Legislative Council
of the
Hong Kong Special Administrative Region

Finance Committee

Report on the examination of the
Estimates of Expenditure 2018-2019

July 2018
Finance Committee


July 2018
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Chapter I : Introduction

1.1 At the Legislative Council meeting on 28 February 2018, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2018. 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 21 sessions of special meetings over five days from 16 to 20 April 2018 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 2018-2019.

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 6,244 written questions were received and forwarded to the Administration for replies. In this connection, the Administration provided replies to the first 3,300 questions before the special meetings and replies to the remaining questions that were in order before the third Budget meeting of 2 May 2018. Members' questions and the Administration's replies have been uploaded onto the Council's website.

1.4 Each session of the special meetings from 16 to 20 April 2018 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 21 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 21 sessions are given in Chapters II to XXII. Questions which were not dealt with and requests for further information were referred to the
Chapter I: Introduction

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

1.5 A total of 211 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 2 May 2018. 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 4 July 2018 in accordance with Paragraph 53 of the Finance Committee Procedure.
2.1 At the invitation of the Chairman, Mr Joshua LAW, 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).

Civil service establishment

2.2 Whilst welcoming the creation of 6 700 additional civil service posts in 2018-2019, Mr Tony TSE enquired how the Administration would work out the financial provisions for these additional posts in 2018-2019 as these posts would be filled at different time throughout the financial year. SCS replied that, as a general practice, the Administration would include six months' personal emoluments for these additional posts in the Estimates and then top up any shortfall after filling the posts.

2.3 In reply to Mr Tony TSE's enquiry on whether the Administration had set a time frame for bureaux/departments ("B/Ds") to recruit civil servants for new posts, SCS advised that although the Administration had not set such time frame, most of the exercises conducted from 2013-2014 to 2016-2017 had been completed within six months. The time for completing the recruitment exercises had remained at a stable level despite that the number of open recruitment exercises for civil servants had increased by 50% during the same period. As regards the new civil service posts created for replacing non-civil service contract ("NCSC") positions, SCS said that the relevant recruitment exercises would tie in with the contract expiry of the NCSC staff concerned.

2.4 Referring to Reply Serial No. CSB032, Ir Dr LO Wai-kwok welcomed that 354 out of the 6 700 additional civil service posts to be created in 2018-2019 belonged to the construction and relevant engineering professional grades. In view of the extra workload arising from the implementation of the Quality Water Supply Scheme, he noted with concern that only 11 new posts would be created in the construction and relevant engineering professional grades for the Water Supplies Department ("WSD") in 2018-2019. SCS replied that
additional manpower resources were allocated to individual B/Ds in light of the actual operational needs.

2.5 Ir Dr LO Wai-kwok sought information on the number of new posts in the construction and relevant engineering professional grades to be created in the Buildings Department ("BD") in 2018-2019. SCS advised that a total of 125 new posts would be created in BD, which represented an increase of 6.8% of the existing establishment of the department.

2.6 Ir Dr LO Wai-kwok also asked whether the Administration had introduced measures to groom young civil servants in the construction and relevant engineering professional grades to take up the duties of senior posts. SCS replied that individual departments would provide designated training programmes to groom young civil servants to take up the duties of promotion ranks and obtain the relevant qualifications in due course.

2.7 Mr Kenneth LEUNG expressed concern about the substantial staff retention and succession problems of some professional grades, such as the pilot grade of the Government Flying Service, due to more attractive remuneration in the private sector. He asked how the Administration would address such problems and whether B/Ds could use the one-off provision, which was equivalent to 3% of the recurrent non-personal emoluments portion of their envelopes, allocated by the Financial Secretary to improve the remuneration of individual professional grades.

2.8 SCS advised that the one-off provision was for individual B/Ds to make general service improvements with greater operational flexibility and could not be used to improve the remuneration of individual grades. CSB would keep in view the manpower situation of the professional grades and explore with the relevant bureaux/departments the possibility of addressing any staff retention and succession problem by various means, such as manpower increase and other human resources management measures.
Chapter II : Civil Service

2.9 Referring to Reply Serial No. CSB015, Dr Elizabeth QUAT asked whether the Administration would consider proposals put forth by the disciplined services grades to conduct a grade structure review ("GSR") for disciplined services once every six years. SCS advised that the Administration was actively considering the proposals of conducting a GSR. As complicated issues were involved, the Administration needed more time to explore feasible options. The Administration would, nevertheless, handle the matter at full speed.

Civil service medical and dental benefits

2.10 Referring to Reply Serial No. CSB059, Mr POON Siu-ping asked whether the Administration would earmark a separate annual provision for the Hospital Authority ("HA") to cover its provision of medical services, including imaging and specialist out-patient services, for civil service eligible persons ("CSEPs").

2.11 SCS explained that the Administration had allocated financial provisions to HA to cover the provision of civil service medical benefits through two separate funding arrangements. While the annual lump sum provision allocated to HA was for the provision of medical benefits to the public, including CSEPs, there was dedicated funding allocated to HA to enhance the provision of imaging and specialist out-patient services for CSEPs.

2.12 Referring to Reply Serial Nos. CSB060 and CSB061, Ms YUNG Hoi-yan expressed disappointment with the Administration's response to the suggestion of taking out private health insurance for CSEPs, and urged the Administration to conduct a feasibility study on the matter with a view to providing more timely medical services to CSEPs and relieving the burden on the already overloaded public healthcare system. Dr Elizabeth QUAT shared Ms YUNG's view and added that disciplined services staff had repeatedly requested the Administration to consider using the public-private partnership approach in the provision of civil service medical benefits.
2.13 SCS responded that according to the Civil Service Regulations, medical services were available free of charge to CSEPs only when those benefits were provided by the Government or HA. Procuring private health insurance for civil servants constituted major changes to the existing policy and would have significant financial implications. Hence, the Administration had difficulty to consider such proposal at this stage. Nevertheless, the Administration would continue to allocate additional manpower and financial resources to enhance the provision of medical and dental services for CSEPs. SCS added that according to his understanding, disciplined services staff were concerned about the medical service provided for them when they were injured on duty. To meet their needs, the Administration had arranged more than 10 General Outpatient Clinics in different geographic locations to provide such medical service.

2.14 In reply to Ms YUNG Hoi-yan's enquiry about the provision of Chinese medicine ("CM") service for CSEPs, SCS advised that the Food and Health Bureau ("FHB") was determining the positioning of CM in the public healthcare system. The Civil Service Bureau ("CSB") would closely monitor the development of CM, in particular the positioning of the new CM hospital in Tseung Kwan O in the public healthcare system, and would follow up with FHB to explore the feasibility of providing CM service for CSEPs at an opportune time.

2.15 Referring to Reply Serial No. CSB005, Dr CHIANG Lai-wan asked whether the Administration would consider increasing the number of priority discs for serving civil servants in the General Outpatient Clinics, in particular at those clinics located near government offices with a lot of civil servants, so as to reduce their waiting time for medical service. SCS replied that on average only 65% of the priority discs had been used by serving civil servants. Any suggestion to increase priority discs must be dealt with prudently, taking into consideration its impact on the services available for the public.
Training and development

2.16 Referring to Reply Serial Nos. CSB012 and CSB018, Mr Jeremy TAM voiced concern that the Administration had not provided any solid information, such as the timetable, estimated staff establishment and expenditure involved, etc., for the establishment of a new civil service college. He opined that the Administration should have already worked out these details before commencing a search for a site. Mr KWOK Wai-keung commented that efforts should be made by the Administration to ensure the provision of comprehensive and systematic training programmes by the college, rather than focusing on the searching for a site.

2.17 SCS responded that the new civil service college was still in the planning stage and the Administration was searching for a suitable site. When a more concrete plan had been worked out, the Administration would report to the Legislative Council. It was anticipated that the construction of the new civil service college building would be completed at a time after the current term of Government. In the meantime, the Administration would continue to make improvements to the training programmes currently provided for civil servants.

2.18 Noting that the financial provision for the civil service training and development programmes would be increased by 11.3% from $148.9 million in 2017-2018 to $165.8 million in 2018-2019, Dr CHIANG Lai-wan sought details of the planned uses of the increase in provision. SCS responded that the increase in provision would mainly be used for strengthening programmes on leadership and management, national affairs and the Basic Law as well as the creation of additional posts for enhancing the provision of training services for civil servants.
2.19 Referring to Reply Serial No. CSB004, Mr Christopher CHEUNG sought the reasons for the substantial increase of expenditure on national studies training programmes from $18.3 million in each of the past three financial years (2015-2016 to 2017-2018) to $23.7 million in 2018-2019, and the details of the improved national studies training programmes.

2.20 SCS advised that in 2018-2019, the Administration would strengthen the national studies and the Basic Law training for civil servants, key measures included:

(a) increasing the number of training places for middle-ranking officers to attend the national studies programmes held in the Mainland. It was estimated that the number of trainees would gradually increase from the current 280 each year to 420;

(b) extending the national studies programmes held in the Mainland to include civil servants at Master Pay Scale Point 28 to 33. It was estimated that the number of trainees would gradually increase to about 240 each year; and

(c) organizing more local training courses on the Basic Law. It was estimated that the number of trainees would gradually increase from the current 8 900 each year to 12 000.

The total number of participants for the Mainland and local national studies training programmes would be about 8 000 in 2018 and about 8 180 in 2019. As regards the combined national studies and Basic Law training for civil servants, SCS advised that the number of participants would be increased from about 17 600 in 2018 to about 20 180 in 2019.
2.21 Noting that not more than 30 000 [more than 20 000] civil servants would attend training programmes on national studies and Basic Law each year, **Mr Christopher CHEUNG** called on the Administration to further expand these programmes so that more civil servants could attend. **SCS** said that the Administration would strive to increase the provision of these programmes.

### Civil service pay adjustment

2.22 Referring to Reply Serial No. CSB039, **Mr POON Siu-ping** expressed concern that the arrangement of deducting payroll cost of increments ("PCIs") from the gross pay trend indicators ("PTIs") to arrive at the net PTIs was unfair to those civil servants who had reached the maximum pay point of the pay scale of their ranks. Currently more than 28 000 civil servants had already stayed at the maximum pay points of their ranks for 10 years or more. He asked whether the Administration had worked out the financial implications if the Administration ceased the practice of deducting PCIs from PTIs.

2.23 **SCS** responded that net PTIs were only one of the factors to be considered under the established annual civil service pay adjustment mechanism. The existing practice of deducting PCIs from the gross PTIs to arrive at the net PTIs was to offset the exceptional merit pay and increments in the private sector which should not be included in the gross PTIs in principle. This practice was found to be effective.

### Five-day week work pattern

2.24 Pointing out that there were still some 42 000 (27%) civil servants who had yet to work on a five-day week ("FDW") work pattern as at September 2016, **Mr POON Siu-ping** enquired whether the Administration had worked out the cost implications if all civil servants would work on a FDW work pattern. **Mr POON** and **Mr KWOK Wai-keung** further called on the Administration to review the four basic principles for implementing the FDW initiative as detailed in Reply Serial No. CSB041 with a view to enabling more civil servants to work on a FDW work pattern.
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2.25 SCS explained that FDW was not a condition of service, but one of the family-friendly policies adopted by the Administration. The Administration had all along been encouraging B/Ds to explore possible ways to migrate more staff to work on a FDW pattern, and some B/Ds were actively exploring the feasibility of introducing trial schemes to migrate more staff to work on a FDW pattern. As the Administration had to strike a balance between the need to improve the quality of civil servants' family life and the need to ensure effective use of public resources, it would be very difficult to modify the four basic principles at this stage.

Working condition

2.26 While expressing support for the Administration to augment the civil service establishment by about 3.7% in 2018-2019, Mr SHIU Ka-fai expressed concern about the long working hours and heavy workload of some civil servants. He sought information on the mechanism used by CSB to gauge information on the working conditions of civil servants, and stressed that the conduct of a service-wide staff survey would be an effective way having regard to the size of civil service.

2.27 SCS responded that while CSB would continue to keep close contact with B/Ds, he had already paid visits to 18 B/Ds after his assumption of office and met with their staff, including frontline staff, with a view to understanding the problems faced by them in their daily work.

Extension of service of civil servants

2.28 While expressing support for the Administrations' initiative to extend the service of civil servants who joined the Government between 1 June 2000 and 31 May 2015 ("the new initiative"), Mr SHIU Ka-fai called on the Administration to consider the impact of the initiative on the promotion prospect of younger civil servants and provide more promotion opportunities for them where appropriate.
Chapter II : Civil Service

2.29 Dr Elizabeth QUAT asked whether the Administration would consider the request made by some disciplined services staff to standardize the retirement age of all civil servants in order to address the coming wave of retirement and facilitate smooth succession of civil servants. SCS replied that while the new initiative tied in well with the goal of expanding the labour force at a time when Hong Kong's labour force would become critical in around 2030, the Administration did not find strong justification for raising the retirement age of serving civil servants who joined the Government before 1 June 2000.

2.30 Referring to Reply Serial No. CSB016, Mr KWOK Wai-keung noted that for the three departments which had the largest number of Post-retirement Service Contract ("PRSC") staff were the Correctional Services Department, Customs and Excise Department and WSD, and asked about the reasons. SCS replied that individual B/Ds would, having regard to their specific situations, employ staff under the PRSC scheme to meet their manpower requirements and operational needs.

**Paternity leave**

2.31 Mr KWOK Wai-keung enquired whether the Government would examine the possibility of increasing the number of days of full-pay paternity leave for eligible government employees. SCS responded that the Administration had in the past taken the lead in providing five days of full-pay paternity leave for eligible employees and would keep under review the need for improving the arrangement.

**Non-civil service contract staff**

2.32 Noting that the Administration had engaged more than 10 000 full-time NCSC staff as at end June 2017 and some of them had worked in the same positions for more than 10 years, Mr WU Chi-wai urged the Administration to conduct an overall review on the employment situation of NCSC staff, and sought information on the number of civil service posts to be created for replacing NCSC positions that would be
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filled by open recruitment in 2018-2019.

2.33 SCS explained that efforts had been made by the Administration to reduce the total number of NCSC staff by 44% from about 18 500 in 2006 to about 10 400 in 2017, and had replaced about 8 000 NCSC positions by civil service posts. In 2018-2019, 278 civil service posts were approved for replacing NCSC positions for which long-term service need had been established. He undertook to explore whether information could be provided on the number of these civil service posts to be filled by open recruitment in 2018-2019.

2.34 Referring to Reply Serial No. CSB019, Mr IP Kin-yuen was concerned that, as at 30 June 2017, the Education Bureau ("EDB") had employed 124 full-time NCSC staff with continuous service of five years or more in the same position, and sought information on these positions, including the reasons for not replacing them by civil service posts. He further said that the number of NCSC staff employed by EDB was on a rise from 2016 to 2017. In this connection, he asked whether the Administration had planned to replace the NCSC positions in government schools by civil service posts in 2018-2019.

2.35 SCS replied that among the additional civil service posts approved for EDB in 2018-2019, 12 were approved for replacing NCSC positions. While CSB would continue to liaise with individual B/Ds to ascertain the need to replace these NCSC positions with established long-term service needs by civil service posts, the Controlling Officers of the relevant B/Ds would be in a better position to provide information on the employment of NCSC staff under their purview.
Chapter III: Administration of Justice and Legal Services

3.1 At the invitation of the Chairman, Ms Teresa CHENG, 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 (Appendices IV-2-a and IV-2-b).

Judicial independence and the prosecution policy

3.2 Referring to Reply Serial Numbers SJ010 and SJ029, Dr KWOK Ka-ki expressed concern that Hong Kong was in the 13th place for judicial independence, dropping from the 8th last year, in the Global Competitiveness Report 2017-2018 ("Competitiveness Report") published by the World Economic Forum. He pointed out that certain events, such as the Department of Justice ("DoJ")'s review of the qualifications of some Members of the Legislative Council ("LegCo") and the decisions of the Returning Officers ("ROs") based on the legal advice given by DoJ that the nominations of some candidates for LegCo election were invalid showed that political consideration had influenced the legal system and prosecution policy in Hong Kong. He hoped that additional provision would enhance the legal administrative system of Hong Kong on the one hand, he did not want to see an aggravation of political suppression on the other. Regarding the reply with serial number SJ026, he sought information on the number of visits to the Liaison Office made by officials of DoJ.

3.3 Ms Claudia MO criticized DoJ for reviewing the qualifications of some LegCo Members and lodging reviews on the sentences imposed on those involved in storming the East Wing Forecourt of the Central Government Offices ("sentence reviews"), which had raised the question about whether DoJ had tried its best to defend the judicial independence of Hong Kong or it had abused the judicial process.

3.4 SJ pointed out that with regard to the Competitiveness Report, Hong Kong's judicial independence ranked the first in Asia for the past three consecutive years. According to the records of a project of the World Bank, Hong Kong's ranking in the rule of law had risen from a
top 70 place to a top 15 place over these 20 years. She also stressed that in accordance with Article 63 of the Basic Law, DoJ should control criminal prosecutions, free from any interference. During the process of making prosecution decisions, DoJ would only carry out legal analysis of the evidence available and proceed according to the Prosecution Code. Public interest was also a possible factor to be taken into consideration. Regarding Ms Claudia MO's query about the sentence reviews, SJ clarified that decisions of the Court of Appeal were made in accordance with its guidelines on how sentences should be reviewed, not upon the requests of DoJ.

3.5 Mr CHAN Chi-chuen noted that in SJ's speech in relation to Programme (3) – Legal Policy today, she mentioned that in striving its best to discharge the important function to uphold the rule of law, the Legal Policy Division would provide legal support to various departments of the Government on the Basic Law and human rights as well as constitutional and other relevant issues. He hoped that SJ would fulfil the commitment concerned.

3.6 Referring to Reply Serial Number SJ035, Mr Dennis KWOK noted that according to the existing Prosecution Code, DoJ prosecutors were mandated to give due consideration to any elements of trafficking in persons ("TIP") that might feature in any given case when deciding whether a prosecution should be instigated or continued. He opined that the Administration's effort in combating against TIP was inadequate, and he sought comprehensive statistics on cases involving TIP which had been brought to DoJ’s attention.

3.7 In reply, Acting Director of Public Prosecutions advised that the Prosecutions Division of DoJ did not keep comprehensive statistics on TIP or human exploitation cases. He pointed out that DoJ was gravely concerned about the aforesaid crimes and had communicated with the relevant stakeholders on this subject. SJ emphasized that TIP would never be tolerated, and she pointed out that the relevant offences and penalties had been set out in certain scopes of the existing laws of Hong Kong.
Chapter III : Administration of Justice and Legal Services

Electoral matters

3.8 Referring to Reply Serial Number CMAB059, Dr Priscilla LEUNG noted that under the existing laws, the decision as to whether a candidate's nomination was valid or not was made by RO after seeking legal advice from DoJ. She was of the view that the discretion vested with ROs was excessive and that they should not be charged with such heavy responsibility. She enquired whether the Administration would, in terms of policy and legislation, formulate clearer guidelines for frontline civil servants as to whether a candidate's nomination was valid or not.

3.9 SJ responded that she agreed with the importance of formulating clear guidelines. However, as such issue was under the policy purview of the Constitutional and Mainland Affairs Bureau, she, in the capacity of SJ, was not in a position to comment. She also pointed out that it was imperative for the Administration to act in accordance with existing laws.

3.10 Mr AU Nok-hin considered that whether a candidate's nomination was valid or not should not be determined by ROs. He urged the Administration to consider making the Nominations Advisory Committees standing ones, with a view to plugging the loophole of the existing legislation under which candidates were not informed in a timely manner if he/she was eligible to run for the election. Mr AU also referred to the reply with serial number SJ029. He noted that regarding the number of occasions on which DoJ provided legal advice on constitutional development and electoral matters, DoJ's estimate for 2018 was 800 times. He enquired about the statistics of DoJ (in particular the Constitutional Development and Elections Unit of the Constitutional Affairs Sub-division under the Legal Policy Division) providing legal advice to ROs in the past, as well as the number of cases briefed out by DoJ in this regard.

3.11 SJ pointed out that as the proposal of making the Nominations Advisory Committees standing ones was under the policy purview of the Constitutional and Mainland Affairs Bureau, she was not in a
position to comment on this proposal. She further pointed out that in preparing the total estimated expenditure for the year 2018-2019, DoJ made an estimation of the volume of work in the coming year based on the current situation. Solicitor General added that different areas of laws might be involved in any legal issue, regardless of whether it was related to electoral affairs. Even if the legal issue was related to electoral affairs, it might also involve different aspects such as human rights or the Basic Law. In this connection, colleagues of various divisions of DoJ would offer advice in respect of different legal aspects, and those who were responsible for electoral matters would forward to the subject department the advice upon consolidation. DoJ did not keep any statistical breakdown of the advice given by reference to the party seeking the advice or the date on which the advice was given.

**Briefing out cases of the Department of Justice**

3.12 In following-up Reply Serial Number SJ028, Mr Dennis KWOK indicated that he had repeatedly requested DoJ to provide a list of local counsels instructed to handle civil cases, so as to facilitate LegCo or the Panel on Administration of Justice and Legal Services ("AJLS Panel") to monitor whether the briefing out system of DoJ was fair, effective and in compliance with the mechanism. He requested SJ to provide the relevant information as soon as possible.

3.13 SJ replied that DoJ was preparing the relevant information and would submit the same to the AJLS Panel as soon as possible.

**Increase in manpower under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area development**

3.14 Referring to Reply Serial Number SJ032, Mr Kenneth LAU pointed out that under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area ("Bay Area") development, exchanges between Hong Kong and the Mainland would become increasingly frequent, he anticipated that there would also be an increase in the number of legal advice DoJ offered on the Mainland laws and related matters. Hence, he shared the view that it was
necessary to strengthen the establishments of the divisions concerned under DoJ, and to step up trainings on Mainland laws and policies for the staff in DoJ to cope with future needs. He enquired about that the number of DoJ staff to be responsible for the work related to the Belt and Road Initiative and the Bay Area development under the Programme of Legal Policy, and whether the six posts planned to be net created would undertake the aforesaid work. In addition, what plan did the Administration have to step up the trainings for the staff concerned.

3.15 SJ pointed out that DoJ had not set up a dedicated team for taking up the work related to the Belt and Road Initiative and the Bay Area development for the time being. The relevant DoJ staff members currently responsible for the Belt and Road Initiative and the Bay Area development had to take up other work.

Follow-up to the Law Reform Commission of Hong Kong's Report and the progress of its studies being undertaken

3.16 Mr Holden CHOW pointed out that the Law Reform Commission of Hong Kong ("LRC") had published a report in 2012 proposing to phase in the implementation of a class action regime by starting with consumer cases. He enquired about the progress of such work.

3.17 SJ explained that matters involved in the study of implementing a class action regime were inter-related and very complicated. In 2012, DoJ established a cross-sector working group to study and consider the proposals of the Report. As at March 2018, a total of 21 meetings had been held by the working group. Furthermore, the subcommittee under the working group had held a total of 28 meetings since its establishment in April 2014. She advised that as the working group was studying ways to put forward the work concerned, it was inappropriate for the contents of deliberations to be disclosed for the time being.
Chapter III : Administration of Justice and Legal Services

3.18 Referring to Reply Serial Number SJ052, Ms Claudia MO pointed out that while the Subcommittee on Archives Law and the Subcommittee on Access to Information under LRC had been formed for five years, their work had not yet been concluded. She enquired about when LRC would release a consultation paper and consult the LegCo on the subject matter. In addition, she was concerned that the two subcommittees did not hold many meetings in these five years (43 and 48 meetings respectively), and asked if LRC would consider scheduling more meetings to expedite the progress of its work.

