of the Communications Authority, should include person-to-person telemarketing calls ("P2P calls"). Deputy Secretary (Constitutional and Mainland Affairs) 1 ("DS(CMA)1") said that the Commerce and Economic Development Bureau had commissioned a study related to P2P calls to follow up PCPD's proposal.

21.16 Miss Alice MAK expressed concern about the protection of personal data in the public domain in the wake of a recent online data leakage by the School Dental Care Service involving leakage of about 210 students' personal data. She enquired whether PCPD would assist bureaux/departments to upgrade their websites to ensure proper protection of personal data. DS(CMA)1 agreed to provide supplementary information in writing on the advice provided by PCPD in this regard.

Promotion of equal opportunities for sexual minorities

21.17 Mr CHAN Chi-chuen expressed dissatisfaction with the reduction in the 2015-2016 estimated expenditure for promoting equal opportunities for people of different sexual orientations and gender identities as compared with the 2014-2015 revised estimated expenditure. He considered the reduction unreasonable as the Advisory Group on Eliminating Discrimination against Sexual Minorities ("Advisory Group") was going to submit its recommendations to the Administration and expenditure was expected to be incurred by the implementation of the recommendations. He also expressed concern about similar reduction in the expenditure in 2015-2016 for publicity measures such as APIs in relation to elimination of discrimination against sexual minorities.

21.18 SCMA(Ag) explained that the 2015-2016 estimated expenditure for promoting equal opportunities for people of different sexual orientations and gender identities was smaller than the 2014-2015 revised estimated expenditure because a one-off provision for additional publicity measures had been provided in 2014-2015. As for the Advisory Group's

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recommendations, the Government would liaise closely with different stakeholders to consider how best to follow up them.

21.19 In response to Mr CHAN Chi-chuen's enquiry about the criteria for approving applications under the Equal Opportunities (Sexual Orientation) Funding Scheme ("Funding Scheme"), SCMA(Ag) said that the scheme provided funding support to community projects which aimed at promoting equal opportunities on grounds of sexual orientation or gender identity. An Assessment Committee assisted the Government in vetting applications under the Funding Scheme based on stipulated criteria.

National Five-year Plans and regional co-operation

21.20 Noting the very small increase in the total allocation for CMAB for 2015-2016 as compared with that for 2014-2015, Mr NG Leung-sing considered that the Administration should seek additional provision in order to seize the opportunities brought about by the implementation of policies including the "One Belt One Road" initiatives and the establishment of the Asian Infrastructure Investment Bank. Mr NG said that the HKSAR Government should take appropriate measures to proactively support the new policies.

21.21 Dr Kenneth CHAN asked whether the proposals for the National 13th Five-Year Plan submitted by the HKSAR Government to the Central Government would be made public. PSCMA said that the bureau had provided to the Panel on Commerce and Industry two information papers, in April 2014 and in February 2015 respectively, on the work and proposals made by the HKSAR Government to complement the National 13th Five-Year Plan. The Government had solicited the views of relevant sectors and advisory committees and submitted the HKSAR's proposals on the National 13th Five-Year Plan to the National Development and Reform Commission of the Central Government for consideration.

Appendix I

Programme of special meetings of Finance Committee to examine the Estimates 2015-2016 from 27 March to 2 April 2015

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Civil Service	27 March	2:15 pm - 3:15 pm
2.	(i) Judiciary Administrator (ii) Secretary for Justice	27 March	3:25 pm - 4:40 pm
3.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	27 March	4:50 pm - 6:30 pm
4.	Secretary for Financial Services and the Treasury • Financial Services	30 March	9:00 am - 10:10 am
5.	Secretary for Financial Services and the Treasury • Public Finance	30 March	10:20 am - 11:00 am
6.	Secretary for the Environment	30 March	11:10 am - 12:20 pm
7.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	30 March	2:00 pm - 3:30 pm

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
8.	Secretary for Commerce and Economic Development • Communications and Technology	30 March	3:40 pm - 4:50 pm
9.	Secretary for Home Affairs	31 March	2:00 pm - 3:20 pm
10.	Secretary for Security	31 March	3:30 pm - 5:30 pm
11.	Secretary for Transport and Housing • Housing	1 April	9:00 am - 10:45 am
12.	Secretary for Transport and Housing • Transport	1 April	10:55 am - 12:25 pm
13.	Secretary for Education	1 April	2:00 pm - 4:00 pm
14.	Secretary for Development • Works	1 April	4:10 pm - 5:40 pm
15.	Secretary for Development • Planning and Lands	1 April	5:50 pm - 7:30 pm
16.	Secretary for Food and Health • Food Safety and Environmental Hygiene	2 April	9:00 am - 10:40 am
17.	Secretary for Food and Health • Health	2 April	10:50 am - 12:40 pm
18.	Secretary for Labour and Welfare • Welfare and Women	2 April	2:00 pm - 4:20 pm
19.	Secretary for Labour and Welfare • Labour	2 April	4:30 pm - 6:00 pm
20.	Secretary for Constitutional and Mainland Affairs	2 April	6:10 pm - 7:40 pm

Appendix II

Summary of written and supplementary questions and requests for additional information

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Civil Service	89	4	1
2.	(i) Judiciary Administrator	22	4	—
	(ii) Secretary for Justice	48	5	—
3.	Director of Administration	95	3	—
	Director of Audit	4	—	—
	Permanent Secretary to Chief Executive	69	1	—
	Commissioner, Independent Commission Against Corruption	35	—	1
	Secretary General, Legislative Council Secretariat	17	2	—
	The Ombudsman	8	—	—
4.	Secretary for Financial Services and the Treasury			
	• Financial Services	136	1	4

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
5.	Secretary for Financial Services and the Treasury • Public Finance	169	—	—
6.	Secretary for the Environment	360	11	1
7.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	297	3	3
8.	Secretary for Commerce and Economic Development • Communications and Technology	212	4	—
9.	Secretary for Home Affairs	507	7	1
10.	Secretary for Security	776	21	1
11.	Secretary for Transport and Housing • Housing	100	1	1
12.	Secretary for Transport and Housing • Transport	440	3	2
13.	Secretary for Education	612	12	2
14.	Secretary for Development • Works	355	1	3

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
15.	Secretary for Development • Planning and Lands	428	—	1
16.	Secretary for Food and Health • Food Safety and Environmental Hygiene	335	11	1
17.	Secretary for Food and Health • Health	413	10	5
18.	Secretary for Labour and Welfare • Welfare and Women	1093	20	—
19.	Secretary for Labour and Welfare • Labour	279	3	1
20.	Secretary for Constitutional and Mainland Affairs	194	2	1
	Total :	7093	129	29

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the afternoon of 27 March 2015 (Sessions 1, 2 & 3)
2:15 pm to 6:30 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin

Hon Frankie YICK Chi-ming
 Hon WU Chi-wai, MH
 Hon YIU Si-wing
 Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK, JP
 Hon CHAN Chi-chuen
 Hon CHAN Han-pan, JP
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Dennis KWOK
 Hon Christopher CHEUNG Wah-fung, SBS, JP
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon IP Kin-yuen
 Dr Hon Elizabeth QUAT, JP
 Hon Martin LIAO Cheung-kong, SBS, JP
 Hon POON Siu-ping, BBS, MH
 Hon TANG Ka-piu, JP
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-ki, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 1 – Civil Service

Mr Paul TANG, JP	Secretary for the Civil Service
Mr Raymond WONG, JP	Permanent Secretary for the Civil Service

Mr Eddie MAK, JP	Deputy Secretary for the Civil Service (1)
Ms May CHAN, JP	Deputy Secretary for the Civil Service (2)
Ms Vivian SUM, JP	Deputy Secretary for the Civil Service (3)
Mr Peter CHAN, JP	Director of General Grades
Ms Wendy CHAN	Principal Executive Officer (Management), Civil Service Bureau
Mr Martin SIU, JP	Director of Accounting Services
Ms Winnie NG, JP	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Cindy LAI, JP	Deputy Director of Health
Ms Candice HO	Secretary, Public Service Commission

Session 2 – Judiciary Administration and Legal Administration

Miss Emma LAU, JP	Judiciary Administrator
Mr Arthur NG, JP	Deputy Judiciary Administrator (Operations)
Mrs Connie NGAN	Assistant Judiciary Administrator (Corporate Services)
Ms Cindy LEE	Chief Treasury Accountant, Judiciary
Mr Rimsky YUEN, SC, JP	Secretary for Justice
Mr CHEUK Wing-hing, JP	Director of Administration and Development
Mr Keith YEUNG, SC, JP	Director of Public Prosecutions
Mr Frank POON, JP	Solicitor General
Mr Paul WAN, JP	Law Draftsman
Ms Christina CHEUNG	Law Officer (Civil Law)

Session 3 – Central Administration and Other Services

Ms Kitty CHOI, JP	Director of Administration
Mr Bobby CHENG	Deputy Director of Administration (1)
Mr David CHIU	Principal Executive Officer (Administration), Administration Wing
Mrs Helen CHAN, JP	Government Economist
Mr Kim SALKELD, JP	Head, Efficiency Unit

Ms Olivia NIP, JP	Deputy Head, Central Policy Unit
Mr David SUN, BBS, JP	Director of Audit
Ms Harriet WONG	Departmental Secretary, Audit Commission
Ms Alice LAU, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mr Simon PEH, SBS, IDSM	Commissioner, Independent Commission Against Corruption
Mr Ricky YAU	Director of Investigation (Private Sector), Independent Commission Against Corruption
Ms Sally KWAN	Acting Assistant Director (Administration), Independent Commission Against Corruption
Mr Kenneth CHEN	Secretary General, Legislative Council Secretariat
Miss Roxanna LO	Accountant, Legislative Council Secretariat
Ms Connie LAU, JP	The Ombudsman
Mr SO Kam-shing	Deputy Ombudsman

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the morning of 30 March 2015 (Sessions 4, 5 & 6)
9:00 am to 12:20 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP

Hon Charles Peter MOK, JP
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Kenneth LEUNG
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Christopher CHEUNG Wah-fung, SBS, JP
 Hon SIN Chung-kai, SBS, JP
 Hon Martin LIAO Cheung-kong, SBS, JP
 Hon TANG Ka-piu, JP
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kiwok, BBS, MH, JP
 Hon Christopher CHUNG Shu-kun, BBS, MH, JP
 Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 4 – Financial Services

Prof K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Mr Andrew WONG, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Miss Salina YAN, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) ¹
Mr Eddie CHEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) ²
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) ³
Mr Raymond SY	Administrative Assistant to Secretary for Financial Services and the Treasury

Miss Terie TAM

Mr Leslie TANG, JP
Ms Annie CHOI, JP
Ms Teresa WONG, JP
Ms Ada CHUNG, JP
Mr Howard LEE, JP

Mr Raymond LI, JP

Chief Executive Officer (Financial Services), Financial Services and the Treasury Bureau
Commissioner for Census and Statistics
Commissioner of Insurance
Official Receiver
Registrar of Companies
Head (Financial Infrastructure Development), Hong Kong Monetary Authority
Chief Executive Officer, The Hong Kong Mortgage Corporation Limited

Session 5 – Public Finance

Prof K C CHAN, GBS, JP

Ms Elizabeth TSE, JP

Ms Mable CHAN, JP

Mr YEUNG Tak-keung, JP

Mr Raymond SY

Ms Susanna CHEUNG

Mr Clement CHEUNG, JP
Mr WONG Kuen-fai, JP
Mr TANG Ping-kwong
Ms Maisie CHENG, JP
Mr Alan SIU, JP
Mr LEUNG Koon-kee, JP
Mr HUI Chiu-kin

Mr Martin SIU, JP

Secretary for Financial Services and the Treasury
Permanent Secretary for Financial Services and the Treasury (Treasury)
Deputy Secretary for Financial Services and the Treasury (Treasury)²
Deputy Secretary for Financial Services and the Treasury (Treasury)³
Administrative Assistant to Secretary for Financial Services and the Treasury
Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Commissioner of Customs and Excise
Commissioner of Inland Revenue
Commissioner of Rating and Valuation
Director of Government Logistics
Government Property Administrator
Director of Architectural Services
Assistant Director of Architectural Services (Property Services)
Director of Accounting Services

Session 6 – Environment

Mr WONG Kam-sing, JP
Ms Christine LOH, JP
Ms Anissa WONG, JP

Mr Vincent LIU, JP
Mr TSE Chin-wan, JP

Mr Howard CHAN, JP

Mr Andrew LAI, JP

Mr Alan WONG, JP

Mr Daniel CHUNG, JP
Mr Frank CHAN, JP

Mr HON Chi-keung, JP

Secretary for the Environment
Under Secretary for the Environment
Permanent Secretary for the
Environment/Director of Environmental
Protection

Deputy Secretary for the Environment
Deputy Director of Environmental
Protection (1)

Deputy Director of Environmental
Protection (2)

Deputy Director of Environmental
Protection (3)

Director of Agriculture, Fisheries and
Conservation

Director of Drainage Services

Director of Electrical and Mechanical
Services

Director of Civil Engineering and
Development

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO
Mr Daniel SIN

Chief Council Secretary (1)5
Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the afternoon of 30 March 2015 (Sessions 7 & 8)
2:00 pm to 4:50 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH

Hon YIU Si-wing
 Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK, JP
 Hon CHAN Chi-chuen
 Hon CHAN Yuen-han, SBS, JP
 Hon Kenneth LEUNG
 Hon Dennis KWOK
 Hon Christopher CHEUNG Wah-fung, SBS, JP
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon Martin LIAO Cheung-kong, SBS, JP
 Hon POON Siu-ping, BBS, MH
 Hon TANG Ka-piu, JP
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 7 – Commerce, Industry and Tourism

Mr Gregory SO, GBS, JP	Secretary for Commerce and Economic Development
Mr Godfrey LEUNG, JP	Under Secretary for Commerce and Economic Development
Mr Philip YUNG, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Carol YUEN, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) ¹

Mr David WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) ²
Mrs Alice CHEUNG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) ³
Miss Cathy CHU, JP	Commissioner for Tourism
Mr Simon Kennedy GALPIN	Director-General of Investment Promotion
Mr Kenneth MAK, JP	Director-General of Trade and Industry
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Ms Ada LEUNG, JP	Director of Intellectual Property
Mr SHUN Chi-ming, JP	Director of the Hong Kong Observatory
Mrs Jessie TING, JP	Postmaster General
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

Session 8 – Communications and Technology

Mr Gregory SO, GBS, JP	Secretary for Commerce and Economic Development
Mr Godfrey LEUNG, JP	Under Secretary for Commerce and Economic Development
Miss Susie HO, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Mr Victor LAM, JP	Government Chief Information Officer
Mr Roy TANG, JP	Director of Broadcasting
Mr Danny LAU	Acting Director-General of Communications
Ms Elizabeth TAI	Deputy Director of Film, Newspaper and Article Administration
Mr Jerry LIU	Head of Create Hong Kong

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Daniel SIN

Chief Council Secretary (1)5

Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the afternoon of 31 March 2015 (Sessions 9 & 10)
2:00 pm to 5: 30 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing

Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK, JP
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Kenneth LEUNG
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Christopher CHEUNG Wah-fung, SBS, JP
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon IP Kin-yuen
 Hon Martin LIAO Cheung-kong, SBS, JP
 Hon TANG Ka-piu, JP
 Dr Hon CHIANG Lai-wan, JP
 Hon CHUNG Kwok-pan
 Hon Christopher CHUNG Shu-kun, BBS, MH, JP
 Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 9 – Home Affairs

Mr TSANG Tak-sing, GBS, JP	Secretary for Home Affairs
Ms Florence HUI, SBS, JP	Under Secretary for Home Affairs
Mrs Betty FUNG, JP	Permanent Secretary for Home Affairs
Mr Laurie LO, JP	Deputy Secretary for Home Affairs (1)
Mr Jonathan McKINLEY, JP	Deputy Secretary for Home Affairs (2)
Mrs Avia LAI, JP	Deputy Secretary for Home Affairs (3)
Mrs Sorais LEE	Project Manager (Home Affairs Bureau)
Mr Jack CHAN, JP	Acting Director of Home Affairs
Mr Patrick LI, JP	Deputy Director of Home Affairs (1)

Ms Michelle LI, JP	Director of Leisure and Cultural Services
Mr Patrick NIP, JP	Director of Information Services
Mr Thomas Edward KWONG, JP	Director of Legal Aid

Session 10 – Security

Mr LAI Tung-kwok, SBS, IDSM, JP	Secretary for Security
Mr John LEE, PDSM, PMSM, JP	Under Secretary for Security
Mr Joshua LAW, JP	Permanent Secretary for Security
Mrs Erika HUI, JP	Commissioner for Narcotics
Mr Andrew KWOK	Principal Management Services Officer (Security), Security Bureau
Mr TSANG Wai-hung, PDSM, PMSM	Commissioner of Police
Mr LAI Man-hin, FSDSM	Director of Fire Services
Mr CHAN Kwok-ki, IDSM	Director of Immigration
Mr YAU Chi-chiu, CSDSM	Commissioner of Correctional Services
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Captain Michael CHAN, MBS, MBB, GMSM, AE	Controller, Government Flying Service
Mr LAM Kwok-wah	Chief Staff Officer, Civil Aid Service
Mr Sam HUI	Chief Staff Officer, Auxiliary Medical Service
Mr Ricky CHU	Secretary-General, Independent Police Complaints Council
Ms Andy LUI	Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance
Mr Norman LO, AE, JP	Director-General of Civil Aviation

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the morning of 1 April 2015 (Sessions 11 & 12)
9:00 am to 12:25 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP

Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon Martin LIAO Cheung-kong, SBS, JP
 Hon POON Siu-ping, BBS, MH
 Hon TANG Ka-piu, JP
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 11 – Housing

Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Stanley YING, JP	Permanent Secretary for Transport and Housing (Housing)
Miss Agnes WONG, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Eugene FUNG, JP	Director of Sales of First-hand Residential Properties Authority
Ms Brenda CHENG, JP	Acting Deputy Director of Housing (Corporate Services)
Ms Ada FUNG, JP	Deputy Director of Housing (Development and Construction)
Mr Albert LEE, JP	Deputy Director of Housing (Estate Management)

Mr CHAN Nap-ming, JP

Ms Bernadette LINN, JP

Mr HUI Siu-wai, JP

Assistant Director of Housing
(Independent Checking Unit)

Director of Lands

Director of Buildings

Session 12 – Transport

Prof Anthony CHEUNG, GBS, JP

Mr YAU Shing-mu, JP

Mr Joseph LAI, JP

Ms Rebecca PUN, JP

Mr Andy CHAN, JP

Ms Ivy LAW

Mrs Sharon YIP, JP

Ms Julina CHAN, JP

Mr LAU Ka-keung, JP

Mrs Ingrid YEUNG, JP

Ms Macella LEE

Mr David TO, JP

Mr Norman LO, AE, JP

Mr Simon LI, JP

Mr Michael WONG, JP

Mr Ivan TUNG, JP

Ms Shirley LAM, JP

Mr Frank CHAN, JP

Secretary for Transport and Housing

Under Secretary for Transport and
Housing

Permanent Secretary for Transport and
Housing (Transport)

Deputy Secretary for Transport and
Housing (Transport)1

Deputy Secretary for Transport and
Housing (Transport)2

Deputy Secretary for Transport and
Housing (Transport)3

Deputy Secretary for Transport and
Housing (Transport)4

Deputy Secretary for Transport and
Housing (Transport)5

Director of Highways

Commissioner for Transport

Acting Deputy Commissioner for
Transport (Transport Services and
Management)

Deputy Commissioner for Transport
(Planning and Technical Services)

Director-General of Civil Aviation

Deputy Director-General of Civil
Aviation

Director of Marine

Deputy Director of Marine

Deputy Director of Marine (Special
Duties)

Director of Electrical and Mechanical
Services

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Daniel SIN

Chief Council Secretary (1)5

Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the afternoon of 1 April 2015 (Sessions 13, 14 & 15)
2:00 pm to 7:30 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai

Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK, JP
 Hon CHAN Chi-chuen
 Hon CHAN Han-pan, JP
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon Dennis KWOK
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon IP Kin-yuen
 Hon Martin LIAO Cheung-kong, SBS, JP
 Hon TANG Ka-piu, JP
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-ki, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 13 – Education

Mr Eddie NG, SBS, JP	Secretary for Education
Mr Kevin YEUNG, JP	Under Secretary for Education
Mrs Marion LAI, JP	Permanent Secretary for Education
Mr Brian LO, JP	Deputy Secretary for Education (1)
Ms Jessie WONG, JP	Deputy Secretary for Education (2)
Mrs Michelle WONG	Deputy Secretary for Education (3)
Mr Tony TANG	Deputy Secretary for Education (4)
Dr Catherine CHAN	Deputy Secretary for Education (5)
Mrs Angelina CHEUNG, JP	Deputy Secretary for Education (6)

Ms Rhoda CHAN, JP	Principal Assistant Secretary for Education (Finance)
Mrs HONG CHAN Tsui-wah	Principal Assistant Secretary for Education (Quality Assurance and School-based Support)
Dr Richard ARMOUR, JP	Secretary-General, University Grants Committee
Dr Carrie YAU, GBS, JP	Executive Director, Vocational Training Council
Mr Esmond LEE, JP	Head, Working Family and Student Financial Assistance Agency

Session 14 – Works

Mr Paul CHAN, MH, JP	Secretary for Development
Mr Eric MA, JP	Under Secretary for Development
Mr WAI Chi-sing, JP	Permanent Secretary for Development (Works)
Mr Albert LAM, JP	Deputy Secretary for Development (Works) ¹
Mr CHAN Chi-ming, JP	Deputy Secretary for Development (Works) ²
Ms Brenda AU	Head of Energizing Kowloon East Office
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mr HON Chi-keung, JP	Director of Civil Engineering and Development
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services
Mr LAU Ka-keung, JP	Director of Highways
Mr CHUNG Kum-wah, JP	Director of Drainage Services
Mr Enoch LAM, JP	Director of Water Supplies
Ms Michelle LI, JP	Director of Leisure and Cultural Services

Session 15 – Planning and Lands

Mr Paul CHAN, MH, JP	Secretary for Development
Mr Eric MA, JP	Under Secretary for Development

Mr Thomas CHOW, JP

Mr Thomas CHAN, JP

Mr Rex CHANG, JP

Ms Selene TSOI

Ms Bernadette LINN, JP

Mr LING Kar-kan, JP

Mr HUI Siu-wai, JP

Permanent Secretary for Development
(Planning and Lands)

Deputy Secretary for Development
(Planning and Lands)1

Deputy Secretary for Development
(Planning and Lands)2

Deputy Secretary for Development
(Planning and Lands) 3

Director of Lands

Director of Planning

Director of Buildings

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Daniel SIN

Chief Council Secretary (1)5

Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the morning of 2 April 2015 (Sessions 16 & 17)
9:00 am to 12:40 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon James TO Kun-sun
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon Alice MAK Mei-kuen, JP

Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Hon CHUNG Kwok-pan
Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 16 – Food Safety and Environmental Hygiene

Dr KO Wing-man, BBS, JP	Secretary for Food and Health
Prof Sophia CHAN, JP	Under Secretary for Food and Health
Mrs Cherry TSE, JP	Permanent Secretary for Food and Health (Food)
Mr KONG Kai-wah	Head, Resource Management and Administration, Food and Health Bureau
Mr Alan WONG, JP	Director of Agriculture, Fisheries and Conservation
Miss Vivian LAU, JP	Director of Food and Environmental Hygiene
Dr Gloria TAM, JP	Controller, Centre for Food Safety, Food and Environmental Hygiene Department
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Dr LAU Chau-ming, JP	Government Chemist

Session 17 – Health

Dr KO Wing-man, BBS, JP	Secretary for Food and Health
Prof Sophia CHAN, JP	Under Secretary for Food and Health

Mr Richard YUEN, JP

Mr KONG Kai-wah

Dr Constance CHAN, JP

Dr Cindy LAI, JP

Dr LEUNG Pak-yin, JP

Dr CHEUNG Wai-lun, JP

Dr LAU Chau-ming, JP

Permanent Secretary for Food and Health (Health)

Head, Resource Management and Administration, Food and Health Bureau
Director of Health

Deputy Director of Health

Chief Executive, Hospital Authority

Director (Cluster Services), Hospital Authority

Government Chemist

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Daniel SIN

Chief Council Secretary (1)5

Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 27 March to 2 April 2015**

**Meeting held in the afternoon of 2 April 2015 (Session 18, 19 & 20)
2:00 pm to 7:40 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon James TO Kun-sun
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon WU Chi-wai, MH
Hon YIU Si-wing

Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon CHAN Chi-chuen
 Hon CHAN Han-pan, JP
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Alice MAK Mei-kuen, JP
 Hon Dennis KWOK
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon Martin LIAO Cheung-kong, SBS, JP
 Hon POON Siu-ping, BBS, MH
 Hon TANG Ka-piu, JP
 Dr Hon CHIANG Lai-wan, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 18 – Welfare and Women

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Mr Stephen SUI, JP	Under Secretary for Labour and Welfare
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Ms Doris CHEUNG, JP	Deputy Secretary for Labour and Welfare (Welfare)1
Mr Donald CHEN, JP	Deputy Secretary for Labour and Welfare (Welfare)2
Mr Francis CHENG	Administrative Assistant to the Secretary for Labour and Welfare
Mr Esmond LEE, JP	Head, Working Family and Student Financial Assistance Agency

Mr Peter MA
Ms Carol YIP, JP
Mr LAM Ka-tai, JP

Mr FUNG Pak-yan, BBS, JP

Mrs Ingrid YEUNG, JP
Ms Macella LEE

Acting Commissioner for Rehabilitation
Director of Social Welfare
Deputy Director of Social Welfare
(Services)
Deputy Director of Social Welfare
(Administration)
Commissioner for Transport
Assistant Commissioner for Transport
(Management and Paratransit)

Session 19 – Labour

Mr Matthew CHEUNG, GBS, JP
Mr Stephen SUI, JP
Miss Annie TAM, JP

Mr Francis CHENG

Mr Donald TONG, JP
Mr Byron NG, JP

Mr David LEUNG, JP

Mr Charles HUI, JP

Secretary for Labour and Welfare
Under Secretary for Labour and Welfare
Permanent Secretary for Labour and
Welfare
Administrative Assistant to the
Secretary for Labour and Welfare
Commissioner for Labour
Deputy Commissioner for Labour
(Labour Administration)
Deputy Commissioner for Labour
(Occupational Safety and Health)
Assistant Commissioner for Labour
(Employment Services)

Session 20 – Constitutional and Mainland Affairs

Mr LAU Kong-wah, JP

Ms CHANG King-yiu, JP

Mr Gordon LEUNG, JP

Miss Charmaine LEE, JP

Mr Daniel CHENG, JP

Miss Helen CHUNG

Acting Secretary for Constitutional and
Mainland Affairs
Permanent Secretary for Constitutional
and Mainland Affairs
Deputy Secretary for Constitutional and
Mainland Affairs (1)
Deputy Secretary for Constitutional and
Mainland Affairs (2)
Deputy Secretary for Constitutional and
Mainland Affairs (3)
Acting Administrative Assistant to
Secretary for Constitutional and
Mainland Affairs

Mr Ronald CHAN	Political Assistant to Secretary for Constitutional and Mainland Affairs
Mrs Lybra LAI	Chief Executive Officer (Constitutional and Mainland Affairs)
Mr LI Pak-hong	Chief Electoral Officer
Ms Gracie FOO, JP	Director, Beijing Office
Mr John LEUNG, JP	Director, Hong Kong Economic, Trade and Cultural Office (Taiwan)
Mr Albert TANG	Director, Hong Kong Economic and Trade Affairs, Guangdong
Miss Victoria TANG	Director, Hong Kong Economic and Trade Affairs, Shanghai
Mr Danny LAU, JP	Director, Hong Kong Economic and Trade Affairs, Chengdu
Miss Sara TSE	Director, Hong Kong Economic and Trade Affairs, Wuhan
Mr William CHAN	Chief Executive Officer (Newspaper and Article Admin/Communications Authority)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7

**Presentation by Secretary for the Civil Service
at the Special Meeting of the Finance Committee
on Friday, 27 March 2015**

Chairman and Honourable Members,

Of the items relating to civil service expenses in the 2015-16 Draft Estimates of Expenditure, I would like to highlight the following two items.

2. **First, civil service establishment.** The civil service has supported the Government in implementing many new policies and initiatives in a professional and effective manner. We will, on the one hand, continue to encourage bureaux and departments (B/Ds) to enhance efficiency through such measures as internal redeployment, streamlining and re-engineering, and on the other hand, render support to the civil service by strengthening the establishment to cope with additional workload. We will support creation of new civil service posts where operational need is fully justified and when the work involved cannot be undertaken by re-deployment of existing staff or through alternative modes of service delivery.

3. The growth of civil service establishment has been steady at about 1% annually from 2007-08 to 2013-14, followed by an increase of about 1.5% in 2014-15. The 2015-16 Draft Estimates of Expenditure provide for 2 540 additional civil service posts in various B/Ds, representing a year-on-year increase of 1.5% over the 2014-15 Revised Estimates (i.e. 173 908 posts), similar to that of 2014-15. Subject to the approval of the 2015-16 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 176 448 posts at the end of March 2016. The additional posts to be created in 2015-16 are mainly for assisting departments to implement new policy initiatives and improve existing services, such as the implementation of the Low-income Working Family Allowance Scheme, measures to increase land and housing supply as well as arrangements to tie in with the upcoming commissioning of the airport's Midfield Concourse.

4. **Second, financial provisions.** In the 2015-16 Draft Estimates of Expenditure, there are financial provisions under a few Heads of Expenditure which are directly related to the policy area of central management of the civil service. The following items are worthy of note -

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: a financial provision of \$1,232.4 million is proposed for providing medical and dental services for serving civil servants, pensioners and their eligible dependants at government Families Clinics and dental clinics, as well as for reimbursement of medical fees and hospital charges. For the former, an allocation of \$772.4 million is proposed, representing an increase of \$86.7 million (or 12.6%) over the 2014-15 Revised Estimate. The additional provision is mainly for setting up additional general dental surgeries and the new Families Clinic in Fanling, and procuring additional equipment. With regard to the reimbursement of medical fees and hospital charges, an allocation of \$460 million is proposed, representing an increase of \$58 million (or 14.4%) over the 2014-15 Revised Estimate. The additional provision is to meet an anticipated increase in applications for reimbursement of medical expenses and hospital charges from eligible persons.
- (b) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: an amount of \$28,557.7 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$2,993.9 million (or 11.7%) over the 2014-15 Revised Estimate. The increase is mainly due to an estimated increase in the number of new retirees in 2015-16 and the full-year effect of pension payments to those retiring in 2014-15.

5. Chairman, as the backbone of the Government, the civil service contributes to the stability and continuity of government operation. The Civil Service Bureau will continue to strive to maintain a professional and efficient civil service and encourage civil servants to pursue continuous improvement and do their best to deliver quality services to the public.

6. Chairman, my colleagues and I are pleased to answer questions from Members.

**Presentation by Secretary for Judiciary Administrator
at the Special Meeting of the Finance Committee
on Friday, 27 March 2015**

The Judiciary has the constitutional responsibility to administer justice fairly and impartially. In the financial year 2015-16, a total provision of \$1,437.2 million is sought to enable the Judiciary to discharge its responsibilities.

2015-16 Draft Estimates

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Government, i.e. the executive authorities, back in 2005, the Judiciary submitted its resource requirements for 2015-16 to the Government in July 2014, prior to the Government's drawing up of the 2015-16 budget for the Judiciary. The Judiciary considers that the above budgetary arrangements have been working satisfactorily, and that the Government has been helpful in the process.

3. The draft Estimates of 2015-16 for the Judiciary, amounting to \$1,437.2 million, represents an increase of \$150.6 million, or 11.7%, over our revised estimates for 2014-15. With this provision sought, the Judiciary will be provided with the financial resources required for the creation of 52 net additional non-judicial civil service posts, filling of existing judicial and non-Judicial vacancies and additional operating expenses to strengthen court's operation, facilitate the implementation of the Information Technology Strategy Plan ("ITSP") and enhance administrative support on the various fronts of the Judiciary.

Judicial Manpower

4. On 20 March 2015, the Finance Committee of the Legislative Council approved the creation of seven judicial posts, i.e. three Justice of Appeal posts, one Judge of the Court of the First Instance ("CFI") post, one District Judge ("DJ") post and two Magistrate posts. The establishment of judicial posts now stands at 200.

5. Over the past year, the Judiciary has been launching open recruitment exercises for filling judicial vacancies at appropriate timing,

having regard to the overall judicial manpower situation and succession plan for different levels of court:

- (a) At the CFI level, the Judiciary conducted open recruitment exercise on a yearly basis since 2012. Since 2012, 12 CFI Judge appointments were made. The last recruitment exercise was conducted in October 2014, which is still in progress;
- (b) For the DJ, the last open recruitment was completed in 2012 and 22 judicial appointments were made as a result. Having regard to the low vacancy position (three vacancies at present), there is no imminent need to conduct recruitment exercise for DJ in the near future;
- (c) The last open recruitment exercise for Members, Lands Tribunal was completed in 2013. Two appointments were made and all vacancies have been filled at present; and
- (d) The last open recruitment exercises for Permanent Magistrates and Special Magistrates launched in February 2014 have been completed. 17 Permanent Magistrates and 5 Special Magistrates have been appointed and all fillable vacancies have been filled at present.

6. As the Chief Justice has mentioned at the Opening of Legal Year on 12 January 2015:

“On the recruitment of judges, this has largely been successful. There are some difficulties in the recruitment at the level of the Court of First Instance in the High Court. With this in mind and in order also to address the long-term needs of the whole of the Judiciary, we are conducting various reviews, such as one on the conditions of service of judges and another on retirement age. The important aspect to bear in mind is that it is of crucial importance that the high standard expected of judges are maintained. I have said on many occasions that it is better to leave positions vacant than to have appointments of persons not of the required standard.”

7. In 2015-16, the Judiciary will aim to complete the current recruitment exercise for CFI Judges, to press on with the various reviews as mentioned above, and in the meantime, to engage deputy judges and judicial

officers as far as practicable to assist in meeting the pressing operational needs.

Non-Judicial Manpower

8. In 2015-16, on top of meeting the on-going operational needs in discharging its responsibilities on all fronts, the Judiciary will continue to enhance administrative support in support a number of major initiatives. To this end, a net additional of 52 civil service posts will be required.

9. First, the Judiciary proposes that a new secretariat should be set up to provide administrative support to the Chief Justice and the Court Leaders in handling complaints against judicial conduct. Members may be aware that the Chief Justice has set up an internal working group under his chairmanship to review the existing mechanism in handling complaints against judicial conduct. The review has reached an advanced stage, and it is expected that the review will be completed in mid 2015. During the course of the review, it is revealed that the administrative support provided to the Chief Justice and the Court Leaders need to be enhanced as a matter of urgency, and should be taken forward as the first step pending the conclusion of the whole review. It is expected that with the establishment of the new secretariat, much useful logistical assistance will be provided in dealing with complaint cases and the collation of relevant information and statistics.

10. Furthermore, additional staff inputs will be required for many new and on-going initiatives. These include:

- (a) Enhanced professional and administrative in-house support to facilitate the implementation of the ITSP;
- (b) Enhanced administrative support in taking forward many initiatives requiring legislative amendments, including both the ITSP and the implementation of the recommendations concerning the revamp of the family procedural rules. For this purpose, the Judiciary proposes to create a supernumerary AOSGC post for three years in order to assist in taking these initiatives forward; and
- (c) The setting up of building management teams for the relocated Court of Final Appeal and the West Kowloon Law Court Building.

The Way Forward

11. The Judiciary will be consulting the Panel on Administration of Justice and Legal Services on the proposed creation of the supernumerary AOSGC post before submitting the proposal to the Establishment Sub-Committee for endorsement and the Finance Committee for approval. The Judiciary looks forward to receiving Members' support.

Conclusion

12. The Judiciary will continue to explore areas for improvement to enhance access to justice and to provide quality services to court users and members of the public.

13. Thank you.

**Presentation by Secretary for Justice
at the Special Meeting of the Finance Committee
on Friday, 27 March 2015**

Chairman and Members,

For 2015-16, the total estimated expenditure of the Department of Justice (DoJ) is \$1,980 million, which involves an increase of 14.8% (or \$254.7 million) over the revised estimated expenditure for 2014-15. This increase is partly due to the filling of vacancies which could not be filled previously, and the net creation of eight posts to cope with the increasing demand of government departments for legal services. We also expect an increase in court costs and briefing-out fees payable to barristers, solicitors and other professionals (such as expert witnesses) in private practice, and hence have made a provision of \$432 million and \$530 million respectively in 2015-16 for providing the necessary support for anticipated legal proceedings and related matters.

2. The expenditure on court costs and briefing out depends on the number of the cases involved, their complexity and development. The estimated expenditure for 2015-16 was worked out on the information available at the time of preparing the estimates; the ultimate actual amount of expenditure will depend on the development and outcome of the cases concerned. These factors are not within the control of the Government, nor the DoJ. However, we will strive to exercise maximum prudence in controlling the relevant expenditure, subject to the overriding principle that the DoJ's provision of high-quality service shall not be compromised.

3. I will now outline the DoJ's major work in the new financial year.

Programme (1) - Prosecutions

4. In the context of prosecutions, the upholding of the rule of law and professionalism will remain our overarching working principle, so as to maintain a top quality modern prosecution team.

5. Looking ahead, we anticipate that cases related to the earlier "Occupy Movement" will form a significant part of the works of the Prosecutions Division in 2015-16. Our prosecutors will act in accordance

with the established prosecution policy when they consider and analyse the evidence of the cases on the basis of the applicable law, so as to process each and every case in a fair and impartial manner. In preparing the 2015-16 estimates, we have already assessed the resources required by the DoJ for handling the related cases, so as to ensure that sufficient resources can be made available to the DoJ for the purpose. We will continue to arrange our manpower resources in an appropriate manner and, where necessary, engage barristers or solicitors in private practice so as to effectively manage our overall caseload.

6. At the same time, we will also continue to take forward initiatives to enhance the quality of prosecution service, including providing various continuous trainings for our in-house prosecutors and staging the biannual Joint Training Programme for newly qualified lawyers in private practice in conjunction with the two legal professional bodies in Hong Kong. Moreover, we will continue to run the “Meet the Community” programme and the annual “Prosecution Week” with a view to enhancing the public’s understanding of the prosecution and criminal justice system of Hong Kong.

Programme (2) - Civil

7. The Civil Division will continue to provide advice to all government bureaux and departments on civil law matters, assist in the drafting of documents and contracts, and represent the Government in civil litigation and other dispute resolution proceedings such as arbitration and mediation. Moreover, the Mediation Team of the Division will continue to support the Steering Committee on Mediation in the promotion and development of mediation. In this regard, the Steering Committee on Mediation will continue to take forward various initiatives. These include, in respect of the legal framework, the issue of a consultation paper shortly on the need for introducing an apology legislation in Hong Kong; the continued monitoring of the operation and effectiveness of the Mediation Ordinance; and in terms of the professional ethics and professionalism of mediators, ensuring that the industry-led Hong Kong Mediation Accreditation Association Limited fulfils its mission and gains the confidence of both the mediation sector and the general public. For promotion, we hope to build up a healthy mediation culture, enhancing the public’s understanding of mediation, as well as focusing on the development of mediation service in respect of specific sectors (such as Small and Medium Enterprises and intellectual properties). As regards training within the Government, the Mediation Team earlier this year published a *Mediation Handbook*, which was specifically compiled for administrators in the Government, and will also continue to organise mediation training courses and seminars for civil

servants.

Programme 3 – Legal Policy

8. On legal policy, in discharging the important function of the DoJ to uphold the rule of law and justice, we will continue to provide legal advice on *Basic Law*, human rights as well as constitutional and other relevant issues to the Government, so as to ensure that all legislative proposals and measures of the Government are fully in compliance with *Basic Law* and other legal requirements.

9. We will also continue to co-ordinate and actively participate in the work of two working groups separately set up to study the protection of the legal rights of transsexual persons and class actions, to facilitate the working groups to submit their recommendations to the Government on these two controversial topics.

10. On legislative work, we introduced the *Arbitration (Amendment) Bill 2015* into the Legislative Council in February this year to improve the existing arbitration law. As for implementing the recommendations made by the Law Reform Commission in its two Reports on *Enduring Powers of Attorney: Personal Care* and on *Criteria for Service as Jurors*, we are drawing up the bills for public consultation within this year.

11. We will continue to work proactively to consolidate and enhance Hong Kong's status as a leading centre for international legal and dispute resolution services in the Asia Pacific region. Apart from the abovementioned amendments to the *Arbitration Ordinance*, we will continue to work with the legal and arbitration sectors to promote Hong Kong's legal and dispute resolution services in the Mainland and overseas. Arrangement will also be made to provide certain office space to international legal or dispute resolution institutions in the West Wing of the former Central Government Offices and the former French Mission Building (after the Court of Final Appeal has moved out).

12. Furthermore, we have set up an Advisory Committee on Promotion of Arbitration in late 2014, with members comprising representatives of key stakeholders, for providing advice and overall co-ordination on the development and promotion of Hong Kong's arbitration services at the international level. We will also continue to take forward a study on the development and prospect of arbitration in Hong Kong, as well as on the challenges and opportunities that Hong Kong faces as a regional centre for international arbitration in the Asia Pacific region.

Programme (4) – Law Drafting

13. In the 2015-16 financial year, the Law Drafting Division will strive to gear its work to support the legislative programme of the Government. The current term of the Legislative Council will end next year. Based on past experience, legislative scrutiny work will often reach a peak in the last year of a Legislative Council term. In view of this, the Law Drafting Division will draft the legislation required by the relevant bureaux for introduction into Legislative Council according to the legislative timetables, and provide professional support in the legislative process.

14. Despite the anticipated increase in workload, we will still endeavour to ensure that statutory provisions can accurately reflect the relevant policies and are easy to read and comprehend. To enhance the professional capability of law drafters, we will actively provide them with opportunities for training, development and external exchange.

15. The work on the establishment of an electronic database of legislation with legal status is ongoing. Together with the contractor, we are now carrying out function tests on the Phase 1 system.

Programme (5) – International Law

16. In the past year, the International Law Division actively participated in the works of international organisations, and also provided support to the Asia Pacific Regional Office of the Hague Conference on Private International Law (HCCH) in its work. For example, in conjunction with the said Office we co-organised a HCCH Asia Pacific Week in October last year. In the coming year, we will continue with our efforts in this area and organise more international law conferences with the HCCH and other international organisations, so as to further enhance Hong Kong's status as an international legal service centre.

17. In addition, as reported in the 2015 Policy Initiatives of the DoJ, early this year, the Central People's Government and the HKSAR Government respectively signed with the Permanent Court of Arbitration (PCA) a host country agreement on the conduct of dispute settlement proceedings by the PCA in the HKSAR and a related memorandum of administrative arrangements. We will try our best to implement the arrangements with the PCA, so as to provide as much convenience as is possible for the conduct of PCA-administered arbitrations in Hong Kong, thereby further enhancing Hong Kong' attractiveness as a venue for international investment arbitrations.

Conclusion

18. The above outlines the major work of the DoJ in the coming financial year. My colleagues and I will be pleased to answer Members' questions and listen to your views. Thank you.

**Presentation by Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on Monday, 30 March 2015**

Chairman and Honourable Members,

I will briefly introduce the estimates of expenditure for financial services and our key areas of work in the coming year.

Estimates of Expenditure

2. For 2015-16, I have allocated about \$980 million from my operating expenditure envelope to the Financial Services Branch and departments under its purview. The amount represents a decrease of \$20 million over last year.

Key Areas of Work

3. We will focus our work in the coming year on reinforcing Hong Kong's status as an international financial centre and managing market systemic risks for investor protection.

**(I) Developing Offshore Renminbi Business in Hong Kong and
Enhancing Financial Co-operation with the Mainland**

4. The Shanghai-Hong Kong Stock Connect has been operating smoothly since its launch in November last year. We are discussing 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.

5. We will continue to enhance financial exchanges and co-operation between Hong Kong and the Mainland through the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA") and other regional platforms for mutual benefits.

(II) Promoting Market Development

6. On promoting market development, I would like to give a brief account of our priorities.

(i) Fund and Asset Management Business

7. We are developing Hong Kong into a full-fledged fund service centre proactively. In particular, we are formulating detailed legislative proposals to introduce a new open-ended fund company structure to attract more funds to domicile in Hong Kong.

8. We introduced a Bill into the Legislative Council (“LegCo”) on 25 March to extend the profits tax exemption for offshore funds to private equity funds, with a view to attracting more private equity funds to expand their business in Hong Kong.

9. To attract multinational enterprises to establish corporate treasury centres in Hong Kong, we will introduce a Bill to amend the Inland Revenue Ordinance in the next legislative session to allow interest deductions under profits tax for corporate treasury centres and reducing profits tax for specified treasury activities by 50%.

(ii) Bond Market

10. We plan to launch a further issuance of inflation-linked retail bonds (“iBond”) worth not more than \$10 billion with a maturity of three years.

11. We will consider actively a further sukuk issuance in the light of prevailing market conditions and needs.

(iii) Manpower Training

12. There is broad industry consensus that manpower shortage is particularly acute in the middle and back offices of the insurance and asset and wealth management sectors. In this regard, we propose to allocate \$100 million to launch a three-year pilot scheme to enhance the manpower training of the two sectors.