3.19 In reply, SJ advised that the consultation paper of LRC concerned was largely completed, and would be released for public consultation as soon as possible upon completion of the later stage procedures such as translation and printing. She further remarked that as the aforesaid two subcommittees would convene meetings according to actual circumstances (such as waiting until the conclusion of the relevant studies), the number of meetings held did not fully reflect the actual work of the subcommittees.

Law Reform on Gender Recognition

3.20 Referring to Reply Serial Number SJ003, Mr CHAN Chi-chuen was concerned whether due regard had been given to protection of the rights of the sexual minorities and related matters by the new Secretary for Justice in her capacity as Chairman of the Inter-departmental Working Group on Gender Recognition (“IWG”). He asked about the timetable for the work on gender recognition and follow-up actions to be taken subsequent to the consultation exercise, including whether or not the IWG would publish a report on the results of the consultation. He said that while the IWG had received over 17,000 submissions submitted by various sectors of the community during the public consultation exercise on gender recognition, he hoped any decisions to be made by the government would not be dictated by the number of submissions, and that the rights of the minorities would not be sacrificed as a result of the majority views. Furthermore, he hoped that due consideration would be given by the Secretary for Justice to the need for a piece of legislation on gender recognition for
addressing related issues, such as entering into a relationship of partners, as well as the need for conducting a study on a regime for civil partnership in a timely manner in preparation for an increasing number of litigations in related matters.

3.21 Dr Priscilla LEUNG pointed out that, as gender recognition was a highly controversial issue, she hoped that the Secretary for Justice would look into the background and public views on this issue, without overlooking the number of submissions.

3.22 SJ remarked that she took part in IWG meeting after taking office. She stressed that, in her capacity as the Secretary for Justice, she had no pre-determined position; instead, the views collected would be discussed at relevant platforms in an objective manner. She further remarked that while some of the submissions appeared to be identical in format, there had been views from a wide range of different perspectives. Some of the views were quite professional, including analysis from the legal and social perspective. The IWG had had discussions on how to handle those submissions; however, as the relevant work was still in progress, she was unable to disclose more details. She believed that a qualitative analysis was necessary without overlooking the quantity of the views expressed.

Matters relating to the handling of cases by Courts

Unduly long time taken for delivery of judgments by the courts

3.23 Referring to Reply Serial Number JA016, Mr LAM Cheuk-ting was concerned that there had been many cases in which an unduly long time was taken from conclusion of the cases to delivery of judgments by the courts. He pointed out that if judgments were prepared by the judges long after a case had been concluded, more time might be needed for reviewing relevant papers, which would affect efficiency and impede parties to the case in taking follow-up actions on the judgment. He asked if the Judiciary was aware of this problem, and whether consideration would be given to formulation of measures, such as requiring explanations from judges if judgments were not
delivered within a specific period of time, setting up a mechanism to monitor the progress in this respect, as well as coming up with a target time for delivery of judgments.

3.24 JA replied on behalf of the Judiciary that currently, heads of all levels of courts (such as the Chief Judge of the High Court or the Chief District Judge) would examine the monthly report and monitor closely issues relating to the time for delivery of judgments by the courts. She agreed that it was important that reserved judgments were handed down within a reasonable time. However, having regard to the heavy workload and tight manpower situation, there might be cases in which it took longer than the normal period of time for reserved judgments to be delivered. She advised members that the Judiciary was monitoring the situation closely and making every effort, e.g. Court Leaders would allow more time for judges to deal with reserved judgments if needed, with a view to improving the situation, whilst balancing, among other things, the need to maintain a reasonable listing time for the hearing of cases. She further pointed out that the Chief Judge of the High Court had asked the Judges of the High Court to provide the parties concerned with the expected date for handing down the reserved judgment if the relevant Judge considered that this might take longer than usual for such a reserved judgment to be delivered.

Criteria for assigning cases to High Court Judges

3.25 Referring to Reply Serial Number JA019, Mr Alvin YEUNG opined that if a judge had a particularly heavy workload and the majority of cases he or she handled were complex in nature, it might affect the time needed for hearing the cases. He asked if the Judiciary would maintain a record on the number of cases handled by each High Court judge and the time needed for handling each case, including the time taken for hearing and preparation of judgments. He further enquired about the criteria adopted by the Judiciary for assigning cases to judges, and the party responsible for such assignments.
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3.26 JA responded that guidelines would be given by the Chief Judge of the High Court regarding the principles for assignment of cases. For cases in the Court of First Instance, a basket of factors would be taken into account for assignment of general criminal and civil cases to Judges, including the workload, expertise, experience, language(s) and availability of Judges. Furthermore, the Court of First Instance maintained specialist lists for different types of cases headed by a specialist Judge, who would be responsible for handling the majority of cases entered on the list. However, depending on the number and urgency of the cases to be handled, the specialist Judge would also distribute cases entered on the specialist list to other Judges with appropriate expertise and experience.

3.27 JA further advised that in the Court of Appeal, civil appeals were handled by civil appellate Judges, and criminal appeals by criminal appellate Judges, but some Judges would handle both types of cases. She added that the Judiciary did not maintain statistics regarding the number of cases assigned to a Judge.

**Number of death inquests concluded by the Coroner’s Court and court waiting time**

3.28 Referring to Reply Serial Numbers JA011, 012 and 014, Mr HUI Chi-fung asked why the number of death inquests held by the Coroner’s Court was far below the number of further death investigation reports ordered by the Coroner; for instance, in 2017, these two numbers were 117 and 1128 respectively. He noted that the Police was responsible for conducting further death investigations and he enquired about the methods used and the manpower deployed by the Police in conducting such investigations.

3.29 JA explained that a judicial decision would be made by the Coroner on whether “further investigation” or “death inquest” was necessary based on individual circumstances and relevant facts of each individual case. She pointed out that sufficient information was needed before the Coroner could make the above decision, and it was not necessarily the case that death cases reported to the Coroner could
be handled in the same year. She added that how the Police deployed resources for investigation purposes was beyond the jurisdiction of the Judiciary.

3.30 Regarding Mr HUI Chi-fung’s concern on court waiting time being unduly long, JA explained that, over the past year, there had been a substantial increase in the number of death cases for which further investigation and death inquiry were needed, and there were also many cases in which expert witnesses were needed for giving opinions. Having regard to the heavy workload of the Coroner’s Court, the waiting time was fairly long. In order to alleviate the heavy workload, an additional Coroner had been deployed to the Coroner’s Court for hearing cases since March 2018, increasing to three the number of Coroners responsible for hearing cases.

3.31 Mr HUI Chi-fung requested the Judiciary to provide additional information on the average time taken for concluding investigation on death cases for which further investigation was ordered by the Coroner, as well as the average time from submission of death report to the Coroner to conclusion of death inquest.

Issues relating to the manpower of the Judiciary

3.32 Referring to Reply Serial Number JA028, Mr Kenneth LAU asked whether consideration would be given to adjusting the remunerations of the Judges or introducing other measures, apart from extending the retirement age for existing Judges in order to retain and recruit judicial talents effectively.

3.33 JA pointed out that over the past few years, the Chief Justice of the Court of Final Appeal had examined a number of ways for retention and recruitment of judicial talents. She pointed out that an improved remuneration package for judicial officers (particularly in housing and medical benefits) was put in place in 2017. Salaries for Judges were adjusted annually in accordance with established mechanism. A new round of recruitment exercises for Judges and Judicial Officers at different levels of court was planned to be launched
3.34 JA further pointed out that the Judiciary had engaged a consultant to carry out a consultancy study to review the statutory retiring ages of JJOs at all levels of courts. The Judiciary recommended extending the retiring ages of judges; the statutory retiring age for Judges at the Court of First Instance of the High Court level above would be extended from 65 to 70. The retirement age for Judges of District Courts would remain 65, but it was recommended that there would be a discretionary extension of the term of service to 70 in future. It was also recommended that the statutory retiring age for Magistrates be extended from 60 to 65. Extension of retirement age had two positive effects as far as Judges of higher levels of courts were concerned. First, given the relatively small number of judges at this level, the recommendation could help retain experienced judicial talents. Second, extending the retirement age of Judges at this level could help attract quality and experienced candidates who were in private practitioners to join the Bench at this level at the later stage of their career life.

3.35 Referring to Reply Serial Number JA008, Mr Holden CHOW noted that the Judiciary planned to create two judicial posts and eight posts of supporting staff in the Judicial Clerk Grade and Clerical Grades for coping with the projected increase in caseload at the Small Claims Tribunal (“SCT”). He enquired about the number of supporting staff at present, and whether the increased number of staff could cope with the increase in caseload.

3.36 JA pointed out that the establishment of SCT had 70 staff, including 10 judicial officers and 60 supporting staff. The increase in manpower would bring the establishment of SCT to 80 staff. She explained that projection on additional manpower required was made by the Judiciary based on past experience in work distribution. It was envisaged that with the additional posts, the SCT would be able to cope with the increased demands for SCT services arising from the proposed increase in the jurisdictional limit of SCT, including the anticipated
increase in caseload, particularly cases for which hearing would be required.

3.37 SJ added that West Kowloon Mediation Centre would come into operation soon, where suitable SCT cases and other disputes would be handled by mediation.
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4.1 The Chairman welcomed the representatives of the Administration Wing, Audit Commission, Chief Executive's Office ("CEO"), Independent Commission Against Corruption ("ICAC"), Legislative Council ("LegCo") Secretariat and the Office of The Ombudsman to attend the session.

Administration Wing

Policy Innovation and Co-ordination Office

4.2 Referring to Reply Serial No. CSO023 which stated that the Policy Innovation and Co-ordination Office ("PICO") set up by the current-term Government was responsible for cross-departmental coordination and its work covered an extensive portfolio, Mr Charles Peter MOK asked whether the Administration would formulate key performance indicators for the work of PICO, so as to monitor its efficacy. Mr CHAN Chi-chuen also expressed a similar view when following up on Reply Serial No. CSO001.

4.3 Mr Charles Peter MOK called on the Head of PICO to attend more LegCo meetings and explain her work to Members, in order to enhance the transparency of the Government's implementation of policies. Mr CHAN Chi-chuen considered that officers in charge of PICO could attend meetings of the House Committee of LegCo on a regular basis to maintain communication with Members.

4.4 In response, Head of PICO said that regarding concerns about the efficacy of PICO's work, several indicators had already been outlined under the relevant programmes in the Controlling Officer's Report of the Administration Wing. Meanwhile, PICO would review its work taking into account the actual operation. PICO, together with the relevant policy bureaux, would also attend meetings of relevant LegCo committee(s) to explain its work. The Government had all along regarded LegCo as an important channel for expressing public views, and PICO would strive to maintain communication with LegCo and all Members, ensuring the openness and transparency of its work.
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4.5 Responding to Mr Charles Peter MOK's further enquiry on the work of PICO, Head of PICO said that the subjects covered by the policy research and project coordination initiatives currently undertaken by PICO included sharing economy, opening up the Government's big data, development of the Guangdong-Hong Kong-Macao Bay Area, etc.

4.6 Referring to Reply Serial No. CSO027, Mr CHAN Chun-ying was concerned about the resources allocated to PICO, particularly its current office location inside the Ex-Wan Chai Police Station which was some distance away from the Central Government Offices ("CGO"). Head of PICO explained that PICO's current office was its temporary office, and according to PICO's estimation, upon the completion of its office's fitting-out works at Tamar, PICO could move to CGO in November 2018.

4.7 Referring to Reply Serial No. CSO016, Mr Holden CHOW held that PICO should identify some global development trends, such as "re-industrialization", "Germany's Industrie 4.0" and "Made in China 2025", as the major themes for the Public Policy Research ("PPR") Funding Scheme and the Strategic Public Policy Research ("SPPR") Funding Scheme. Mr CHOW also suggested that PICO should focus its research efforts on such areas as social welfare policies and land supply.

4.8 Head of PICO stated that PICO was inviting views and suggestions from various policy bureaux on the direction of research under the PPR Funding Scheme. PICO would also refer the research subjects proposed by Mr CHOW, such as innovation and technology as well as "re-industrialization", to relevant policy bureaux, so that they might consider whether it was appropriate to include these subjects into the research themes for the SPPR Funding Scheme, and invite post-secondary institutions to apply for funding to undertake the relevant researches.
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4.9 Expressing concern that both the number and percentage of proposals granted with funding approval under the PPR Funding Scheme were on the low side, Mr AU Nok-hin called on the Administration to allocate additional resources to support public policy research.

4.10 Head of PICO said that assessments under the PPR Funding Scheme had all along been conducted by an independent Assessment Panel whose chairman, deputy chairman and members were university professors. When assessing the research proposals, the Assessment Panel would take various factors into account, including the contents of the proposals, the relevance of the proposals to the themes of the Funding Scheme, the amount of funds under application, policy relevance on public policy development in Hong Kong, etc. The Administration stood ready to inject more resources if necessary.

Records management and enactment of relevant legislation

4.11 Ms Claudia MO and Dr CHENG Chung-tai expressed concern that, as stated in Reply Serial Nos. CSO007 and CSO022, the quantity of records destroyed by the Administration in the last year had increased substantially when compared with those in previous years. Ms MO enquired about the types of records so destroyed. Dr CHENG was particularly concerned that the quantity of records destroyed by the Hong Kong Police Force had more than doubled.

4.12 Director of Administration ("D of Admin") said that about 70% of the records destroyed last year were files from the Inland Revenue Department (primarily records of revenue sources and printouts from information systems) and the Immigration Department (primarily arrival and departure cards). Other major types of destroyed records included import and export cargo manifests from the Customs and Excise Department as well as the Census and Statistics Department, while records destroyed by the Hong Kong Police Force were mainly general forms, applications forms for closed area permits and films of crime scenes. All the abovementioned records had been
appraised by the Government Records Service ("GRS") and confirmed to be of no archival value.

4.13 Ms Claudia MO enquired about the progress of the enactment of an archives law. D of Admin replied that the Administration held a positive attitude towards the enactment of an archives law, and that the Law Reform Commission would publish the relevant consultation document for public consultation within 2018.

4.14 Mr AU Nok-hin noted from Reply Serial No. CSO003 that at the moment, the Electronic Recordkeeping System ("ERKS") would be implemented in 11 bureaux/departments only. He sought information on the composition of these 11 bureaux/departments, whether they implemented ERKS on a voluntary basis and whether the Administration had plans to extend the implementation of ERKS to all bureaux/departments.

4.15 D of Admin replied that the first batch of 11 bureaux/departments which had participated in the ERKS trial scheme included the Administration Wing, as well as the Communications and Creative Industries Branch under the Commerce and Economic Development Bureau. All the bureaux/departments had participated in the trial on a voluntary basis. Upon completion of the trial scheme, GRS would, in collaboration with the Office of the Government Chief Information Officer and the Efficiency Office, conduct a review of the effectiveness of ERKS (from the perspectives of cost-effectiveness, allocation of resources, changes in modus operandi, etc.), and the findings would be forwarded to the senior echelon of the Government for consideration of whether ERKS would be extended to all bureaux/departments.

4.16 Regarding Mr Kenneth LAU's enquiries about the new Integrated Information Access System ("IIAS") stated in Reply Serial No. CSO014, D of Admin advised that the new IIAS, with its development costs totalling $9.9 million, would streamline and automate archival management and the process of the public's access to archival holdings so that those members of the public who were
interested in visiting GRS could register and make bookings online, and access the declassified archival holdings online. Separately, the interface and functions of the search engine for archival holdings would be strengthened under the new system which would be repaired and maintained by an outsourced operator.

Legal aid

4.17 Referring to Reply Serial No. CSO019, Mr Martin LIAO called on the Legal Aid Department ("LAD") to make available resources to conduct a review of the entry requirements and arrangements for young barristers to join the Legal Aid Panel, and to launch another review that aimed to expand the types of cases covered by legal aid.

4.18 D of Admin responded that on-going reviews being undertaken under the policy area of legal aid included the review of duty lawyer fees, the expansion of the Supplementary Legal Aid Scheme and the annual review of the financial eligibility limits of legal aid applicants. Moreover, with effect from 1 July 2018, the responsibility of managing LAD would come under the Administration Wing under the Office of the Chief Secretary for Administration. The Administration Wing would continue to follow up on the work pertinent to the policy area of legal aid. Director of Legal Aid supplemented that upon the completion of the three aforesaid tasks, LAD would hold discussions with the Administration Wing on the direction of its follow-up reviews. In this regard, the Government would seek the views of the LegCo Panel on Administration of Justice and Legal Services on the relevant review outcomes in a timely manner.
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Chief Executive's Office

Staff cost for managing the Facebook page

4.19 Referring to Reply Serial No. CEO011, Mr Alvin YEUNG and Dr CHENG Chung-tai asked how the Administration appraised the performance of the CEO staff member who was responsible for managing the Facebook page, as well as how it decided whether contract gratuities would be paid to the staff and whether the staff's contract would be renewed. Mr YEUNG was concerned about the substantial increase in the estimated expenditure on the remuneration of the relevant staff in the 2018-2019 financial year.

4.20 Permanent Secretary, CEO (“Perm Secy/CEO”) stated that CEO had engaged contract staff to manage the Facebook page in the hope that information could be disseminated to the public in a more lively approach. An established mechanism was in place within the Government to appraise the said staff's performance, and such appraisal would form the basis of its decision as to whether contract gratuities would be paid and whether the staff's contract would be renewed. In the 2018-2019 financial year, a considerable portion of the increase in the estimated expenditure on remuneration was for the payment of contract gratuities to the relevant staff.

Documents destroyed by the Executive Council Secretariat

4.21 Referring to Reply Serial No. CEO009 which stated that some documents destroyed by the Executive Council Secretariat had a retention period of only two to three years as approved by GRS, while some documents dated back to 1955 had been retained, Mr Alvin YEUNG expressed concern about the significant discrepancy in handling those documents. Perm Secy/CEO replied that CEO's handling of documents was in line with the general procedures stipulated by GRS.
Independent Commission Against Corruption

Corruption prevention work of the Independent Commission Against Corruption

4.22 Mr CHAN Chun-ying declared that he was a member of the Operations Review Committee of the Independent Commission Against Corruption ("ICAC"). Noting from Reply Serial No. ICAC015 that ICAC had been allocated resources for the creation of additional posts in the 2018-2019 financial year to provide bespoke training for anti-corruption officers in Timor-Leste, Bangladesh and Sri Lanka, Mr CHAN enquired about the details of the training work and the manpower and resources required. Moreover, given that there would be increasing commercial dealings between Hong Kong and countries under the Belt and Road Initiative, and some of these countries might have more serious corruption problems, he asked whether ICAC would step up its effort in launching anti-corruption publicity programmes for these countries.

4.23 Commissioner, Independent Commission Against Corruption ("Commissioner, ICAC") replied that Southeast Asian countries and other countries under the Belt and Road Initiative had responded enthusiastically to Hong Kong's anti-corruption training programmes. Thus, ICAC had to schedule the relevant work according to priority. ICAC would share experiences with other countries in the light of actual circumstances and promote corruption prevention through their anti-corruption agencies.

Hong Kong's ranking in the Corruption Perceptions Index

4.24 Regarding Reply Serial No. ICAC015, Mr Dennis KWOK expressed concern about the downward trend in Hong Kong's ranking in the Corruption Perceptions Index in the international community, which, in his opinion, was related to the two former Chief Executives' alleged acceptance of benefits. He enquired about the progress of the investigation by ICAC into the case concerning the former Chief Executive, Mr LEUNG Chun-ying, who allegedly had received around
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HK$50 million from the Australian company UGL Limited. Commissioner, ICAC responded that ICAC would not comment on the details of individual cases. Mr Dennis KWOK expressed strong dissatisfaction with the response of Commissioner, ICAC. The Chairman said that members should refrain from asking further questions on the investigation progress of individual cases given that the purpose of the Special Meeting of the Finance Committee was to examine the Estimates of Expenditure.

Acting arrangement for the Head of Operations

4.25 Mr LAM Cheuk-ting expressed concern that the post of Head of Operations had long been filled by officers of a lower rank in an acting capacity, but those officers had not been recommended for promotion despite the long acting-up period. He asked whether the salary expenditure involved in the long-term acting arrangement was less than that required for filling the post by a substantive officer; if so, the amount of savings that could be achieved.

4.26 Commissioner, ICAC responded that in general, for an ICAC officer who acted up a higher-ranking post for a long period, the acting allowance would be 90% of the difference between the substantive salary of the officer concerned and the minimum salary of the acting office for the first 180 calendar days of acting, and thereafter the rate would be increased to 100% of the difference. In other words, the total pay plus acting allowance of the officer so acting would be the same as the minimum salary of the substantive holder of the post. As Commissioner, ICAC, he had exercised prudence in the personnel management of ICAC and a number of acting officers of ICAC were recommended for substantive promotion every year.

4.27 In response to LAM Cheuk-ting's further enquiry, Director of Investigation (Private Sector), ICAC said that it was not certain whether there had been occasions in the history of the ICAC where the post of Head of Operations was filled by an acting appointment for a long period of time.
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The Legislative Council Commission

Sale of souvenirs

4.28 Mr YIU Si-wing noted from Reply Serial No. LC004 that there was a downward trend in the sales volume of souvenirs of the Legislative Council ("LegCo") Secretariat ("the Secretariat"). He asked if the Secretariat had conducted any review in this regard and whether it would consider re-designing the souvenir items so as to increase their attractiveness.

4.29 Secretary General, Legislative Council Secretariat (Atg) ("SG, LC (Atg)") said that the Secretariat reviewed the sales performance of souvenir items from time to time. Recently, it had been actively working towards the launch of a series of new design souvenirs in the coming months to offer visitors a more diverse product mix. At the same time, the Secretariat was studying how to make optimal use of the open space in the Main Lobby of the LegCo Complex ("the Complex") to enhance the visibility of the souvenirs for sale to visitors to the Complex, and the consent of The Legislative Council Commission ("the Commission") had been obtained to relocate the Souvenir Shop to a location in the Main Lobby with a higher people flow. After a review was conducted on the effectiveness of the new arrangement, the Secretariat would make a report to the Commission for its consideration of the future location of the Souvenir Shop and the use of the space vacated by the original Souvenir Shop.

Security of the Legislative Council Complex

4.30 Referring to Reply Serial No. LC005, Mr YIU Si-wing pointed out that the Secretariat had reviewed and significantly increased the establishment of the security staff in the light of incidents of LegCo meetings being stormed by protesters in the past few years. Given that the situation had improved, he asked if the Secretariat would review again and adjust the establishment of the security staff.
4.31 SG, LC (Atg) replied that the Secretariat reviewed the establishment of the security grade staff from time to time and would make adjustment depending on the need and actual circumstances.

4.32 Mr AU Nok-hin enquired about the details of the employment of temporary security staff by the Secretariat when the Complex was under high security threat in the past few years. He also expressed concern that the total number of man hours worked by temporary security staff engaged by the Secretariat in June 2014 was as high as 3 456.

4.33 SG, LC (Atg) replied that the Secretariat had previously engaged temporary security staff to deal with high security threat. Temporary security staff were responsible for conducting security screening for persons entering the Complex; and security duties in the Complex were still undertaken by permanent security staff of the Secretariat. In June 2014, the Complex was stormed during intense demonstrations, resulting in injuries to a number of security staff. As such, the Secretariat needed to engage a relatively larger number of temporary security staff to assist in maintaining the security of the Complex. Subsequently, a security consultant was appointed to conduct a review on the security matters of the Complex. As the Secretariat had increased the establishment of security staff after the review, the need for temporary security staff was reduced. For example, no temporary security staff was engaged by the Secretariat in 2017.

4.34 Mr WONG Ting-kwong referred to Reply Serial No. LC030 which stated that the Secretariat would develop an electronic visitor admission system. He enquired about the functions and the target users of the system. Given that in recent years there had been occasions where some members of the public interfered with the conduct of meetings by causing disturbances in the public gallery, Mr WONG was also concerned about whether the system could help identify such persons so as to step up the security of the Complex.
4.35 **SG, LC (Atg)** replied that the development of the electronic visitor admission system aimed to facilitate members of the public who wished to visit the Complex to make online registrations in advance, so as to streamline the procedures for admission to the Complex and reduce the time required for processing registrations. The Secretariat would launch the electronic visitor admission system in phases. The first phase would cover members of the public attending open meetings to make representations. Drawing on practical operational experience, the Secretariat would expand the target users of the system to include Members, guests of the Secretariat and Members and the general public visiting the Complex. Regarding Mr WONG Ting-kwong's concern about security issues, **SG, LC (Atg)** said that under the current security procedures, the Secretariat would record the particulars of the members of the public who were ordered by the President/Chairman to leave the meeting venue and were issued with a notification by the Secretariat due to disorderly behaviour which they engaged in while observing an open meeting. They would be reminded when they observed the meetings of the Council or its committee on the next occasion.

**Wage level of cleaners**

4.36 **Dr CHENG Chung-tai** referred to Reply Serial No. LC023 which stated that the current wage for cleaners of the Secretariat was $35 per hour which was slightly higher than the statutory minimum wage rate. During the period from December 2017 to March 2018, the monthly wage of these cleaners even dropped to $8,700 which was lower than the statutory minimum wage rate. He queried whether the wage level was reasonable and pointed out that LegCo should lead by example by taking the initiative to raise the wage of the cleaners, so as to encourage the community to reduce exploitation of grassroots workers.

4.37 In response, **SG, LC (Atg)** pointed out that the monthly wage rate of $8,700 mentioned by Dr CHENG was the provisional wage. It might be adjusted after the publication of the relevant quarterly reports of wage and payroll statistics by the Census and Statistics Department at the end of March and June 2018. According to past experience, the
wage level would be adjusted upward. SG, LC (Atg) further pointed out that the current contract for the provision of cleansing service in the Complex was due to expire in mid-September 2019. Before expiry of the current contract, the Secretariat would review the mode of service provision.

Office of The Ombudsman

4.38 Referring to Reply Serial No. OMB002, Mr Kenneth LAU pointed out that the Buildings Department ("BD"), the Food and Environmental Hygiene Department ("FEHD"), the Housing Department ("HD") and the Lands Department ("LandsD") were the departments that attracted relatively large numbers of complaints received by the Office of The Ombudsman last year. He enquired about the types of cases involving the aforesaid departments in which maladministration was found on the part of the public organizations concerned. Expressing similar concerns, Mr AU Nok-hin asked whether such complaint cases were in any way related to the situation under which ineffective handling of the problem of water seepage in buildings by the Joint Office for Investigation of Water Seepage Complaints ("JO"), coupled with the grey areas in the relevant legislation, had resulted in shifting of responsibilities between FEHD and BD as the division of powers and duties between the two were unclear.

4.39 The Ombudsman replied that systemic deficiencies were found in a relatively large number of complaint cases against FEHD, and some of those complaints were indeed related to the excessively long time taken by JO to handle water seepage cases. For complaints against BD, the causes were mostly about delays in taking follow-up actions, failure to properly monitor the work of its contractors and failure to take effective enforcement actions against unauthorized building works. For complaints against LandsD, the causes were mostly about its ineffective enforcement actions, such as actions against illegal occupation of Government land, handling of breaches of land leases, or actions concerning the management of small houses in the New Territories. For HD, the complaint cases concerned its general
administration problems, and no systemic deficiency had been identified by the Office of The Ombudsman.

4.40 Mr AU Nok-hin considered that the Office of The Ombudsman should present a comprehensive package of improvement measures and proposed legislative amendments to JO, with a view to resolving the current problems faced by the staff of FEHD and BD.

4.41 The Ombudsman responded that in cases where systemic inadequacies or deficiencies in individual departments were identified or when major public interest was involved, the Office of The Ombudsman would conduct direct investigations so that the operation of the departments concerned could be examined from a macro perspective. Regarding JO's problems, the Office of The Ombudsman did not preclude the possibility of conducting a direct investigation to identify the deficiencies.

4.42 In reply to Mr Kenneth LAU's enquiry, The Ombudsman said that as stated in Reply Serial No. OMB002, the Office of The Ombudsman had handled about 200-odd complaint cases against "Other Organizations" in the last financial year. "Other Organizations" referred to organizations outside the jurisdiction of the Office of The Ombudsman.
5.1 At the invitation of the Chairman, Mr James LAU, Secretary for Financial Services and the Treasury ("SFST") briefed members on the main initiatives and expenditure on the policy area of financial services in 2018-2019 (Appendix IV-3).

**Developing financial market and enhancing financial co-operation with the Mainland**

5.2 Mr Christopher CHEUNG enquired about the views of the Administration and the Financial Leaders Forum on the proposal of the Stock Exchange of Hong Kong ("SEHK") to introduce a listing regime with weighted voting rights structures ("WVR structures"), and whether it planned to allow the listing of more different kinds of enterprises with WVR structures in Hong Kong in response to market needs.

5.3 SFST said that SEHK had issued a consultation paper on a listing regime for companies from emerging and innovative sectors (including enterprises with WVR structures) to seek market views on the proposal and the proposed amendments to the Listing Rules. The consultation conclusions were expected to be published in the latter part of April this year at the earliest and the new listing regime would be subsequently implemented. SEHK would review the regime and further consult the market in the future and the Financial Leaders Forum might express its views during the new round of consultation.

5.4 Dr Elizabeth QUAT asked whether, in addition to pre-revenue biotechnology enterprises, more pre-revenue new economy (e.g. artificial intelligence, financial technology, etc) enterprises would be allowed to be listed in Hong Kong in the future under the new listing regime. Moreover, what specific measures the Administration had to attract more Mainland and overseas technology enterprises to seek listing in Hong Kong.

5.5 SFST advised that as companies at the pre-revenue stage potentially carried additional risks, SEHK proposed to initially limit applicants permitted to list in Hong Kong on a pre-revenue basis to biotech companies. He pointed out that regulation by internationally
recognized bodies and the stages involved in their approval processes provided an indication as to the nature of biotech companies and their development progress. This gave investors a frame of reference to form their judgement about a biotech company's value, in the absence of traditional indicators such as revenue and profit. In the US, biotech companies made up a majority of pre-revenue companies seeking a listing.

5.6 Mr Holden CHOW asked whether, in addition to the allocation of resources to promote investor education, the Administration would consider setting up a special legal action fund in light of the implementation of the listing regime with WVR structures, with a view to assisting small shareholders in their class actions arising from the introduction of such a listing regime.

5.7 SFST advised that the Government did not consider that there was an urgent need to set up a class action mechanism in response to the implementation of the listing regime with WVR structures at the present stage. He pointed out that in other countries (e.g. the US and the UK), the majority of class actions did not involve abuse of majority shareholding which might happen in enterprises with WVR structures. For example, class action cases in the US mainly involved disclosure matters. The Government would keep a close watch on market development and review on a timely basis the need for setting up a class action mechanism and the relevant legal action fund in response to the implementation of the listing regime with WVR structures.

5.8 Mr WU Chi-wai pointed out that the Government had initiated amendments to the Inland Revenue Ordinance (Cap.112) for a number of times in recent years, in order to encourage the establishment of corporate treasury centres ("CTCs") in Hong Kong, and to promote the asset management services in Hong Kong to the enterprises, financial institutions and investors in those countries along the Belt and Road. He asked what specific measures the Administration had to attract more international organizations to provide financing services, set up CTCs and regional headquarters in Hong Kong.
5.9 SFST responded that the Infrastructure Financing Facilitation Office under the Hong Kong Monetary Authority ("HKMA") would provide a platform for information, experience and knowledge sharing for Belt and Road financing, so as to promote the development of Hong Kong as an infrastructure financing hub. He said that the Government would also strengthen liaison with the State-owned Assets Supervision and Administration Commission of the State Council and Central enterprises, in order to promote the role and advantages of Hong Kong in Belt and Road construction and encourage financial institutions to use Hong Kong as a financing hub for Belt and Road infrastructure projects.

5.10 Dr KWOK Ka-ki was concerned that the development of the financial services industry in Hong Kong had closely followed the financial policy and development in China, particularly under the Belt and Road Initiatives. He was concerned that this could bring financial risks to Hong Kong. He asked what risk management measures the Administration had to alleviate the risks faced by Hong Kong. Moreover, he noted that Hong Kong would make a contribution of $7,800 million to the Asian Infrastructure Investment Bank ("AIIB") Project Preparation Special Fund, he asked how the Administration would ensure that its investment in AIIB would earn a return.

5.11 SFST said that according to the International Monetary Fund, some countries along the Belt and Road had default risk. The majority of Belt and Road projects were financed by international multilateral development banks and the risks involved were assessed by lending institutions before approval of loans. As for the investments made by AIIB, SFST explained that the majority of the projects financed by AIIB were co-financed projects with longer payback periods, it was unable to assess the return on the investment concerned at the present stage.
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Development of financial technologies

5.12 Mr Charles Peter MOK opined that Hong Kong was slow in promoting financial technologies ("Fintech") development, particularly in the application of blockchain in the financial services industry. He asked how the Administration would expeditiously clear the way for financial institutions and assist them in the trial of Fintech products, including the timetable for amending the relevant legislation. He also enquired about the implementation of the Faster Payment System by various government departments, which would allow the public to pay government bills, including the resources provided to the relevant departments for upgrading their payment systems. Moreover, he requested the Administration to provide details about the allocation of financial resources for publicity and investor education in relation to Initial Coin Offerings ("ICOs").

5.13 The Permanent Secretary for Financial Services and the Treasury (Financial Services) ("PS(FS)") advised that the Government encouraged the industry to carry out researches on blockchain technology and HKMA was cooperating with several banks on a trial run related to a trade finance platform. Moreover, the Government was making efforts to upgrade the computer systems of the relevant departments, with a view to allowing the public to use e-wallets to pay government bills. As for public education concerning ICOs, this was mainly carried out by Investor Education Centre and required not many resources. The Government would provide the relevant supplementary information after the meeting.

5.14 Dr Elizabeth QUAT asked whether the Administration would consider the introduction of legislation to regulate ICOs in order to protect investors. SFST said that if ICOs were collective investment schemes as defined by the Securities and Futures Ordinance (Cap.571), they would be subject to regulation under the Ordinance. He pointed out that the International Organization of Securities Commissions had not formulated regulatory criteria for ICOs and the Government would keep a close watch on ICOs in Hong Kong and international development in this respect.
5.15 Mr CHAN Chun-ying noted that HKMA planned to launch a Faster Payment System offering 24-hour real-time payment function in September this year, which would allow banks and Stored Value Facility service providers to provide real-time, round-the-clock, cross-institution payment and fund transfer service to their business and personal customers, and the relevant departments were studying the possibility of allowing the public to use e-wallets or common QR code for payment of government bills. He enquired about the progress of the study, the departments involved and the amount of resources set aside by the Administration for publicity and education purpose.

5.16 SFST said that at present, the public could pay bills through different e-channels. Barcodes had been printed on the bills issued by some departments (e.g. the Inland Revenue Department and the Rating and Valuation Department), the Financial Services and the Treasury Bureau was exploring with relevant government departments ways for the public to pay these bills by scanning the barcodes through their e-wallets. The Government would, in collaboration with HKMA, enhance public understanding of the use of the Faster Payment System and e-wallets through different publicity channels.

5.17 Mr Holden CHOW noted that the Administration planned to allocate $200 million to Cyberport to enhance the support for start-ups (including Fintech start-ups) and promote the development of the digital technology ecosystem. He enquired about the progress of the plan. SFST said that the Innovation and Technology Bureau was in charge of the plan and it would draw up details concerning the use of the fund.

Green finance

5.18 Mr Kenneth LEUNG asked whether the purpose of the Green Bond Grant Scheme to be implemented by the Government was just to subsidize the costs incurred by eligible green bond issuers in green bond certification and whether eligible enterprises issuing green bonds in Hong Kong for the first time could apply concurrently for grants under both the Pilot Bond Grant Scheme and the Green Bond Grant
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Scheme.

5.19 SFST responded that the Green Bond Grant Scheme launched by the Government would subsidize qualified green bond issuers in obtaining green bond certification under the Green Finance Certification Scheme established by the Hong Kong Quality Assurance Agency. Qualified issuers which issued green bonds in Hong Kong for the first time could, subject to the conditions under the Schemes, apply concurrently for grants under the Pilot Bond Grant Scheme for the issuance of bonds and grants under the Green Bond Grant Scheme for the fees incurred in obtaining green bond certification.

5.20 Regarding the Government Green Bond Programme with a borrowing ceiling of $100 billion announced by the Financial Secretary in the 2018-2019 Budget, Mr Alvin YEUNG asked whether the Administration would establish an environmental assessment mechanism to ensure that the funds raised through the issuance of green bonds would be used in genuine green projects, particularly to ensure that the projects concerned would not cause damage to the environment.

5.21 SFST said that the projects under the Programme must provide positive environmental benefits, such as projects relating to renewable energy, energy efficiency, sustainable water and wastewater management, that were aligned with the green principles or standards widely accepted by global investors, which underpinned the issuance of green bonds. The Government expected that the Programme would encourage more issuers to arrange financing for their green projects through Hong Kong's capital market platform.

Promoting bond market development

5.22 Mr Kenneth LEUNG enquired about the number of Islamic bonds ("sukuk") issued in Hong Kong and the number of sukuk issuers with Hong Kong as the place of issuance since the Inland Revenue Ordinance was amended in 2013 to provide tax relief for some common types of sukuk.
5.23 Mr CHAN Chun-ying enquired about the detailed expenses and manpower expenditures involved in each of the three issuances of sukuk (including the fees paid to the institutions which arranged the issuance), and whether the Administration had set aside funds for promoting Hong Kong's advantages as Islamic finance platform and investor education to international markets.

5.24 SFST said that as sukuk were mainly issued and traded over-the-counter, the Government did not have the relevant statistics on the number of sukuk issuers with Hong Kong as the place of issuance. The expenses and manpower involved in the issuance of sukuk were absorbed by the Bond Fund and existing resources respectively. Moreover, the Government planned to include market education relating to sukuk as part of the education and promotion efforts concerning the countries along the Belt and Road.

5.25 Mr Christopher CHEUNG noted that the Government would continue to issue Silver Bonds in this and next years and would allow securities firms to participate in the subscriptions for Silver Bonds, so as to increase the channels for the sale of this product. Moreover, HKEX would provide subscription and the subsequent nominee services for Silver Bonds to be issued by the Government to facilitate participation by securities firms. He asked what specific measures the Government had to increase the opportunities for participation by securities firms in future issuance of Silver Bonds, including whether securities firms would be allowed to participate in secondary market for Silver Bonds.

5.26 SFST said that the Government had allowed securities firms to participate in the subscriptions for Silver Bonds. Regarding the development of secondary market for Silver Bonds, he pointed out that Silver Bonds were an investment product that would provide steady returns for senior investors, as a result, no secondary market had been established for them.
5.27 Mr Alvin YEUNG noted that to encourage more investors and issuers from the countries along the Belt and Road to participate in the Hong Kong bond market, the Government planned to launch an array of measures to attract corporate bond issuance. In this connection, he asked whether the Administration would set specific targets, including the number of enterprises which it hoped would be attracted to issue bonds in Hong Kong and the target amount of funds raised.

5.28 SFST pointed out that the Belt and Road Initiatives focused on upgrading the infrastructures of the countries concerned. These countries tended to borrow from multilateral development banks or business sectors. Nevertheless, the Government would strengthen the promotion of Hong Kong's bond market to the countries along the Belt and Road so as to encourage them to issue bonds in Hong Kong.

The Financial Services Development Council

5.29 Mr AU Nok-hin noted that the Government would include the proposed subvention to the Financial Services Development Council ("FSDC") in the annual Estimates of the Financial Services Branch and would also sign the Memorandum of Administrative Arrangements ("MAAs") with FSDC, which would set out the detailed control measures following the incorporation of FSDC. He asked whether the MAAs would be submitted to LegCo for scrutiny and whether the Government would be able to impose restrictions on FSDC's functions and remove its Board of Directors following its incorporation. He also asked what specific measures were in place to prevent conflict of interests and transfer of benefits among FSDC Board of Directors.

5.30 PS(FS) said that currently, FSDC reported its work to LegCo Panel on Financial Affairs each year. The Government would sign the MAAs with FSDC following its incorporation, under which FSDC would be required to submit annual work plans, budgets, annual reports, etc, to the Government, in order to ensure the transparency of its operation. FSDC would continue with current arrangement and would report its work to the Panel on Financial Affairs each year. He explained that FSDC was an advisory body and its functions included
conducting strategic studies, providing advice to the Government, fostering market development and nurturing talent. The relevant bureaus and regulatory authorities, upon receipt of the recommendations by FSDC, would carefully study their feasibilities and consider whether the recommendations should be adopted and, if so, would draw up implementation measures. The Board of Directors of FSDC following its incorporation would continue to be appointed by the Government. The members of FSDC must declare their interests should the subject under discussion be likely to give rise to conflict of interests. FSDC would continue to use the same mechanism for declaration of interests.

Financial Reporting Council

5.31 Mr Kenneth LEUNG pointed out that LegCo was scrutinizing the Financial Reporting Council (Amendment) Bill 2018 and he asked whether the Government would provide seed money to the Financial Reporting Council ("FRC") to assist its operation in the first several years so as to alleviate the burden of the stakeholders who were required to pay levies to FRC. SFST said that the Government noted the views of the bills committee and would carefully consider such views and suggestions in the light of FRC's funding and manpower requirements before finalizing its funding mechanism.

Retirement saving schemes and Mandatory Provident Fund System

5.32 Mr LUK Chung-hung pointed out that the Default Investment Strategy ("DIS") under the Mandatory Provident Fund ("MPF") Schemes had been implemented for about one year, he enquired about the number of MPF members who had chosen DIS and whether the number was comparable with the original estimate by the Government. He was also concerned about the lower returns of the majority of funds under DIS than the benchmark return published by the Hong Kong Investment Funds Association.
5.33 The Deputy Secretary for Financial Services and the Treasury (Financial Services) 2 ("DS(FS)2") said that the primary objective of DIS was to address the problems of high fees and difficulty in making investment choices in the MPF System. Its emphasis of design was to minimize the risks of market volatility on returns. The Government did not estimate the number of participants when DIS was launched. By the end of December 2017, 1 376 000 MPF accounts had chosen DIS. Regarding the returns of the funds under DIS, he pointed out that some of them had made substantial returns in the past year. The Government would review the effectiveness and fee caps of DIS within three years of its implementation. In response to Mr LUK Chung-hung's enquiry about the specific timetable for the implementation of MPF Full Portability, DS(FS)2 said that the Government and the Mandatory Provident Fund Schemes Authority had been working on the launch of a centralized electronic administration platform ("e-MPF"), in order to assist employers and employees in the disbursement and collection of monies after the abolishment of the arrangement of offsetting severance payments and long service payments against MPF accrued benefits. The e-MPF would also facilitate the implementation of MPF Full Portability. The Government expected the development of the e-MPF to be completed in 2022 at the earliest.

5.34 Mr WU Chi-wai noted that the Government was discussing with insurers and MPF trustees on the implementation details of the tax concessions for deferred annuity products and MPF voluntary contributions. He enquired about the specific timetable for the implementation of the tax concessions for deferred annuity premium. He was also concerned about whether the arrangement would result in competition between deferred annuity products and the Life Annuity Scheme launched by the Hong Kong Mortgage Corporation Limited ("HKMC").

5.35 SFST responded that unlike the Life Annuity Scheme (under which an annuitant, after making a lump-sum premium payment, would be provided with lifetime monthly payouts) introduced by HKMC, deferred annuity was purchased in the form of contribution and its
purpose was to encourage the public to save for a rainy day and have better retirement protection in the future. Deferred annuity would give the public more flexibilities and options in preparing their financial arrangements for retirement. The Government was studying the conditions for eligibility for tax concessions for deferred annuity products, such as annuity period, premium amount and premium payment period, etc.

Protection for investors and the general public

5.36 Mr James TO noted that from 1 January 2016 to 31 December 2017, the Securities and Futures Commission ("SFC") received more than 70 complaints involving alleged unauthorized collective investment schemes ("CISs"), more than 40 of them involved real estate projects. He requested a breakdown by CIS/non-CIS among these complaints. He was concerned about the failure of SFC to determine whether some non-local real estate projects, which were put on sale in Hong Kong, were CISs under its jurisdiction despite long period of investigation into the complaints concerned.

5.37 PS(FS) said that the information provided by SFC indicated that it did not compile statistics on the breakdown for complaint figures relating to local and non-local real estate projects. The Government would seek further details of the more than 40 complaints concerned from SFC and provide supplementary information.

The real estate market

5.38 Mr Gary FAN noted that as at the end of 2017, a total of 152 Chinese enterprises listed in Hong Kong were in the properties and construction sector. He was concerned that Chinese enterprises tended to offer high bidding prices in land sales in Hong Kong in recent years, which had contributed to the continuous rise in property prices. He asked what measures the Administration had to address the problem.
5.39 SFST said that the Administration had implemented a number of property market demand-side management measures aimed at curbing speculative activities for residential properties. According to government figures, such measures had achieved their intended purposes by effectively reducing speculative activities, external and investment demands. He pointed out that in the long run, the housing problem in Hong Kong must be tackled by increasing the supply of both land and residential units. The Task Force on Land Supply was conducting consultation and studies on the options for land supply in Hong Kong. The Government was studying measures to encourage real property developers to expeditiously put on sale their completed but unsold residential units.

Labour statistics

5.40 Dr LO Wai-kwok was disappointed with the Government's failure to keep the relevant statistics on the number of active workers and the number of workers actually required for individual trades in the construction industry. He opined that the policy bureaus/department concerned should know the actual supply and demand for workers of various trades so as to formulate the relevant policies, such as the policy on labour importation. He also enquired about the reasons for the significant reduction in the respective numbers of applications for imported workers and those approved under the Supplementary Labour Scheme in 2017 in comparison with the corresponding figures in 2015 and 2016.

5.41 The Commissioner for Census and Statistics responded that given the subcontracting systems in the construction industry, it was difficult to ensure the information gathered was complete and accurate, the Census and Statistics Department therefore did not compile statistics on the number of workers in the construction industry. He undertook to further verify the respective numbers of applications for imported workers and those approved under the Supplementary Labour Scheme in 2017 and would provide supplementary information.
Chapter VI: Public Finance

6.1 At the invitation of the Chairman, Mr James LAU, Secretary for Financial Services and the Treasury ("SFST") briefed members on the main initiatives and expenditure of the Treasury Branch under the Financial Services and the Treasury Bureau ("FSTB") and the relevant departments on the policy area of public finance in 2018-2019 (Appendix IV-4).

The recovery of tax by the Inland Revenue Department

6.2 Mr Kenneth LEUNG enquired about the costs incurred by the Inland Revenue Department ("IRD") for collecting tax and the statistics on the follow-up actions arising from tax evasion and tax avoidance, including the sum involved and the number of cases where criminal prosecutions were required for the recovery of tax.

6.3 The Commissioner of Inland Revenue ("CIR") said that in the year of assessment 2016-2017, the costs were about $0.55 for every $100 of tax collected, such cost proportion was more or less the same as those in the several previous years of assessment and lower than the $2 or $3 commonly seen in other countries. Regarding the recovery of tax, the amount of tax recovered by IRD due to incorrect information provided by taxpayers in their tax returns was about $52 million in the year of assessment 2016-2017 and about $745 million in penalties arising from tax evasion or tax avoidance were received. In the year of assessment 2016-2017, IRD instituted criminal prosecutions in respect of five cases involving tax evasion or tax avoidance and the defendants were subsequently convicted.