13. We are discussing with the sectors and stakeholders the details of the scheme. We will consult the Financial Affairs Panel before seeking

funding approval from members of the Finance Committee for launching the pilot scheme.

(iv) Development of Financial Technologies

14. We will soon set up a steering group on financial technologies, comprising representatives from industries, research and development institutions and regulatory authorities to study how to develop Hong Kong into a financial technology hub.

(v) Asian Infrastructure Investment Bank

15. The Asian Infrastructure Investment Bank (“AIIB”) will play an important role in the development of infrastructure in the countries along the “One Belt and One Road”. To support the establishment of AIIB and its operation, we will leverage our strength in financing and asset management. We will also actively explore the possibility for Hong Kong to join the AIIB in order to capitalise on the opportunities brought by the establishment of the AIIB.

(vi) Improving Corporate Insolvency Law

16. Based on the positive responses and public comments received in last year’s public consultation, we are drafting the legislative provisions and plan to introduce an amendment bill into LegCo within this year. The legislation exercise will improve the efficiency of the winding-up process, increase protection of creditors and enhance the integrity of the winding-up process.

(III) Investor Protection

17. The third key area of work is to enhance investor protection. I would like to highlight some major initiatives.

(i) Enhancing the Mandatory Provident Fund System

18. On the Mandatory Provident Fund (“MPF”), we will introduce an amendment bill into LegCo this year for the implementation of the proposed “Core Fund” in 2016.

19. A public consultation on the automatic mechanism for adjustment of the minimum and maximum levels of relevant income for MPF mandatory

contributions has been completed. We will consider the way forward upon receipt of recommendations from the Mandatory Provident Fund Schemes Authority.

(ii) Establishing an Independent Insurance Authority

20. The bill which provides for the establishment of an independent Insurance Authority is under scrutiny by LegCo. We target to have the Ordinance enacted in mid 2015. Preparation for the establishment of the Provisional Insurance Authority will then follow.

(iii) Regulating Stored Value Facilities and Retail Payment Systems

21. We will assist LegCo in scrutinising the Clearing and Settlement Systems (Amendment) Bill 2015 which empowers the Hong Kong Monetary Authority to regulate stored value facilities and retail payment systems for enhancing financial stability and user protection.

(IV) International Regulatory Requirements

22. To take forward international regulatory requirements, we will have a number of priorities in the coming year.

(i) Basel III

23. On the regulation of banks, we will introduce relevant subsidiary legislation into LegCo to amend the Banking (Capital) Rules to set out the technical details for the implementation of the second phase of Basel III.

(ii) Establishing an Effective Cross-sectoral Resolution Regime for Financial Institutions

24. The Government, in conjunction with the financial regulators, launched in January this year the second stage of public consultation on establishing an effective resolution regime for financial institutions. As certain issues, for example the establishment of a regime which would be effective in cross-border resolution, are still being discussed at the international level, there may be a need to carry out a third, shorter consultation later this year. Subject to the outcome of these public consultations, we will seek to introduce the relevant legislative proposals into LegCo by the end of this year.

(iii) Auditor Regulatory Reform

25. The Government has completed a three-month public consultation on the proposals to reform the regulatory regime for listed entity auditors. There is majority support from respondents to the objectives and direction of the reform, which are to enhance the independence of the regulatory regime for auditors from the profession itself. We are consolidating and studying the submissions received and plan to publish the consultation conclusions in the middle of this year.

(iv) Regulatory Regime for the Over-the-Counter Derivative Market

26. The regulatory regime for the over-the-counter derivative market will be implemented in phases. We will soon table the first batch of subsidiary legislation for the implementation of the mandatory reporting and related record keeping obligations before LegCo for scrutiny.

27. To conclude, we will keep a close watch on market developments and the trend of regulation in the international community. We will work closely with the regulators and the industry to implement our working plans. Chairman, my colleagues and I will be happy to answer any questions from Members.

**Presentation by Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on Monday, 30 March 2015**

Chairman and Members,

This session of the special meetings of the Finance Committee will examine the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch oversees several policy areas, which cover revenue and financial control, provision of central support services within the Government and maintenance of government properties. Before the question session begins, I would like to brief Members on some points.

Estimates by Policy Areas

2. The estimated total recurrent expenditure for the three policy areas for 2015-16 is \$7,219 million, with about \$3,800 million on revenue and financial control, about \$2,400 million on provision of central support services within the Government, and about \$1,000 million on maintenance of government properties.

Key Areas of Work in the Coming Year

3. As regards our work in the coming year, I would like to highlight the following areas:

- (a) We will continue to contain the growth of government expenditure and manage the allocation of resources having regard to established principles for the prudent management of public finances, and continue to consider major investment and loan proposals in support of economic and social development.
- (b) The Financial Services and the Treasury Bureau (FSTB) will consult the industry in the second quarter of this year on the arrangements for implementing the automatic exchange of financial account information (“AEOI”) in tax matters. FSTB will introduce the relevant amendment bill in 2016, and seek to get it passed within the current term of the Legislative Council (LegCo). In order to combat cross-border tax evasion, the

international standards for exchange of information in tax matters have been evolving rapidly. As an international financial centre, Hong Kong cannot afford to fall behind international developments. Hong Kong has indicated to the Organisation for Economic Cooperation and Development (“OECD”) our support for implementing the new global standard on AEOI by the end of 2018, after the required legal framework has been put in place. The new global standard has far-reaching implications and involves complicated procedures, including the specific requirements for financial institutions to conduct due diligence and report financial account information, and the sanctions for non-compliance. The time table for various tasks is very tight. The Government will make its best endeavours to press ahead, and would like to appeal to Members for their support.

- (c) We will continue to make our best efforts to expand Hong Kong’s network of comprehensive agreements for avoidance of double taxation (“CDTAs”) with our major trading and investment partners as well as emerging economies with which we see potential for growth in bilateral trade and investment. On the other hand, Hong Kong may enter into stand-alone tax information exchange agreements (“TIEAs”) with other jurisdictions where necessary, so as to meet the international standard.
- (d) To prevent cost-recovery items being turned into heavily subsidized items, policy bureaux and departments will continue to review their respective fees and charges, including those related to people’s livelihood. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific services provided, public affordability and acceptability, and the views of LegCo Members before making proposals for fee revisions. The Government will increase fees and charges as and when necessary. There will not be substantial revisions at one go. Government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.
- (e) As announced in his Budget Speech, the Financial Secretary agreed to establish a Future Fund. We will work with the Hong Kong Monetary Authority to hammer out specific details and arrangements. The savings scheme is expected to be in place within this year.

- (f) We will continue to relocate where feasible those non-location-bound government offices out of the core business districts to release valuable sites for commercial use and generate more economic activities and employment opportunities in other 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 some 18 000 square metres of commercial floor area. In addition, 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 by phases to the new buildings in various districts including West Kowloon, Cheung Sha Wan, Kai Tak, Chai Wan and Tseung Kwan O. With the phased relocation of these departments, we will rent out the floor space released and progressively make available 175 000 square metres of commercial floor area to increase the supply of Grade A office space in Wan Chai. In the long run, upon completion of the whole relocation exercise, we plan to put up the three government office buildings for sale at an appropriate time.

4. Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise.

Financial Services and the Treasury Bureau
March 2015

**Presentation by Secretary for the Environment
at the Special Meeting of the Finance Committee
on Monday, 30 March 2015**

Chairman,

I would like to brief Members on the part of the Estimates relating to the Environment Bureau (ENB) and our major policies in the new financial year.

Allocation of More Resources

2. The Government has been allocating more resources to environmental protection, and puts emphasis on better air quality, cleaner sea water and better management of solid waste, to enhance the quality of living of our community. In this financial year, the total allocation of ENB and departments under my portfolio is about \$16.4 billion, which is about 8% or \$1.2 billion more than the revised estimate for 2014-15.

3. Of the total allocation of \$16.4 billion, recurrent expenditure accounts for about \$7.4 billion, up about \$900 million or 14% from the revised estimate for 2014-15. The additional allocation is mainly for meeting the increase in operation fees of various waste treatment facilities and sewage treatment facilities, implementing the waste diversion plan to complement the designation of South East New Territories (SENT) Landfill to receive construction waste only in the future, expanding the recycling network services including the operation of Community Green Stations (CGSs) and glass bottle recycling, preparing for the future Municipal Solid Waste (MSW) Charging scheme, as well as carrying out energy audit and implementing initiatives on energy efficiency. There will be a net increase of 26 posts in ENB and the Environmental Protection Department (EPD) in 2015-16.

4. The provision in 2015-16 for non-recurrent expenditure, capital account and cash flow for projects under Capital Works Reserve Fund is about \$9 billion, representing a net increase of \$330 million or 4% over the revised estimate for 2014-15. The increase is mainly for continuing the ex-gratia payment scheme to phase out pre-Euro IV diesel commercial vehicles and to meet the increased cash flow requirements of some capital

works projects, including the organic waste treatment facilities (OWTF) phase 1.

5. I will now give a brief outline of the work priorities of ENB in the coming year.

Improving Air Quality

6. One of our priorities is to improve roadside air quality. We continue to adopt an incentive-cum-regulatory scheme to phase out progressively some 82 000 pre-Euro IV diesel commercial vehicles (DCVs) by end of 2019. Since the launch of the scheme, the response has been very encouraging. Up till now, about 23 600 pre-Euro IV DCVs (i.e. about 29% of the eligible vehicles) were retired under the scheme, with an approved ex-gratia payment of \$2.89 billion. Since September 2014, we have deployed roadside remote sensing equipment to monitor the petrol and liquefied petroleum gas vehicles with excessive exhaust emissions. Up till now, we have monitored about 270 000 vehicles and issued about 1 700 Emission Testing Notices to vehicle owners.

7. As Electric vehicles (EVs) have no tailpipe emissions, replacing conventional vehicles with EVs can help improve roadside air quality and reduce greenhouse gas emissions. In promoting the use of EVs, waiving the First Registration Tax for EVs has been extended until end March 2017. We have been working closely with the private sector in expanding the EV charging infrastructure. There are now more than 1 100 EV chargers for public use in Hong Kong. With the government's efforts of promotion, the number of EVs has increased significantly. Now there are over 1 800 EVs compared with less than 100 in end 2010.

8. As for franchised buses, we will continue to work with the franchised bus companies to retrofit about 1 400 Euro II and III franchised buses with selective catalytic reduction devices to reduce the emissions from buses, and conduct the trial of hybrid buses and electric buses. We will set up low emission zones at the three busy corridors in Causeway Bay, Central and Mong Kok where the franchised bus companies can only deploy low emission franchised buses.

9. In addition, we have also put much effort in reducing emissions from ocean-going vessels and non-road mobile machinery. I thank the LegCo's support in approving the new regulation for non-road mobile machinery this February. In this month, we have tabled another new regulation to the LegCo to mandate ocean-going vessels to switch to low sulphur content

(0.05%) fuel while at berth. The emissions of sulphur dioxides, respirable suspended particulates and nitrogen oxides in Hong Kong can be reduced after implementation of these regulations.

10. EPD launched the Cleaner Production Partnership Programme (the Programme) in collaboration with the Economic and Information Commission of Guangdong Province in April 2008. The current Programme will be completed by March 2015. In light of the environmental benefits brought by the Programme and positive feedback from the industries, we have earmarked \$150 million to extend the Programme for five years to 2020 to continue to provide funding support for participating factories to carry out cleaner production projects as well as to strengthen technology promotion and publicity activities. Moreover, we will work with Guangdong to enhance regional air quality, including to review the progress in meeting the 2015 emission reduction targets and finalise the 2020 emission reduction targets.

Improving Victoria Harbour Water Quality

11. Upon commissioning of Stage 2A of the Harbour Area Treatment Scheme this year, all sewage from both sides of Victoria Harbour will be collected for treatment at the Stonecutters Island Sewage Treatment Works. The water quality of the main water body of Victoria Harbour will then improve further. We are also seeking funding approval from the LegCo to carry out a study on enhancing the quality of urban coastal waters, to investigate the specific causes of near shore pollution for identifying further mitigation measures to improve the environment, and the leisure and recreational value of the coastal areas of Victoria Harbour in the long run. Also, relevant bureaux and departments would cooperate to identify suitable locations both within and outside Victoria Harbour to promote a water-friendly culture in Hong Kong.

Energy

12. To conserve energy and combat the negative effects of climate change, the Government has been leading by example by reducing electricity use. Building on our success in implementing the electricity saving target in 2009, we have set a new target of 5% saving in electricity consumption for government buildings in the coming five years. Energy audits will be conducted for major government buildings to help bureaux and departments identify opportunities for electricity saving measures and projects on the basis of the energy audit reports.

13. Since the current Scheme of Control Agreements will expire in 2018, we have conducted a review on the future development of the electricity market and the regulatory framework, and will soon launch a public consultation. We have already considered the submissions received on the public consultation on future fuel mix for electricity generation in conducting the review on the future development of the electricity market. When we consult the public on the latter, we will also announce the outcome of the fuel mix public consultation and the way forward.

Waste Management

14. ENB is progressively taking forward various initiatives as committed under the “Blueprint for Sustainable Use of Resources” and is making good progress. In respect of waste reduction at source, we will actively pursue the preparatory work for the implementation of quantity-based MSW charging following the directions recommended by the Council for Sustainable Development, as the framework proposal we presented to the Panel on Environmental Affairs (EAP) in February 2015. In order to meet manpower needs for the preparatory work, we have obtained support from the EAP for seeking approval from the LegCo to create two time-limited directorate posts for three years. We urge for members’ support to the proposal when it is submitted to the Establishment Subcommittee and the Finance Committee.

15. On the other hand, we will progressively implement producer responsibility schemes (PRSs). In addition to the full implementation of plastic shopping bag charging on 1 April 2015, we have introduced legislative proposals into the LegCo in mid March 2015 for the implementation of mandatory PRS on waste electrical and electronic equipment. We are also preparing legislative proposals on mandatory PRS on glass beverage bottles, which are expected to be introduced into the LegCo within this year. To pave way for MSW charging, we are progressively developing CGSs in all 18 districts to enhance environmental education and support the collection of recyclables at the community level. The first CGS in Sha Tin will start providing service soon.

16. To further reduce food waste generation at source, we will step up our efforts to promote the Food Wise Hong Kong Campaign and also launch the "Food Wise Eateries" scheme to encourage the catering industry to provide portion menu.

17. Promotion of waste recycling always plays a crucial role in overall waste management strategies. The Government has earmarked \$1 billion

for setting up Recycling Fund with a view to promoting the sustainable development of recycling industry. In July 2014, the Government consulted and received support from the EAP on the proposal to set up the Recycling Fund. The proposal is now pending for the consideration of the Finance Committee. The Recycling Fund will be launched soon after we obtain the LegCo's funding approval.

18. On developing waste recycling and treatment infrastructure, the first phase of OWTF is anticipated to be commissioned in 2017. We will also complete the engineering feasibility study for the second phase of OWTF in 2015. Meanwhile, we will take forward the implementation of the extension of the SENT and North East New Territories landfills, and carry out the design and investigation study on the West New Territories landfill extension scheme. On turning waste into energy, we will proceed with the pre-qualification and tendering process for the first phase of the integrated waste treatment facilities (IWTF) for handling 3 000 tonnes of MSW per day using advanced incineration technologies. Furthermore, the sludge treatment facility will become operational in the first half of this year. It enables treatment of sludge by advanced incineration technologies meeting the European Union's emission standards. Moreover, we will commission a study to develop a territory-wide long term plan for waste treatment and transfer facilities.

Nature Conservation

19. We are formulating the first Biodiversity Strategy and Action Plan for Hong Kong with a view to stepping up conservation efforts and supporting the sustainable development of Hong Kong in the next five years.

Conclusion

20. Chairman, the Government has spared no efforts in protecting the environment and building a liveable city by promoting a "Use Less, Waste Less, Energy Saving and Low Carbon" lifestyle. We look forward to joining hands with different sectors of the community and the LegCo to meet the environmental challenges of Hong Kong together.

21. Chairman, together with my colleagues, I would be pleased to answer Members' questions.

Environment Bureau
March 2015

**Presentation by Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on Monday, 30 March 2015**

Foreword

- Chairman, I would like to set out the key matters within the policy areas of commerce, industry and tourism.

CEPA

- In terms of CEPA, a new agreement was signed under the framework of CEPA between the Hong Kong Special Administrative Region (HKSAR) Government and the Ministry of Commerce in December last year to achieve early basic liberalization of trade in services between Guangdong and Hong Kong. The HKSAR Government will continue to seek to achieve basic liberalization of trade in services in the Mainland for Hong Kong by the end of this year.

Hong Kong – ASEAN Free Trade Agreement

- On the other hand, the free trade agreement negotiation between Hong Kong and the ten member states of ASEAN is progressing smoothly. We target to conclude the negotiation next year.

Support for Small and Medium Enterprises (SMEs)

SMEs are the pillar of Hong Kong's economy. We will continue to provide multi-folded support for SMEs:

- First, on loan guarantee, we have extended the application period of the time-limited special concessionary measures launched by the Hong Kong Mortgage Corporation Limited under its SME Financing Guarantee Scheme for the third time on 1 March 2015.
- In addition, the Budget proposed to inject \$1.5 billion into the SME Export Marketing and Development Funds, and to expand the scope of the SME Export Marketing Fund and increase the maximum amount of funding support for each project under the SME Development Fund from \$2 million to \$5 million. We will consult the SME Committee

and the LegCo Panel on Commerce and Industry, before seeking funding approval from the Finance Committee.

Support measures for promoting the sustained development of the fashion industry

- On promoting the development of the fashion industry, the Expert Group on Fashion Industry covered under the Economic Development Commission has earlier made specific recommendations. In the Budget, the Financial Secretary has expressed support and will consolidate existing resources and invest new resources, totalling \$500 million, to launch measures on a pilot basis in the next three years. We will set up an advisory body for the trade to advise on and co-ordinate the implementation of the measures.

Tourism

- Tourism is an important pillar of Hong Kong's economy. Last year, we received 60.8 million visitors in total, representing a year-on-year growth of 12%. Yet, the "Occupy Movement" last year and the series of anti-parallel trading protests in recent months have affected the desire of visitors to travel to Hong Kong.
- Surely, we understand the community's concern about the impact of the continuous growth in visitor arrivals on people's livelihood. Our major premise is to strike a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. As regards the measures to fine-tune and improve the arrangements under the Individual Visit Scheme, as it is an outbound travel policy of Mainland residents which falls within the remit of the Central Government, the HKSAR Government has maintained discussions with the Central Government and will continue to relay different views of the Hong Kong community and the latest situation comprehensively.
- To rebuild Hong Kong's image as a world-class travel destination, we will allocate an additional \$80 million for the Hong Kong Tourism Board to step up its promotion efforts in the coming year.
- Together with relevant departments, CEDB will also lead the study from various perspectives on introducing Food Trucks to Hong Kong.
- On tourist facilities, the Ocean Park is pressing ahead the development of its all-weather waterpark in Tai Shue Wan and its first hotel, both of which will hopefully be completed by 2017. Hong Kong Disneyland

will also launch a new Iron Man-themed area by the end of 2016 and complete a new 750-room hotel in early 2017. The Government has also commenced discussion on the Phase 2 Development of the Hong Kong Disneyland Resort with The Walt Disney Company. The Phase 2 development will cover an estimated area of 60 hectares, with attractions, hotel development and retail facilities.

- To attract more high value-added visitors, the Government will endeavour to release the first site within the “hotel belt” of the Kai Tak Runway Precinct to the market by end of this year and will consider possible means to gradually release the remaining sites within the “hotel belt” in future for development into a distinctive hotel cluster.
- The total number of hotel rooms will increase from 72 700 in 2014 to around 84 000 in end 2017.
- As regards cruise, since the commissioning of the Kai Tak Cruise Terminal, its number of ship calls has been increasing steadily. The number of ship calls for this year will be more than the double of that last year, and its passenger throughput will correspondingly increase. Furthermore, we are also committed to developing cruise tourism in Hong Kong, including the promotion of regional cooperation with neighbouring ports to enhance the attractiveness of the whole region to cruise companies.

Shopping facility in border area

- On the suggestion of setting up a shopping centre in Lok Ma Chau, we consider it worth considering from the tourism perspective. As the proposed development involves statutory planning and land administrative procedures, as well as discussion between the project proponent and relevant Government departments, the Government has been offering advice and coordinating relevant departments.

Intellectual Property

- On the front of intellectual property (IP), the Working Group on IP Trading under my chairmanship has completed its work and released a report. We will set aside \$23 million in the coming three years for implementation of a series of new measures.
- In addition, a Bills Committee is scrutinising the Copyright (Amendment) Bill 2014.

- Furthermore, the Government is working to implement an “original grant” patent (OGP) system. Subject to the progress of implementation and future legislative work, we aim at launching the OGP system in 2016-17 at the earliest.

Competition Policy

- With regard to competition policy, since the enactment of the Competition Ordinance, we have been working on the preparation for the full commencement of the Ordinance in collaboration with the Competition Commission and the Judiciary.
- We will bring the Competition Ordinance into full operation when all relevant preparatory work is completed.

Conclusion

- Chairman, my colleagues and I would be pleased to answer questions from Members.

**Presentation by Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on Monday, 30 March 2015**

Introduction

- Chairperson, I will highlight the main points in the policy area of communications and technology.

Broadcasting

- On broadcasting, we will continue to promote the development of digital terrestrial television apart from handling the applications for renewal of free television programme service licences and the applications for new licences. We have reserved funding in 2015-16 for launching a new round of publicity for the promotion of digital audio broadcasting.

Review of the Control of Obscene and Indecent Articles Ordinance (COIAO)

- On the review of the COIAO, we have reported to the Panel on Information Technology and Broadcasting (the Panel) of the Legislative Council (LegCo) earlier. Preparation of the amendment bill is underway.

Telecommunications

- On telecommunications, the existing assignments of 198.6 MHz of the frequency spectrum in the 900 MHz and 1 800 MHz bands will expire between November 2020 and September 2021. We and the Communications Authority plan to make a decision on and announce the arrangements relating to the re-assignment before end of 2017. The relevant preparatory work has been kick-started.
- We plan to set up a new team in the second half of 2015-16 for a period of three years to review the Broadcasting Ordinance and the Telecommunications Ordinance. We will then brief the Panel on the proposed staffing arrangements and seek approval from the Finance Committee (FC) afterwards.

- On person-to-person telemarketing calls (P2P calls), we have commissioned a Consultant in January 2015 to conduct a survey (Survey) with a view to soliciting the views of various sectors of the community on the regulation of P2P calls, as well as the employment and business situations of the industry. We will report the latest progress to the relevant panel of LegCo in due course.