The work of the Tax Policy Unit

6.4 Mr Kenneth LEUNG noted that the Tax Policy Unit ("TPU") was currently composed of two professionals and one clerical support staff member only. He was concerned about whether TPU's current level of manpower and other resources were adequate to handle its work. He enquired about the professional backgrounds of the two professionals and whether they were recruited from outside the department. Moreover, as the assessor grade of IRD was expected to
see a wave of retirements in the next several years, Mr LEUNG asked how the Administration would fill the expected vacancies.

6.5 The Permanent Secretary for Financial Services and the Treasury ("PS (T)") said that among the two professionals in TPU, one was a retiree of IRD, the other was recruited from outside the Government, both of them had ample tax-related experiences. She added that both the Treasury Branch and IRD had permanent staff to handle tax matters, the establishment of TPU under the Treasury Branch was to deploy dedicated staff to study matters related to tax policy. Regarding the manpower resources in IRD, CIR said that the department would fill the vacancies arising from the retirement of middle and senior staff members through internal promotions and junior positions would be filled through open recruitment. He added that as the jobs relating to cooperation with the international community on tax matters, such as countering base erosion and profits shifting, often required special expertise in tax matters, in addition to open recruitment of staff with relevant experiences, IRD would provide on-the-job training for its staff so as to help them familiarize with the works related to international and local tax matters.

Management of government properties

6.6 Mr CHAN Chun-ying noted that the floor areas of private properties leased for use as government offices were about 3,400,000 square feet and he enquired about the proportions of government and private properties used as government offices. Mr CHAN was also concerned about whether the rental expenses incurred by the Government for leasing private properties had been affected by the recent upward trend in rents.

6.7 The Government Property Administrator ("GPA") advised that about 70% of government office spaces were situated in government properties while the remaining 30% were leased private properties. The expenses incurred for renting private properties for office spaces had remained relatively stable over the past three years. However, the overall upward trend in office rents in recent
years had contributed to a slight increase in rental expenses for the Government. With the expected completion of the West Kowloon Government Offices in 2019, some of the government departments which currently leased private properties nearby would move to the new Offices, office rental expenses for the Government were expected to decrease.

6.8 Mr CHAN Chun-ying noted that the management of ten government car parks was currently outsourced to commercial operators but these contractors were not required to provide statistics on the utilization rates of the car parks concerned. He asked whether the Administration would consider adding provisions in the contracts for outsourcing operation to require certain utilization rates in the car parks concerned, with a view to ensuring the maximum utilization of these government car parks. Moreover, he also requested the Administration to provide statistics on the revenues of government car parks.

6.9 GPA said that as the operators concerned operated in accordance with commercial principles, they would normally try their best to optimize the utilization rates of their parking spaces in order to maximize their revenues. The Government would consider seeking information on utilization rates of the car parks concerned from the operators in the future. GPA also undertook to provide information on rental income of government car parks which were outsourced after the meeting.

The Future Fund

6.10 Mr Kenneth LEUNG pointed out that in establishing the Future Fund of about $220 billion in 2016, the Government said that the fund would be entirely used for alternative investments in order to earn high returns. However, only about $110 billion had been used for such investments so far. He requested the Government to explain the investment strategies for the Future Fund.
6.11 PS(T) said that the Government's purpose of establishing the Future Fund was to earn high returns through middle to long-term investments, in order to boost the Government's fiscal reserves in the future. The investments of the Future Fund were composed of two parts, namely the Investment Portfolio and the Long-Term Growth Portfolio. The Future Fund was currently equally invested in the two portfolios. She added that the Government had gradually increased the investment ratio in the Long-Term Growth Portfolio and would review the ratios of the two portfolios every year.

**The collection of rates**

6.12 Mr WU Chi-wai pointed out that under the Rating Ordinance and Government Rent (Assessment and Collection) Ordinance, some properties built on agricultural land were exempted from the payment of rates and Government rents and the Rating and Valuation Department ("RVD") did not possess the related information. Mr WU was concerned about the possible loopholes in existing mechanism, which would allow rates evasion by the owners of the agricultural land who had changed the use of their land for brownfield developments. He asked what mechanism RVD had to monitor the actual use of agricultural land to ensure the payment of rates for the change of use of agricultural land in accordance with law. He also requested RVD to provide information on the use of land in Wang Chau and Tai Tong Lychee Garden and their payments of rates.

6.13 The Commissioner of Rating and Valuation ("CRV") said that should the use of the properties exempted from payment of rates have been changed, for example, agricultural land had been changed to brownfield use or structures had been erected on the land, which did not comply with the exemption conditions, the properties concerned would no longer be exempted and rates would be payable instead. Moreover, for rates assessment, RVD and the Lands Department had established a notification mechanism. Upon receiving information about unauthorized structures on agricultural land from the Lands Department, RVD would deploy staff for site inspections and assess the rates according to the actual use of the land concerned. He advised
that RVD had assessed the rates in respect of Wang Chau and Tai Tong Lychee Garden in accordance with the law. He undertook to provide supplementary information on the assessment of rates in respect of these two pieces of land and the measures adopted by RVD to prevent rates evasion by property owners after the meeting.

The Caring and Sharing Scheme

6.14 Mr CHAN Chi-chuen noted that the Financial Secretary ("FS") announced earlier the allocation of about $11 billion for the introduction of the Caring and Sharing Scheme ("CSS"), under which an eligible person would be given a maximum of $4,000, so as to extend the coverage of the initiatives proposed in the Budget aiming to share the fruits of the economy success and to benefit more people. Mr CHAN was concerned about whether the Scheme would entail high administrative costs and he also asked when the Administration would provide the details of the Scheme, the actual amount involved and the administrative costs concerned.

6.15 PS(T) responded that FS announced the eligibility criteria for the CSS on 23 March 2018. The Treasury Branch was calculating the actual amount and administrative costs required for the Scheme. The Administration would move two amendments to the Appropriation Bill 2018 in order to seek additional funds to implement the Scheme and the top-up arrangement for social security recipients who received an extra two-month allowance of less than $4,000. The Administration was drafting the amendments.

The Housing Reserve

6.16 Mr Gary FAN pointed out that the Housing Authority ("HA") currently had a surplus of more than $9.4 billion which would be enough to cover its expenditures for the next five years. He enquired about the actual use of the Housing Reserve of up to $78.8 billion for the next several years.
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6.17 PS(T) said that the purpose of establishing a Housing Reserve by the Government was to provide stable financial resources for public housing development. Even if HA did not need to draw on the Reserve for the time being, as the Reserve had been invested to earn return, there should be no cause for concern about idling or waste of public money. The Administration had also published the financial position of the Reserve. She added that the Administration had been keeping close contact with HA in order to know its financial position and needs.
7.1 At the invitation of the Chairman, Mr Patrick NIP, Secretary for Constitutional and Mainland Affairs ("SCMA"), briefed members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau ("CMAB") in 2018-2019 (Appendix IV-5).

Public elections and electoral arrangements

7.2 In response to Mr Charles Peter MOK’s enquiry, Chief Electoral Officer ("CEO") advised that all staff members of the Registration and Electoral Office ("REO") were prohibited from using the Electors Information Enquiry System for verifying the identity of electors and handling enquiries in election venues. Where necessary, staff members in election venues would call a telephone hotline to ascertain the identity of electors and their respective geographical constituencies. Mr Charles Peter MOK suggested allowing electors to check their respective registration status through the use of the Online Voter Information Enquiry System in election venues.

7.3 Mr Charles Peter MOK asked how REO would improve its computer system to enhance system security and enquired about the details of the funding provision earmarked. SCMA advised that the Administration would, following the completion of each election, review the electoral arrangements, operation, manpower, systems and equipment, etc., and update the related arrangements in a timely manner, as well as bid for resources in accordance with the internal procedures of the Government. At the moment, the Administration was seeking funding support from the Legislative Council ("LegCo") for the proposed creation of a permanent post of Principal Electoral Officer to assist in the review.

7.4 Regarding voter registration, Dr CHENG Chung-tai remarked that in the past, the Administration would step up random checks in election years, and the verification work in non-election years only covered about 140,000 voters, representing some 4% of the number of registered voters. Given that there would be public elections each year after the 2018 LegCo By-election until 2020, he suggested that in parallel with the implementation of the address proof requirement in the
2018 voter registration campaign for enhancing the accuracy of electoral registers, the percentage of random checks should be raised. SCMA advised that the arrangement for existing electors to produce address proof when applying for change of registered residential address had been implemented starting from the 2018 voter registration cycle. He explained that owing to considerations of operational needs and allocation of resources, the proportion of random checks in election years was relatively higher.

7.5 Mr AU Nok-hin expressed concern that in the 2018 LegCo By-election, the Nominations Advisory Committee ("NAC") had not handled any cases involving the eligibility of candidates for being nominated in geographical constituency elections. Permanent Secretary for Constitutional and Mainland Affairs ("PSCMA") advised that according to section 6 of the Electoral Affairs Commission (Nominations Advisory Committees (Legislative Council)) Regulation (Cap. 541C) ("the Regulation"), Returning Officers ("ROs") might seek the advice of NAC as to whether a particular candidate who had submitted a nomination form was eligible to be, or disqualified from being, nominated as a candidate. However, it was stipulated in section 1(2)(a) of the Regulation that the Regulation did not empower or require NAC to give advice to an RO on any matter relating to the requirements under section 40 of the Legislative Council Ordinance (Cap. 542). Mr AU pointed out that section 17 of the Electoral Affairs Commission (Electoral Procedure) (Legislative Council) Regulation (Cap. 541D) stipulated that "[i]n deciding under section 16 whether a person is eligible to be or is disqualified from being nominated as a candidate, the Returning Officer must have regard to advice given by a Nominations Advisory Committee…" Mr AU and Ms Tanya CHAN doubted that ROs had not followed the established procedure to seek advice from NAC.

7.6 PSCMA advised that as far as the above provision was concerned, if advice from NAC had been sought, ROs must have regard to such advice. Ms Tanya CHAN asked about the criteria adopted by ROs for determining whether to seek advice from NAC. PSCMA remarked that there were specific provisions in the electoral legislation
which stipulated that ROs might request NAC to give advice in the event that he/she cast doubt on the eligibility of a particular candidate having submitted a nomination form. He stressed that the relevant Regulation(s) neither empowered nor required NAC to advise on any matter relating to the requirements under section 40 of the Legislative Council Ordinance or section 34 of the District Councils Ordinance (Cap. 547).

7.7 Mr AU Nok-hin asked whether seeking legal advice from the Department of Justice was part of the process through which an RO decided whether a candidate’s nomination was valid or not. SCMA advised that ROs would seek legal advice depending on the actual circumstances of each case, and decide whether a candidate’s nomination was valid in accordance with the legislative requirements and the relevant information.

Promoting the Basic Law

7.8 Ms Tanya CHAN asked whether the Administration, through promoting the Basic Law ("BL"), sought to educate Hong Kong people on the understanding of the "new constitutional order". Ms CHAN pointed out that the part on the Constitution of the People's Republic of China ("the Constitution") was not covered in the promotion of BL in the past. SCMA advised that the enactment of BL originated from the Constitution, and the Government implemented "one country, two systems", "Hong Kong people administering Hong Kong" and a high degree of autonomy in accordance with the Constitution and BL. There were funding provisions in the Budgets over the past years for the promotion of BL. Mr Holden CHOW requested the Administration to provide support and training for district organizations/groups which assisted in promoting BL, including instilling fundamental concepts into them, e.g. the establishment of the Hong Kong Special Administrative Region ("HKSAR") originated from Article 31 of the Constitution which provided that "[t]he State may establish special administrative regions when necessary".
Chapter VII: Constitutional and Mainland Affairs

7.9 SCMA advised that the Administration would strengthen its ties and coordination with district organizations/groups in respect of the work of promoting BL, and would continue to support them through various funding schemes. On the promotion of BL, the Administration had set up the Basic Law Court Case Database to facilitate the public's access to practical BL information, and diversified district activities, such as roving exhibitions, electronic media promotion, games, etc., were organized to cater for the needs of various target groups for the purpose of promoting BL to various sectors of the community.

7.10 While suggesting that national security should be included in BL promotional activities in order to create favourable conditions to facilitate the introduction of the relevant legislation in future, Mrs Regina IP enquired whether the Administration had earmarked resources for public education and promotion in this regard. SCMA advised that while the area of work and allocation of resources of CMAB did not involve national security, resources were budgeted every year for the promotion of BL. Commenting that BL education and promotion should cover the rights and obligations under BL, Mrs IP suggested that CMAB and relevant policy bureaux should strengthen its promotion and education efforts in this regard.

7.11 Holding the view that the public's understanding of BL was still far from comprehensive, Mr Wilson OR enquired whether the Administration would assess the effectiveness of its past strategies for promoting BL. SCMA advised that CMAB had set aside about $17 million in 2018-2019 for the promotion of BL, which was five times the provision earmarked in 2004-2005. The Basic Law Promotion Steering Committee ("BLPSC") led by the Chief Secretary for Administration provided views and steer on the overall strategy and key aspects for promoting BL. Five working groups (namely Local Community; Teachers and Students; Civil Servants; Industrial, Commercial and Professional Sectors; and Overseas Community Working Groups) were set up under BLPSC for the planning and organization of various types of activities to promote BL on various fronts. The Administration would also assess the effectiveness of the
activities with reference to their categories (e.g. online games) and the extent of engagement of target groups. Mr OR suggested that more innovative and effective ways should be explored to further promote BL.

7.12 Pointing out that according to a review of the human rights situation of Hong Kong published by an organization, the democracy index of Hong Kong had been falling for several years in a row, Dr KWOK Ka-ki enquired about the expenditures on and details of the Government's initiative to protect human rights and to promote democracy and constitutional development. SCMA advised that the Administration had all along acted in compliance with the Constitution and BL by implementing "one country, two systems", "Hong Kong people administering Hong Kong" and a high degree of autonomy, as well as safeguarding judicial independence and the rights of the individual such as freedom of speech. As regards constitutional development, the Administration must follow the procedures for amending the methods for selecting the Chief Executive and for forming LegCo under BL, and efforts had been made by the Government to maintain communication with various parties to facilitate the work.

Rights of the individual

Discrimination Law Review

7.13 Mr Jeremy TAM was concerned whether the Government would study other possible potential discrimination, e.g. whether to legislate against age discrimination. Referring to the relevant study conducted by the Equal Opportunities Commission ("EOC") years ago, he pointed out that given the increasingly ageing population of Hong Kong, there was a pressing need to take forward the work. SCMA advised that, regarding the nine prioritized recommendations under the Discrimination Law Review put forward by EOC in its submission to the Government, the Administration had listened to the views of the relevant Panel(s) last year. The Administration would accord priority to these nine recommendations, such as introducing express provisions
prohibiting direct and indirect discrimination against women on grounds of breastfeeding, including protection from discrimination by perception that a person was of a particular racial group, etc. The legislative amendment proposals were planned to be introduced to LegCo within this year. As regards other areas such as age discrimination, CMAB had no plans to introduce legislation for the time being. Mr LEUNG Yiu-chung expressed disappointment as he had, over the years, indicated to the Government that the situation of age discrimination was so serious that it must be addressed, otherwise the shortage of labour force would render it impossible for the community to meet the development needs. He suggested that the Administration should, from the perspective of economic development, consider afresh introducing legislation against age discrimination expeditiously. SCMA was aware that while elderly persons were experienced and capable, they encountered difficulties in seeking jobs, and there was a need to give them assistance, including providing relief measures. The need to deal with the issue by legislation or other measures warranted in-depth discussion. Mr LEUNG urged the Administration to allocate additional resources to EOC to carry out the relevant studies.

7.14 Dr Fernando CHEUNG pointed out that out of a total of 73 recommendations put forward by EOC, only nine recommendations were accorded with priority. While some of EOC's recommended measures, such as making reasonable accommodation for persons with disabilities, would bring about fundamental improvements, the Administration did not intend to take actions on such recommendations, and had no intention to follow up on the issue of age discrimination. He therefore expressed disappointment with the work of the Administration in the area of safeguarding human rights. On the other hand, expressing concern that guide dogs under training faced difficulties in public places and on public transport, Dr CHEUNG enquired about the progress of introducing amendments to the relevant legislation. SCMA advised that the Administration had proactively followed up on the issue with the Labour and Welfare Bureau, the Department of Justice, the Food and Health Bureau and the two existing guide dog organizations in Hong Kong, with a view to taking
forward the recommendation expeditiously.

Equal Opportunities Commission

7.15 Commenting that while the number of court cases handled by the Legal Service Division of EOC was small, there were eight in-house lawyers posts in EOC's establishment and part of the legal work of EOC was outsourced to external lawyers, Dr Fernando CHEUNG expressed concern about the use of resources by and work efficiency of EOC.

7.16 SCMA advised that while the subject had been discussed by the relevant Panel(s), EOC was conducting a holistic review of its functions of handling complaints and providing legal assistance, and would study ways to more effectively handle complainants' requests. Dr Fernando CHEUNG was concerned about the time frame for EOC to complete the above review. Besides, Mr CHAN Chi-chuen suggested that resources should be allocated by the Government for EOC to procure its own office premises, thereby obviating the need for EOC to tap into its reserves to cover rising office rentals and maintain its operation.

Anti-discrimination on grounds of sexual orientation and gender identity

7.17 While supporting the Government's decision to sponsor a social welfare organization to set up a 24-hour hotline in support of sexual minorities, Mr CHAN Chi-chuen considered it appropriate to recommend other social welfare organizations to make reference to the relevant practice. On the other hand, Mr CHAN pointed out that at present, no subvented social welfare organization had pledged to adopt the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation ("Code of Practice"), and he hoped that the Administration could put in more efforts to promote the Code of Practice. As regards the follow-up on the strategies and measures recommended by the Advisory Group on Eliminating Discrimination against Sexual Minorities ("Advisory Group"), given that the Advisory
Group had completed its work at the end of 2015 and that EOC had submitted a detailed report on the subject in early 2016, he was concerned how the next step in legislating against discrimination on the ground of sexual orientation would be followed up. Noting that the Administration saw the need to first examine the practices of other jurisdictions, he asked about the progress and timetable in this regard.

7.18 SCMA advised that apart from providing telephone advisory services, the support hotline would also follow up on and render support to relevant cases. Besides, the Administration had actively followed up on the strategies and measures recommended by the Advisory Group, and the work on public education and publicity had borne fruits with the launching of publicity projects and television programmes. On promoting the Code of Practice, letters had been issued to public and private organizations while small and medium-sized institutions were also engaged. The engagement situation of social welfare organizations/non-governmental organizations would be kept in view. The Administration were actively studying the legislative and administrative measures on eliminating discrimination on grounds of sexual orientation and gender identity implemented by other jurisdictions, aiming to complete the study by this year.

Ethnic minorities

7.19 Ms Alice MAK welcomed the Government's initiative to set up a cross-bureau and inter-departmental steering committee to deal with issues relating to ethnic minorities ("EMs"). Pointing out that issues relating to the rights of EMs straddled a number of policy areas, including education, healthcare, housing, employment, etc., Ms Claudia MO suggested that the post of Commissioner for Ethnic Minorities should be created to support the work of the steering committee and avoid duplication of resources. Ms MAK and Ms MO were concerned about the details of the $500 million earmarked in the Budget for enhancing the support for EMs.
Chapter VII : Constitutional and Mainland Affairs

7.20 SCMA advised that the Government attached great importance to rendering support to EMs. The steering committee, chaired by the Chief Secretary for Administration, was tasked to coordinate, review and monitor the provision of support for EMs, as well as enhance the internal collaboration of the Government. The Government would earmark $500 million to strengthen the support for EMs. The steering committee would give due consideration to the specific usage and modus operandi of the earmarked provision, including exploring new model of support, as well as making the best use of community wisdom and network to step up the support for EMs. The Administration would also listen to the views of different sectors and groups on the matter. The suggestion on establishing the post of Commissioner for Ethnic Minorities should be discussed by the steering committee first. The existing measures would be examined before identifying the areas that required service enhancement through further discussion with relevant groups/organizations.

7.21 Regarding the Administrative Guidelines on Promotion of Racial Equality ("the Guidelines"), Ms Alice MAK suggested that the Government, when conducting regular reviews, should put in place measures to ensure that government departments thoroughly implemented the Guidelines. Mr SHIU Ka-chun asked whether the Guidelines above were applicable to the Correctional Services Department ("CSD"), and enquired about the amount, out of the $500 million earmarked in the Budget to strengthen the support for EMs, allocated for rendering support to persons in custody of other nationalities. Mr SHIU also sought the statistics on the provision of telephone and on-site interpretation services for EMs by public hospitals and clinics under the Hospital Authority, government departments and public organizations (including Integrated Family Service Centres and Social Security Field Units), to facilitate its review of the adequacy of the existing services.
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7.22 SCMA advised that since the Guidelines were issued in 2010, the operation of the Guidelines had been kept under review from time to time. Over the years, the scope of application of the Guidelines had been extended from the initial 14 bureaux/government departments and public authorities to the existing 23, including CSD. On rendering support to EMs, one of the main support services was the provision of translation and interpretation services. At the moment, the Administration did not have the relevant statistics. SCMA agreed to collect the relevant data to facilitate its review of service demand and effectiveness in future.

Regional cooperation with the Mainland

7.23 Mr YIU Si-wing enquired about the reasons why the estimated expenditure in relation to Mainland and Taiwan Offices for 2018-2019 (i.e. $260 million) was less than the revised estimates for 2017-2018 in this area (i.e. $290 million). SCMA advised that there was a reduction in the provision due to the conclusion of the activities in the Mainland to celebrate the 20th anniversary of the establishment of HKSAR in 2017-2018.

7.24 Mr YIU Si-wing enquired about the division of responsibilities between the Guangdong-Hong Kong-Macao Bay Area Development Office ("Bay Area Development Office") to be set up and the Guangdong Economic and Trade Office ("GDETO"), and whether the Bay Area Development Office would duplicate the function of the Belt and Road Office. Regarding the newly-established Bay Area Development Office, Ms Alice MAK was concerned about the details of its specific work, in particular the work on enhancing the employment protection and medical protection for Hong Kong people in the Mainland as well as facilitating the flow of people, goods, capital and information in the Guangdong-Hong Kong-Macao Bay Area.
7.25 PSCMA advised that GDETO would maintain its existing functions, while the Bay Area Development Office would be responsible for coordinating with the National Development and Reform Commission, relevant central ministries/departments, the Guangdong Provincial Government and the Macao Special Administrative Region Government, as well as the relevant bureaux/departments of the HKSAR Government in the implementation of the Development Plan of the Guangdong-Hong Kong-Macao Bay Area to be promulgated by the State. SCMA advised that the Bay Area Development Office would also proactively liaise with business associations, professional bodies and relevant stakeholders to publicize and promote the development opportunities for Hong Kong enterprises and talents brought about by the development of the Bay Area.

7.26 SCMA supplemented that GDETO played a facilitating and coordinating role in fostering closer ties and cooperation with the Mainland at various levels. Specific measures included organizing regional cooperation conferences/forums; organizing thematic seminars, exhibitions, workshops, etc. to promote Hong Kong’s strengths as well as trade and commercial interests through various effective means at different levels. To give impetus to Hong Kong in tapping new development opportunities under the Belt and Road Initiative, the Commerce and Economic Development Bureau was tasked to lead and coordinate the work of the Government with the support of the Belt and Road Office. The Government had progressively stepped up cooperation with the Mainland authorities on participating in the Belt and Road Initiative, and entered into an arrangement with the Mainland in end-2017 for Hong Kong’s participation in the Belt and Road Initiative.

7.27 Mr MA Fung-kwok expressed concern about the engagement of local arts groups in cultural exchanges and arts activities in the Mainland, in particular whether the Administration had come into contact with small and medium arts groups and offered support to them. Referring to the establishment of the post of Head (Cultural Exchange) under the Beijing Office in 2016 to promote cultural exchanges with the
Mainland, he asked whether a similar post would be created in other Mainland Offices (e.g. GDETO) to coordinate the cultural exchanges in the Bay Area.

7.28 SCMA advised that there would be more development opportunities in the field of cultural exchanges for arts groups in the Bay Area, and the manpower in Mainland Offices would also be enhanced for the work of cultural promotion. Director, Beijing Office advised that Mainland Offices would provide support for Hong Kong’s arts groups to stage performances in the Mainland. For example, the Beijing Office had assisted a Hong Kong arts group to stage a locally produced Cantonese opera in Beijing, and the group planned to stage performances in other places in the Mainland later.
Chapter VIII : Environment

8.1 At the invitation of the Deputy Chairman, Mr WONG Kam-sing, Secretary for the Environment ("SEN"), briefed members on the financial provisions and the main initiatives of the policy area of environment for the 2018-2019 financial year (Appendix IV-6).

Air quality

Promoting the use of electric vehicles

First registration tax concessions for electric private cars

8.2 Members noted that the Administration had implemented the "One-for-One Replacement" Scheme since 28 February 2018, allowing eligible existing car owners who bought a new electric private car ("e-PC") and arranged to scrap their own eligible old private car ("PC") to enjoy a higher first registration tax ("FRT") concession of up to $250,000. It had been reported that only 11 applications were received in the first month of implementation of the "One-for-One Replacement" Scheme. In view of this, Mr HUI Chi-fung urged the Administration to relax the application threshold for the "One-for-One Replacement" Scheme so as to cover all those who had already owned PCs before the announcement of the Scheme.

8.3 The Deputy Chairman opined that the tax concessions for e-PCs (including the FRT waiver up to $97,500 applicable to all e-PCs and the "One-for-One Replacement" Scheme) were less than attractive. He suggested that the Government should provide full FRT waiver for lower-priced e-PCs and a fixed rate FRT waiver for higher-priced e-PCs (e.g. a uniform 50% tax cut) without imposing an upper limit on the waiver, so as to benefit all existing/prospective car owners, thereby encouraging the public to use e-PCs.

8.4 Mr Jeremy TAM also considered that the "One-for-One Replacement" Scheme was less than attractive, as the extra FRT concession provided under the Scheme was small compared with the existing FRT concessions for e-PCs. He was also concerned that it might not be environmentally friendly to scrap old PCs.
8.5 In the light of members' comments, the Chairman enquired whether the Administration would introduce improvement measures to the "One-for-One Replacement" Scheme.

8.6 In response, SEN said that:

(a) the Administration considered that the "One-for-One Replacement" Scheme could help attain a reasonable balance between controlling the growth of the PC fleet and promoting the use of e-PCs. Members and stakeholders from various sectors had also suggested the introduction of similar schemes;

(b) under the "One-for-One Replacement" Scheme which provided an FRT waiver of up to $250,000, eligible car owners joining the Scheme could enjoy full or nearly full FRT waiver if they purchased mass-market, affordable e-PC models;

(c) it was anticipated that by the time the Scheme ended on 31 March 2021, the number of PCs meeting the two respective criteria on car age and ownership period (i.e. "having been first registered for six years or more" and "owned by the owner for three years or more without interruption") would account for about 75% of all licensed PCs;

(d) although some existing/prospective car owners were not eligible for the "One-for-One Replacement" Scheme, they could still benefit from the FRT waiver which would be capped at $97,500 when buying e-PCs. Such a tax concession was still attractive as far as lower-priced car models were concerned; and

(e) it was pre-mature to evaluate the effectiveness of the "One-for-One Replacement" Scheme, which had been launched for a short period of time. The Administration
would closely monitor the market response to the Scheme, review its effectiveness at a later stage and introduce improvement measures when necessary.

Timetable and targets for promoting the use of electric vehicles

8.7 Mr Charles Peter MOK and Ms Tanya CHAN pointed out that a motion was passed at the Legislative Council ("LegCo") meeting of 11 April 2018 urging the Administration to promote the popularization of electric vehicles ("EVs"), including reviewing comprehensively the policy on the promotion of EVs and setting phased targets for such promotion. Mr MOK enquired about the Administration's work plan in this regard. As the Administration had advised that it had not formulated a timetable for imposing a total ban on conventional fossil fuel-powered vehicles and did not have a concrete timetable and cost estimate for the planning and development of EV charging facilities for the time being, he questioned how the Administration could implement the measures for promoting the use of EVs expeditiously in the absence of a clear vision and budget provision.

8.8 The Deputy Chairman also pointed out that many overseas places had set targets for the proportion of EVs or the phase-out of conventional vehicles. The Administration should not eschew setting a target for the number of EVs in Hong Kong using the excuse that "Hong Kong is a free market".

8.9 SEN stressed that the Administration was determined to promote the use of EVs. He pointed out that the market supply of EVs suitable for use in Hong Kong and their development were beyond the control of Government. The Administration was aware that individual overseas places had set timetables or targets for a total ban on the sales of PCs solely using petrol or diesel. The Government was collecting the relevant information for its consideration of the way forward, including whether a timetable and targets should be set for Hong Kong's adoption of clean fuel vehicles and how that could be done. The Environment Bureau ("ENB")/the Environmental Protection Department ("EPD") would also continue to work with other
relevant bureaux/departments ("B/Ds") to explore measures for promoting the use of EVs.

8.10 Mr Jeremy TAM requested the Administration to explain why, on the one hand, it held the view that a substantial increase in the number of public chargers was unnecessary because that the driving range of some e-PCs was able to sustain a whole day's journey, and, on the other hand, it stated that the percentage of EVs in the Government fleet was still low mainly because of the unsatisfactory battery performance. He urged the Administration to take the lead to use EVs by substantially increasing the proportion of EVs in the Government fleet. Dr Elizabeth QUAT expressed similar concerns.

8.11 SEN said that there had been significant improvement of light EVs in terms of driving range in the previous year. ENB would work with other B/Ds to proactively review the compatibility of EV models supplied in Hong Kong with the operational needs of B/Ds, in an effort to increase the proportion of EVs in the Government fleet.

Work of the Steering Committee on the Promotion of Electric Vehicles

8.12 Ms Tanya CHAN opined that the Administration should enhance the transparency of the work of the Steering Committee on the Promotion of Electric Vehicles ("the Steering Committee"), such as by uploading its meeting agendas, papers and minutes on the website for public inspection, and expanding its functions to include the coordination of inter-departmental matters, so that the measures to promote the use of EVs could be planned and implemented more comprehensively. She also enquired about the number of meetings held annually by the Steering Committee.

8.13 Permanent Secretary for the Environment ("PSEN") said that the Administration had adopted the recommendation of the Steering Committee to introduce a number of measures aiming at encouraging the trial use of electric commercial vehicles in the transport sector. The Steering Committee had all along maintained communication with the sector to understand the EV market development and the provision
of EV charging facilities on private/public premises. The Steering Committee would provide timely advice to the Government in the light of the latest market development. Deputy Director of Environmental Protection (3) ("DDEP(3)") said that since its establishment in 2009, the Steering Committee met about twice every year. The Government would consider the suggestion of uploading the relevant papers on the website.

Review of Air Quality Objectives

8.14 Mr Dennis KWOK noted that in Reply Serial No. ENB123, the Administration stated that the Air Science and Health Sub-group under the Air Quality Objectives ("AQOs") Review Working Group ("the Working Group") studied matters in its purview, including the assessment of the health and economic impacts arising from implementing the new air quality improvement measures. He requested the Administration to undertake that prime consideration would be given to public health when reviewing AQOs.

8.15 SEN responded that the Administration had announced the implementation of a health-based air policy in the Clean Air Plan released in 2013. A number of Sub-groups had been set up under the Working Group to explore practicable measures to reduce air pollutants from different sources, with a view to improving air quality. The Administration would conduct public consultation on the recommendations of the Working Group. DDEP(3) supplemented that AQOs, which stipulated the concentration limits of major air pollutants in the atmosphere, were inherently relevant to public health.

Nature conservation

Conservation of ecologically important sites

8.16 Mr CHU Hoi-dick said that no comprehensive conservation plans were developed for the two plots of private land at Nam Sang Wai, despite the ecological importance of Nam Sang Wai. He opined that the Administration should take the initiative to liaise with the land
owners and non-governmental organizations ("NGOs") to explore inclusion of the two plots of land in a Management Agreement Scheme ("MA Scheme") for enhanced conservation.

8.17 In response, SEN said that the two plots of land were situated in the Inner Deep Bay wetland where fish pond was the major ecosystem. Funding support had been granted through the Environment and Conservation Fund for implementing MA Schemes previously at Ramsar Site and Inner Deep Bay wetland for fish pond conservation. Whether the aforementioned two plots of private land could be included in a similar MA Scheme would depend on the wishes of the land owners and the availability of NGOs to participate in taking forward such a scheme.

Management of country parks

8.18 Mr CHU Hoi-dick enquired whether the Administration would consider creating fire break strips around the permitted burial grounds for indigenous villagers in the New Territories or employing other methods to prevent hill fires caused by grave-sweeping activities from spreading to the neighbouring country parks. He also enquired about the number out of the 400,000 seedlings planted by the Agriculture, Fisheries and Conservation Department ("AFCD") in the previous financial year which remained after several cases of hill fires.

8.19 Director of Agriculture, Fisheries and Conservation ("DAFC") responded that the creation of fire break strips was one of the fire prevention measures implemented in country parks. The suitability of individual sites for creation of fire break strips would depend on the actual site environment. As the seedlings planted every year in country parks by the Government outnumbered the trees lost to hill fires, there were sufficient seedlings to replenish the loss. He added that the number of hill fires in country parks had decreased significantly in recent years.
Protection of endangered species

8.20 Noting that AFCD was conducting a pilot scheme using the infrared sensor camera traps ("ISCTs") to monitor incense trees at several strategic locations, Ms Claudia MO enquired about the uses of ISCTs. DAFC replied that if an ISCT installed in a particular location would record images of passing people and transmit them immediately to the contractor. The contractor would inform AFCD immediately of any suspicious persons or activities revealed by the images. AFCD would then take follow-up actions and contact the Police when necessary.

8.21 Regarding the list of food items that were excluded from the menus of official entertainment functions, Dr Elizabeth QUAT enquired: (a) about the scope of applicability of the list; (b) whether the Government would promote the list among the public and require publicly-funded organizations to adopt the list and advise their staff against consuming the food items on the list in official entertainment functions; (c) whether the list had been updated to include more categories of food in recent years; and (d) whether the Administration would make it a mandatory requirement for event hosts to stop serving the food items on the list in functions and, upon failure of the hosts to do so, public officers would decline attendance at the functions.

Regarding the conservation of sharks, she commended the Administration for its proactive approach of including all shark fins on the list despite the fact that only some shark species were on the conservation list under the Convention on International Trade in Endangered Species of Wild Fauna and Flora. However, she also noticed that the food items on the list were still served at certain events attended by public officers.

8.22 SEN replied that the list was for internal reference by government officials. For outside entertainment functions, attending government representatives would notify in advance the event hosts not to serve the food items on the list as far as practicable. The list was updated in 2017 to include new categories of food. The Administration would provide the list of newly added food items after
the meeting. He added that the Administration would review the list from time to time to keep it in line with the conservation measures under the Biodiversity Strategy and Action Plan ("BSAP"). Apart from taking the lead to adopt conservation-conscious menus, the Administration would also encourage other organizations to make similar arrangements, if practicable.

8.23 Dr Elizabeth QUAT was concerned that while bluefin tuna and shark fin were included in the above list, the trade in bluefin tuna and some shark species was not yet subject to the regulation of the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586), which indicated that there was a loophole in the conservation policy of the Government. She urged the Administration to take actions to plug the loophole and step up public education on the protection of endangered species.

8.24 SEN said that the first city-level BASP, which was introduced for Hong Kong in 2016, had also addressed the concerns raised by Dr QUAT. In the five-year period (2016-2021) covered by BSAP, the Administration would allocate more resources for the progressive implementation of relevant conservation measures. For measures involving legislative amendments (such as bringing the trade of certain species within the regulatory ambit of the Protection of Endangered Species of Animals and Plants Ordinance), it would normally take more time to prepare.

8.25 Ms Claudia MO enquired whether the Administration would make a renewed effort to monitor the number of finless porpoises in Hong Kong waters; if not, what the reasons were. DAFC said that the number of finless porpoises was currently not under surveillance in the Government's routine monitoring of wild animals. When introducing BSAP, the Government had studied how to monitor the number of finless porpoises. However, the fragmented distribution of finless porpoises made the monitoring work more difficult. Therefore, the Administration needed more time to carefully explore a feasible solution.
Wild animals

8.26 Ms Claudia MO noted that AFCD had earmarked a provision of $11.7 million for dealing with wild pig issues in the 2018-2019 financial year, of which $3.5 million would be used on a pilot scheme for the contraception of wild pigs. She enquired about the use of the remaining funding. DAFC replied that AFCD had set up a dedicated team to deal with wild pig issues, including handling complaints from the public. The remainder of the earmarked funding mentioned above was mainly used to cover the administrative and operational expenses of the dedicated team and to step up publicity and public education.

8.27 Ms YUNG Hoi-yan opined that AFCD's handling of the nuisance caused by wild monkeys in residential dwellings was less than effective. The Administration should step up public education against feeding of wild monkeys and commence a consultancy study on the issue, so as to facilitate the formulation of more comprehensive measures to address the problem.

8.28 DAFC said that monkeys broke into residential dwellings mainly to search for food. AFCD would deal with the issue by adopting a multi-pronged approach, which included (a) discussing with the Food and Environmental Hygiene Department the ways to improve the design of village-type litter/recycling bins and refuse collection/recycling points to discourage wild animals (e.g. wild pigs and monkeys) from taking food from them; (b) stepping up publicity, public education and law enforcement actions against feeding of wild animals; and (c) implementing the contraceptive programme for monkeys on a continuous basis. Since 2007, AFCD had sterilized more than 1 300 monkeys. The annual birth rate of wild monkeys had reduced from some 60% to about 35%, and the total monkey population had reduced from about 2 500 to about 1 800.
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8.29 Ms YUNG Hoi-yan was worried that modification of the designs of litter bins and refuse collection points would make it more difficult for monkeys to take food therefrom, which would in turn cause them to sneak into residential dwellings more often in search of food. She also questioned whether the provision of $5 million was sufficient for the implementation of the above measures.

8.30 DAFC explained that wild animals normally foraged in the natural environment. However, food debris in litter/recycling bins and refuse collection/recycling points and human feeding would provide wild animals with a stable and easily-accessible food source and attract them to stray in urban areas or near residential dwellings. Apart from taking measures to reduce the possibility for monkeys to obtain food in urban areas or from human feeders, AFCD would also plant more food plants for monkeys in country parks, so as to lead them back to forage in the natural environment. The funding provision of $5 million for the 2018-2019 financial year was sufficient for AFCD's implementation of the above measures on a continuous basis. He added that the funding provision for this financial year was $200,000 more than the previous year. The additional provision would be used to step up publicity and public education.

Waste Management

Resource recovery and recycling

8.31 Mr SHIU Ka-chun criticized the three-colour recycling bins as ineffective and enquired whether the Administration would review regularly the designs, distribution, quantities of waste/recyclables collected, cost-effectiveness, etc. of recycling bins and litter containers in public places. Besides, he suggested that the Administration should draw reference from the practices of overseas governments (e.g. Brazil and Columbia) to collaborate with scavengers by, for example, employing them to handle the waste/recyclables on the streets so as to boost recovery rate.
Chapter VIII : Environment

8.32 Director of Environmental Protection ("DEP") responded that according to the experience of different places, recovery bins placed on the streets were in general not the main resource recovery channel. In order to tie in with the implementation of the Municipal Solid Waste Charging Scheme in future, the Steering Group on Modification of Recycling and Refuse Collection Facilities in Public Places ("Steering Group") was conducting a comprehensive review of the designs and distribution of recycling bins and litter containers in public places. Deputy Director of Environmental Protection (4) supplemented that the Steering Group would consider how to facilitate the use of recycling bins by the public and had already commissioned a consultant to conduct a study on the ways to enhance the designs of recycling bins and make recommendations. The Government tentatively planned to consult the public and various stakeholders on the proposed new designs in the second half of 2018.

8.33 Ms YUNG Hoi-yan enquired about the most common type of business operations involved in the projects funded under the Recycling Fund. Given the large number of rejected applications in 2017-2018, she enquired whether the Administration would review the application threshold of the Recycling Fund.

8.34 PSEN replied that the collection and resale of recyclables accounted for the vast majority of the type of business operations engaged by the funded projects, and the funding items mostly involved the purchase of equipment and machinery (including modes of transport) so as to minimize the cost of handling and transporting recyclables, thereby enhancing operational efficiency. The Administration aimed at encouraging the industry to make the best use of the Recycling Fund and expected that more organizations would submit applications. In this connection, the Administration had maintained communication with the industry with a view to understanding their needs and difficulties. Unnecessary regulations and restrictions would be removed as and when required. The Administration would shortly conduct a mid-term review of the Recycling Fund to review comprehensively its operation, including the eligibility and procedures.
Yard waste

8.35 Mr HUI Chi-fung was concerned that the weight of yard waste disposed of at landfills increased year after year from 2014 to 2017, which was disappointing. He questioned the effectiveness of the Administration's work in promoting the recycling of yard waste.

8.36 Deputy Director of Environmental Protection (2) said that yard waste accounted for about 1.7% of the municipal solid waste in Hong Kong. Government departments would treat yard waste according to its nature by appropriate means, including natural degradation, composting and reusing as recreational facilities or decoration. For example, the Leisure and Cultural Services Department ("LCSD") had, since 2014, started to produce compost on-site from yard waste using garden composters at suitable venues. So far, garden composters had been installed at about 150 venues. It was expected that in one to two years' time when these garden composters were in full operation, the quantity of yard waste to be treated/recycled by LCSD would increase.

Other issues

Light pollution and noise pollution

8.37 Dr Elizabeth QUAT enquired about the progress of the Administration's work to address light pollution and noise pollution. PSEN advised that the Administration would engage a consultant in the second half of 2018 to review the Charter on External Lighting. The Administration would also continue to study the regime and experience of other places in regulating external lighting. With reference to the outcome of the review, the Administration would consider the next stage of work, including whether there was a need for legislation to control external lighting.
Chapter VIII : Environment

8.38 On controlling light pollution, Deputy Director of Environmental Protection (1) advised that the Administration would retrofit noise enclosures along some road sections and/or test the use of low noise road surfaces to mitigate traffic noise. Moreover, the Administration had stepped up regulation and enforcement against the excessive noise emitted from the loudspeakers used by shops. Recently, there were several successful prosecutions.

Green public works project

8.39 Given that the Administration planned to issue green bond for funding green public works projects of the Government, Mr CHU Hoi-dick enquired whether ENB and EPD would take this opportunity to take forward green public works projects. SEN replied that various B/Ds were discussing the issue. In addition to ENB/EPD, green public projects launched by other B/Ds might also be eligible for relevant funding under the Capital Works Reserve Fund.
9.1 At the invitation of the Chairman, Mr CHAN Fan, Secretary for Transport and Housing ("STH"), briefed members on the main initiatives for the policy area of housing for the 2017-2018 financial year (Appendix IV-7).

Supply of land and housing

9.2 Mr LUK Chung-hung enquired whether and how the Administration could produce adequate public housing flats in the latter half of the ten-year period from 2018-2019 to 2027-2028, i.e. 2023-2024 and onwards, to meet the ten-year target of 280,000 units and whether the ten-year public housing target for the period from 2015-2016 to 2024-2025 adopted by the Administration in the Long Term Housing Strategy ("LTHS") released in December 2014 would not be achievable. Mr Wilson OR enquired about the projected public housing supply situation in the period from 2023-2024 to 2027-2028.

9.3 STH replied that the Government had identified land for the construction of about 237,000 public housing units, and there was a shortfall of land for constructing 43,000 units to meet the public housing supply target. The main obstacle impeding the progress of increasing public housing production was the shortage of land supply for housing. To meet the ten-year housing supply target, the Transport and Housing Bureau ("THB") would continue to work closely with the Development Bureau ("DEVB") to secure suitable sites for providing public housing through various land supply initiatives. In the last few years, the Government had identified over 210 sites with housing development potential, and subject to completion of the rezoning procedures, these sites could provide over 310,000 flats. Permanent Secretary for Transport and Housing (Housing) ("PSTH(H)") advised that the Government reported to the Panel on Housing annually on the Public Housing Construction Programme, including the estimated number of public housing units and the public housing projects to be
completed by the Hong Kong Housing Authority ("HA") and the Hong Kong Housing Society ("HS") in the next five years. As regards the public housing projects with completion beyond the next five years, the Government could not provide the details of all such projects at this stage since some of them were at the preliminary planning and design stage and subject to various factors, but would provide to the Panel on Housing annually details of individual projects for which district councils had been consulted.

9.4 Mr WU Chi-wai said that about 85% of the households in Hong Kong were covered under the eligibility net of public rental housing ("PRH") or subsidized housing schemes. Instead of allocating only about 50% of the land resources in Hong Kong for public housing, the Administration should designate more land for providing public housing in order to meet the demand of these households. STH replied that the Government would consider Mr WU's view.

9.5 Mr CHU Hoi-dick said that about 21.29 hectares of land were available for private housing development under the Land Sale Programme for 2018-2019. Instead of reserving these lands for private housing developments, THB should liaise with DEVB to use them for providing more than 20,000 Home Ownership Scheme ("HOS") units to meet the demand of the households which could not afford private flats. STH replied that over years, the Government had allocated land sites originally earmarked for private housing developments for public housing use. As the supply of new developable land through reclamation in the past decade was very limited, the Government considered it necessary to step up efforts in increasing land supply.
9.6 Ir Dr LO Wai-kwok opined that under the LTHS's supply-led principles, apart from increasing the housing supply, the Administration should take into account views from relevant industry stakeholders and proactively develop and implement long-term comprehensive strategies and plans to address the current shortfall and the future demand of transport and other supporting infrastructures. STH replied that the Task Force on Land Supply ("the Task Force") established in 2017 would engage the public in thorough discussions on different options to increase the land supply of at least 1 200 hectares for meeting the community’s long-term needs for housing, economic development and supporting infrastructure. The Task Force aimed to build a consensus on the preferred land supply options and their priorities for the Government’s consideration and follow up.

9.7 Dr Junius HO opined that as the existing brownfield operations were providing supporting services to other industrial activities which were important to Hong Kong, the Administration should consider reprovisioning them to the Kwai Chung Container Terminal so that the brownfield sites released after the reprovisioning could be used for providing housing. He did not agree to a suggestion of developing housing on elevated platforms above the Kwai Chung Container Terminal in view of the possible adverse impact of container operations on residents. STH replied that the Government would relay Dr HO's views to the Task Force.

Home Ownership Scheme flats

9.8 Dr KWOK Ka-ki said that as most of the applicants for HOS flats were not eligible for PRH and might not be able to afford private flats, the Administration should construct more HOS units to cater for their housing need. He enquired whether the Administration would adopt a higher proportion of public housing (including HOS flats) in the new housing supply.
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9.9   STH replied that the public/private split of 60:40 for new housing supply was first adopted in 2014 upon the recommendation of the LTHS Steering Committee, taking into account the need to balance the different demands for public and private housing. Amidst the current shortfall in land supply, reducing the proportion of private housing in the total housing supply might give a signal that the supply of private housing would be reduced, which might drive up the private flat prices. To meet the housing demand of different groups in the community, the Government needed to build up a sufficiently large land reserve. He hoped that members of the public would give views on the Task Force's proposals to increase land supply. Dr Kwok Ka-ki remarked that he supported the proposal to use the Fanling Golf Course site for providing public housing.