Creative Industries

- On creative industries, the Government will inject an additional \$400 million into the CreateSmart Initiative (CSI) to support creative industries other than film. The review on the CSI is expected to be completed in the middle of this year. We will report to LegCo in due course.
- In addition, some of the initiatives to promote the development of the fashion design sector as mentioned in the Budget Speech will also be funded by the CSI.
- On the film industry, the Government will continue to encourage more film productions and nurture talents through the Film Development Fund (FDF). We will introduce a new Film Production Grant Scheme and enhance the Film Production Financing Scheme. Moreover, we will re-launch the First Feature Film Initiative in 2015.
- The commitment of the FDF is expected to be exhausted in the middle of 2015. We propose injecting an additional \$200 million into the FDF.

Innovation and Technology Industry

- In this year's Policy Address, it is proposed to inject \$5 billion into the Innovation and Technology Fund (ITF) and subsume the Research and Development Cash Rebate Scheme under the ITF. Funding of the proposal was approved by the FC earlier. I would like to thank Members again for their support.
- To enhance the funding support for technology companies in Hong

Kong, and to encourage more private sector investment in research and development (R&D) activities, a new Enterprise Support Scheme was launched in March this year to replace the Small Entrepreneur Research Assistance Programme. The new scheme supports R&D conducted by companies of all sizes. The funding ceiling for each approved project has been increased from \$6 million to \$10 million. There is no recoupment requirement.

- The Financial Secretary has announced in the Budget that the Hong Kong Science and Technology Parks Corporation will establish a Corporate Venture Fund to help fill the funding gap in the early investment stage of technology start-ups in Hong Kong, and to encourage more private sector investment. The Corporation has earmarked \$50 million from its own resources and is drafting details for the establishment of the Fund. The Fund is expected to be rolled out around the middle of this year.
- On hardware support, Phase 3 development of the Science Park is progressing on schedule. Its first three buildings were opened in September last year, while the remaining two buildings will be completed in 2016.

Nurturing Information Technology (IT) Manpower

- On IT, we will implement, on a pilot basis, a two-pronged Enriched IT Programme from 2015/16 school year to 2022/23 school year at a total funding of \$75 million to nurture talents. We expect that the Enriched IT Class will commence as scheduled in the new school year starting September this year.

Release of Public Sector Information

- Another important task is to make available all government information released online in digital formats by government bureau and departments from this year onwards. To complement this new initiative, we have revamped the PSI portal, Data.Gov.HK.

Innovation and Technology Bureau (ITB)

- Lastly, I would like to talk about the setting up of an ITB.

- To avoid time being spent on possible argument over certain technical legal issues, we will submit a fresh resolution for the transfer of relevant statutory functions and repeal the original Resolution that was approved by LegCo on 29 October last year.
- In addition, we will submit another funding proposal to the FC to make changes to the Estimates of Expenditure for 2015-16 after the passage of the Appropriation Bill 2015. We sincerely hope that Members would stop filibustering the funding proposal.

Conclusion

- My colleagues and I stand ready to answer questions from Members on the Estimates.

~ End ~

**Presentation by Secretary for Home Affairs
at the Special Meeting of the Finance Committee
on Tuesday, 31 March 2015**

Chairman,

The Home Affairs Bureau (HAB) is responsible for quite a diversified policy portfolio covering a total of eight Heads of Expenditure. Our priority areas with additional resources provided are as follows:

Youth Development

Youth Development Fund

2. The Chief Executive announced in the Policy Address that the Government will 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 organisations (NGOs) to assist young people in starting their business. We are consulting the Commission on Youth on the operational arrangements of the fund. We plan to consult the Panel on Home Affairs of the Legislative Council (LegCo) later this year.

Funding Schemes for Youth Exchange and Internship in the Mainland

3. To broaden young people's horizon and raise their awareness about the development in the Mainland, we will increase the funding support to both the Funding Scheme for Youth Exchange in the Mainland and the Funding Scheme for Youth Internship in the Mainland. In this year's Budget Speech, the Financial Secretary has stated that the government will allocate an additional \$205 million in the next three years to support more young people to participate in Mainland exchange and internship programmes. We estimate that, as compared with 2014-15, the total number of youth beneficiaries for the two Schemes will increase by about 32 000 to about 70 000 in the coming three financial years.

Youth Volunteerism

4. We will step up our work in the promotion of youth volunteerism.

In 2015-16, we will launch two new schemes, namely the HK-United Nations (UN) Youth Volunteers Programme, and the Guangdong-HK Youth Volunteers Programme. In addition, we will regularise the Services Corps programme. We hope to provide more opportunities for young people to participate in volunteer services in the Mainland and overseas, through which they can serve the others while developing their tenacity.

Social Enterprises

5. The Government is committed to promoting the development of social enterprises (SEs). Through the concerted efforts of the Government, community, business sector and academia, the SE sector in Hong Kong has attained a solid growth, both in terms of quantity and quality, and public awareness and recognition of SEs has also been raised. Since its inception in 2006, the Enhancing Self-Reliance Through District Partnership Programme (ESR Programme) of the Home Affairs Department (HAD) has granted a total of \$180 million for the establishment of 161 SEs to create about 2 600 job opportunities. Among them, 80% are still in operation after the funding period.

6. Apart from the creation of job opportunities, SEs also engage people from different sectors to serve the community. We will earmark \$150 million to roll out a new phase of the ESR Programme from 2016-17 to 2019-20, under which enhancement measures will be implemented to benefit a wider scope of social enterprises providing a greater variety of services to the community.

Arts and Culture

Art Development Matching Grant Pilot Scheme

7. We have all along been proactively supporting the development of arts and culture. In this year's Budget Speech, the Financial Secretary has announced that he would earmark \$300 million to launch a new Art Development Matching Grant Pilot Scheme under which private donations and sponsorships secured by eligible local arts organisations will be matched with the grants. Through the new scheme, we hope to encourage different sectors of the community to sponsor local arts and cultural activities and help local arts organisations build closer partnership with different sectors of the community, thereby enhancing the cultural aura of the city and fostering the community to donate for arts and cultural activities. We will consult the Advisory Committee on Arts Development on the implementation details of the pilot scheme. Details of the scheme are

expected to be announced within this year.

Arts and cultural facilities

8. To meet the high demand of the East Kowloon communities and the arts sector for a performing arts venue with multi-purpose facilities, we are planning to build the East Kowloon Cultural Centre with a 1 200-seat auditorium and a 550-seat theatre in Ngau Tau Kok. If funding is approved by LegCo before mid 2015, it is expected that works will commence in early 2016 for completion in the third quarter of 2020.

9. Plans are in hand to undertake major expansion and renovation of the Hong Kong Museum of Art (the Museum) with a view to enhancing museum facilities. After completion of the project, the Museum will display more art works from its collections, curate major international art exhibitions on world cultures, ranging from classical to contemporary ones, nurture donation culture, and enhance art education. If funding is approved by LegCo within this legislative year, construction works are expected to commence in early 2016 for completion by early 2019.

Promotion of Arts and Cultural activities in Districts

10. Since 2013-14, we have provided an additional dedicated allocation of \$20.8 million per annum under the Community Involvement (CI) Fund to support District Councils (DCs) to promote arts and cultural activities in districts.

11. We will provide an additional annual funding of \$20.8 million for CI activities for five financial years (i.e. from 2015-16 to 2019-20) to further strengthen support for DCs to promote arts and cultural activities. The dedicated allocation will be increased to \$41.6 million a year.

12. In other words, the total allocation for CI Fund will reach \$361.6 million in 2015-16.

Intangible Cultural Heritage

13. The Government will further strengthen safeguarding measures for intangible cultural heritage (ICH), and will select by batches from Hong Kong's first ICH inventory those items which have high cultural value and require urgent preservation for more in-depth study with a view to drawing up Hong Kong's representative list of ICH. The representative list will help the Government in setting priorities in planning the safeguarding measures

for ICH. The Leisure and Cultural Services Department (LCSD) will establish the Intangible Cultural Heritage Office to take forward the initiatives.

Sports Development

Sports facilities

14. To promote greater participation in sport, from 2007 to early 2015, we have built new facilities and upgraded existing facilities with a budgeted cost of over \$12 billion in total. The Tin Yip Road Park in Tin Shui Wai with a 11-a-side artificial turf football pitch was opened last year, and new projects currently underway include four indoor sports centres at Ngan Shing Street in Sha Tin, Ma Tin Road in Yuen Long, Chung Mei Road in Tsing Yi and one between Tsuen Wan Park and Tsuen Wan Road. Funding support has been secured from LegCo in February and March 2015 for the construction of indoor sports centres in Siu Lun, Tuen Mun and at Sha Tin Tau Road in Sha Tin. In the coming months, we plan to seek LegCo's support to allocate more than \$100 million for the construction of a football pitch at Hing Wah Street West in Sham Shui Po.

Multi-purpose Sports Complex at Kai Tak

15. The Multi-purpose Sports Complex (MPSC) at Kai Tak will provide state-of-the-art multi-purpose sports venues that will not only cater for major international sports events but will also help increase the supply of public sports facilities and provide office and commercial space, open space and park facilities. Subject to funding approval, we aim to start the pre-construction works for the MPSC by the end of this year. Meanwhile, we will continue to proceed with other consultancy studies and gauge the views of stakeholders. According to our current schedule, we will seek funding approval for the main construction works from LegCo in 2017.

Review of Honorarium Arrangement for District Council Members

16. The Government has completed the review of the honorarium arrangement for DC members of the next term. We propose to increase the honorarium of DC members by 15% in real terms starting from the new term in 2016, and provide each DC member with a new provision of \$10,000 per term to cover expenses for duty visits.

17. The Panel on Home Affairs has given full support for the proposals. We will submit the funding proposals to the Finance Committee later this

year.

Expenditure Control

18. The recurrent expenditures of the two major departments under the purview of HAB, viz. HAD and LCSD, are living within the approved budgets in the current financial year without much underspending. We will strive to achieve the objective of controlling our operating expenditure by stepping up with our economy efforts, while keeping the impact on the provision of core services to the public to the minimum.

19. This concludes my brief presentation. My colleagues and I will be glad to answer questions from Members. Thank you.

**Presentation by Secretary for Security
at the Special Meeting of the Finance Committee
on Tuesday, 31 March 2015**

Chairman,

- In the draft Estimates for the new financial year (2015-16), the allocation on the security policy area group is \$41.6 billion, representing 9.4% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$35.3 billion.

Law and Order

- The overall law and order situation in Hong Kong saw further improvement in 2014. The overall crime figure in 2014 represented a drop of 7.1%, whilst the violent crime figure registered a decrease of about 8.9% as compared with 2013. The overall crime figure was the lowest since 1997 and the violent crime figure marked a new low since 1971. Most categories of crimes such as robbery, burglary, triad-related offences, theft, wounding and serious assault, criminal damage and youth crimes recorded decreases.
- The major operational targets of the Commissioner of Police for 2015 are to combat violent crimes, triads syndicated and organised crimes, dangerous drugs and “quick-cash” crimes, to promote cyber security and combat technology crimes, and to maintain professionalism in ensuring public safety and counter terrorism work.
- A total of 603 additional posts will be created in the Hong Kong Police Force in 2015-16, including 581 police officer posts and 22 civilian posts. These new posts are mainly for increasing manpower in preparation for the upgrading of Tseung Kwan O Police Division to a Police District; increasing the establishments of the Police Tactical Unit and back-end support service to strengthen frontline operational capability and support the handling of major security and crowd management events; strengthening the capabilities in combating cyber crimes and safeguarding cyber

security; and providing policing services after the opening of the Midfield Concourse at the Hong Kong International Airport etc.

Control Points and e-Channel Service

- Last year the number of inbound and outbound passengers continued to increase, with the number of visitor arrivals reaching 60.8 million in 2014, representing a 12% increase comparing with 2013.
- The Immigration Department will continue to flexibly deploy its manpower in accordance with the actual situation, as well as to implement various measures to cope with the ever-increasing workload at control points. These measures to enhance control points capacity include improvement works, flexible passenger flow management, launching a new immigration control system, extension of e-Channel service, enhancing the workflow for immigration clearance and stepping up publicity efforts, etc.

Mutual use of automated immigration clearance service

- The Immigration Department (ImmD) has entered into arrangements for reciprocal use of automated immigration clearance services with Korea, Germany and Singapore. It will continue to liaise with other countries and regions with close relationship with Hong Kong in tourism and economic development to implement similar arrangements. We believe that this will allow greater travel convenience for people in Hong Kong and our partnering economies, which in turn will enhance the economic, social and cultural ties between the places. Details will be announced in due course.

Talent admission arrangement

- We will shortly implement the list of measures announced by the Chief Executive in the 2015 Policy Address to attract talent from outside Hong Kong to complement local workforce and facilitate the economic development of Hong Kong. Measures include implementing a pilot scheme to facilitate the return of the second generation of Chinese Hong Kong permanent residents who have emigrated overseas to Hong Kong to work. In addition, existing schemes will be enhanced to attract professionals, talent and entrepreneurs to come and stay in Hong Kong.

- The measures will not change the existing requirement that applicants will normally need to be employed by local employers at market remuneration. The measures will also not be biased towards Mainland talent. Currently, overseas talent make up 80% of all talent admitted, mainly from UK, US, India and Japan.
- In tandem with the above enhancement measures, we will step up the promotion of the various schemes and work closely with trade and economic offices in the Mainland and overseas. This will enable us to attract more high quality talent to Hong Kong, which in turn will improve the quality of our population and competitiveness.

Unified Screening Mechanism

- The number of non-ethnic Chinese illegal immigrants (NECII) is rebounding in recent years. In 2014, 1 984 NECIIs were intercepted, representing an increase of 63% over 2013. Meanwhile, between the commencement of the unified screening mechanism (USM) in March last year and end 2014, the ImmD received over 3 400 non-refoulement claims, which is 2.7 times the average for the four years before.
- To expedite the screening of pending claims, the ImmD will determine around 1 500 claims in Financial Year 2014-15. With the experience garnered after operating the USM for one year, the ImmD estimates that at least 2 000 claims can be determined in Financial Year 2015-16. Meanwhile, the Government is reviewing the screening procedures to make it more efficient whilst maintaining the high standard of fairness required.

Public Safety

- To enhance public safety, the Fire Services Department (FSD) will create 146 additional posts in the new financial year, mainly for manning the new fire services facilities to be commissioned soon; enhancing firefighting and rescue services; adding ambulance shifts; and implementing the quality assurance mechanism, etc.
- To ensure the safety of frontline personnel and the efficiency of operations, FSD will replace fire service and ambulance equipment in a timely manner. The expenses on the procurement of fire appliances, vessels, ambulances and major equipment, etc. for the

new financial year are estimated to be around \$450 million.

- The new Fire and Ambulance Services Academy at Pak Shing Kok, Tseung Kwan O is expected to be completed by end of this year. The new campus will be equipped with various simulation training facilities which will allow fire services personnel to receive realistic training in a safe simulated setting. It will also enable firemen and ambulancemen trainees to be trained together, thereby enhancing their coordination and response capability in responding to disasters.

Custody and Rehabilitation

- The Correctional Services Department (CSD) has been implementing various measures to improve ageing correctional facilities. Works of the partial redevelopment programme of the Tai Lam Centre for Women commenced in mid-2012 and will be completed in end-2016. Efforts will continue to be made to enhance other penal facilities, such as setting up a central visit room complex at Hei Ling Chau to provide a more convenient location for visitors and to improve the visiting facilities.
- CSD will continue to provide market-oriented vocational training to inmates and work with various sectors of the community to facilitate the re-integration of inmates into the society.

Combating Drug Abuse Problem

- On the anti-drug front, the Government closely monitors the evolving drug trend, and ensures that anti-drug policies and measures could respond to the latest drug situation in Hong Kong. In the past few years, concerted efforts of the Government and different sectors of the community have successfully reversed the rising trend of reported drug abusers in Hong Kong, in particular, bringing a more pronounced decline in the number of reported young drug abusers aged under 21. Yet, we cannot afford to be complacent, and will continue to tackle the drug problem in a holistic manner through the five-pronged strategy of preventive education and publicity, treatment and rehabilitation, legislation and enforcement, external co-operation and research.
- On the other hand, we are concerned about the growing problem of hidden drug abuse. We will strengthen help-seeking channels to encourage people with drug problem to seek help early, and will

endeavor to enhance public awareness on drug problems and encourage early identification of drug abusers, with a view to providing them with timely assistance.

Relaxation of the Age Limit for Category B Security Personnel

- In line with the Population Policy which seeks to promote a longer working life, the Government has obtained the in-principle agreement of the Security and Guarding Services Industry Authority (SGSIA) to extend the age limit of the Category B security personnel from 65 to 70, and to impose a requirement of biennial medical checks on security personnel aged 65 or above. The proposal has also received the support of the Legislative Council Panel on Security. The SGSIA will amend the criteria of issuing security personnel permits. As required by the law, the amendments will be laid before the Legislative Council for approval before implementation.

Reduction of the Frontier Closed Area

- In response to the calls from society and local communities, the Government announced in 2008 to substantially reduce the land area of the Frontier Closed Area (FCA) from about 2 800 hectares to about 400 hectares. The first and second stages of the FCA reduction were implemented in February 2012 and June 2013 respectively, releasing more than 1 450 hectares of land from the FCA. The last stage of the FCA reduction, covering the section of the boundary between Ng Tung River and Lin Ma Hang, is scheduled for implementation by end of this year. When this is done, the entire exercise of FCA reduction will be completed.

Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

Security Bureau
March 2015

**Presentation by Secretary for Transport and Housing
at the Special Meeting of the Finance Committee
on Wednesday, 1 April 2015**

Chairman,

Housing is a major issue of concern for many members of the public, including the younger generation. Difficulty in getting a public rental housing (PRH) unit, and difficulty in achieving home ownership are common concerns. The Government needs to accord priority in resolving the housing problem.

2. The Long Term Housing Strategy (LTHS) promulgated by the Government last December reaffirmed the supply-led strategy, and set a public-private split of 60:40 in respect of new housing supply in order to gradually avert the current supply-demand imbalance. Based on the latest housing demand projection, we adopted a total housing supply target of 480 000 units for the ten-year period from 2015-16 to 2024-25. Within the total supply target, public housing accounts for 290 000 units, comprising 200 000 PRH units and 90 000 subsidised sale flats, to cater for the housing and home ownership needs of low and middle income citizens.

3. As it takes time to identify land and to undergo the planning process, the scope of increasing the production volume at the earlier stage of the 10-year period is relatively limited. In the five year period from 2014-15 to 2018-19, the Hong Kong Housing Authority (HA) will produce 77 100 new PRH units and 10 600 new Home Ownership Scheme flats. During the same period, the Hong Kong Housing Society will produce about 1 100 rental units and will offer about 1 600 subsidised sale flats for pre-sale.

4. To achieve the LTHS supply target, we need to put in extra efforts to make up the difference in the second five-year period. The HA has already embarked on the necessary preparatory work such as identifying the land required and conducting planning process. Assuming all sites identified so far can be delivered on time for housing construction, we have identified land for the construction of some 254 000 public housing units. This, however, is still subject to completion of the relevant procedures and obtaining community support.

5. Many members of the public express appreciation of the public housing programme in Singapore. As a matter of fact, we also have a public housing history of over 60 years which we should take pride of. The Government is determined to implement the public housing programme. While we have the financial and the land resources, we need public support to re-zone the land for housing use. The Financial Secretary has set aside \$27.5 billion as the initial injection to the Housing Reserve to provide financial resources to meet the ten-year public housing supply target. Further injections will be considered at an appropriate juncture. The Government will discuss with the HA on the amount and the timing for financial support required in order to formulate financial plans and to seek funding approval from the Legislative Council in accordance with the established mechanism.

6. As regards the private residential property market, the Government will implement the regular Land Sale Programme and enhance the land administration processes. As at end 2014, the housing supply from the first-hand private residential property market for the coming three to four years is projected to be approximately 74 000 units. These include completed but unsold flats, flats which are under construction but not yet sold and those from disposed sites where construction work is ready to start. At the same time, the private sector will, on average, produce about 14 600 flats each year in the next five years, representing an increase of about 30% compared with the average of the past five years. The effect of supply-led strategy will gradually become more apparent.

7. Finally, the Government has been closely monitoring the property market. We note that the property market has resumed an upward trend since April last year, with flat prices picking up markedly. The Government will remain vigilant and will keep a close watch on the evolving external environment. We will not hesitate to introduce appropriate measures when necessary in order to maintain a stable property market and to safeguard the stability of the macro economy and the financial system of Hong Kong.

8. Chairman, my colleagues and I will be happy to respond to questions on Heads of expenditure on housing.

Transport and Housing Bureau
March 2015

**Presentation by Secretary for Transport and Housing
at the Special Meeting of the Finance Committee
on Wednesday, 1 April 2015**

Honourable Chairperson,

I would like to brief Members on our priority areas under the Transport portfolio in the new financial year.

2. Regarding land transport infrastructure, further to the announcement of “Railway Development Strategy 2014” in September last year, we are now preparing the planning work for some of the recommended railway projects, including the Northern Link and Kwu Tung Station, Tuen Mun South Extension and East Kowloon Line.

3. We are implementing large-scale road projects including the Tuen Mun-Chek Lap Kok Link, the Central-Wan Chai Bypass and Island Eastern Corridor Link, the widening of Tolo Highway and Fanling Highway, as well as the related local projects of the Hong Kong-Zhuhai-Macao Bridge, namely the Hong Kong Boundary Crossing Facilities and the Hong Kong Link Road projects. Projects under planning include the Central Kowloon Route, the Tseung Kwan O-Lam Tin Tunnel, and the Tseung Kwan O Cross Bay Link, etc.

4. We will soon commence the “Public Transport Strategy Study” to review the overall strategic arrangements of public transport services. This is to enhance the complementarity amongst the various public transport services and their sustainability, while ensuring that the public can enjoy efficient services with reasonable modal choices. Meanwhile, we are considering the "Report on Study of Road Traffic Congestion in Hong Kong", which was submitted to me by the Transport Advisory Committee (TAC) in December last year. The Government will respond to the recommendations once it is in the position to do so.

5. As regards expanding the Hong Kong International Airport (HKIA) into a three-runway system (3RS), the Airport Authority (AA) has put up a financial plan based on the “joint contribution” principle. AA proposes to finance the project through the use of internal funds, borrowings and charging the users. The Government agrees that this approach is more

equitable and reasonable than direct Government funding out of general revenue received from tax payers.

6. In light of the comments from the Government and the public, AA will consider lowering the proposed charge level of the Airport Construction Fee to be collected from departing passengers. AA will announce the revised financial arrangement, the related financial information and economic benefit analysis in due course.

7. The Government will fully cooperate with the work of the Subcommittee on 3RS project to be set up in the Legislative Council (LegCo) and brief the LegCo on issues relating to the project. In addition, we are also considering the establishment of a consultative committee so as to allow the key stakeholders in society to monitor the 3RS project together.

8. On port development, the release of the “Study on the Strategic Development Plan for Hong Kong Port 2030” in December last year proposes recommendations to strengthen the existing port facilities to enhance the competitiveness of Hong Kong Port and to meet the forecast growth in cargo throughput up to 2030. The Government is reviewing the allocation and management of port backup land in the vicinity of the Kwai Tsing Container Terminals. Proposals will be set out in a document for industry consultation in due course.

9. The development of high value-added maritime services (including maritime law and arbitration, ship broking, finance insurance, etc.) will be one of the priority areas of work. Last year, the Transport and Housing Bureau commissioned an expert study to look into the organisation and scope of work of the proposed new maritime body. The expert study is now in the final stages. Thereafter, we will consult the LegCo and the industry.

10. On the logistics side, we have reserved ten hectares of land in Tuen Mun West (Areas 38 and 49) for high-value added logistics development and the findings of the related Traffic Impact Assessment (TIA) have been reported to the District Council. We will continue to follow up the matter with the district, with a view to releasing the site to the market as soon as possible.

11. On marine safety, the Marine Department (MD) has implemented the first phase of improvement measures, including enhancing look-out by crew, the provision of a muster list, review of minimum safe manning scale, improving signage and directives relating to lifejackets, and the requirement

of fitting watertight-door alarms in wheelhouse. Next, MD will follow up on improvement measures relating to the installation of navigational and communication equipment as well as provision of lifejackets on passenger vessels, the training and physical fitness of crew, etc.

12. Honourable Chairperson, I would be pleased to answer questions from Members with regard to policies. My Secretaries and Directors would also be pleased to answer questions regarding operation and deployment of financial resources.

Transport and Housing Bureau
March 2015

**Presentation by Secretary for Education
at the Special Meeting of the Finance Committee
on Wednesday, 1 April 2015**

Mr. Chairman,

The Government is determined to invest in education. The estimated total expenditure on education for 2015-16 amounts to \$79.3 billion, which is \$5.2 billion or 7% higher than the 2014-15 revised estimate. Of this total, 90% or \$71.4 billion is recurrent expenditure, accounting for more than one-fifth of the total recurrent government expenditure and taking up the largest share among all policy areas. It represents an increase of \$3.2 billion or 4.7% over the 2014-15 revised estimate of recurrent expenditure.

2. Since the inauguration of the current-term Government, the recurrent expenditure on education has increased from \$60.4 billion in 2012-13 to \$71.4 billion in 2015-16, representing a cumulative increase of 18%. As regards the resources on students, the student unit cost of aided primary schools has increased by about 20% from \$44,451 to \$52,850 in 2015-16, while the corresponding figure for aided secondary schools has increased by about 35% from \$49,246 to \$66,440.

3. Since the return of Hong Kong to China in 1997, the overall student population has dropped by over 20%. This notwithstanding, the resources that the Government puts into education increase rather than decrease over the years, with a cumulative increase of over 90% in recurrent education expenditure. We will continue to implement various measures conducive to the development of schools, teachers and students.

4. More than ten initiatives had been introduced in the Policy Address of last year. This year, the Policy Address also announced several new measures on education. In the 2015-16 Budget, resources are provided to take forward the new measures announced in this year's Policy Address and continue with the implementation of the programmes set out in last year's Policy Address.

5. These measures and programmes include:

- enhancing the voucher value under the Pre-primary Education Voucher Scheme;
- progressively increasing the ratio of graduate teacher posts in public sector primary schools;
- further strengthening the Mainland exchange programmes for primary and secondary students;
- progressively increasing senior year undergraduate places of University Grants Committee-funded institutions;
- implementing the Hong Kong Scholarship for Excellence Scheme;
- subsidising students to pursue designated self-financing undergraduate programmes on a pilot basis;
- launching the Fourth Strategy on Information Technology in Education;
- implementing the pilot programme on promoting Hong Kong-Mainland sister school exchanges; and
- strengthening support for needy students, students with special educational needs and non-Chinese speaking students, augmenting life planning and vocational education, and promoting the Qualifications Framework.

6. Mr. Chairman, we have already provided detailed information and explanations on the above and other measures when giving our written replies to over 600 questions asked by Members during the exercise of the Special Meeting of the Finance Committee. I must convey my special thanks here to all my colleagues for their relentless arduous work over the past few weeks. Today, my colleagues and I will be happy to answer further questions from Members.

Education Bureau
1 April 2015

**Presentation by Secretary for Development
at the Special Meeting of the Finance Committee
on Wednesday, 1 April 2015**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). The heads of the works departments and I have provided replies to 132 written questions raised by Members accounting for the use of resources in the works portfolio. We are here to answer any further questions that Members may wish to raise.
- In 2015-16, the DEVB's recurrent expenditure for the works portfolio is \$10,497.39 million, representing an increase of \$450.23 million or about 4.5% as compared with the revised estimate for 2014-15. The additional provision is mainly for meeting the increased expenditure of \$360.21 million for purchasing Dongjiang water under the water supply agreement.
- In 2015-16, there will be a net increase of 50 civil service posts to provide support for various works-related initiatives, including the creation of 25 posts to replace the non-civil service contract staff.
- Now, I would like to brief Members on the priority tasks of the works portfolio in the new financial year.

The Overall Infrastructure Programme

Capital Works

- In the past few years, the Government has been increasing the investment on capital works projects to promote economic development, create job opportunities and enhance Hong Kong's long-term competitiveness. The projects cover various areas including housing, transportation, medical care, education, water supply and drainage.
- In 2013-14, the actual capital works expenditure reached \$70 billion. It is estimated that capital works expenditure for 2014-15 will also be

close to \$70 billion. With the major infrastructure projects and other projects entering the construction phase in the next few years upon funding approval by the Legislative Council, the estimated annual expenditure on capital works is expected to remain at around \$70 billion.

Progress of Major Infrastructure Projects

- Various major infrastructure projects have made considerable progress in the past year. The projects currently underway include the Kai Tak Development (KTD), the Hong Kong-Zhuhai-Macao Bridge (HZMB), Liantang/Heung Yuen Wai Boundary Control Point, Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, South Island Line (East), Sha Tin to Central Link (SCL), Tuen Mun-Chek Lap Kok Link, the Xiqu Centre of the West Kowloon Cultural District (WKCD), etc. In addition, preparatory works for the redevelopment of Queen Mary Hospital (phase 1) at an estimated expenditure of around \$1.6 billion also commenced last year. Recently, we have obtained funding of some \$30 billion from the Legislative Council (LegCo) to carry out five works projects related to environmental protection, namely the first phase of the Organic Waste Treatment Facilities, the Integrated Waste Management Facilities, and the extension of three landfills.
- In the coming year, we will seek funding approval from LegCo for different types of works projects, including the pre-construction works for the Multi-purpose Sports Complex at Kai Tak, the Kai Tak development – infrastructure works for developments at the southern part of the former runway, infrastructure works for the West Kowloon Cultural District, phase 1 – Construction, etc.
- Apart from the major infrastructure projects, we will continue to plan other public works projects of various scales to improve people's quality of life. The projects in progress or under planning cover various areas including medical services, slope safety, fresh water supply, sewage treatment, greening and heritage conservation. In this legislative session, it is estimated that we will have to seek funding approval of up to \$100 billion from the Finance Committee (FC) of LegCo for the new works projects.

Major Challenges in Delivering Capital Works Programme

- We anticipate that the volume of overall construction output in both the

public and private sectors will maintain at a high level in the next few years. We, therefore, have to overcome the problem of tightening construction manpower situation. Although the Government has taken a series of measures accordingly, we still need to work with various stakeholders to find solutions to the problems together.

Manpower Resources in Construction Industry

- The Government will continue to implement infrastructure projects to boost Hong Kong's long-term competitiveness, and take forward works projects that will improve people's livelihood, their quality of life and the living environment, as well as meet the economic and social development needs, including meeting the ten-year housing supply target. As the volume of overall construction output of the public and private sectors is forecast to maintain at a high level, there is a keen demand for skilled workers in the construction industry. According to the forecast by the Construction Industry Council (CIC), having taken into account the forecast construction output, training and other relevant factors, there will be a shortage of about 10 000 to 15 000 skilled workers in the construction industry in the next few years.
- The Government has been working with CIC and the industry to optimise manpower resources in the construction industry. Measures include stepping up efforts to train workers, enhancing the industry's professional image and attracting new entrants. Although CIC has trained up more than 13 000 semi-skilled workers between 2009 and end 2014, there is still an acute demand for skilled workers in the industry. To cope with the needs of economic development, we are going to apply for a funding of \$100 million to support the CIC's new training initiatives in the next few years to upgrade the skill levels of semi-skilled workers to those of skilled workers.
- However, Hong Kong is facing the situation of dwindling overall labour force and ageing population, which leads to significant limitations in the training of local construction workers. The construction industry needs to increase the supply of skilled workers in a timely and effective manner to address the acute shortage of skilled workers.
- I am pleased to learn that some Members agree that to enhance the long-term competitiveness of Hong Kong and improve people's livelihood, we must take effective and appropriate measures to import skilled workers. As such, we need to further enhance the Supplementary Labour Scheme having regard to the unique

characteristics of the construction industry. For example, allowing an imported skilled worker to work for the same contractor in more than one public sector works project so as to enhance the flexibility of deployment and maximise the productivity of skilled workers. We are liaising closely with the labour sector and the construction industry on the detailed arrangements of the relevant measures. Our goal is to launch further enhancement measures in this quarter as soon as possible.

- Furthermore, I notice the concern expressed by the labour sector about safeguarding the rights of local workers. I would like to stress that the aforementioned further enhancement measures will, as in the past, be proposed on the overriding premise of giving priority to the employment of local skilled workers, safeguarding their income levels as well as promoting training to the construction workforce in a continuous manner. The government departments concerned will strictly enforce the measures to safeguard the rights of local and imported workers. Among them, contractors must comply with the requirements of employment contracts for the importation of workers, including remuneration packages, man-hours, benefits, etc. The public sector works departments will also review the attendance records, payment of wages, site safety training, etc. regarding the imported workers.
- In recent years, we have been nurturing a “caring culture” in the construction industry. We will continue to adopt a multi-pronged approach, including initiatives to enhance site safety and improve site cleanliness and tidiness as well as the welfare of workers. In addition, we are actively promoting workers’ health.
- We have introduced more measures in public works projects to improve the site working environment, including the provision of working shelters and sheltered rest areas, and encouraging contractors to provide afternoon rest breaks for workers.
- The DEVB and the CIC are organising the “Construction Safety Week 2015” to enhance site safety and workers’ health through a series of promotion and publicity activities. These measures will help send a positive message of the construction industry to the public, which will uplift the image of the construction industry and attract more new entrants, especially young people, to join the industry.

Procurement System for Public Works Projects

- We strive for the economical delivery of quality infrastructure. In addition to manpower resources, an effective tendering system that caters for the market is also crucial. Regarding the procurement system for public works projects, the DEVB implemented enhancement measures in end 2013 to increase the tendering opportunity for small- to medium-sized contractors, enhance competitive tendering, and explore opportunities to attract contractors and consultants from within and outside of Hong Kong to tender for local public works projects, thereby bringing in new techniques and expertise. At the same time, the DEVB has implemented a number of improvement measures for the design, tender evaluation and construction stages, as well as the performance management and assessment of consultants and contractors, so as to enhance the constructability of works, improve contractor's site safety performance, increase productivity and encourage innovation and creativity in construction projects.
- We strive to promote partnership in the implementation of works contracts, so as to enhance the management efficiency of works contracts. Since 2009, we have adopted the New Engineering Contract (NEC) form, which emphasises mutual help and mutual trust, in some public works contracts. The results are encouraging. We will have more extensive trial of the NEC form in public works. The NEC form will allocate the respective risks to the contracting party best able to manage them and provide a collaborative risk management mechanism, including early warning notification of risk: the contracting parties shall give early warning to each other as soon as they identify risks which could increase the construction cost and/or delay contract completion; and risk reduction meeting: the contracting parties shall attend risk reduction meetings and work together to examine strategies that can reduce risks. Therefore, it can help prevent the occurrence of risks or, should risks materialise, reduce the additional cost or delay incurred. Besides, the target contract option under the NEC form provides a pain share/gain share mechanism, under which the employer and the contractor share the difference between the actual construction cost and the final target cost. The objective is to set a common goal for the contracting parties to complete the works at reduced cost and in shorter construction period.
- On the estimation of project costs, we have adopted the risk analysis approach since 1993 to estimate the amount of contingencies to deal with foreseeable situations, such as additional expenditure arising from

worse-than-expected geotechnical condition, market fluctuations, etc. In 2005, the DEVB also issued a technical circular on the implementation of Systematic Risk management to enhance the assessment of risks during construction works. We have also commissioned a world-renowned scholar from the University of Oxford to carry out a baseline comparison in terms of cost estimation performance for our major road works projects with over 1 000 similar projects in over 30 countries. The findings not only demonstrate our good performance in the use of risk analysis approach to estimate cost, but also prove its effectiveness. In light of the changing social, economic and political climate, the DEVB will review and enhance the existing estimation method on a regular basis.

Security of Payment

- In addition, we are carrying out preparatory work for the security of payment legislation for the construction industry, which aims to ensure that contractors, sub-contractors, consultants and suppliers of the construction industry can receive the payment due on time for the work and services carried out by them to improve their cashflow. In 2012, we set up a Working Group on the Security of Payment Legislation for the Construction Industry with members from the key stakeholders of the industry. The working group has discussed the framework of the proposed legislation. We will commence public consultation on the proposed legislation in the second quarter of 2015.

Promotion of Professional Services

- The DEVB attaches great importance to the promotion of professional services for the construction industry. When negotiating trade agreements with the Mainland and other countries, we have been pursuing the most preferential trade conditions for Hong Kong's professional services. Under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), a number of preferential measures have been secured for Hong Kong's construction industry, including the mutual recognition of qualifications between the two sides for six professional disciplines. At present, a total of 1 490 Hong Kong professionals have obtained Mainland qualifications through mutual recognition. Among them, over 270 have registered for practice in the areas concerned. In addition, under the early pilot arrangements in Guangdong Province, Hong Kong professionals who have obtained Mainland's class 1 registered architect qualification or class 1 registered structural engineer qualification

through mutual recognition are allowed to register for practice and set up business in Guangdong Province upon passing the legal tests. Under the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong signed on 18 December 2014, Hong Kong's construction enterprises which have successfully set up companies in Guangdong Province are allowed to contract 11 categories of construction and related engineering services, except for some services set out as "inapplicable" to the obligation of national treatment by way of a negative list. These liberalisation measures will bring considerable convenience and benefits to Hong Kong's construction enterprises.

- Furthermore, to facilitate the engagement of Hong Kong engineering consultants to undertake supervision work for the Mainland's foreign aid construction projects in foreign countries, we signed a Memorandum of Co-operation with the Ministry of Commerce on 24 April 2014. In October 2014, the Ministry of Commerce selected two building projects in Nepal and Cambodia for implementation of supervision work and invited tenders from the engineering consultants in Hong Kong. Two engineering consultants from Hong Kong were awarded tenders for the two projects respectively. We will pursue negotiations with the Ministry of Commerce to open up more similar or other projects to bring new business opportunities to our construction industry.
- In the coming year, we will strengthen our liaison with the Mainland authorities and endeavour to seek more preferential measures for Hong Kong's construction industry under the framework of CEPA.

Co-ordinating Infrastructure to Complement Land Supply

- Co-ordinating infrastructure projects to complement the increasing land supply is another important task of the Works Branch of the DEVB.
- Reclamation outside Victoria Harbour is an important source of long-term land supply. We have completed the cumulative environmental impact assessment of the western Hong Kong waters. In light of the assessment findings, we will conduct technical studies on the Lung Kwu Tan reclamation this year. In addition, we will also seek the support of LegCo for the early commencement of the planning and engineering study in connection with the reclamation in Sunny Bay. We will also draw up plans for studies on other potential reclamation sites.

- Since its establishment in January 2014, the Lantau Development Advisory Committee has formulated the strategic positioning, development directions and work plans for Lantau. Good progress has been achieved in its work. We will conduct a number of short-term studies this year on the planning of various commercial land uses in North Lantau; on the preliminary feasibility of cable car extension from Ngong Ping to Tai O and provision of spa and resort developments at Cheung Sha and Soko Islands; and on a proposed overall recreation and tourism development strategy for Lantau. We will also proceed with the publicity and public engagement work in a progressive manner. We will strive to push forward the improvement works at Mui Wo and Tai O, and revitalise Ma Wan Chung in parallel with the planning of the Tung Chung New Town Extension. In addition, we plan to develop a mountain bike trail network in phases, and expedite improvement works to road bends along Keung Shan Road and South Lantau Road. We also work with the relevant departments to review the arrangements for existing closed roads and issuance of closed road permits for Lantau. In the long term, we will, upon obtaining funding approval from LegCo, commence as early as possible studies on establishing artificial islands in the central waters between Lantau and Hong Kong Island for developing the East Lantau Metropolis (ELM). With strategic transport links with Hong Kong Island, Lantau and the New Territories West, the ELM has strong potential for development into the third core business district (CBD) of Hong Kong as well as a new generation of new town that would accommodate a population of several hundred thousands.
- We have launched studies in connection with the topside commercial development on the Hong Kong Boundary Crossing Facilities Island of the HZMB. This project will create synergy with other existing and planned developments in North Lantau, including the developments in Tung Chung and the North Commercial District on the airport island, and capitalise on the opportunities brought about by the bridgehead economy after the commissioning of the HZMB.

Kowloon East

- When it comes to land supply, the provision of sites for commercial uses is just as important as the supply of land for housing. In future, Kowloon East, which includes the KTD Area, will become an important source of commercial land.

- The Energizing Kowloon East Office published the Conceptual Master Plan for Kowloon East 4.0 (CMP 4.0) in January this year, with enhancing Connectivity, Branding, Design and Diversity continuing to be the strategies. The CMP 4.0 also proposes five focuses, namely i) “Walkable” Kowloon East; ii) Green CBD; iii) Smart City; iv) Kai Tak Fantasy; and v) The Spirit of Creation.
- We propose a comprehensive development of the concept of “walkable” Kowloon East in the Kowloon Bay and Kwun Tong Business Areas by various measures. These include exploring ways to facilitate the provision of elevated walkways by the private sector; studying the feasibility of face-lifting Hoi Bun Road Park with a view to strengthening the connectivity between the Ngau Tau Kok Mass Transit Railway (MTR) Station and the Kwun Tong waterfront; face-lifting back alleys in Kowloon East to become part of the pedestrian network; and studying the feasibility of constructing a footbridge near the Kowloon Bay MTR Station to alleviate congestion at the existing pedestrian passages and enhance the connectivity between the Kowloon Bay MTR Station and the future East Kowloon Cultural Centre as well as the residential areas nearby.
- We will implement the Greening Master Plan of Energizing Kowloon East and increase the leisure facilities in the locality so as to reduce carbon emissions. The improvement of the harbourfront environment is also crucial to the development of a green community. Apart from utilising the area underneath the Kwun Tong Bypass by transforming it into the “Fly the Flyover 01, 02 and 03” sites as spaces for creativity, arts and cultural uses, the adjacent Kwun Tong Promenade Phase 2 will also be open to the public soon. These initiatives, together with the programme for converting the nearby King Yip Street Nullah into Tsui Ping River, will provide more public leisure space in the district in a progressive manner. We have also incorporated new greening clauses into the conditions of sale for commercial sites, including the requirement for development projects to secure the BEAM Plus Gold rating or above and to provide additional green areas. At present, 14 projects in Kowloon East, including government buildings, have received a Gold or above rating.
- To tie in with the future development direction of Hong Kong, we intend to use Kowloon East as a pilot area to explore the feasibility of developing a Smart City, so as to adopt the principles of smart information, low-carbon green community and “walkability” for the transformation of Kowloon East into a sustainable CBD.

- With the announcement of the results of the “Kai Tak Fantasy” International Ideas Competition on Urban Planning and Design and “Kai Tak 2.0: Healthy Lift-off” with a Healthy City theme selected as the winning scheme, we will make reference to the outstanding designs and concepts of the winner and other shortlisted entries and commence the planning and engineering studies.
- The past industrial culture should be respected during the transformation of Kowloon East. Through the Industrial Heritage Study of Kowloon East, we understand the “Spirit of Creation” and the importance of inheriting this spirit of the past into the future. We will adopt urban place making strategies with the “Spirit of Creation” to support a unique and organic growth of Kowloon East.
- To expedite the release of development potential in Kowloon East, we are studying the relocation of the existing government facilities in the two action areas of Kowloon East to release land for the comprehensive development of commercial and other uses. This will provide some 500 000 square metres of commercial/office floor area in total, and we have been releasing suitable sites in the action areas to the market from 2014-15 onwards. Since 2012-13, we have sold four government sites in Kowloon East. These sites, together with another government site that has just been put up for sale on 27 March, will provide around 270 000 square metres of commercial/office floor area in total.
- We will continue to adopt the visionary place-making approach through public engagement activities and consultations to push ahead the Energizing Kowloon East initiative, so as to facilitate the transformation of Kowloon East and support our long-term economic development.
- As far as the KTD Area is concerned, we will carry out planning reviews and technical assessments to study the feasibility of further increasing the development intensity and proportion of residential area in the KTD Area. Also, to tie in with the development of the site into a world-class tourism, entertainment and leisure hub, we have incorporated a “hotel belt” site closest to the Kai Tak Cruise Terminal into the 2015-16 Land Sale Programme. We are also pressing ahead with the infrastructure works at the southern end of the runway and the south apron area of the former Kai Tak Airport, so as to keep in line with the gradual release to the market of other sites within the “hotel belt” adjacent to the cruise terminal and facing Victoria Harbour.

Enhancing the Quality of Urban Life

- Public works projects have a wide coverage. Apart from the main projects mentioned above, we also pay due regard to others that improve the quality of life and the environment.

Water Supply

- We promulgated the Total Water Management (TWM) Strategy (the Strategy) in 2008. It puts emphasis on containing the growth of water demand through conservation while strengthening water supply management. A number of water demand and supply management measures have been implemented under the Strategy.
- On water conservation, apart from our promotional and educational work in schools and in the community, we have launched the “Let’s Save 10L Water” campaign and distributed flow controllers to over 135 000 participating households. We are also installing flow controllers in selected public housing estates, government buildings and schools. In addition, we have commenced a consultancy study to develop best water-using guidelines for government facilities such as public swimming pools and parks, and trades of high water consumption such as catering, hotels and laundries.
- We will continue to expand the coverage of the Water Efficiency Labelling Scheme from the existing showers for bathing, water taps, washing machines, urinals and flow controllers to dual flush water closets.
- As at end February 2015, we have replaced and rehabilitated a total of about 2 730 kilometres of aged water mains. The number of water main burst incidents per year has been reduced from the peak of about 2 500 to about 170 in 2014. The water main leakage rate has been reduced from the peak of 25% to 16% in 2014.
- We will progressively establish the “Water Intelligent Networks”. Through installing sensors in the water supply networks and analysing the data collected from the sensors, the condition of the water supply networks will be monitored continuously and effective measures, such as pressure management and proactive leakage detection for early identification and handling of water mains in poor condition, can be devised and implemented to reduce water leakage and pipe bursts. We will also examine other techniques such as data mining to predict water

main bursts, so as to achieve greater efficiency in the repair of water mains in conjunction with the “Water Intelligent Networks”.