9.10   Mr Wilson OR enquired whether HA would consider enabling on-line applications for HOS flats in future in view of the large number of applications. PSTH(H) replied that HA had been studying the use of electronic application system with a view to enabling on-line applications for the sale of HOS flats in 2019.

Public rental housing

9.11   Mr HO Kai-ming enquired whether the Administration would redevelop the 22 aged PRH estates which had earlier been assessed to have redevelopment potential. PSTH(H) replied that the list of 22 aged estates prepared in 2014 was the outcome of a one-off preliminary review on their redevelopment potential but did not serve to indicate any redevelopment plan. It was a technical study, while whether an estate should be redeveloped would still have to be considered in accordance with HA’s policy on redevelopment. Having regard to the relevant recommendations of the LTHS Steering Committee, the Government considered that it was not advisable to carry out any large-scale PRH redevelopment programme which would
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result in freezing a large number of PRH units that might otherwise be allocated to needy households, given the current high demand for PRH. Therefore, the Government/HA had no particular plan or timetable for large-scale PRH redevelopment. STH advised that HA would continue to consider redevelopment of individual PRH estates with reference to four basic principles, viz. structural conditions of buildings, cost effectiveness of repair works, availability of suitable rehousing resources in the vicinity, and build-back potential upon redevelopment.

9.12 Mr Andrew WAN noted from Reply Serial No. THB(H)048 that the estimated public housing for the next five years was about 100,000 units, of which about 75,000 were PRH units and about 25,000 were subsidized sale flats, and enquired whether the housing units provided under the "Starter Homes" Pilot Scheme and the Green Form Subsidised Home Ownership Scheme ("GSH") would be counted towards the next five years' supply of the about 25,000 subsidized sale flats instead of PRH. STH and PSTH(H) replied that the about 100,000 public housing units mentioned by Mr WAN did not include "Starter Homes" units. STH advised that the "Starter Homes" units would be provided on the premise that public housing supply would not be compromised. As HA would identify suitable projects among its PRH developments for sale as GSH, the Government tentatively considered that housing units put up for sale as GSH should be counted towards the supply of PRH units.

9.13 Mr Andrew WAN and Dr CHENG Chung-tai queried why the Administration would count the flats provided under the future GSH projects towards the supply of PRH instead of subsidized sale flats. Dr CHENG noted from the Reply Serial No. THB(H)021 that the Administration's estimated PRH production for the next five years was 75,000 units, and enquired whether the number of new housing units produced by HA for PRH purpose in the next five years would be less
than 75,000 as part of the units would be sold under GSH. He further asked how the HA's initiative of regularizing GSH would affect the waiting time for PRH.

9.14 STH replied that after PRH tenants had purchased GSH flats, they were required to vacate their PRH units. For other GSH buyers such as PRH applicants who had passed the detailed eligibility vetting, their home ownership aspirations could be addressed earlier, thus enabling HA to allocate PRH units to other applicants with more pressing needs. The Government believed that while it would take some time to recover and refurbish the PRH units for re-allocation, GSH would not reduce the supply of PRH and would not have significant impact on the waiting time for PRH in the long run.

**Private housing**

9.15 Mr Jeremy TAM sought clarification on whether THB did not have the information requested in his question in Reply Serial No. THB(H)052, such as the number of transactions of private residential units by flat size, buyers' identity and districts. He enquired whether THB should maintain such information to assess the effectiveness of demand-side management measures introduced by the Administration. STH and PSTH(H) replied that although the Government did not maintain the various kinds of information requested in the question, relevant government departments had all along maintained the information that enabled the Government to assess the effectiveness of its demand-side management measures, such as the number of stamping applications received by the Inland Revenue Department in relation to acquisition of residential properties. Noting that according to Reply Serial No. THB(H)052, the Administration might obtain records of owners of property transactions from the Land Registry where necessary, Mr TAM requested the Administration to give a
supplementary reply to provide the information required in his original question based on the Land Registry's owners' records.

Size of residential units

9.16 Mr Kenneth LAU and Mr LAU Kwok-fan expressed concern about the prevalence of small-sized residential units, such as "nano flats", in the market over the recent years. Mr Kenneth LAU enquired whether the Administration would stipulate the minimum size of flats in Hong Kong. Mr LAU Kwok-fan opined that "nano flats" might not be suitable to serve as a residence, and members of the public purchased them because the prices of larger-sized flats were not affordable to them. He enquired whether the Administration should impose suitable land sale conditions on the minimum size of private flats sold by developers or the maximum number of small-sized flats to be provided under a property development project. Ms Alice MAK enquired whether the Administration would consider issuing guidelines or enacting legislation to impose a minimum standard on the size of flats.

9.17 In reply, STH said the Government agreed that the proportion of small flats in the new private housing supply had increased in recent years, and hoped that a continued increase in land supply would help improve the living space of housing units in future. Introducing guidelines or enacting legislation to stipulate the minimum flat size might limit the supply of flats to meet the demand of those who could not afford the prices of larger flats. The Government would continue to monitor the flat supply situation in the private residential market. Director of Lands advised that the land sale conditions currently did not include requirements on the size of flats to be provided by developers, and whether it was appropriate and feasible for the Government to add such requirements to the sale conditions was a matter that needed to be studied.
9.18 Mr LAU Kwok-fan enquired whether HA would take the lead in producing flats of larger size in order to help improve the average living space per person in Hong Kong. PSTH(H) replied that HA had an established standard for the average living space per person in its housing estates, and had put in place a policy on providing overcrowding relief to households in public housing estates.

9.19 Mr Kenneth LAU enquired about the saleable area of smallest flat among the residential flats completed in the past three years, and the estimated number of flats with a saleable area of less than 20 square metres in the next few years. He further enquired about the saleable area of smallest flat among the residential flats to be provided in the approved new housing projects. PSTH(H) replied that the Government would provide supplementary information to address Mr LAU's enquiries.

Prices of residential units

9.20 Mr Andrew WAN said that members of the public purchased "nano flats" because they could not afford the prices of larger flats, and the Administration should introduce effective measures to tackle the issue of high flat prices, rather than imposing minimum standard on the size of flats through land sale conditions. Mr LEUNG Che-cheung expressed concern about the incessant rise in residential property prices, and asked whether the current-term Government had any new measures to effectively increase housing supply.

9.21 STH replied that the Hong Kong's residential property market was affected by both local supply and demand situation as well as external economic factors, such as quantitative easing measures in major economies, abundant liquidity, etc. The Government had introduced various demand-side management measures to address market exuberances, and would continue to adopt the supply-led
strategy to avert the supply-demand imbalance. The Task Force had been consulting the public on 18 options to boost land supply, and the Government hoped that the consultation would result in a consensus in addressing the land shortage.

Use of sites acquired by the Urban Renewal Authority

9.22 Mr HO Kai-ming enquired whether the Administration would make use of the Housing Reserve to support the Urban Renewal Authority ("URA") to undertake development projects in its spade-ready sites in urban areas to provide public housing, including subsidized flats at prices affordable to the general public. Ms Alice MAK raised a similar enquiry and expressed disappointment at the Administration's lack of plans to make use of the Housing Reserve in support of the joint development projects with URA or HS to provide public housing. In view that the Administration all along expected that, with the Government's financial support and a capital injection of $10 billion, URA could achieve a break-even position with a cash balance of $10 billion, she enquired whether the Administration would allow URA to use its cash balance to finance its projects to provide public housing at its urban sites.

9.23 STH replied that the main obstacle impeding the progress of increasing public housing production was the shortage of land supply rather than the lack of funds. He undertook to relay members' views to DEVB for consideration. He said that if the redevelopment projects of URA were used to develop public housing, the Government and URA would have to carefully consider the impact of this change on the URA's self-financing mode of operation.
Starter Homes Pilot Scheme

9.24 Noting that the Administration would put up a residential site at Anderson Road, Kwun Tong for sale under the "Starter Homes" Pilot Scheme, Mr WU Chi-wai enquired about the organization responsible for implementing the scheme, and whether the Administration would invite URA to be the responsible organization. He further enquired whether the Administration would consider providing "Starter Homes" units at the urban sites acquired by URA. STH replied that the Government was working out the implementation of the pilot scheme with a view to announcing to the public the details around mid-2018. He undertook to relay to DEVB Mr WU's view that URA should take up the implementation of the scheme.

Transitional housing

9.25 Mr Andrew WAN said that in view of the shortfall in PRH supply, the Administration should take on more responsibilities in the provision of transitional housing for the inadequately housed families and households on the PRH waiting list. He enquired about the Administration's measures to increase the supply of transitional housing. STH replied that the Government had been keeping in view the implementation of various initiatives, such as exploring the wholesale conversion of industrial buildings into transitional housing and the feasibility of constructing pre-fabricated modular housing on idle sites, allowing the owners of subsidized housing to rent out their flats with premium unpaid to needy families, etc. He advised that as mentioned in the Policy Address delivered in October 2017, the Government would continue to support short-term community initiatives to increase the supply of transitional housing and would keep in view the effectiveness of these initiatives.
9.26 Mr Andrew WAN enquired whether the Administration would identify and designate more temporary sites for transitional housing use, such as the idle site in Lantau Island reserved for the Phase 2 development of the Hong Kong Disneyland, sites under short term tenancies ("STTs") of up to five years, etc.

9.27 STH advised that the Lands Department had published on its website the information on vacant government sites, including vacant school premises, which were available for application by non-government organizations ("NGOs") for use by STT. In his 2018-2019 Budget Speech, the Financial Secretary had announced that $1 billion would be set aside to subsidize the costs of works of the projects undertaken by NGOs to optimize the use of these vacant government sites.

Well-off Tenants Policies

9.28 Referring to Reply Serial No. THB(H)017, Mr LEUNG Che-cheung enquired whether apart from engaging 11 personnel through the "body-shopping" contract arrangement to handle the publicity work arising from the revised Well-off Tenants Policies, the Housing Department ("HD") had strengthened its staff establishment to cope with the administrative work relating to the implementation of the revised policies. He further asked about the number of PRH units that had so far been recovered from sitting tenants pursuant to the revised policies for reallocation to PRH applicants. PSTH(H) replied that besides engaging the 11 personnel for handling the increased publicity work, HD had been coping with other work relating to the policies, including the vetting of income and asset declaration forms received from tenants, with existing staff resources within its current establishment. HD would closely monitor the workload of its staff, and sought additional staffing resources in accordance with the established procedures as and when necessary.
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Outsourcing in government departments

9.29 Mr Tony TSE said that the Administration had set up an inter-bureaux/departmental working group chaired by the Labour and Welfare Bureau to examine ways of improving the existing mechanism of outsourcing in various government departments. He enquired whether the working group comprised representatives of HD. PSTH(H) replied in the affirmative, and advised that in line with its prevailing practice, HA would make reference to any new measures promulgated by the Government after the review, and consider incorporating these measures in its outsourcing policies.

9.30 In response to Mr Tony TSE's comment that the THB's response set out in Reply Serial No. THB(H)016 had not addressed the questions about the Government's guidelines for tendering of outsourced services revised in 2016, PSTH(H) explained that HD had not issued any guidelines in respect of outsourced services. Under Head 62, the department had only one contract for directly engaging outsourced cleansing service provider responsible for cleaning office premises and toilets, and since the contract amount of this outsourced cleaning service contract did not reach the threshold of procurement by tendering procedures, the guidelines for tendering of outsourced services were not applicable to HD.

Sales of First-hand Residential Properties Authority

9.31 Noting that of the 31 complaints received by the Sales of First-hand Residential Properties Authority ("SRPA") in 2017, 26 were related to the Residential Properties (First-hand Sales) Ordinance (Cap. 621) ("the Ordinance"), Mr Holden CHOW enquired about the prosecution actions taken by the Administration against vendors of first-hand residential properties since the implementation of the Ordinance and the penalties imposed on the convicted cases.
9.32 The Director of Sales of First-hand Residential Properties Authority replied that SRPA had all along monitored whether vendors had complied with the requirements of the Ordinance in the sales of first-hand residential properties, including the prohibitions against misrepresentation and/or dissemination of false or misleading information, and educated the public on the need to make well-informed decisions when buying properties. Since the commencement of the Ordinance, the Government had taken prosecution actions against the vendors of four residential developments. The charges were not related to misrepresentation and/or dissemination of false or misleading information, and were about contraventions of the provisions of the Ordinance in respect of various matters such as sales brochures. All these vendors had been convicted and fined. The Government would provide more details after the meeting.

Sale of overseas properties in Hong Kong

9.33 Mr James TO said that although the Administration had issued guidelines to remind local estate agent licensees of the matters they needed to comply with in handling the sale of uncompleted properties situated outside Hong Kong, such guidelines were not binding on the salespersons who were exempted from obtaining an estate agent's licence because of engaging exclusively in the sale of overseas properties. He enquired whether to protect Hong Kong buyers purchasing overseas properties, the Administration would study the regulation of sale of non-local properties in Hong Kong. STH replied that a person engaged in estate agency work exclusively in relation to properties outside Hong Kong and stated so in the relevant documents was exempted from the requirement for obtaining a local estate agent's licence. Relevant government departments would refer to the Police those cases involving complainants who alleged to have been cheated when purchasing overseas properties through property
sales agents or intermediaries. The Government considered that regulating the sale of non-local properties in Hong Kong through legislation involved complicated issues. It might be a more effective way to enhance public education with a view to reminding investors and the public the risks involved in purchasing non-local properties.

Mandatory Building Inspection Scheme

9.34 Referring to Reply Serial No. THB(H)001, Mr Tony TSE enquired why the Administration considered that the number of cases where statutory notices issued by the Independent Checking Unit ("ICU") under the Mandatory Building Inspection Scheme ("MBIS") expired but not yet discharged was at a reasonable level, and whether this was related to the relevant government department's manpower requirement to ensure compliance with such statutory notices. Head (Independent Checking Unit), Housing Department Permanent Secretary's Office ("H/ICU") replied that in considering whether the number of cases where MBIS notices expired but not yet discharged was at a reasonable level, ICU would take into account the difficulties encountered by the owners concerned in discharging the notices, such as whether the incorporated owners of the building concerned had yet to discharge the MBIS notice because they had difficulties in reaching a consensus on the implementation of a building maintenance programme. The manpower requirement for government departments was not a relevant factor. In response to Mr TSE's enquiry on whether the Government would take the initiative to provide technical advice to the owners concerned in discharging the MBIS notices, H/ICU advised in the affirmative.
Chapter X : Transport

10.1 At the Chairman's invitation, Mr Frank CHAN, Secretary for Transport and Housing ("STH") briefed members on the financial provisions and main initiatives related to the policy area of transport (Appendix IV-8).

Land Transport

Land transport infrastructures

Construction of the Hong Kong-Zhuhai-Macao Bridge

(a) Safety concerns

10.2 Ir Dr LO Wai-kwok noted that the design of the seawall of the artificial island of the Hong Kong-Zhuhai-Macao Bridge ("HZMB") Main Bridge had aroused wide public concerns recently. He pointed out that the HZMB Authority had used blocks of the same material (i.e. dolosse) in different areas to perform different functions. For example, dolosse placed on slopes above the water were mainly used for wave absorption, while those placed on top of and surrounding immersed tube tunnels under the water were mainly for protecting the immersed tube tunnels and reducing the damage caused by vessel crash. The aforesaid arrangement might be the cause of misunderstanding among the public. Ir Dr LO said that he and some members of the engineering profession concurred with the analysis and the conclusion made earlier by the Highways Department ("HyD") on the incident concerning the seawall of the artificial island of the HZMB Main Bridge, which confirmed that there was no question of collapse or break-up of the seawall of the artificial island.

10.3 Referring to Reply Serial No. THB(T)028, Dr KWOK Ka-ki pointed out that the safety issues concerning HZMB Hong Kong Section ("HKS") had been a cause for concern to different sectors of the community and the design and construction of the seawall of the artificial island of the HZMB Main Bridge had even become controversial recently. In this connection, he enquired how the Administration ensured the safety of HZMB. Dr KWOK also urged
the Administration to provide more detailed and specific information, such as the construction materials used and a list of the experts consulted, in order to allay public concern. In addition, Dr KWOK and Dr Helena WONG both suggested that the Administration should make arrangement for Legislative Council ("LegCo") Members to conduct a visit at HZMB, especially the site of the seawall of the artificial island of the HZMB Main Bridge, to enable them to better understand the construction of HZMB.

10.4 In response, STH stressed that the Administration always put works quality and safety as its top priority. In this regard, the Administration had been in close liaison with the HZMB Authority to ensure construction safety at HZMB. He pointed out that in response to the recent reports on the seawall of the artificial island of the HZMB Main Bridge, the HZMB Authority had issued press releases and provided detailed information and photos in order to illustrate the design and construction of the seawall of the artificial island to members of the community and allay the public concern over the safety of HZMB.

10.5 STH further said that the HZMB Authority had explained to HyD the design of the seawall of the artificial island of the HZMB Main Bridge. Having regard to various factors relating to the construction site and the results of physical modelling tests, HyD was of the view that the seawall concerned was safe in design. STH also remarked that as the works were now in full swing, the Administration could only arrange for LegCo Members to conduct a visit at HZMB at an appropriate time later.

10.6 Dr Fernando CHEUNG pointed out that following wide media coverage about the incident concerning the seawall of the artificial island of the HZMB Main Bridge, only the Director of Highways ("D of Hy") had conducted a visit on the artificial island concerned and given an explanation for the incident. This was not sufficient to allay the public concern over the safety of HZMB. He enquired whether there was any representative from the Hong Kong side serving in the panel of technical experts for the HZMB Authority.
and whether the panel had evaluated the safety of HZMB HKS or offered technical advice on the design and construction of the seawall of the artificial island of the HZMB Main Bridge.

10.7 STH responded that the design and construction standards in Hong Kong, Zhuhai and Macao were suitably incorporated into the construction of HZMB according to the principle that higher standards should take precedence over lower standards. There was no question of collapse or break-up of the artificial island of the HZMB Main Bridge, nor were there any safety problems. D of Hy explained that the panel of technical experts of the HZMB Authority comprised over 40 experts, including two representatives from the Hong Kong side, who were a former Chief Highway Engineer and a professor at The University of Hong Kong respectively. In response to the further enquiry of Dr Fernando CHEUNG, D of Hy advised that the panel of technical experts, which did not meet frequently, had not convened a meeting to discuss the incident concerning the seawall of the artificial island of the HZMB Main Bridge.

(b) Maintenance costs

10.8 Referring to Reply Serial No. THB(T)025, Mr CHAN Chi-chuen was concerned that now that HZMB HKS (i.e. the Hong Kong Port ("HKP") and the Hong Kong Link Road ("HKLR")) had not yet commissioned, the Administration had estimated that the expenditure for the maintenance of HZMB HKS in 2018-2019 was about $269.6 million. He requested the Administration to elaborate how the estimate was arrived at. In addition, Mr CHAN also pointed out that the expenditure on the maintenance of HZMB HKP accounted for about 0.5% of the project cost while that of the non-railway parts of HKS of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") accounted for about 0.09% of the project cost. He enquired why the maintenance costs of HZMB HKS were higher than those of HKS of XRL.
10.9 D of Hy responded that when the Administration prepared the budget for the financial year 2018-2019, the commissioning date of HZMB had not yet been finalized, and HyD therefore made the estimate on the basis that HKLR and HKP of HZMB would be in operation throughout the new financial year, i.e. for 12 months. D of Hy further said that the maintenance costs of HZMB, which covered mainly two parts, i.e. HKLR and HKP, were higher than those of general road projects. The former covered the costs of daily cleansing and inspection and routine maintenance of HKLR, while the latter covered the costs of management, operation and maintenance of most of the common facilities in HKP, including electricity bills and other expenses for various ancillary buildings. In this respect, the Administration estimated that the maintenance costs of HKLR and HKP of HZMB in 2018-2019 were $143.9 million and $125.7 million respectively.

10.10 Sharing Mr CHAN Chi-chuen's concern, Mr CHU Hoi-dick pointed out that the Administration made financial contributions to the construction of HZMB, which involved substantial public funds. He therefore requested the Administration to give members and the public a clear account of the maintenance costs of the HZMB Main Bridge. STH responded that the entire HZMB project consist of two parts, i.e. the HZMB Main Bridge situated in Mainland waters which was being taken forward by the HZMB Authority, and the link roads and boundary crossing facilities under the respective responsibilities of the three governments. The maintenance costs of the HZMB Main Bridge were borne by the HZMB Authority. The Chairman requested the Administration to provide written response to the enquiries from Mr CHAN and Mr CHU after the meeting.

Construction of Tseung Kwan O – Lam Tin Tunnel

10.11 In response to the enquiry of Ms YUNG Hoi-yan about Reply Serial No. THB(T)131, Deputy Secretary for Transport and Housing (Transport) said that the construction of Tseung Kwan O – Lam Tin Tunnel was in good progress and it was anticipated that the project would be completed in 2021. The Administration would also strive to
expedite the progress in order to complete the works as early as possible.

New railway projects

10.12 Referring to Reply Serial Nos. THB(T)098 and THB(T)091 respectively, Ir Dr LO Wai-kwok and Mr CHAN Han-pan were concerned that the railway projects implemented by the Administration earlier were completed or near completion, but the seven new railway projects recommended in the Railway Development Strategy 2014 ("RDS-2014") had yet to be implemented. They were worried that the failure to implement railway projects in succession might result in underemployment or even unemployment of construction workers.

10.13 Ir Dr LO Wai-kwok also said that RDS-2014 did not cover the proposal for a Coastal Railway between Tuen Mun and Tsuen Wan ("Tuen Mun to Tsuen Wan Link"), to the disappointment of quite a number of members of the trade and local residents. He urged the Administration to reconsider constructing the Tuen Mun to Tsuen Wan Link when taking forward the Strategic Studies on Railways and Major Roads beyond 2030 ("RMR2030+ Studies") so as to meet the transport demand arising from future developments in New Territories West. STH responded that the RMR2030+ Studies would examine the planning for the transport infrastructure (including railways and major roads) in Hong Kong between 2031 and 2041 (or beyond), based on the latest planning information available.

10.14 Mr Kenneth LAU noted from Reply Serial No. THB(T)030 that the MTR Corporation Limited ("MTRCL") had submitted to the Administration the proposals for the Tuen Mun South Extension, the Northern Link (and Kwu Tung Station) and the East Kowloon Line. In order to avoid serious cost overruns that plagued railway projects such as HKS of XRL, he suggested that the Administration should enhance the implementation approach for new railway projects, such as including a clause to impose a cap on cost overruns.
Chapter X : Transport

10.15 STH replied that two implementation approaches were mainly adopted for railway projects in recent years, namely the "concession approach" and the "ownership approach". Under the "concession approach", the Administration was responsible for the construction costs of the railway projects while MTRCL was entrusted with the planning, design and construction of the projects. Under the "ownership approach", MTRCL was responsible for the financing, design, construction and operation of the railway projects and would own those railways. The Administration would keep an open mind about the implementation approach to be adopted for new railway projects.

Public transport fares

MTR fares

10.16 Referring to Reply Serial No. THB(T)139, Mr CHAN Han-pan pointed out that MTRCL increased the fares every year according to the Fare Adjustment Mechanism ("FAM") despite its handsome profits. In view of this, he suggested that the Administration should make reference to the fare adjustment arrangement for franchised buses and consider other factors, in addition to the outcome of a direct-drive formula, in determining the adjustment rate of MTR fares.