- We have been using seawater for toilet flushing in the metropolitan areas and most of the new towns, covering a population of about 80%. With the extension of the seawater flushing supply system to Pokfulam, Yuen Long, Tin Shui Wai and Tuen Mun areas, the population covered by the seawater supply networks will increase to 85%.
- On the other hand, given the challenges to our water resources due to climate change and continuous population and economic growth, we are developing new water sources which are not susceptible to climate change, including seawater desalination and water reclamation.
- We will commence 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. The annual output will be 50 million cubic metres and can be expanded to 100 million cubic metres, which will account for about five to ten percent of Hong Kong’s annual fresh water consumption. We will apply state-of-the-art technology, including efficient energy recovery system, to enhance energy efficiency and lower the costs.
- We have started the planning work and will conduct the studies on supplying reclaimed water to the northeastern part of the New Territories (including Sheung Shui, Fanling and the New Development Areas (NDAs)) for toilet flushing and other non-potable uses. We are also working on a plan to promote the use of grey water recycling and rainwater harvesting in suitable new government works projects.
- In October 2014, we commenced a consultancy study to review the TWM Strategy, so as to assess the effectiveness of the current TWM measures, forecast the long-term water demand and supply up to 2040, and identify new TWM initiatives to strengthen our resilience and preparedness against uncertainties and challenges.

Flood Prevention

- As for flood prevention, a number of flood prevention projects, including drainage tunnels and underground stormwater storage tanks, have been completed. Review studies of the drainage master plans for Northern Hong Kong Island, Tai Po, Sha Tin and Sai Kung are now underway. We will continue to implement various flood prevention

projects, including the Happy Valley Underground Stormwater Storage Scheme which will be completed in phases between 2015 and 2018, in order to eliminate the flooding risks in Happy Valley and the nearby areas.

- We will continue to conduct a River Flood Risk Study for rural catchment areas with the aim of drawing up follow-up measures including flood warning systems and mitigation measures for rural rivers prone to high flood risk, so as to enhance the protection of the residents near these rivers.
- We will apply the concept of revitalising water bodies to nullahs and river channels, in addition to enhancing their drainage capabilities, when carrying out large-scale drainage improvement works and drainage planning for the NDAs with the aim of promoting greening, biodiversity, beautification, water friendliness, etc. As a matter of fact, we have incorporated the concept of revitalising water bodies in a number of completed or on-going pilot nullah and river channel projects, so as to achieve environment beautification and biodiversity in nullahs and river channels.

Slope Safety

- The Civil Engineering and Development Department launched the Landslip Prevention and Mitigation Programme (LPMitP) in 2010, which is implemented on a risk management basis to deal with man-made slopes and natural hillsides to reduce their landslide risks. We use a risk-based priority ranking system to determine the rankings of man-made slopes and natural hillsides, and landslide prevention works will be carried out in accordance with the priorities on the ranking list.
- In 2015, we plan to upgrade 150 government man-made slopes, carry out safety-screening studies on 100 private man-made slopes, and conduct studies and implement risk mitigation measures for 30 natural hillsides.
- Under the LPMitP, we will carry out landscaping works alongside upgrading works for man-made slopes and risk mitigation measures for natural hillsides. Vegetation cover will be used as far as possible to make their appearance more natural and blend with the environment in their vicinity.

- We will continue our efforts in public education on slope safety, including enhancing the public's emergency preparedness and awareness.

Lift Safety

- The Electrical and Mechanical Services Department (EMSD) will continue to strictly enforce the Lifts and Escalators Ordinance, and provide assistance for the Responsible Persons to manage their lifts and escalators, conduct inspections, promote the modernisation of aged lifts and conduct public education to enhance the safety of lifts and escalators.
- The EMSD now promulgates information on the maintenance costs of lifts in government buildings and private residential buildings and adopts a star rating system, which provides simple and clear presentation of the performance ratings of registered lift and escalator contractors, for reference by the Responsible Persons in choosing maintenance contractors for their lifts and escalators.

Tree Safety

- The DEVB has been actively promoting professional greening and tree management work with due emphasis on the protection of public safety as a priority consideration. As regards greening, to facilitate proper plant selection, encourage the wider application of skyrise greenery and promote the design concept of "Right Plant for the Right Place" in greening projects, the Greening and Landscape Office (GLO) enhanced the online version of the "Pictorial Guide to Plant Resources for Skyrise Greenery in Hong Kong" in 2014 to provide more information on plants. Also, to enable the public to gain easy access to information on and enhance their appreciation of distinctive landscapes and green spaces in the urban areas of Hong Kong, the updated "Tree and Landscape Map" smart phone application was launched in January 2015. The GLO will continue to provide guidelines and best practices on greening and landscape planning and design standards, as well as professional inputs on the greening and landscape aspects of strategic government infrastructure projects.
- On tree management, the Tree Management Office (TMO), based on previous experience of tree risk assessment, has continuously refined the guidelines for tree risk assessment and management. The revised guidelines were promulgated in October 2014 to further enhance the

recognised professional qualifications required for Inspection Officers conducting detailed tree risk assessments (Form 2) and advance the completion date of the assessments to the end of April. A new round of tree risk assessments by tree management departments has started. The TMO will continue to step up audit checks on trees managed by the departments to ensure that all tree management work is conducted in a professional and prudent manner in preparation for the onset of the wet season to better protect public safety.

- Private property owners are responsible for the proper maintenance and management of the assets, equipment and facilities, including trees, on their property. They are legally liable for any casualties or damage to property caused by the trees. Every year before the onset of the wet season, we will widely disseminate to the public information on proper tree care through different media, public seminars, video clips, etc., and write to property owners and management companies to remind them to engage professional contractors to inspect trees on their property and carry out appropriate risk mitigation measures to protect public safety. The TMO is also drafting detailed guidelines on tree maintenance for the reference of property owners and management companies.
- We should exercise caution when considering the enactment of an ordinance to regulate trees on private property, as this will affect hundreds of thousands of private property owners. As such, we will focus on enhancing public education to provide more relevant information for property owners, encouraging community surveillance and continuing the training for professionals. In the medium to long run, the Administration keeps a prudent and open attitude towards enacting the proposed ordinance and is actively engaging in discussions with the stakeholders.
- Furthermore, through the formulation of guidelines such as the Management Guidelines for Mature Trees, the conduct of various studies on Brown Root Rot Disease, etc., we strive to raise the standards of tree management. We have also sought the views of experts and professional organisations on the protection of Old and Valuable Trees. In addition, we will continue our efforts to foster a positive attitude towards tree care in our community and encourage community surveillance of trees through different channels.

Heritage Conservation

- On the work of heritage conservation, the DEVB attaches great

importance to the conservation of historic buildings. We have progressively launched a number of revitalisation projects for historic buildings under a diversified approach. Good progress has been made in various revitalisation projects launched in recent years. The six projects under Batch I of the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme), namely the Former North Kowloon Magistracy, Old Tai O Police Station, Lui Seng Chun, Former Lai Chi Kok Hospital, Mei Ho House and Fong Yuen Study Hall, have all commenced operation and are well-received by the public.

- Meanwhile, works for the three projects under Batch II of the Revitalisation Scheme, namely the Old Tai Po Police Station, Blue House Cluster and Stone Houses, have already begun. The Old Tai Po Police Station and Stone Houses are expected to commence operation in the first half of 2015, while the Blue House Cluster is expected to come into operation in 2016.
- Funding applications will soon be submitted to the FC for the works for the three projects under Batch III of the Revitalisation Scheme, namely Haw Par Mansion, Bridges Street Market and the Former Fanling Magistracy. It is expected that the works will be progressively carried out in due course.
- We launched Batch IV of the Revitalisation Scheme in December 2013 and invited non-profit making organisations to submit proposals for the revitalisation and adaptive re-use of four selected historic buildings, namely No. 12 School Street, Old Dairy Farm Senior Staff Quarters, Lady Ho Tung Welfare Centre and King Yin Lei, in the form of social enterprises. The selection results will be announced in the second quarter of 2015.
- The Central Police Station Compound will be revitalised as a centre for heritage, art and leisure. Revitalisation works have already commenced in late 2011 and are scheduled for completion between late 2015 and early 2016.
- We strive to strike a balance between respect for private property rights and heritage conservation. The DEVB and the Antiquities and Monuments Office will continue to proactively reach out to private owners and offer assistance, such as the provision of technical advice and financial assistance for the maintenance of historic buildings as well as economic incentives for preservation-cum-development projects, so as to encourage and facilitate private owners to preserve the historic

buildings in their ownership.

- The archaeological excavation and fieldwork at the work site of the To Kwa Wan Station of the SCL were completed in October 2014. Upon consultation with the Antiquities Advisory Board (AAB), the Panel on Development of LegCo and the Kowloon City District Council, we finalised on 8 December 2014 the conservation plan for the remnants unearthed, in which most of the remnants will be preserved in-situ. We will continue to work out a suitable interpretation plan in collaboration with the departments and organisations concerned so as to put the remnants and relics on display properly for the enjoyment of the public.
- Following completion of the policy review on the conservation of built heritage at the end of last year, the AAB advised the Government on the principles and directions of conservation policies in future, such as setting up a dedicated fund for the conservation of built heritage. We will study carefully the recommendations of the AAB for possible implementation and make response in due course.

Conclusion

- Chairman, the above is a brief account of the works portfolio. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Presentation by Secretary for Development
at the Special Meeting of the Finance Committee
on Wednesday, 1 April 2015**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 164 written questions from Members accounting for the use of resources under the purview of Planning and Lands. We are here to respond to any further questions that Members may wish to raise.
- My 2015-16 Recurrent Expenditure on Planning and Lands is \$4,580.12 million, representing an increase of \$216.09 million (about 5%) compared with the revised estimate for 2014-15. The additional provision is mainly for the work to strengthen land production to expedite housing land supply, and to step up enforcement actions relating to building safety.
- In 2015-16, there will be a net increase of 208 civil service posts in the Planning and Lands Branch and departments under its purview (the Buildings Department, the Lands Department, the Planning Department, the Civil Engineering and Development Department and the Marine Department), including 159 civil service posts in replacement of non-civil service contract posts. The number of civil service directorate posts will remain unchanged.
- Now I would like to brief Members on the priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- To meet Hong Kong's need for land supply in the short, medium and long term, the Government will continue to adopt a multi-pronged strategy to increase land supply. The Steering Committee on Land Supply led by the Financial Secretary will continue to co-ordinate and oversee the implementation of various land supply measures, including taking forward the various land use reviews and converting to other

suitable uses sites for which the original purposes are no longer pursued.

(1) Potential Housing Sites

We will continue to convert to residential use some 150 potential housing sites previously identified as soon as possible. Upon smooth completion of the rezoning and other necessary procedures, it is estimated that most of the sites would be made available in the five years of 2014-15 to 2018-19 for providing over 210 000 flats (with over 70% being public housing units). Apart from these some 150 sites, for the various initiatives to increase land supply announced in the 2013 Policy Address, 42 sites were zoned/undergoing the rezoning procedures for residential use in the short to medium term as of end March this year. These sites are expected to provide about 39 000 residential flats in total. However, the timely provision of land hinges on the understanding and co-operation of the community with the overall public interests in mind.

(2) Promote New Development Areas, New Town Extensions and Other Medium to Long Term Initiatives

- In the medium and long term, we are forging ahead with the development of various new development areas (NDAs) and new town extension projects, including the Kwu Tung North (KTN) and Fanling North (FLN) NDAs; Hung Shui Kiu (HSK) NDA and the Tung Chung New Town Extension, etc. to actively integrate land use planning with infrastructural development to extensively create new land for development. Among these, we will review the development opportunity of “brownfield sites” in the rural New Territories and study feasible measures, including accommodating some of the economic operations in multi-storey buildings. For example, the HSK and Yuen Long South developments involve the conversion of some 200 hectares of brownfield sites into developable land. We will also work full steam ahead with the long term development planning of Lantau including the East Lantau Metropolis, reclamation in Sunny Bay and topside development on the Hong Kong boundary crossing facilities island of the Hong Kong-Zhuhai-Macao Bridge, as well as the further development potential in the New Territories North. We will also continue to actively explore new mode of providing developable land including reclamation outside Victoria Harbour, and rock cavern and underground space developments, etc. and to update the territorial development strategy through the HK2030 Study+.

- Among others, KTN and FLN NDAs will be important sources of Hong Kong's future housing and land supply, with the capacity to provide 60 000 housing flats, amongst which 60% are public rental housing and Home Ownership Scheme flats. Upon the funding approval by the Legislative Council's (LegCo) Finance Committee in June 2014, the detailed design and associated site investigation of the advance site formation and engineering infrastructure works of the two NDAs have commenced in end 2014. The main construction works are expected to commence in 2018 with first population intake by 2023. We are working closely with relevant bureaux and departments to further explore feasible ways to better cater for the needs of the affected residents, farmers and tenants, with public interest and proper use of public money in mind.

(3) Commercial Land and Facilities

- In addition to increasing housing land supply, the Government endeavours to increase the supply of commercial land and facilities to promote further development of different economic activities. We will relocate some government offices away from core business districts and convert suitable "Government, Institution or Community" (GIC) sites into commercial use (including the multi-storey car parks on Murray Road in Central and Rumsey Street in Sheung Wan), and will continue to forge ahead with the development of Kowloon East, Kai Tak Development Area and Lantau with a view to continuously providing commercial land and supporting hardware to enable various commercial activities to develop sustainably.

(4) Support of the Community

- In my report on the Policy Address earlier on, I have talked about the details of various initiatives to increase land supply, so I will not repeat here. In order to achieve the housing supply target of producing 480 000 residential flats in the coming ten years (i.e. 2015-16 to 2024-25), while at the same time continue to increase commercial and other types of land supply, it is the hope of the Government, as we have reiterated on several occasions, that the LegCo, District Councils and local community can recognise the fact, put the overall needs of the community above their personal and local interests, and fully support the planning and development of these land to increase Hong Kong's land supply in the short, medium and long term.

(5) 2015-16 Land Sale Programme and Private Housing Land Supply

- The 2015-16 Land Sale Programme comprises 29 residential sites capable of providing about 16 000 flats. Among these 29 residential sites, 16 are new sites. The flat production capacity of the 2015-16 Land Sale Programme is higher than that of 2014-15. This underscores the Government's determination to expedite and increase housing land supply.
- As in the past, the Government includes in the Land Sale Programme sites that are estimated to be available for sale in the year, and will continue to announce in advance quarterly land sale programmes, providing transparency and certainty in respect of land supply for the market.
- Our objective is to make available land from various sources with an annual average production capacity of providing about 19 000 private residential flats so as to address the community's housing needs. Looking ahead in 2015-16, for railway property development projects, the West Rail property development project at Yuen Long Station could produce about 1 880 flats, while the MTR Corporation Limited's property development projects in other packages of LOHAS Park are capable of producing a total of about 5 350 flats. In addition, projects of the Urban Renewal Authority (URA) are capable of producing about 840 flats. Private development or redevelopment projects are estimated to produce about 4 400 flats (based on ten-year average figures). The Government will adjust the amount of land put up for sale in each quarter as appropriate, having regard to the situation of land supply from various sources, with a view to meeting the target of supplying land capable of providing 19 000 flats.

(6) Sale of Commercial/Business/Hotel Sites

- The 2015-16 Land Sale Programme also comprises 4 commercial/business sites and 1 hotel site which are capable of providing about 180 000 square metres of commercial floor area and about 500 hotel rooms respectively.
- We will continue to convert suitable GIC sites in core business districts into commercial use. The two multi-storey carpark on Murray Road in Central and Rumsey Street in Sheung Wan are estimated to provide some 76 000 square metres of floor area. Likewise, the former Mong Kok Market site will be converted into commercial use, providing

about 6 400 square metres of commercial floor area. We will also convert the use of the government site on Caroline Hill Road as soon as possible to release more commercial floor area.

(7) The New Central Harbourfront

- The Government has capitalised on the opportunity before long-term development and made use of those New Central Harbourfront sites that have had their construction works completed to implement various temporary short-term uses, injecting vibrancy in the harbourfront. In addition to sightseeing facilities such as the Observation Wheel, a variety of carnivals, exhibitions and open-air concerts will take place at the New Central Harbourfront from time to time. While enabling early enjoyment of the harbourfront by locals and visitors, these new facilities will add new elements to the renowned scenic views of Victoria Harbour.
- With the gradual completion of the works related to the Central-Wan Chai Bypass in the coming few years, the Government will proceed with the implementation of the long-term development plans of the major harbourfront sites with reference to the recommendations of the Urban Design Study for the New Central Harbourfront. The objective of all the planning is to provide diversified facilities and additional commercial floor areas to core business districts. The development of promenade will also enhance the east-west connectivity between Central and Wanchai.

Urban Renewal

- The arrangements for the key initiatives under the Urban Renewal Strategy promulgated on 24 February 2011 will be further refined as follows:

(1) “Demand-led” scheme

- Since the launch of URA’s “Demand-led Redevelopment Project Pilot Scheme” in July 2011, ten projects have been commenced (two of which were terminated after having failed to meet the 80% owners’ acceptance threshold within the specified deadline from the issue of acquisition offers). Faced with the challenge of an increasing number of applications which required the consideration of more varied factors, URA completed a review of the scheme in 2014-15. The review findings were announced in December 2014.

- The major revisions URA made to the application requirements and scoring criteria of the scheme include: increasing the minimum site size of applications to 700 square metres so as to enhance the planning gain of the project and the efficiency of floor layout upon redevelopment; raising the application threshold of owners' consent to not less than 80% so that for projects selected in future, they will have secured the support from a majority of the incumbent owners which would in turn enhance the prospect of success of the project; and in the project selection process, assigning a greater weighting to the conditions of buildings covered by the application. If the application involves buildings with outstanding building orders issued by the Buildings Department (BD) which are overdue, scores will be deducted, and the chance of the application being selected will also be lowered. The revised requirements will apply to the fourth round of the scheme to be launched in 2015-16.

(2) “Facilitating Services Pilot Scheme”

- Since the launch of the “Facilitating Services Pilot Scheme” (“Facilitating Scheme”) in July 2011, URA has received 19 applications from residential buildings. In November 2013, URA had its first success in facilitating owners of three residential buildings in Kowloon City District to assemble property titles for joint sale for development. In December 2014, URA announced the enhanced “Facilitating Scheme” to expand the scope of service to cover commercial buildings and industrial buildings within non-industrial zones. In the three months since the launch of the enhanced “Facilitating Scheme”, URA has received one application from an industrial building within a non-industrial zone.

Building Safety

- The Government has all along adopted a multi-pronged approach to enhance building safety. Among others, on the enforcement front, the BD launches large scale operations from time to time targeting at rectifying irregularities associated with subdivided flats and other unauthorised building works (UBWs). In 2014, the BD had issued a total of 11 816 removal orders against UBWs and 540 repair orders and investigation orders in relation to dilapidated buildings. During the same year, 2 532 prosecutions had been instigated against failure to comply with removal orders. The BD will continue with the work on this front.

Conclusion

- Chairman, the above is a brief account of the Planning and Lands portfolio. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Presentation by Secretary for Food and Health
at the Special Meeting of the Finance Committee
on Thursday, 2 April 2015**

Chairman and Honourable Members,

The Food and Health Bureau (FHB) is committed to ensuring food safety and environmental hygiene with a view to promoting public health and improving people's quality of life.

2. In the 2015-16 Estimates, about \$6.5 billion has been earmarked for recurrent expenditure in the policy portfolio of "Food Safety and Environmental Hygiene", representing an increase of about \$150 million (2.3%) over the previous year and accounting for 2% of recurrent government expenditure.

3. New resources available in this financial year are mainly used to provide –

- one-off allocation of about \$39 million for the Food and Environmental Hygiene Department (FEHD) to cope with the rise in outsourcing contract price;
- additional funding of about \$12 million for FEHD to strengthen enforcement action and regulatory measures against illegal shop front extensions under the Enhancement of District Administration Scheme;
- one-off allocation of about \$4 million for FEHD to enhance pest control service in response to cases of dengue fever; and
- additional funding of about \$3 million for FHB to provide secretariat support and legal advisory service for the Fishermen Claims Appeal Board.

4. I will now proceed to outline the policy priorities and work progress.

New Agricultural Policy

5. The Government published a public consultation document in late 2014, inviting public views on a new agricultural policy. Supportive measures proposed in the document include exploring the feasibility of establishing an Agricultural Park, and considering the establishment of a Sustainable Agricultural Development Fund.

6. Over the past three months, extensive consultation with various sectors was conducted. The community in general supported the new agricultural policy and believed the sustainable development of local agriculture will contribute to both the protection of food safety and the better up-keeping of the rural environment. As regards the supportive measures underpinning the new policy, stakeholders had also put forward a good deal of valuable views. The consultation period ended on 31 March. The Government will carefully consolidate the views received and draw up a detailed proposal and an implementation timetable.

Prevention and Control of Avian Influenza (AI)

7. Since the occurrence of H7N9 AI cases in the Mainland, Hong Kong has been on high alert and taking measures to prevent the spread of the virus. Since April 2013, we had, one after the other, introduced the H7 AI Polymerase Chain Reaction test and then the serological test.

8. Last year, Hong Kong detected H7 AI virus in imported live poultry in January and December. The two cases demonstrate that the existing testing system has achieved what it is designed to do, namely reducing the risk of infected birds entering our retail markets. We will update our risk assessment from time to time, maintain liaison with the relevant inspection and quarantine authorities, and strengthen the preventive and surveillance measures when necessary.

9. Contact with infected live poultry is the main source of risk insofar as human infection by AI is concerned. Although the system for surveillance and control of AI we have built up over the years with strenuous endeavours is by and large effective in reducing AI risks in Hong Kong, no surveillance system can attain zero risk. That being the case, the Government is commissioning a consultant to study the future of the live poultry trade including the question of whether the sale of live poultry should continue in Hong Kong. We hope to complete the consultancy study and seek public views on the consultant's recommendations within 2015.

Food Safety

10. The Government has always attached great importance to ensuring food safety. In the coming year, the Government will continue to enhance food safety in Hong Kong through a multi-pronged approach.

11. With regard to updating the legislation, a public consultation on regulation of nutrition and health claims on formula products and prepackaged foods for infants and young children under the age of 36 months was launched in January. The consultation period will end in mid-April. After completing the collation of views collected during the consultation period, we aim to put forward the details of the relevant legislative proposals in 2015.

12. As a result of the Taiwan substandard lard incident last September, the public expressed deep concern about the safety of edible oil. To address the public concern, FHB and the Environment Bureau (ENB) have decided to step up regulation of the safety of edible oil and the recycling of waste cooking oil in Hong Kong. The Government will seek to consult the public on the proposals in the first half of 2015. As regards the regulation of cooked meat, we are currently reviewing the relevant legislation and will consult the public on this issue.