10.17 Permanent Secretary for Transport and Housing (Transport) ("PS(T)/THB") responded that the existing FAM had been put in place since the rail merger in 2007 to replace the fare autonomy MTRCL until then enjoyed. Under FAM, fare adjustments of MTRCL were made through the aforesaid direct-drive formula that took into account economic figures released by the Government. Moreover, the Administration and MTRCL also conducted regular reviews on FAM to better respond to the public concern about the MTR fare adjustments.
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Public light bus fares

10.18 Mr CHAN Han-pan noted from Reply Serial No. THB(T)140 that when calling for increasing the seating capacity of public light buses ("PLBs") to 19, PLB trade associations had promised not to increase the fares after the increase in seating capacity. However, since the maximum seating capacity of PLBs increased from 16 to 19 in July 2017, the Transport Department ("TD") received fare adjustment applications for a number of green minibus ("GMB") routes. He urged the Administration to step up its gatekeeping role in order not to increase the burden of transport expenses on the public.

10.19 Commissioner for Transport ("C for T") responded that when considering the fare increase applications from GMB operators, TD would, on a case-by-case basis, carefully take into account various relevant factors (including the financial conditions of GMB operators; the service quality and service improvement plan; the availability of other public transport services with similar routing and their respective fares; and passengers' acceptability), and collect views of members of the local community through District Offices. Regarding the latest situation of fare increase applications in respect of GMB routes received in 2017-2018, TD had approved 50 applications and was processing 123 applications. TD had also rejected 14 applications.

Public Transport Fare Subsidy Scheme

10.20 In response to the enquiry of Dr CHIANG Lai-wan, STH advised that the Administration received views from members of the Panel on Transport on the Public Transport Fare Subsidy Scheme in October 2017 and January 2018. Meanwhile, the Administration also noted the views expressed by members of the public and public transport trades on the proposed Scheme. Having considered the views of various sectors, the Administration was currently taking forward the preparatory work of the Public Transport Fare Subsidy Scheme with a view to implementing the Scheme in early 2019 to relieve the fare burden on the public.
Public transport services

Railway services

10.21 Referring to Reply Serial No. THB(T)091, Mr CHAN Han-pan and Mr Wilson OR were both concerned that the current loading of five MTR heavy rail lines (namely the West Rail Line, the Island Line, the Kwun Tong Line, the Tsuen Wan Line and the Tung Chung Line) was already higher than 100% during the peak hours. In order to alleviate the crowdedness on MTR trains, Mr CHAN urged the Administration to expedite the implementation of new railway projects, while Mr OR suggested that the Administration should review the calculation method for the maximum carrying capacity of train compartments and formulate short, medium and long-term solutions.

10.22 PS(T)/THB replied that in recent years, MTRCL had been offering the Early Bird Discount Promotion which aimed to encourage passengers to take MTR before the peak hours so as to relieve the heavy train loading situation during the morning peak on the busiest sections of the network. In addition, the replacement of the signalling systems of the Tsuen Wan Line, the Island Line and the Kwun Tong Line was underway, while that of other railway lines would commence one after another. Upon the full completion of the replacement in 2026, the overall carrying capacity of the railway lines concerned would increase by about 10%.

10.23 Deputy Secretary for Transport and Housing (Transport) 2 added that MTRCL was committed to alleviating the crowdedness in train compartments and on platforms. Apart from the aforesaid measures, MTRCL was also studying how to relieve passenger flow during the peak hours, such as increasing the frequency of train services and strengthening the management of passenger flow. Besides, all train compartments on the existing MTR railway lines were designed based on the industry standards prevailing at the time of the construction of railway lines, and the maximum carrying capacity of train compartments was calculated based on an accommodation of up to six persons (standing) per square metre ("ppsm") on average. In order
to provide passengers with a more comfortable riding environment, the service level of the new railway lines to be constructed would be pitched at a service benchmark of four ppsm.

**Hire car services**

10.24 Mr Frankie YICK was concerned that the use of cross-boundary private cars for illegal carriage of passengers for reward had become increasingly rampant, but according to the Police, there was no prosecution in respect of cross-boundary private cars used for carriage of passengers for hire or reward without hire car permits ("HCPs") in the past three years. In this connection, Mr YICK urged the Administration to step up its efforts in combating the use of cross-boundary private cars for illegal carriage of passengers for reward.

10.25 STH responded that the Hong Kong Police Force had been closely monitoring the situation of carriage of passengers for hire or reward without HCPs, including cases involving cross-boundary private cars. The Police would gather intelligence, investigate reported cases and complaints, and take appropriate enforcement actions (including "sting operations") based on the circumstances of individual cases. STH also advised that the Bureau would maintain communication with the Police to ameliorate the situation of illegal carriage of passengers for reward.

**Non-franchised bus services**

10.26 Mr POON Siu-ping noted from Reply Serial No. THB(T)205 that among the 1,397 route modification and other improvement items concerning non-franchised operators (including green minibus, residents' service, etc.) in 2017, 20 were route modification items in respect of residents' service proposed by operators of non-franchised buses ("NFBs"). Mr POON enquired about the total number of route modification applications in respect of residents' service received by TD from NFB operators, the number of rejected applications among them, and the reasons for rejection. C for T agreed to provide written
response after the meeting.

Alleviating road traffic congestion

10.27 Ms Claudia MO noted from Reply Serial No. THB(T)194 that the number of first registered diesel private cars went up from 1,896 in 2016 to 4,246 in 2017, representing an increase of almost 250%. In view of this, she enquired about the Administration's measures to curb the growth of private cars, such as raising the first registration tax for private cars. Besides, given that the total number of applications for direct issue of Hong Kong full driving licences without test on the strength of Mainland driving licences was as high as 260,000, she was worried that a large number of cross-boundary private cars travelling between Guangdong and Hong Kong would aggravate the road congestion problem in Hong Kong.

10.28 C for T responded that the average annual growth rate of licensed private cars was about 4% over the past five years and the growth trend was not sustainable. The Administration attached great importance to alleviating road traffic congestion and had also been taking forward progressively the host of short, medium and long-term recommendations proposed by the Transport Advisory Committee in its Report on Study of Road Traffic Congestion in Hong Kong.

10.29 STH also pointed out that the Administration would actively explore measures to manage the fleet size of private cars as recommended in the aforesaid report, including fiscal measures, in order to effectively control the growth rate of private car fleet. Deputy Secretary for Transport and Housing (Transport) 3 added that as most of the cross-boundary private cars travelling between Guangdong and Hong Kong were Hong Kong private cars and only a few were Mainland private cars, it was believed that the road traffic condition in Hong Kong would not be affected.
10.30 Dr CHIANG Lai-wan pointed out that the road traffic condition in Hong Kong was worsening and the large number of vehicles was the main cause of road traffic congestion. In this connection, she urged the Administration to expeditiously implement the measures recommended in the Report on Study of Road Traffic Congestion in Hong Kong and consider constructing a fourth road harbour crossing to alleviate road traffic congestion.

10.31 Referring to Reply Serial No. THB(T)170, Mr LAM Cheuk-ting was concerned that the number of licensed private cars had increased by as much as 49% over the past decade, which had caused road traffic congestion. In view of this, he suggested that the Administration should, by making reference to the experience in other places such as Singapore, impose a cap on the number of licensed private cars and introduce fiscal measures to effectively control the growth of licensed private cars, with a view to alleviating the traffic congestion in Hong Kong.

10.32 STH responded that the Administration understood that the continuous growth of licensed private car fleet would result in traffic congestion and the aggravation of roadside air pollution; at the same time, it had to take into account the demand of the public for private cars, especially those residing in remote areas. In order to strike the right balance, the Administration would actively study the introduction of appropriate fiscal measures to, on one hand, control the growth of private car fleet and, on the other hand, continue to meet the demand of some members of the public who chose private cars for commuting.

Parking policy

10.33 In response to the enquiry of Mr CHAN Han-pan about Reply Serial No. THB(T)147, C for T said that TD commenced a consultancy study on parking for commercial vehicles ("CVs") in December 2017 for completion in 2019. The study would, with reference to the requirements of the Hong Kong Planning Standards and Guidelines, assess the parking demand of CVs by district and formulate short to long-term measures to address the demand.
10.34 Referring to Reply Serial Nos. THB(T)204 and THB(T)206, Mr POON Siu-ping urged the Administration to expeditiously alleviate the problem of insufficient CV parking spaces. For example, when the assessment on the parking demand of CVs in some districts was completed under the consultancy study on parking for CVs, the Administration should introduce improvement measures in those districts as soon as possible, instead of pending the completion of the study on all districts. Mr Frankie YICK said that the Administration should enhance communication with the trades and expedite the process of identifying on-street overnight parking spaces for CVs. In addition, he also suggested advancing the provision of on-street overnight metered parking spaces for CVs from 12:00 midnight to 10:00 pm.

10.35 C for T replied that the Administration had strived to tackle the problem of insufficient CV parking spaces. For example, since 2015-2016, TD had identified and proposed a total of 457 on-street overnight CV parking spaces. As at February 2018, TD had provided 137 additional overnight parking spaces at suitable on-street locations. As for the effectiveness of the measures to increase the supply of parking spaces, C for T advised that in 2017-2018, the numbers of additional parking spaces for private cars/taxis/van-type light good vehicles, goods vehicles and coaches/buses/light buses were 7,861, 370 and 151 respectively. Furthermore, the Administration would also actively consider Mr YICK's views on adjusting metered parking hours to facilitate the use of on-street overnight CV parking spaces by CV drivers.

10.36 Referring to Reply Serial Nos. THB(T)153 and THB(T)156, Mr Tony TSE said that despite an increase in the number of the above parking spaces, the rapid increase in the number of vehicles had led to demand outstripping supply of parking facilities. Moreover, Mr TSE noted that TD planned to enhance the access control systems and licence plate recognition systems of all government multi-storey car parks progressively from 2018-2019, but the Administration was still preparing the tender documents for the projects concerned at this stage. He urged the Administration to expedite the progress of the tender
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exercises concerned, encourage the adoption of real-time parking information systems in more public car parks to disseminate parking vacancy information to the public and quicken the pace of implementing "Smart Mobility".

10.37 STH responded that the Administration would encourage owners or operators of existing public car parks to provide real-time parking vacancy information using technology solutions to facilitate drivers to find parking spaces. C for T advised that TD was working with the Electrical and Mechanical Services Department on the tendering and selection work for the installation of a new generation of on-street parking meters, with the installation of the first batch of new parking meters targeted for completion in 2019-2020. C for T also advised that currently, parking vacancy information of about 70 government and commercial public car parks was disseminated to the public through "Hong Kong eRouting" mobile application, and the coverage would be extended to about 160 more public car parks, most of which were those managed by Link Real Estate Investment Trust ("Link REIT"), within this year. TD would also introduce practical technology solutions to car park operators to facilitate their adoption of suitable options to collect and disseminate relevant data.

Enhancing pedestrian accessibility

10.38 Mr Kenneth LAU noted from Reply Serial No. THB(T)026 that the Universal Accessibility Programme ("UA Programme") did not cover housing estates managed by the Hong Kong Housing Authority and premises managed by Link REIT, but quite a number of those who frequently went in and out of such housing estates and premises were the elderly or the mobility impaired. Therefore, Mr LAU suggested that the Administration should consider further expanding the programme to address the public's needs for barrier-free access facilities. Sharing Mr LAU's views, Mr Wilson OR urged the Administration to expedite the construction of elevator systems in Kowloon East (including Chuk Yuen Estate in Wong Tai Sin and Tak Tin Estate in Lam Tin) to facilitate access to such premises and the use of government services and facilities by those in need.
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10.39 STH replied that although the housing estates and premises mentioned by Mr Kenneth LAU fell outside the ambit of the existing and expanded UA Programme, the Administration would endeavour to make coordination efforts, such as referring the relevant proposals to the relevant organizations for consideration and follow-up. In addition, as the District Councils had now nominated a certain number of walkways for implementation under the UA Programme, the Administration would first focus on the implementation of the relevant items. In the course of delivering the UA Programme, the Administration would keep accumulating experience and, depending on the actual circumstances in the future, explore if there was any scope for further expanding the ambit of the UA Programme.

Police enforcement actions

10.40 Dr Helena WONG expressed concern about a traffic accident that occurred earlier during an police pursuit of a private car suspected of breaching the law on Fanling Highway, in which some members of the public whose vehicles were stopped not only sustained injuries in the accident but also received notices of intended prosecution issued by the Police recently. She commented that this was extremely unreasonable and urged the Administration to review the relevant prosecution system. STH replied that since the Police were responsible for law enforcement, he would relay Dr WONG's views to the Police for consideration.

Sea Transport

10.41 Given the severity of road traffic congestion, coupled with the availability of vacant ferry piers, Dr Helena WONG suggested that the Administration should consider easing the burden on land transport by improving in-harbour ferry services. Moreover, apart from meeting the transport need, she suggested that the Administration should develop water taxi service in Hong Kong to enhance marine connectivity across the Victoria Harbour by ferrying local residents and tourists to sightseeing, shopping and leisure spots along the Victoria Harbour.
10.42 In response, STH said that the Administration would enhance in-harbour ferry routes services, subject to the actual transport need. In addition, the Commerce and Economic Development Bureau was exploring the feasibility of developing water taxi service in Hong Kong. He would refer Dr Helena WONG's views to the Bureau.

Air transport

Civil aviation matters

10.43 Referring to Reply Serial No. THB(T)002, Mr CHAN Chun-ying raised concern that to cope with the increasing workload and strengthen its monitoring work, the Civil Aviation Department ("CAD") would create in 2018-2019 five new posts of Operations Officer grade in the Flight Standards and Airworthiness Division. He asked whether the creation of such positions was adequate to improve the performance of CAD.

10.44 The Director-General of Civil Aviation ("DGCA") replied that the aforesaid new posts to be created were mainly for assisting the flight operations inspectors of CAD in monitoring Hong Kong air operators in respect of flight operations safety and standards. Apart from this, CAD would review, from time to time, its internal process and procedures with a view to improving its performance. As regards Mr CHAN Chun-ying's enquiry about the percentage of the aforesaid five new posts in the total establishment of CAD, DGCA undertook to provide the information after the meeting.

Regulation of unmanned aircraft systems in Hong Kong

10.45 Mr CHAN Chun-ying noted from Reply Serial No. THB(T)003 that to strengthen its work on unmanned aircraft systems ("UAS"), CAD would create five new posts, three of which were from internal redeployment. The expenses, including those for launching the public consultation and publicity on the safe operation of UAS, would also be absorbed under departmental expenditure. He asked whether other additional resources would be allocated by CAD for
education and publicity on the correct use of UAS.

10.46 In response, DGCA advised that CAD would continue with the promotion of safe UAS operations through various channels. Since October 2016, CAD had distributed safety leaflets to UAS operators as well as general public through major distributors, manufacturers, flying clubs/associations and Home Affairs Enquiry Centres of all 18 Districts. To reach out to a wider audience, CAD started to broadcast messages of safe UAS operation through television and radio programmes in May 2017.

10.47 In response to Mr CHAN Chun-ying's enquiry about the Air Services and Safety Management Division, DGCA explained that a dedicated office would be established under the Division, which would comprise two Senior Operations Officers, two Operations Officers and one Assistant Operations Officer. These five Operation Officers and the five Operations Officers in the Flight Standards and Airworthiness Division were separate pools of officers.

10.48 Referring to Reply Serial No. THB(T)019, Ms YUNG Hoi-yan asked, given the privacy issues involved in the regulation of UAS, whether the dedicated office mentioned by DGCA would maintain communication and liaison with the Office of the Privacy Commissioner for Personal Data ("PCPD") in this regard, so as to refine the prevailing regulatory regime. In addition, Ms YUNG also suggested that a legal professional grade be created in the dedicated office to provide legal advice on the regulation of UAS.

10.49 DGCA replied that CAD published a consultancy report in early April 2018 and launched a three-month public consultation on six key proposals made by the consultant regarding the UAS regulatory regime. Where some of the views to be collected were related to privacy issues, CAD would liaise and communicate with PCPD and jointly consider whether it was necessary to make appropriate amendments to the Personal Data (Privacy) Ordinance (Cap 486).
11.1 At the invitation of the Chairman, Mr LAU Kong-wah, Secretary for Home Affairs ("SHA") briefed members on the key areas of work of the Home Affairs Bureau ("HAB") in 2018-2019 (Appendix IV-9).

**Duty lawyer and legal aid services**

11.2 Mr Dennis KWOK and Mr HUI Chi-fung considered that the provision of pro bono legal advice services under the Free Legal Advice Scheme ("FLAS") of the Duty Lawyer Service ("DLS") was inadequate for those in need. Mr KWOK said that many legal professionals interested in providing these services were concerned about the coverage of the professional indemnity insurance of FLAS. Noting that currently four organizations/institutions provided pro bono legal advice services under FLAS in collaboration with DLS, Mr KWOK urged the Administration to expand the Scheme by collaborating with more similar organizations.

11.3 SHA advised that applications for collaboration with DLS would be considered on a case by case basis, taking into account, among other things, the background of the organization as well as the type and scope of the pro bono legal services that the organization intended to provide to its target groups. The Government was prepared to consider possible enhancement measures for FLAS. In response to Mr HUI Chi-fung's concern about the long waiting time for pro bono legal advice services, the Acting Permanent Secretary for Home Affairs ("Atg PSHA") said that the Government would continue to maintain liaison with DLS, the Hong Kong Bar Association and the Law Society of Hong Kong to encourage more volunteers to participate in FLAS. Besides, the Duty Lawyer Scheme under DLS provided legal representation to eligible defendants appearing in Magistrates’ Courts. To further enhance free legal advice service, an additional office under the Legal Advice Scheme for Unrepresented Litigants on Civil Procedures would be set up at the Wanchai Law Courts Building in addition to the existing office in the High Court Building.
11.4 Regarding the independent legal opinion sought by the Legal Aid Department from counsel in private practice on the merits of legal aid applications under section 9(d) of the Legal Aid Ordinance ("section 9 opinion"), Mr Dennis KWOK asked for a breakdown of the types of such cases. The Director of Legal Aid replied that, among the 58 cases on which opinion was sought on the merits of legal aid applications in 2017, 30 involved judicial review cases, three involved criminal cases and the rest involved other types of civil cases.

Arts and culture

Arts development

11.5 Referring to the provision of $140 million to the Leisure and Cultural Services Department ("LCSD") to support performances by local arts groups and artists in the Guangdong-Hong Kong-Macao Bay Area ("the Bay Area"), Dr KWOK Ka-ki enquired if the Administration would consider extending the support to cover cultural exchanges with other places. SHA advised that the provision of $140 million was dedicated to supporting local arts groups and artists for cultural exchanges in the Bay Area in the coming five years, while there were other support measures to support cultural exchange activities. The Financial Secretary had announced in his Budget Speech that, from 2018-2019 onwards, the recurrent provision would be increased progressively to $50 million to support Hong Kong's arts groups and artists to perform and stage exhibitions outside Hong Kong, and not restricted to the Bay Area.

11.6 Referring to part (d) of Reply Serial No. HAB062, Mr MA Fung-kwok enquired why only six out of the nine major performing arts groups ("MPAGs") had been approved under the first round exercise of the Art Development Matching Grant Pilot Scheme. The Deputy Secretary for Home Affairs (2) ("DSHA(2)") explained that the Pilot Scheme provided matching grants to eligible arts groups/organizations for the amount of donations and sponsorships they raised. The Pilot Scheme was originally designed in a way that more established arts groups would need to satisfy higher requirements as
compared to the less established ones so as to balance the needs of arts groups of different sizes. Some MPAGs were unable to receive the grant because they were unable to meet the minimum amount required for receiving matching grants under the Pilot Scheme. DSHA(2) said that as announced in the Budget Speech, the Government would consider relaxing the matching parameters of the Pilot Scheme. Following consultation with the Advisory Committee on Arts Development, the Government might implement changes to the matching ratio, floor and ceiling requirements to encourage donations/sponsorships from the business and private sectors in support of the development of arts groups.

Development of cultural facilities

11.7 Mr YIU Si-wing asked about the details of the government's plan of setting aside $20 billion for the improvement and development of cultural facilities. SHA replied that the plan would cover major projects such as the expansion of the Hong Kong Science Museum, Hong Kong Museum of History and Hong Kong City Hall. The estimated capital and recurrent costs and implementation schedule of the projects were being worked out and would be announced when ready.

11.8 Dr KWOK Ka-ki questioned if the planned expansion of the Hong Kong City Hall aimed to remove the colonial heritage there. SHA explained that the proposed expansion and renovation of the site aimed to provide additional performing and rehearsal facilities as well as to enhance the existing facilities to meet modern-day needs.

Library services

11.9 The Deputy Chairman raised concern that large proportions of library materials were withdrawn by the Hong Kong Public Libraries in the past years. He enquired how many of the 530 000 books withdrawn in 2016-2017 had never been borrowed. The Director of Leisure and Cultural Services ("DLCS") advised that all library items written off by LCSD were damaged and/or outdated. LCSD had
reviewed its procedure for withdrawing library materials and would examine how these materials (e.g. outdated items) could be better utilised. Following the review, the number of library books withdrawn in 2017-2018 (up to 28 February 2018) was reduced to about 140,000.

11.10 Mr IP Kin-yuen welcomed the launch of a three-month pilot scheme in the third quarter of 2018 to extend the opening hours on Sundays and public holidays in three selected public libraries to 8:00 pm. Mr KWONG Chun-yu enquired whether there was any plan to further extend the opening hours of these libraries beyond 8:00 pm to instil a reading culture across the territory. DLCS replied that the LCSD would carefully monitor the service demands following the launch of the pilot scheme.

11.11 Referring to part (e) of Reply Serial No. HAB188, Mr MA Fung-kwok asked about the government's position on the proposal to adopt a Public Lending Right system to promote local writing and publishing and strengthen the protection of intellectual property rights. SHA replied that LCSD would continue to work with local authors, the local publishing sector and other stakeholders to promote reading and literary arts in Hong Kong, with a view to finding ways to directly support local authors and benefit the long-term development of local literary arts.

Civic education and youth development

Promotion of national education

11.12 Mr Jimmy NG noted that HAB had been working with the Committee on the Promotion of Civic Education to promote civic education including national education outside schools and in the community. Referring to Reply Serial No. HAB054, Mr NG expressed concern that the expenditure on activities that were primarily related to the promotion of national education had decreased from $13.5 million in 2014-2015 to $7.9 million (estimated) in 2018-2019. Atg PSHA explained that the actual expenditure for 2016-2017
included an allocation for the Funding Scheme for Exchange in Belt and Road Countries, which had then been transferred to another expenditure item during the subsequent years. He assured members that the expenditure on national education activities undertaken by HAB had not been reduced.

Hostels for working youth

11.13 Mr Jimmy NG raised concern about the slow progress of implementing the Youth Hostel Scheme ("YHS"). SHA replied that six YHS projects were currently under planning and the first youth hostel would be completed in 2019 the earliest. The government was focusing on meeting the target of providing 3,000 youth hostel units. Given the land shortage, HAB had been encouraging different non-governmental organizations to consider developing youth hostels on existing sites in their hands.

Youth exchange and internship programmes

11.14 Noting from Reply Serial No. HAB001 that the estimated total expenditure on international youth exchange programmes would increase from $5 million in 2017-2018 to $15 million in 2018-2019, Mr IP Kin-yuen and Ms Claudia MO expressed concern that the provision for these programmes was still far less than the funding set aside for youth exchange programmes conducted in the Mainland under the Funding Scheme for Youth Exchange in the Mainland ("YEFS"). Mr IP asked whether there was any plan to expand international youth exchange programmes to encourage young people to broaden their horizons and international perspectives through participation in overseas exchanges.