13. This year, the Government also proposes to expand the Food Safety Laboratory in Pok Fu Lam for enhancing effective delivery of testing work to protect food safety. We will arrange district consultation on the proposal.

Promoting a Healthy Diet

14. Consuming food with high salt and sugar content may cause harm to human health in the long term. In view of this, FHB's target in promoting a healthy diet in 2015 is to gradually reduce the intake of salt and sugar by Hong Kong citizens to the levels recommended by the World Health Organization. FHB has established in mid-March the Committee on Reduction of Salt and Sugar in Food. The Committee is responsible for devising relevant strategies, with members comprising representatives from different sectors. We have also set up an International Advisory Panel on Reduction of Salt and Sugar in Food, the members of which comprise experts from the Mainland and overseas. They will share with us successful international experiences in promoting the reduction of salt and sugar in food.

Public Markets and Hawkers

15. The policy on public markets and hawkers as well as their operating environment are subjects of concern to many members. The Legislative Council (LegCo) Panel on Food Safety and Environmental Hygiene has established a Subcommittee on each of these two subjects respectively.

16. For the purpose of developing proposals to improve the operating environment of public markets, the Government has commissioned a consultancy study. We have earlier briefed the relevant Subcommittee on the major findings of the consultancy study. We are studying the consultant's recommendations in detail and plan to put forward concrete improvement proposals in 2015 for a number of public markets, after taking into account the conditions of the markets and the challenges and opportunities facing them.

17. As for hawkers, the relevant Subcommittee has suggested that the Government should formulate its hawker policy from a "development" rather than a "management and control" perspective. Early this year, we shared the Government's current thinking with the Subcommittee. Besides, I have just briefed the chairmen and vice-chairmen of the 18 District Councils on some important principles and proposed measures for further developing our hawker policy. FHB is committed to formulating a hawker policy which can strike an optimal balance among the different views of various stakeholders, i.e. allowing licensed hawking business to thrive on the one hand, whilst avoiding unreasonable nuisance to the local community in addition to ensuring food safety, environmental hygiene and public security on the other hand. We will look at any specific proposals for developing the hawker trade with an open mind.

18. In the coming year, we will actively support the work of the two Subcommittees and jointly explore practical measures to improve the operating environment of public markets and hawkers.

19. We are deeply saddened by the loss of an FEHD hawker control officer, Mr. WU Kong-sum, who was injured whilst on duty and passed away last month. As far as frontline enforcement work is concerned, FEHD has provided guidelines and training to its staff. However, the difficulties that may be encountered by frontline staff whilst on duty are not fully predictable. In order to ensure the personal safety of frontline law enforcement officers whilst on duty, we are now reviewing the relevant arrangements and looking for ways to make improvements.

Columbarium Policy

20. In promoting green burial, the Government will continue to foster the necessary change in mindset, by encouraging the public to use more environmentally friendly and sustainable means of disposal of human ashes, including scattering human ashes in Gardens of Remembrance or at sea.

21. As for the district-based columbarium development scheme, we have obtained the support of relevant District Councils for the development of columbarium on seven potential sites identified, involving over 450 000 new niches. Among them, the target completion dates of 160 000 niches at Tsang Tsui and 20 000 niches at Tsing Tsuen Road will be 2018 and 2019 the earliest respectively. This year, we will continue to take forward our work in this respect, and hope other development sites will get the support of the local community.

22. On regulating private columbaria, we introduced the Private Columbaria Bill (the Bill) to the LegCo in June last year, proposing to establish a licensing scheme. We will continue to work closely with the Bills Committee for early implementation of the licensing scheme. Before the passage of the Bill, the Government is committed to stepping up public education to advise members of the public to exercise care when purchasing niches from private columbaria, and consider renting a niche on a short-term basis, rather than making any rash purchase decision before the proposed legislation comes into operation.

Animal Welfare

23. The Government attaches great importance to animal welfare and management. To better regulate pet trading, we are drafting the legislative amendments for tabling before the LegCo this year. Besides, the Trap-Neuter-Return (TNR) trial programme was launched in Yuen Long and Cheung Chau in January this year. The Agriculture, Fisheries and Conservation Department will follow up with the relevant animal welfare organizations and assess the effectiveness of the programme.

24. We will continue to step up our efforts in publicity and education. We will also reinforce stray animal management through a number of new and enhanced measures.

25. Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Food and Health
at the Special Meeting of the Finance Committee
on Thursday, 2 April 2015**

Chairman and Honourable Members,

In 2015-16, the estimated recurrent government expenditure on health is \$54.5 billion, which amounts to 16.8% of the Government's total recurrent expenditure and represents an increase of about \$0.4 billion (or 0.8%) as compared with the previous year.

2. New and additional resources available in this financial year are mainly used for the following services:

(1) The estimated expenditure of the Hospital Authority (HA) for the coming year amounts to \$54.2 billion (including an annual recurrent government funding of \$49 billion), representing an increase of 3% over the HA's budget in 2014-15. To meet the service demand arising from growing population and demographic changes, and to further improve healthcare services, the major improvement initiatives of the HA for the coming year include:

- providing a total of 250 additional hospital beds, including additional acute beds, to enhance in-patient capacity;
- providing additional operating theatre sessions to ease the waiting time for surgeries ;
- expanding the clinical application of the special drug for multiple sclerosis and introducing new drugs of proven safety and efficacy to the Drug Formulary for cancer treatment, chronic Hepatitis C and Crohn's disease to benefit around 4 000 patients annually;
- enhancing endoscopy service by performing around 5 300 additional endoscopic procedures;
- increasing the episodic quota of general out-patient clinics in five clusters by 55 000 attendances;
- setting up Hong Kong's fourth joint replacement centre in the New Territories East Cluster;

- strengthening the service of community geriatric assessment teams by conducting 3 000 additional visits to residential care homes for the elderly; and
- strengthening manpower of the psychiatric teams and introducing a peer support element to the Case Management Programme for patients with severe mental illness. The HA will also increase the number of psychiatric beds in Siu Lam Hospital, with a view to clearing up cases of severe intellectual disability on the waiting list in phases in the coming three years.

The Financial Secretary has also pledged to allocate to the HA a sum of \$10 billion as endowment to generate investment return for funding public-private partnership initiatives, including the General Out-patient Clinic Public-Private Partnership Programme. We will seek funding approval of the Finance Committee of the Legislative Council within the 2015-16 financial year.

(2) An additional amount of about \$286 million will be allocated to the Department of Health (DH) for service enhancement and new initiatives including:

- earmarking provision for the Elderly Health Care Voucher Scheme to meet the additional expenditure incurred as a result of the increase in the number of eligible elders;
- preparing for the implementation of the Colorectal Cancer Screening Pilot Programme for specific age groups and other supporting measures for cancer prevention and screening;
- providing full-year funding for the implementation of the “Outreach Dental Care Programme for the Elderly” in residential care homes and day care centres;
- launching a territory-wide education and promotion campaign to raise public awareness of mental health;
- providing support for the clinical information management system and participation in the commissioning and registration procedures of the Electronic Health Record Sharing System (eHRSS);
- strengthening the manpower support for the Child Assessment Centres and the Chinese Medicine Division;

- conducting a pilot project on neonatal screening of inborn error of metabolic diseases;
- promoting breastfeeding; and
- enhancing the services of the Elderly Health Centres (EHCs) by setting up one more clinical team in Wan Chai EHC.

3. Now I would like to highlight specific topics related to planning for public hospitals, mental health, healthcare reform and Chinese medicine development.

Public Hospital and Healthcare Infrastructure Expansion

4. The Government has made continuous efforts to deploy more resources for expanding our public healthcare infrastructure, building new hospitals and improving existing hospital facilities. The construction of Tin Shui Wai Hospital and Hong Kong Children's Hospital is progressing as scheduled. Meanwhile, we are preparing for the redevelopment of Kwong Wah Hospital, Queen Mary Hospital and Kwai Chung Hospital as well as the extension of the Operating Theatre Block in Tuen Mun Hospital. We will also proceed with the development of a new acute general hospital in the Kai Tak Development Area. Moreover, we will seek funding approval of the Legislative Council for the expansion of Hong Kong Red Cross Blood Transfusion Service Headquarters, the refurbishment of Hong Kong Buddhist Hospital and the commencement of the main works for phase 1 of the expansion of United Christian Hospital.

5. As regards information technology facilities for healthcare provision, we are developing a territory-wide eHRSS so as to maintain a more complete set of medical records and enhance the continuity of healthcare services for the public, and promote public-private partnership. The eHRSS Bill, introduced to the Legislative Council in April 2014, is being considered by the bills committee concerned. Subject to passage of the Bill in the first half of 2015, we plan to commission the first stage of the eHRSS by the end of 2015 to enable sharing of patients' electronic health records among healthcare providers in both public and private sectors with the patients' consent.

Mental Health

6. The Government is committed to promoting mental health. Comprehensive mental health services are provided for persons in need, so as to facilitate their rehabilitation and re-integration into society. To further strengthen efforts on this front, a review committee on mental health

has been set up to focus on the study of the existing policy on mental health and the review of current service provision, with a view to mapping out the future direction for the development of mental health services in Hong Kong.

Healthcare Reform

7. Having regard to the outcome of the Public Consultation on Healthcare Reform, we are taking forward a number of reform initiatives, which include reviewing the healthcare manpower strategy, formulating detailed proposals for the Voluntary Health Insurance Scheme and promoting the development of healthcare services.

8. The Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development is working at full strength on the review of healthcare manpower strategies and will, upon completion of the review, make recommendations on how to cope with the anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development, so as to ensure the healthy and sustainable development of Hong Kong's healthcare system. To address the current shortfall of doctors, we have been exploring with the Medical Council of Hong Kong measures to refine the arrangements for the licensing examination of medical practitioners, including increasing the examination sittings to twice a year starting from 2014 and considering more flexibility in internship arrangements, in order to encourage qualified overseas doctors to practise in Hong Kong. Meanwhile, we are actively considering increasing the number of publicly-funded degree places in medicine, dentistry and other health disciplines in the 2016/17 to 2018/19 funding cycle for universities to ensure an adequate supply of local talent for meeting the healthcare needs of our ageing population. The HA will also continue to recruit overseas doctors by way of limited registration to practise in Hong Kong.

9. A public consultation exercise on implementing the proposals of the Voluntary Health Insurance Scheme (VHIS) is now underway. The proposals include, among others, introducing a set of Minimum Requirements for individual indemnity hospital insurance products, setting up a High Risk Pool to enable high-risk individuals to purchase health insurance, and providing tax deduction for policies complying with the requirements of the VHIS. In parallel, a public consultation on the review of regulation of private healthcare facilities (including private hospitals) had been conducted, with a view to improving the safety, quality and price transparency of private healthcare services. We are collecting and consolidating the views from the public consultation exercises. A

summary of the consultation outcome and the way forward will be set out in respective consultation reports.

Chinese Medicine Development

10. The Government adopts the concept of “evidence-based medicine” in promoting the development of the Chinese medicine industry in Hong Kong. The Chinese Medicine Development Committee was set up in February 2013 to focus on the deliberation and study of four key areas, namely personnel training and professional development, Chinese medicine services development, research and development, and development of the Chinese medicine industry. Further to the Government’s acceptance of the Committee’s recommendations on the development of a Chinese medicine hospital, the development of integrated Chinese-Western medicine and the Hong Kong Chinese Materia Medica Standards (HKCMMS) project in early 2014, the 2015 Policy Address announced that the Government has accepted the Committee’s recommendation to set up a testing centre for Chinese medicines to be managed by the DH. The testing centre will specialise in the testing of and scientific research on Chinese medicines with a view to setting reference standards on safety, quality and testing methods of Chinese medicines. Apart from continuing to study and formulate the HKCMMS, the testing centre will also embark on high-end research with a view to strengthening the capability for the quality control and identification of Chinese medicines. A herbarium on Chinese medicines of international standard will be set up. The DH will commence in 2015 the preparation work for setting up the testing centre.

11. Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
on Thursday, 2 April 2015**

Chairman and Honourable Members,

In 2015-16, government recurrent spending on social welfare and women's interests will reach \$59.7 billion, accounting for 18.4% of the total recurrent government expenditure of the year, second only to education. Compared with the revised estimate for 2014-15 (\$54.5 billion), there is an increase of \$5.2 billion (i.e. 9.5%). This reflects the Government's commitment to supporting the disadvantaged. The Government will continue to provide and enhance our support to the disadvantaged, including the children, elderly, persons with disabilities, low-income families and those in need. Now, let me highlight how the Labour and Welfare Bureau (LWB) will make use of such substantial resources.

Elderly Services

2. With the ever-growing elderly population, the resources committed by the Government to elderly care services has continued to increase through the years. The recurrent government expenditure on elderly services in 2015-16 is estimated to reach \$6.8 billion, representing an increase of 11.2% over the revised estimate of \$6.1 billion in 2014-15. In 2015-16, we will increase the annual recurrent expenditure by \$71 million to provide 227 additional subsidised residential care and day care places, and improve the services of six existing contract residential care homes for the elderly (RCHEs) and one day care unit.

3. In line with the policy of promoting "ageing in place as the core", the Government will continue to strengthen the provision of community care services to enable our elderly citizens to live in a familiar environment. We will continue to increase the supply of subsidised community care places. In 2015-16, a total of some 80 new day care places would be provided, and 10 of which would provide extended hours of service¹.

¹ Extended hours of service refers to the extension of service hours from 8am to 6pm on weekdays and Saturdays to 8am to 8pm from Mondays to Saturdays and providing services from 8am to 6pm on Sundays and public holidays.

4. For home care services, 1 666 additional Enhanced Home and Community Care Services (EHCCS) places have commenced service in succession from March 2015 onwards. To strengthen the services for all EHCCS places, we have integrated the major service content of the Pilot Scheme on Home Care Services for Frail Elders into EHCCS.

5. In addition, we will continue to implement the Pilot Scheme on Community Care Service Voucher for the Elderly. We will work out details of the next phase, taking into account the findings of the mid-term review.

6. As regards residential care services, through a multi-pronged approach, around 1 710 additional subsidised residential care places for the elderly will be provided from 2014-15 to 2017-18. The Social Welfare Department (SWD) has also earmarked sites in 11 development projects for the construction of new RCHes. We will continue to identify suitable sites to construct contract RCHes and take forward the Special Scheme on Privately Owned Sites for Welfare Uses so as to increase the provision of long-term care service places for the elderly.

Exploring the Feasibility of Voucher Scheme on Residential Care Services for the Elderly

7. The Elderly Commission (EC) commenced a feasibility study on introducing a voucher scheme on residential care services for the elderly last year and is expected to submit its report in the middle of this year. Subject to the recommendations of the report, we have earmarked about \$800 million to issue a total of 3 000 residential care service vouchers in the three years from 2015-16 to 2017-18.

Formulating an Elderly Services Programme Plan

8. In respect of the planning of elderly services, EC is pressing ahead with formulating an Elderly Services Programme Plan (Programme Plan), and plans to submit its report in mid-2016. For the purpose of gathering the views on stakeholders' on the scope of the Programme Plan, EC conducted the first round of public engagement events from October to November last year. Furthermore, we attended the meetings of the Panel on Welfare Services in December last year and January this year to report the progress to the Panel, and to listen to the views of deputations. EC will shortly commence the public engagement events of the next stage.

Extending the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities to Green Minibuses

9. The Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) was extended to the first batch of green minibus (GMB) routes on 29 March this year. The first batch covers 127 GMB operators (80% of the total) operating a total of 407 GMB routes (81% of the total). The Government will continue to encourage the remaining 32 operators and offer assistance to them where necessary and, depending on the readiness of these operators, plans to roll out the second batch of GMB routes under the Scheme around mid-2015.

10. The number of average daily passenger trips under the Scheme is at present around 740 000, with around 650 000 trips (88%) made by the elderly² and the remaining 90 000 trips (12%) made by eligible persons with disabilities³. It is estimated that the cost of reimbursing GMB operators under the Scheme would be around \$200 million in 2015-16 for the phased implementation. The total Government expenditure on the Scheme will be around \$900 million in 2015-16.

Enhancing Rehabilitation and Support Services for Persons with Disabilities and their Carers

11. The rehabilitation policy of Hong Kong aims to promote the development of the capabilities of persons with disabilities and their full integration into the community. Taking into account the expenditure of LWB, SWD (excluding related expenditure under the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance (SSA) Scheme) and the Transport Department (Rehabus service) alone, the overall recurrent expenditure for rehabilitation services has already increased about 80 per cent from some \$2.8 billion in 2007-08 to nearly \$5.1 billion in 2014-15. In 2015-16, the relevant recurrent expenditure will further increase to \$5.6 billion, representing an increase of almost 10 per cent over 2014-15.

12. To enhance the support for persons with disabilities, we propose an additional recurrent expenditure of nearly \$160 million in 2015-16 to strengthen a range of rehabilitation services. On the other hand, we will also increase resources to enhance Rehabus service.

² Elderly people refer to those aged 65 or above.

³ Eligible persons with disabilities are persons aged below 65 with severe disability as defined under the Disability Allowance receiving the allowance and those with 100% disabilities receiving the Comprehensive Social Security Assistance in the same age group.

13. We propose to strengthen rehabilitation services on four aspects. First, we propose an additional recurrent expenditure of about \$118 million to provide an additional 285 pre-school rehabilitation, 550 day training and vocational rehabilitation and 436 residential care service places, with a view to strengthening care and providing necessary training for persons with disabilities.

14. Furthermore, mindful of the need of rehabilitation service users for a higher level of support owing to ageing, the Government allocated an additional recurrent expenditure of about \$160 million to enhance the services for ageing service users over the past two years. In the coming year, we propose an additional allocation of about \$25.9 million to increase the manpower of long stay care homes and enhance the allied health services of hostels for moderately mentally handicapped persons to strengthen the care and support for ageing service users.

15. For mental health, the Government has been providing additional resources to Integrated Community Centres for Mental Wellness. Currently, the annual provision for these centres is more than \$205 million. In 2015-16, we propose an additional recurrent expenditure of about \$12.7 million to increase the social work manpower in the Integrated Community Centres to provide more intensive counselling and support for their family members/carers, with a view to relieving their stress in caring for and consolidating their mutual support network.

16. Lastly, we also propose an additional recurrent expenditure of about \$3.2 million to increase the social work manpower in the existing subvented Parents/Relatives Resource Centres so as to enhance the support for persons with disabilities and ex-mentally ill patients, including children/youth with special needs and their family members/carers, with a view to improving their abilities and relieving their stress in taking care of the persons with disabilities.

17. Besides, there are currently 141 rehabuses in the Rehabus fleet. In 2015-16, the Government will allocate an additional capital expenditure of about \$11.8 million for procuring six new rehabuses and replacing six existing ones of higher vehicle age, thereby increasing the fleet to 147. The Government will also allocate about \$61.6 million (including an additional provision of about \$2.2 million) to subsidise the recurrent expenditure of the Rehabus service with a view to further enhancing the service of the Rehabus.

18. While enhancing the existing services, we are also pursuing new ideas. In the year ahead, we will explore the implementation of a pilot project for trained ex-mentally ill persons to serve as peer supporters in community psychiatric service units to provide support and encouragement for other persons in rehabilitation through sharing their recovery experience.

19. In addition, we will launch two pilot projects under the Lotteries Fund to explore the feasibility of new initiatives. First, we will invite the non-governmental organisations (NGOs) operating subvented pre-school rehabilitation services to provide on-site services for pre-school children with special needs in kindergartens or kindergarten-cum-child care centres. Secondly, we will launch a pilot project to provide support and training to persons with autism and their parents/carers as well as professional training to service providers serving persons with autism.

Social Security

20. For social security, we will continue to provide economic assistance to those in need through the CSSA and SSA Schemes in the coming year. Excluding one-off additional payments, the estimated total recurrent expenditure of these two Schemes in 2015-16 is about \$40 billion, which is 8.1% higher than the revised estimate (\$37 billion) last year. This represents 67% of the recurrent social welfare expenditure (\$59.7 billion) and 12.3% of the recurrent government expenditure (\$324.6 billion). The estimated increase in expenditure is to reflect the annual adjustment of payments rates under the CSSA and SSA Schemes, as well as the estimated increase in number of cases under the SSA Scheme.

One-off relief measure

21. Besides, the Financial Secretary (FS) proposes to provide an extra allowance to CSSA recipients, equal to two months of the standard rate CSSA payments, and an extra allowance to the recipients of Old Age Allowance (including the Guangdong Scheme), Old Age Living Allowance and Disability Allowance, equal to two months of the respective allowances. This proposal will involve an additional expenditure of about \$5.5 billion and about 1.18 million recipients are expected to benefit from the extra allowance.

Retirement Protection

22. The Commission on Poverty will consult the public on retirement protection in the latter half of this year. As the FS pointed out in his

Budget Speech, overseas experiences suggest that, as population ages and 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, the community’s consensus is to provide better retirement protection for the elderly in need. The Government will set aside \$50 billion for this purpose.

Preparing for the Implementation of Low-Income Working Family Allowance

23. Last year, the Government proposed introducing the Low-income Working Family Allowance (LIFA). The aim is to relieve the financial burden of non-CSSA low-income working families (especially those with children), as well as to promote self-reliance and upward social mobility. Funding proposals for the LIFA Scheme were approved by the Legislative Council Finance Committee (FC) on 16 January 2015. We are pressing ahead with the preparatory work with a view to implementing the Scheme in the second quarter of 2016. The estimated annual allowance amount of the Scheme is around \$3 billion.

Continuing the Integrated Employment Assistance Programme for Self-reliance

24. We will continue commissioning NGOs to provide employable able-bodied CSSA recipients with employment assistance services so as to enhance their employability and help them become self-reliant. As such, the Government has earmarked \$223 million to extend the Integrated Employment Assistance Programme for Self-reliance for two more years.

Continuing the Short-term Food Assistance Service

25. The Government has introduced the short-term food assistance service since 2009 to help individuals/families having temporary difficulty cope with basic food expenditure. By the end of January this year, the service has already served over 170 000 people. The Government has earmarked \$200 million for extending the service by two more years up to end-2017.

Strengthening Child Care Services

26. To support parents who are unable to take care of their children temporarily because of work or other reasons, SWD has all along been providing subsidies to NGOs to run a variety of child care services for children below the age of six. To remove the barriers for women to enter or stay in employment and to further respond to the community demand for child care services, the Government will allocate over \$134 million to launch a series of measures to enhance child care services helping women balance their work and family commitments, including –

- (a) over \$127 million for increasing, by phases, the provision of places of Extended Hours Service (EHS) at aided child care centres and kindergarten-cum-child care centres in districts with high demand from 2015-16 onwards, thus increasing the total provision of such EHS places from about 1 200 to over 6 200 places, representing a fourfold increase. This could help alleviate the pressure on working parents by allowing more needy pre-primary children (aged below six) to remain in the service units that they attend for longer hours to receive care;
- (b) about \$5.6 million for providing resources for aided standalone child care centres and service units providing Occasional Child Care Service and EHS to enhance supervisory and administrative support; and
- (c) about \$1.4 million for providing about 100 additional aided long full-day child care places for children aged below three in 2017-18.

Strengthening Residential Child Care Services

27. To support and protect children who cannot be adequately cared for by their families, as well as young people with behavioural or emotional problems, the Government has been providing subsidies to NGOs to provide various types of residential child care services. The Government will increase the number of residential places in small group homes to provide temporary accommodation and emotional support for children and young people who have been abused or affected by domestic violence or other family problems. The above initiative will incur an additional recurrent expenditure of about \$7.2 million.

Assisting Families Most in Need of Support

28. Currently, the 65 Integrated Family Service Centres (IFSCs) over the territory and the two Integrated Services Centres (ISCs) in Tung Chung have been providing a spectrum of preventive, supportive and remedial family welfare services for individuals and families in need. To more effectively support individuals and families in preventing and handling problems, the Government will increase the number of professional social workers in IFSCs and ISCs to provide early identification and intervention and strengthen the support for families and children who are vulnerable to domestic violence and have other welfare needs, at-risk pregnant women, mothers suffering from postnatal depression, and children with development problems and their family members, etc. The above initiative will incur an additional recurrent expenditure of about \$8.2 million.

Women's Interests

29. In the 2015 policy address, the Chief Executive accepted two recommendations of the Women's Commission (WoC). First, all bureaux and departments should refer to the "Gender Mainstreaming Checklist" and apply gender mainstreaming when formulating major government policies and initiatives starting from 2015-16; and second, the benchmark for appointing women to Government advisory and statutory bodies should be raised by 5% from 30% to 35%. We will continue to facilitate the incorporation of women's needs and perspectives into the process of policy formulation where appropriate, and empower women and enable them to participate more fully in the community.

30. In 2015-16, we have earmarked around \$30 million to promote women's interests and support the work of WoC. This includes the provision for assisting WoC in implementing the "Capacity Building Mileage Programme".

31. WoC will continue to make "Women's Employment" the focus of its work in 2015-16. WoC will provide funding support of \$2 million for women's groups and NGOs to organise projects that may facilitate women employment, through the "Funding Scheme for Women's Development".

32. Chairman, this concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

– End –

**Presentation by Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
on Thursday, 2 April 2015**

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2015-16 is estimated to be \$1,758 million, representing an increase of \$126 million (or 7.7%) over the revised estimate of \$1,632 million last year. It accounts for 0.5% of the total recurrent government expenditure. Let me highlight the key areas of our work.

Promoting Employment

2. The labour market held stable in 2014. The latest seasonally adjusted unemployment rate (December 2014 to February 2015) stayed at a low level of 3.3%. Both total employment and labour force continued to grow moderately over a year earlier. In 2014, the number of private sector vacancies received by the Labour Department (LD) reached a record high of 1 220 405.

3. With Hong Kong facing an ageing population, LD will enhance the employment support services provided for mature job seekers with a view to encouraging them to remain in or return to the job market. LD will also extend the Employment Programme for the Middle-aged to part-time jobs in the second half of 2015, giving subsidies to employers to encourage them to provide part-time employment opportunities to mature persons.

4. To strengthen support for employers and help employees with disabilities adapt to their new job, LD will enhance the post-placement follow-up service provided for job seekers with disabilities by extending the service period from three to six months. Moreover, LD has launched a pilot project of Employment Services Ambassador Programme for Ethnic Minorities and will organise large-scale and district-based inclusive job fairs to assist ethnic minorities in securing employment.

5. In 2015, LD will organise a large-scale job fair including employment and vacancy information on the Mainland. Employers intending to employ local job seekers to work on the Mainland will be

invited to participate in the job fair, which aims to enhance the understanding of job seekers and young people in employment opportunities on the Mainland. Through the Youth Employment and Training Programme, LD will continue to encourage employers to employ young people; and launch pilot projects to enhance the employability and employment opportunities of young people.

Encouraging Employers to Build a Friendly Working Environment for Mature Persons

6. Along with our employment support services, we also encourage employers to adopt employment practices conducive to fostering a friendly working environment for mature persons through publicity, thereby attracting them to remain in or return to the job market.

7. LD will launch various promotional and educational activities and conduct regular meetings and exchanges with business executives and human resources managers to publicise relevant messages and encourage employers to adopt friendly employment practices for mature persons at the workplaces.

Conducting a Comprehensive Review of the Work Incentive Transport Subsidy Scheme

8. The income and asset limits of the Work Incentive Transport Subsidy (WITS) Scheme have been raised again from the claim month of February 2015 onwards under the annual adjustment mechanism. LD is conducting a comprehensive review of the WITS Scheme, including its objectives, eligibility criteria, level of subsidy rate, modus operandi and effectiveness. We will report the outcome of the exercise to the Panel on Manpower in due course.

Implementing Statutory Minimum Wage

9. Since the introduction of Statutory Minimum Wage (SMW), the employment market has remained generally stable. Compared with the pre-SMW period (February to April 2011), the latest unemployment rate fell by 0.3 percentage point to 3.3%. Total employment also increased by more than 265 000, 68% of whom were female. The wages of grassroots employees have continued to improve. The average monthly employment earnings of the lowest decile full-time employees in November 2014 to January 2015 rose by 12.7% in real terms over those in the pre-SMW period.

10. The newly revised SMW rate of \$32.5 per hour will take effect from 1 May 2015. LD will conduct extensive publicity and promotional activities and launch targeted enforcement campaigns to monitor employers' compliance.

Promoting Labour Relations

11. In 2014, the labour relations scene of Hong Kong remained generally stable. The number of labour disputes and employment claims handled by LD in 2014 dropped by 10% (from 17 585 in 2013) to 15 832. During the year, over 70% of cases were settled through conciliation. We will continue to closely monitor the labour relations scene and provide appropriate assistance to employers and employees in need.

12. We will continue to raise public awareness in the Employment Ordinance (EO) and encourage employers to adopt good people management measures so as to foster harmonious labour relations. LD will also enhance its publicity and education efforts in publicising family-friendly employment practices (FFEP) by publishing a series of news supplements on enlightened organisations to share their successful experiences in implementing FFEP. Furthermore, in addition to the existing general guidelines on FFEP, LD is now collaborating with employers and employees in the catering industry to devise industry-based practical guidelines in implementing FFEP for reference of catering employers.

Legislating for Paternity Leave

13. Statutory paternity leave already took effect on 27 February 2015. Male employees are entitled to 3 days' paternity leave with pay for each confinement of their spouse / partner if they fulfil the legal requirements. LD will continue with a comprehensive publicity programme to publicise stipulations of the statutory paternity leave. LD will review the implementation of statutory paternity leave one year after its coming into effect.

Addressing Manpower Shortage in Certain Industries

14. To address the manpower shortage and recruitment difficulties faced by individual industries, the Government will continue to develop our local manpower as its priority, unleashing the potential and optimising the deployment of our local workforce. For those industries facing manpower shortage, we will work together with the industries concerned as well as

relevant training bodies to further attract new entrants to join the industries and provide training for them. When employers cannot recruit sufficient local workers, they can continue to import skilled workers on an appropriate and targeted manner under the Supplementary Labour Scheme (SLS).

15. To facilitate the provisioning of an adequate construction workforce to meet Hong Kong's economic, social and infrastructural development needs and having regard to the effective results in the two recruitment centres of LD for the retail and catering industries, the Government will set up a dedicated recruitment centre for the construction industry, in the second half of 2015-16 to provide local workers with career counselling services and conduct on-the-spot interviews and job fairs, so as to assist construction workers to find jobs and assist contractors in employing local construction workers. In addition, the Government will allocate funding to the Construction Industry Council to upgrade training from semi-skilled workers to skilled workers.

16. The Development Bureau (DEVB) will brief the Labour Advisory Board (LAB) on the detailed arrangements for the further enhancement measures to SLS. DEVB will continue to liaise closely with the stakeholders in the construction industry and the labour sector on the enhancement measures, with a view to upholding the principle of safeguarding the priority of local workers in employment, their job opportunities and salaries, thereby addressing the industry's manpower demand. Relevant Government departments including LD will also step up the monitoring of public works contractors and inspections so as to ensure that the imported workers will not be subject to abuse or exploitation.

Protecting Employees' Rights and Benefits

17. To safeguard the employment opportunities of local workers, the Government will continue to take rigorous enforcement actions against illegal employment. In 2014, together with the Police and the Immigration Department, LD mounted 178 joint operations to raid establishments suspected to have employed illegal workers. The concerned departments will continue to work closely to share intelligence and take targeted actions to jointly combat illegal employment by surprise inspections.

18. LD will continue to spare no efforts in combating wage offences. Last year, LD secured a total of 304 convictions against wage offences (a drop of 31% over 443 convictions in 2013). At the same time, there were 48 summonses where company directors or responsible persons were convicted of wage offences (down by 73% when compared with

177 summonses in 2013).

19. LD will continue to strengthen intelligence gathering, evidence collection and proactively conduct inspections to detect wage offences. Apart from taking proactive measures to prevent employers from evading wage liabilities, we will continue to take stringent enforcement actions to tackle the problem at source by targeting company directors and responsible persons for committing wage offences. When there is sufficient evidence, we will prosecute the employers and responsible persons involved in wage defaults.

20. The number of applications received by the Protection of Wages on Insolvency Fund (PWIF) slightly increased by 7% to 2 236 over that of 2013. Given the uncertainties in the external environment, LD will continue to monitor the trend of business closures and provide timely relief to affected employees by effecting ex gratia payments through PWIF.

21. There are more than 330 000 foreign domestic helpers (FDHs) in Hong Kong at present. They have made significant contribution to Hong Kong, particularly in releasing women with families to join the workforce. To enhance the protection of FDHs, the Government has, since last year, stepped up collaboration and information exchanges with the Consulate-Generals of the FDH exporting countries in Hong Kong, and has enhanced our publicity and education efforts in raising FDHs' and employers' awareness of their own rights and obligations and the complaint channels. To strengthen the regulation of employment agencies (EAs), we are planning to introduce a Code of Practice (CoP) for the industry, in which the acts that are allowed and those that should be avoided by EAs (e.g. EAs should not be involved in the financial or loans affairs of FDHs, etc.) will be listed out. We plan to consult the stakeholders on the draft CoP this year.

Standard Working Hours

22. Since its establishment in April 2013, the Standard Working Hours Committee (SWHC) has worked at full steam to complete an enormous amount of work including wide public consultation and a comprehensive working hours survey. With reference to findings in these two areas of work, SWHC has formed a task force to explore directions of a working hours policy and the further work of SWHC for SWHC's discussion, with a view to building consensus and identifying the way forward. SWHC plans to submit its report to the Government in the first quarter of next year.

Enhancing Occupational Safety and Health

23. With the commencement of mega infrastructure projects and a large number of old building repair works in recent years, coupled with the anticipated construction boom in the coming years, there are increasing job opportunities in the construction industry. The number of construction workers increased by 47% from 2010 to 81 600 in the first three quarters of 2014.

24. LD is highly concerned about the occupational safety in the construction industry. Apart from conducting over 50 000 regular site inspections each year, LD will continue to launch special enforcement operations to deter work practices contravening work safety requirements, targeting high-risk processes such as work-at-height, lifting operations, electrical work, sea-based construction works, etc. LD will take immediate enforcement actions upon discovery of breaches of safety legislation.

25. LD also strives to prevent accidents owing to systemic deficiencies from the source, including:

- through stepping up liaison with major works project proponents, urging the contractors concerned to, in respect of high-risk processes (such as operation of heavy machinery, sea-based construction works, etc.), strengthen their site safety management systems, strengthen the participation of professional resident site staff in monitoring work safety, and step up safety audits of major works projects so as to eliminate potential work hazards;
- tackling systemic risks by analysing the underlying systemic problems of serious construction accidents, instituting targeted inspections and enforcement actions, organising thematic safety seminars (e.g. work-at-height, lifting operation, electrical work, etc.), and formulating codes of practice on work safety; and
- enhancing the Occupational Safety and Health (OSH) merit and demerit system, including launching renovation, maintenance, alteration and addition (RMAA) work safety accreditation scheme and mobile platform sponsorship scheme, with a view to encouraging small-and-medium sized contractors to adopt safe working methods; and submitting to the court adequate information for reference in sentencing for raising penalties.

26. LD will also continue to launch large-scale publicity programmes to

promote construction safety culture, and collaborate with construction industry unions and associations to conduct visits to construction sites and organise safety talks so as to enhance the safety awareness of workers.

Manpower Development

27. The Employees Retraining Board (ERB) will focus on providing training for older persons, among other target groups, and help them re-join the job market. A market research on mature or retired persons and employers will be conducted to understand mature persons' views on continuing employment as well as employers' opinions on hiring mature or retired persons. ERB will also explore suitable types of work for these people and launch training courses on a pilot basis.

28. In addition, the Vocational Training Council (VTC) is planning to provide about 173 700 training places in the 2015/16 academic year for those seeking to pursue vocational training. In 2015-16, the Labour and Welfare Bureau's related recurrent subvention to VTC amounts to \$202.7 million.

29. Chairman, this concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

– End –

**Presentation by Secretary for Constitutional and Mainland Affairs
at the Special Meeting of the Finance Committee
on Thursday, 2 April 2015**

Chairman,

I wish to brief Members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau (“CMAB”) in 2015-16.

Estimates of Expenditure of CMAB

2. In 2015-16, CMAB is allocated \$580.6 million, which is \$3.4 million (about 0.6%) slightly higher than the revised estimates for 2014-15. The financial provision is mainly used in the following areas-

(I) Constitutional Development

3. The two-month public consultation on the method for selecting the Chief Executive (“CE”) by universal suffrage has ended on 7 March 2015. The HKSAR Government is summarising and consolidating the views received during the consultation, with a view to publishing later this month the consultation report and submitting to the Legislative Council (“LegCo”) for discussion a draft motion to amend Annex I to the Basic law regarding the method for selecting the CE. We hope that the LegCo could endorse the motion to complete the Third Step of the “Five-step Process” of constitutional development before the summer recess of the LegCo. We will work hard to secure endorsement of a two-thirds majority of all Members of the LegCo, so that five million eligible voters in Hong Kong can, for the first time, elect the next CE by universal suffrage through “one person, one vote” in 2017 as scheduled. In this regard, we have set aside about \$5 million (excluding staff cost) and created 6 time-limited posts in 2015-16 for the work on constitutional development.

(II) Promoting the Basic Law

4. In 2015-16, we have continued to set aside about \$16 million for organising promotional activities to facilitate the public’s awareness and understanding of the Basic Law. The 4 April 2015 marks the

25th anniversary of the promulgation of the Basic Law. The HKSAR Government will organise different types of large-scale activities during this period to promote a more in-depth understanding of the “one country, two systems” principle and the Basic Law in the community.

(III) Electoral Arrangements

2015 District Council Election

5. The District Council (“DC”) ordinary election will be held on 22 November this year to elect 431 members to the District Councils. The Government will continue to work closely with the Electoral Affairs Commission (“EAC”) to make practical arrangements to ensure that the 2015 DC ordinary election will be conducted in a fair, open and honest manner in accordance with the relevant legislation. The EAC will conduct a public consultation to solicit views on the “Proposed Guidelines on Election-related Activities in respect of the District Council Election”, and consult the LegCo Panel on Constitutional Affairs on the same and the practical arrangements for the election in mid this year.

2015 Voter Registration

6. In line with the past practice, we will launch a large-scale voter registration campaign in mid-May this year to encourage eligible persons to register as electors and remind registered electors to update their registration particulars. We will also launch a series of publicity measures to raise the awareness of the community about voter registration, and coordinate with the Independent Commission Against Corruption to remind the public of the importance of providing true and accurate information for registration. The Registration and Electoral Office (“REO”) will continue to implement checking measures and inquiry process in the 2015 voter registration cycle. If there is evidence that a person is suspected of providing false information for voter registration intentionally, the REO will refer the case to the law enforcement agencies for follow up action in accordance with the established procedures.

2016 Legislative Council Election

7. According to the Decision adopted by the Standing Committee of the National People’s Congress on 31 August 2014, the existing formation method of the LegCo as prescribed in Annex II to the Basic Law will not be amended. In other words, the formation method of the fifth term LegCo will continue to apply to the sixth term LegCo in 2016. We consulted the

LegCo Panel on Constitutional Affairs on the proposed necessary technical amendments for the 2016 LegCo election on 16 March this year and plan to introduce an amendment Bill into the LegCo this quarter.

(IV) Rights of the Individual

8. In 2015-16, subventions to the Equal Opportunities Commission (“EOC”) and the Office of the Privacy Commissioner for Personal Data (“PCPD”) will remain the major parts of the estimated total provision in human rights under the Bureau. Nevertheless, we will continue to carry out promotional and educational work in certain areas.

Sexual Minorities

9. To better address the issue of discrimination faced by sexual minorities, we established the Advisory Group on Eliminating Discrimination against Sexual Minorities (“Advisory Group”) in June 2013 to advise on matters relating to concerns about discrimination faced by sexual minorities in Hong Kong. Under the auspices of the Advisory Group, a consultant commissioned by the government is conducting a focussed study on discrimination experienced by sexual minorities. The study report will be completed by second quarter of this year. The study would provide a solid basis to facilitate the Advisory Group’s further discussion of recommendations on strategies and measures to eliminate discrimination. We will report to the LegCo Panel on Constitutional Affairs shortly on the progress of work of the Advisory Group.

10. We will also continue the promotion of equal opportunities for people of different sexual orientations and transgenders through public education and publicity, including the provision for the Equal Opportunities (Sexual Orientation) Funding Scheme, continuing to promote the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation to public and private sector organisations, and promoting the message concerned through a variety of channels and platforms.

Promotion of Children’s Rights

11. The HKSAR Government is determined to promote children’s rights. In 2015-16, we have earmarked about \$3.32 million (excluding staff cost) for implementing programmes for enhancing children’s rights promotion. We will continue to promote children’s rights through, inter alia, the Children’s Rights Education Funding Scheme, the Children’s Rights Forum, continued efforts in publicity and public education, and the

engagement of the Radio Television Hong Kong to produce television programmes on promoting children's rights.

EOC and PCPD

12. The EOC continues to be responsible for the implementation of the four anti-discrimination ordinances, including Sex Discrimination Ordinance (Cap.480), Disability Discrimination Ordinance (Cap.487), Family Status Discrimination Ordinance (Cap.527) and Race Discrimination Ordinance (Cap.602). The total subvention for the EOC in 2015-16 is \$105.1 million. The PCPD continues to enforce the Personal Data (Privacy) Ordinance. In 2015-16, we will allocate \$70.51 million to the PCPD.

(V) Mainland Affairs and Co-operation with Taiwan

13. In 2015-16, the financial provision for the Mainland and Taiwan Offices is \$257.9 million, representing an increase of 6.9% when compared with the revised estimates for 2014-15, mainly due to the setting up of liaison units in the Mainland.

Setting up liaison units in the Mainland

14. With the establishment of the Wuhan Economic and Trade Office ("ETO") in April last year, the HKSAR Government has a more comprehensive network in the Mainland, with the Shanghai ETO in the east, the Guangdong ETO in the south, the Chengdu ETO in the west, the Beijing Office in the north and the Wuhan ETO in the central region. To further expand the network of the Mainland Offices, so that each Mainland Office will be linked with one or two liaison units, we set up a liaison unit under the Beijing Office in Liaoning Province in December last year. We plan to set up a liaison unit in Shandong Province under the Shanghai ETO this year. The Shandong liaison unit will be located in Jinan, the capital city of Shandong Province, to strengthen liaison and communication with the provincial government as well as facilitate Hong Kong residents and enterprises in capitalizing on the opportunities brought about by the development of the east region. We also plan to set up a liaison unit in the central region next year upon the full operation of the Wuhan ETO.

National Five-Year Plans

15. The HKSAR Government has submitted its proposals for the National 13th Five-Year Plan to the Central Government. The HKSAR

Government will continue to maintain close communication with the National Development and Reform Commission and other relevant Central authorities through the established liaison mechanism, with a view to consolidating and enhancing the competitive advantages of Hong Kong, and contribute to the long-term development of the country.

Regional Co-operation

16. For regional co-operation with the Mainland, Hong Kong and the Fujian Province have long enjoyed close ties. At the First Hong Kong-Fujian Co-operation Conference co-chaired by the Chief Secretary for Administration (“CS”) and the Vice-Governor of Fujian Province in January this year, the governments of HKSAR and Fujian Province reached consensus on enhancing the economic and trade co-operation and financial co-operation, and signed an agreement on each of the two fronts. The Hong Kong-Fujian Co-operation Conference has brought exchanges and co-operation between Hong Kong and Fujian to a new level.

17. We will also continue to enhance communication and co-operation with Guangdong, the Pan-Pearl River Delta Region, the municipalities of Shanghai and Beijing, and promote the strengths of Hong Kong, as well as the economic and trade relations with the regions concerned.

18. At the 17th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference (“HK/GDCJC”) held in November last year, both sides agreed that the key initiative for this year will be to successfully implement the basic liberalization of trade in services between Hong Kong and Guangdong. The Plenary also agreed to further strengthen co-operation in various areas which straddle across financial and professional services, cross-boundary infrastructure, tourism, environmental protection, culture, etc. On the basis of such a consensus, Hong Kong and Guangdong formulated the 2015 Work Plan at the 20th Working Meeting of the HK/GDCJC held in March this year that covered a number of co-operation items in the above areas. Both sides would actively push forward the respective major works in the future.

19. The Central Government announced in December last year the establishment of three more pilot Free Trade Zones (“pilot FTZs”). Among them, the Guangdong Pilot FTZ will cover the three new areas of Nansha, Qianhai and Hengqin. The setting up of the GD Pilot FTZ provides a good opportunity for Hong Kong to leverage on its edge to further promote in-depth co-operation between Guangdong and Hong Kong.

20. On Hong Kong and Shenzhen co-operation, the CS and the Mayor of the Shenzhen Municipal Government, co-chaired the Hong Kong/Shenzhen Co-operation Meeting on 30 January this year. Both sides agreed to push forward the co-operation in the areas of Qianhai development, financial services, youth co-operation and medical service in the coming year.

Development of Hong Kong – Taiwan Relations

21. Hong Kong and Taiwan continue to promote exchanges and co-operation on various fronts such as economic and trade, cultural, tourism, social livelihood, city management and law enforcement through the “Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council” and the “Taiwan-Hong Kong Economic and Cultural Co-operation Council”. In addition, our “Hong Kong Economic, Trade and Cultural Office” in Taiwan will continue to promote Hong Kong through organising and participating in various activities.

Constitutional and Mainland Affairs Bureau
April 2015