11.15 SHA explained that international exchange programmes rolled out in the past (e.g. the International Youth Exchange Programme) involved two-way exchange visits subject to bilateral agreements between HAB and overseas partners, whereas the implementation of the new Funding Scheme for International Youth Exchange provided more overseas exchange opportunities to Hong
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Kong young people. HAB expected that the number of participants in international youth exchange programmes would continue to rise steadily. SHA added that the estimated total expenditure for YEFS and the Funding Scheme for Youth Internship in the Mainland was $120 million for 2018-2019.

Sports

District Sports Programmes Funding Scheme

11.16 Mr Andrew WAN sought details of the five-year District Sports Programmes Funding Scheme. The Commissioner for Sports ("C for S") advised that the Scheme would provide additional financial support to District Sports Associations in the 18 districts for enhancing their district sports programmes, which could complement the existing community sports programmes organised by LCSD and the relevant "national sports associations" ("NSAs"). In response to Mr WAN's further enquiry, C for S advised that the improvement works at the Hong Kong Jockey Club International BMX Park in Kwai Chung was funded by the Cycling Association of Hong Kong, China.

Sports facilities

11.17 Mr KWONG Chun-yu and Mr HUI Chi-fung raised concern that, despite the widespread media coverage, LCSD was unable to substantiate any touting cases in relation to the booking of sports facilities or venues of LCSD in the past three years according to Reply Serial No. HAB170. They called on the government to step up measures for eliminating touting activities to meet the needs of users and prevent abuse of these facilities. SHA and DLCS explained that upon receipt of any report of suspected touting activities, LCSD would duly follow up. Such cases would be confirmed if there was evidence substantiating the claims. In response to Mr HUI's enquiry, DLCS thanked LegCo for its funding support for LCSD to develop a new intelligent sports and recreation services booking and information system with system revamp to help curb touting activities.
11.18 Mr WU Chi-wai raised concern that the first/second generation artificial turf football pitches ("carpet" pitches) under the management of LCSD might easily cause injuries to the players. At Mr WU’s request, DLCS undertook to provide the schedule of converting these pitches into the newer third generation pitches after the meeting.

Gay Games 2022

11.19 With reference to Reply Serial No. HAB002, Mr CHAN Chi-chuen enquired about the support provided by the Administration in relation to the hosting of the Gay Games 2022 in Hong Kong. SHA advised that LCSD would process applications for the booking of sporting venues and facilities when such applications were received from the applicant organization of the Gay Games 2022 according to the prevailing procedures. The applicant organization might seek support from the Sports Federation and Olympic Committee of Hong Kong, China and the relevant NSAs in staging the event. C for S added that LCSD would render assistance in booking the sporting venues and facilities once the applicant organization had finalised the scale and scope of the event.

Support for elite athletes

11.20 Mr LUK Chung-hung enquired whether there was any plan to further strengthen the financial support for elite athletes and for popular, non-elite team sports such as football and basketball. C for S advised that on top of the $1 billion injection into the Elite Athletes Development Fund ("EADF") announced in January 2017, the government would inject another $5 billion, bringing the total to $6 billion, into EADF to provide greater support for elite athletes. The total balance of EADF would be increased to over $11 billion following the additional injection. The funding allocation from EADF to the Hong Kong Sports Institute ("HKSI") had increased from over $200 million in 2012-2013 to over $500 million in 2018-2019 to meet the financial needs of HKSI. For non-elite sports, the government launched the five-year development programme for team sports and
could provide an estimated additional funding of $130 million to eight NSAs (including basketball) in the coming five years to formulate and implement training programmes for Hong Kong representative teams. A subsidy of $4,000 per month would also be offered to each member of the Hong Kong representative team. In addition, the government had set aside over $20 million each year for the Hong Kong Football Association for the implementation of its Five-Year Strategic Plan.

**District administration**

11.21 Mr YIU Si-wing welcomed the government's plan to create 45 additional posts in 2018-2019 to strengthen the manpower support for district administration work with a view to enhancing the effectiveness of the District Administration Scheme. He sought details of the plans to improve the ancillary tourist facilities, such as public toilets, signage for visitors and campsites, and to enhance co-ordination across bureaux/departments in promoting eco-tourism.

11.22 The Director of Home Affairs ("DHA") explained that the District Facilities Management Committees under District Councils ("DCs") provided a platform which would facilitate collaboration among relevant bureaux/departments and DCs in the management of district facilities. DCs could also initiate minor works projects funded by the District Minor Works programme to improve the living environment and hygienic conditions in the district. For more complex works proposals, District Officers would put them forth to the relevant bureaux/departments for consideration and follow-up as appropriate.

11.23 Mr Andrew WAN sought details of the Budget's initiative of setting aside $8 billion to improve district facilities and measures. SHA advised that the Budget initiative of setting aside $8 billion for carrying out works projects aimed at speeding up the progress of works projects long desired by the districts, such as building community halls and improving pedestrian links. Having considered district feedbacks, HAB had identified one such works project for each of the 18 districts.
11.24 Mr SHIU Ka-chun considered that youth councils under DCs should be reinstated to encourage youths to participate in public administration. SHA replied that as all appointed seats in DCs had been abolished, young people had been given more opportunities to participate in politics and serve the community. Moreover, young members had been appointed through the Pilot Member Self-recommendation Scheme for Youth to the newly-established Youth Development Commission chaired by the Chief Secretary for Administration.

Building management

11.25 Mr WU Chi-wai expressed concern about the heavy workload of the Home Affairs Department ("HAD") staff in building management and the government's plan to strengthen the manpower in this regard. DHA advised that in 2018-2019, 10 additional Liaison Officers ("LOs") (at the rank of Senior LO) would be deployed in building management duties, of whom nine would be assigned to District Building Management Liaison Teams and one would be stationed at the HAD headquarters. HAD would continue to deploy experienced LOs to provide support to owners' corporations ("OCs") and property owners in resolving disputes, assisting in the formation of OCs, providing advice on the conduct of meetings to newly formed OCs, etc. through measures such as the Pre-Meeting Advisory Service. The part-time Community Organizers would also underpin LOs in conducting the relevant liaison work.

Support service centres and cold shelters

11.26 With reference to Reply Serial No. HAB131, Mr SHIU Ka-chun expressed dissatisfaction that no support service centre ("SSC") for ethnic minorities was provided in some districts (e.g. Kowloon City) with relatively large number of ethnic minorities residing therein. In addition, Mr SHIU expressed concern that social workers were not allowed in temporary cold shelters run by HAD to provide services to the users.
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11.27 **DHA** advised that SSCs and their sub-centres provided services on a territory-wide basis and there were no service boundaries. That said, HAD would review the services provided by SSCs and their sub-centres from time to time. As regards temporary cold shelters, **DHA** advised that having regard to the privacy of shelter users and in a bid to minimise disturbance to other users, HAD would not make arrangements for particular persons to visit the users.
Chapter XII : Commerce, Industry and Tourism

12.1 At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the financial provisions and the main initiatives under the commerce, industry and tourism portfolio for the 2018-2019 financial year (Appendix IV-10).

Commerce and industry

Development of local industries

12.2 The Deputy Chairman said that the Administration should promote the development of new industries on top of enhancing the four pillar industries. Pointing out that the current share of cultural and creative industries in gross domestic product and the number of persons employed in those industries were comparable to some of the pillar industries, coupled with the fact that some cities in the Guangdong-Hong Kong-Macao Bay Area ("Bay Area") had set targets for the development of cultural and creative industries, he considered that cultural and creative industries had potential to become the fifth pillar industry. The Deputy Chairman also pointed out that Hong Kong could, in promoting its sports industry, make reference to the development of sports industry on the Mainland which had a total output of up to RMB 2 trillion in 2016. For example, the Administration might consider constructing a multi-purpose motor racing circuit at Sunny Bay for hosting major international sports events. The Deputy Chairman further enquired whether the Administration would review its policies on the development of the four pillar industries.

12.3 Concurring with the Deputy Chairman's suggestion for developing new pillar industries, SCED pointed out that, as stated in the Policy Address, the Administration would develop new areas of economic growth and create new impetus for local economy, which included, among others, the development of cultural and creative industries, convention and exhibition industry, sports industry etc. SCED advised that the Administration was developing e-sports industry. It was also working to develop Sham Shui Po as a traditional
base for apparel and fabrics as well as a breeding ground for young
designers to promote the development of fashion design industry and
turn the landmark of the district into a tourist hotspot to create new
impetus for Hong Kong's economy.

Convention and exhibition venues

12.4 Mr YIU Si-wing said that the Hong Kong Convention and
Exhibition Centre and the AsiaWorld-Expo ("AWE") had turned down
a total of 112 applications of exhibition events/conferences in 2017 due
to shortage of venues, but more convention and exhibition business
opportunities were expected to arise following the commissioning of
the Hong Kong-Zhuhai-Macao Bridge. He asked whether the
Administration would begin to explore the expansion of AWE in order
to address the problem of shortage of convention and exhibition
venues.

12.5 Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism) ("PS/CED(CIT)"
advised that the Administration was considering the current convention
and exhibition business and operation, future operating performance
forecast, cost effectiveness, support facilities and financial arrangement
etc. of AWE for onward study of the Phase 2 expansion of AWE. The
Administration would also proceed with the plan of constructing a new
convention centre atop the Exhibition Station of the Shatin to Central
Link.

e-Commerce

12.6 Mr CHAN Chun-ying enquired about the number of local
small and medium enterprises ("SMEs") and frequent users of
hktdc.com among the 1.8 million registered buyers of the e-commerce
platform "hktdc.com Small Orders" launched by Hong Kong Trade
Development Council ("HKTDC"). He further asked about the
Administration's input of resources each year for the development of
e-commerce, particular for promoting e-commerce to the SMEs.
12.7 PS/CED(CIT) advised that there were a total of some 330,000 SMEs in Hong Kong, representing over 98% of all enterprises in Hong Kong, and HKTDC's services were also mainly targeted at SMEs. The Administration estimated that SMEs were the major users of hktdc.com. The Budget proposed to allocate an additional provision of $50 million to HKTDC to support its promotion of e-commerce and other initiatives.

12.8 Mr Holden CHOW suggested that the Administration should compile statistics on the annual total mail and air cargo volume involving cross-boundary e-commerce handled in Hong Kong in order to facilitate the development of e-commerce after the redevelopment of the Air Mail Centre ("AMC") at the Hong Kong International Airport at Chek Lap Kok. The Postmaster General advised that at present, the volume of transit small packets, most of which were believed to be e-commerce related, handled by AMC constituted approximately 40% of the total air mail traffic handled by AMC. As under the current industry practice, shippers or consignees were not required to provide information as to whether the shipment involves e-commerce or otherwise, the Airport Authority Hong Kong did not have information on the percentage of air cargo involving cross-border e-commerce.

Trade Single Window

12.9 Mr Frankie YICK was disappointed with the Administration's remark that in the development of the Trade Single Window ("TSW"), providing connectivity between Hong Kong's TSW and those of other jurisdictions (including the Mainland) involved arrangements in the longer term. Mr YICK considered that Hong Kong's TSW must connect with the TSW to be fully implemented on the Mainland by 2020 should Hong Kong wish to compete with other countries (such as Singapore) under the Belt and Road Initiative for becoming a transshipment centre for member countries of Association of Southeast Asian Nations and to provide one-stop services (such as financial and legal services) to these countries. He asked the Administration whether the TSW to be fully launched in 2023 would be able to connect with the TSW of the Mainland.
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12.10 PS/CED(CIT) advised that Phase 1 of the TSW would be launched in mid-2018, and Phases 2 and 3 would be launched as soon as practicable. The Administration would work hard to take forward the relevant work. In designing and developing the system, the Government would take into account the future need for connectivity between Hong Kong's TSW and those of other jurisdictions (including the Mainland). The Government would also maintain liaison with the relevant Mainland authorities in order to gain an understanding of the Mainland's work on the development of the TSW so that it might explore suitable connectivity arrangement when necessary. The Administration would report the latest progress to the Panel on Commerce and Industry at its regular meeting in May 2018.

Investment promotion

12.11 Mr Charles Peter MOK enquired about the Administration's measures to further attract overseas enterprises to set up regional headquarters or regional offices in Hong Kong, and expressed concern about the division of work and coordination among various bureaux and relevant organizations (such as Invest Hong Kong ("InvestHK") and Cyberport) with respect to attracting overseas enterprises to invest and develop in Hong Kong.

12.12 SCED advised that InvestHK had been collaborating with various bureaux with a view to attracting target enterprises to invest and set up a presence in Hong Kong. Director-General of Investment Promotion added that InvestHK was committed to promoting investment through various means and collaboration with relevant organizations (such as Cyberport and Hong Kong Science and Technology Parks Corporation etc.) to attract overseas enterprises to invest in Hong Kong.

12.13 Mr WU Chi-wai said that while both the overseas Economic and Trade Offices ("ETOs") and InvestHK were responsible for investment promotion, their key performance indicators were different. He suggested that a review be conducted on the performance indicators of ETOs, and that work performance instead of work arrangement be
adopted as the key performance indicator for investment promotion, so as to accurately reflect the performance of ETOs in terms of investment promotion.

12.14 SCED advised that ETOs performed a wide range of functions and were assigned different focuses and priorities. Moreover, not all ETOs had set up investment promotion team. It was therefore inappropriate for ETOs to use the same performance indicators as InvestHK. The Bureau would develop suitable performance indicators for ETOs in the light of actual circumstances.

Belt and Road Initiative

12.15 Mr Martin LIAO enquired how the Administration would promote Hong Kong's professional services to countries along the Belt and Road. Mr Christopher CHEUNG and Mr SHIU Ka-fai expressed concern about how HKTDC would assist local businesses to participate in the Belt and Road Initiative for the development of new market. Mr CHEUNG also expressed support for the Administration to continue with its efforts to pursue further liberalization of securities services under the Mainland and Hong Kong Closer Economic Partnership Arrangement.

12.16 SCED said that, through direct participation of professional bodies in various platforms (such as seminars and overseas visits), the authorities hoped to encourage professional bodies to co-organize events with business associations for promoting the development of Hong Kong's professional services in countries along the Belt and Road. HKTDC had been a major partner in promoting Hong Kong businesses' participation in the Belt and Road Initiative. It had established the Belt and Road Committee comprising representatives from various business associations to promote participation of various sectors of Hong Kong in the Belt and Road construction. The Budget also proposed to provide a total of $250 million additional funding to HKTDC in five years to support the work of HKTDC. PS/CED(CIT) supplemented that HKTDC would continue to conduct overseas visits and studies with chambers of commerce to further develop overseas
12.17 Mr WU Chi-wai asked whether the Administration would name the ETOs to be set up in India, Korea, Russia, Thailand, the United Arab Emirates, etc. as the "Belt and Road Offices". He was concerned whether these ETOs would continue to perform the existing function of attracting overseas investment.

12.18 SCED pointed out that the Belt and Road Initiative-related work was part of the duties of ETOs, and the new ETOs would be named according to current practice.

Trade relations between China and the United States

12.19 Mr Alvin YEUNG enquired about the Administration's strategies to tackle the trade conflicts between China and the United States ("US"), and whether the three ETOs in the US had adequate resources to handle and support the relevant lobbying work. Mr Martin LIAO also enquired about how the World Trade Organization ("WTO") would deal with the trade conflicts between the US and China. Mr Christopher CHEUNG was concerned about the role Hong Kong could play in the trade conflicts between the US and China.

12.20 SCED advised that the three ETOs in the US had their respective roles. The Washington ETO was mainly responsible for negotiating and conducting bilateral discussions with the US government, as well as capitalizing on the information released by the US government; whereas the New York and San Francisco ETOs were responsible for analyzing the events to the local business sectors, and lobbying with the US government through local chambers of commerce and business groups. Apart from the follow-up and lobbying work performed by the three ETOs in the US, the Commerce and Economic Development Bureau ("CEDB") also followed up on the issue with the WTO through the Geneva ETO. The authorities would deploy existing resources to deal with the incident.
12.21 SCED explained that Article 116 of the Basic Law stipulated that "Hong Kong shall be a separate customs territory". As a WTO member, the Hong Kong Special Administrative Region ("SAR") opposed to unfair and unjustified trade barriers, and was determined to fight for its interests at the WTO. The Administration considered that the US measure to impose sanction on aluminium imports from Hong Kong was unfair and discriminatory. The SAR had taken the initiative to conduct negotiation on bilateral platforms, and had written to the US government setting out detailed justifications. Meanwhile, the Administration was awaiting reply from the US government and would decide later whether it should or how to initiate further negotiation with the US as the next step through multi-lateral platforms such as the WTO.

12.22 Mr Martin LIAO and Mr Christopher CHEUNG enquired about the impact that the trade conflicts between the US and China would have on Hong Kong, and the actions that the Administration would take in response. SCED advised that the tariffs imposed by the US on aluminium imports from Hong Kong would have direct impact on Hong Kong. Although only individual companies would be affected, the Administration held the view that such US government measure had contravened the WTO requirements. Hence, the Administration must proactively fight for Hong Kong's interests. Regarding the actions taken by the US pursuant to Section 301, SCED advised that Hong Kong would not be affected directly. On the list of Mainland products that were subject to US tariffs, the total value of Hong Kong's re-exports of Mainland products to the US was about HK$50 billion, equivalent to 20% of all the Mainland products re-exported to the US via Hong Kong. The indirect impact of such measure on various industries of Hong Kong remained to be seen.

Consumer protection

12.23 Mr Holden CHOW enquired about the reasons for the drop in the number of cases investigated in relation to suspected contravention of Trade Descriptions Ordinance (Cap. 362) in the past four years. Commissioner of Customs and Excise advised that the authorities had
received more reported cases in 2017 than 2016. However, quite a number of the complainants withdrew their complaints after the authorities examined the cases and made enquiries with them, thus leading to a drop in the number of cases for which investigation had been opened. Nevertheless, the rate of successful prosecution reached 84% in 2017, which was higher than the 56% success rate of the previous year.

12.24 Mr LAU Kwok-fan expressed concern about the recent closure of Action Travel, and considered that the current legislation related to Travel Industry Compensation Fund was outdated and unable to effectively protect consumers. He asked whether the Administration would update the relevant legislation and plug the loopholes by imposing a cooling-off period on all pre-payment consumption through legislative means.

12.25 SCED agreed that the Administration should step up regulation of the travel industry. In this connection, the Government had introduced the Travel Industry Bill to the Legislative Council in 2017. It also hoped that the Bills Committee concerned could expeditiously forge a consensus among consumers and the travel industry despite their different concerns about paying stamp duty for the protection under the Travel Industry Compensation Fund, so as to complete the scrutiny of the Bill and set up a statutory regulatory body as soon as possible. As for the proposal to impose a cooling-off period for prepayment consumption, SCED indicated that a report to advocate mandatory cooling-off period in Hong Kong would be published by the Consumer Council on 19 April 2018, in which the Consumer Council would make recommendations in relation to some industries which attracted more complaints, involved large amount of payment and had past records of deployment of high pressure sales tactics, such as the fitness and beauty industries. The Administration had plan to consult the relevant panel of the Legislative Council on the legislative framework within this year. It was hoped that a Bill would be introduced within the current term of the Legislative Council after obtaining the support of the panel and the public.
Tourism

Hong Kong Disneyland Resort

12.26 Dr KWOK Ka-ki asked whether the Administration would consider converting the use of a 60-hectare site reserved for the possible Phase 2 development of the Hong Kong Disneyland Resort (HKDL) ("the Phase 2 Site") to housing development or other uses. The Deputy Chairman, however, opined that Hong Kong should continue to invest in the HKDL project. While he objected to using the Phase 2 Site for housing development, he had no objection to using it for other short-term uses.

12.27 SCED said that the Administration did not have any inclination as to whether the Phase 2 development of HKDL should be taken forward. He concurred that it was undesirable to leave land idle, and pointed out that CEDB had explored how the Phase 2 Site which so far had not been designated for a specific use could be most gainfully used. In fact, some persons had recently expressed an interest in the short-term uses of the Phase 2 Site and made some proposals to the Government. CEDB was exploring the matter with them and would carefully consider the relevant proposals. Besides, regarding the overall land supply in Hong Kong for housing development, the Task Force on Land Supply under the Development Bureau was reviewing and evaluating the overall land supply in Hong Kong, and would launch public consultation shortly.

Ocean Park

12.28 Mr YIU Si-wing expressed support for the allocation of funds to the Ocean Park Corporation ("OPC") and asked whether the Administration would further explore with OPC future development plans in the short, medium and long term. Ms Claudia MO considered that the Government should not inject funds into the financially independent and self-financing OPC. She suggested that on the front of promoting nature education, the Administration should arrange more visits to the Hong Kong Wetland Park or Chinese white
dolphin-watching tours for students.

12.29 SCED pointed out that being a statutory non-profit making organization, the Ocean Park had been affected by the downturn in tourism in recent years. Its operation situation was unsatisfactory over the past few years. As such, it was necessary for the Administration to inject funds into OPC to facilitate the transformation and diversified development of the Ocean Park. The Commissioner for Tourism ("C for Tourism") supplemented that the Ocean Park was an important tourism facility of Hong Kong. The finding provision sought to enhance the educational functions of the Ocean Park with a view to expanding its visitors' portfolio to include those from different market segments, including the family and tourist segments. OPC was undertaking the Tai Shue Wan Development Project and the construction of two hotels, and would continue to explore other options for long-term development.

Enhancing Hong Kong's capacity to receive tourists

12.30 Mr SHIU Ka-fai and Mr Kenneth LAU were both concerned about the receiving capacity of retail, catering and hotel sectors in case there was an increase in the number of visitor arrivals upon the commissioning of both the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. Mr SHIU asked how the Administration would channel visitors and make arrangements for relevant ancillary work such as street cleansing. Mr LAU enquired whether the Administration had anticipated the cities in the Guangdong-Hong Kong-Macao Bay Area ("Bay Area") whose residents would be most attracted to visit Hong Kong for sightseeing subsequent to the commissioning of these two infrastructure projects.

12.31 In response, SCED pointed out that the Administration had always hoped to, through the planning of the Bay Area and development of transport infrastructures, further attract international and long-haul visitors to Hong Kong and its peripheral cities for sightseeing (i.e. on multi-destination itineraries), with a view to
increasing tourists' length of stay in Hong Kong. The Administration was liaising with the Hong Kong Tourism Board ("HKTB") and the trade to plan promotion work. C for Tourism added that the Government would continue to enhance tourist attractions of Hong Kong, so as to avoid an over-concentration of tourists at popular tourist spots as well as facilitate the promotion of economic development in various districts. The Budget announced that the Government would promote local economic development and provide new experience for visitors by making use of innovation and technology application as well as light and art installations that blend with district characteristics at different districts. The Government would also continue to discuss with the trade the adoption of corresponding arrangements at tourist destinations with higher patronage, such as provision of more temporary parking spaces for coaches.

12.32 Dr CHENG Chung-tai enquired how the Pilot Information Technology Development Matching Fund Scheme for Travel Agents ("the Pilot Scheme") introduced by the Travel Industry Council of Hong Kong would improve crowd management of tourists and reduce the impact of tourists on the local neighbourhood.

12.33 C for Tourism said that the Pilot Scheme sought to encourage the travel industry to make use of information technology, including strengthening visitor and vehicular flow control (e.g. installing video cameras to enable the trade to know the real-time on-the-spot situation so as to avoid an influx of a large number of tour groups visiting individual food premises and shops at the same time. SCED advised that the Administration would provide additional pick-up/drop-off spaces at appropriate locations and a half-hourly concessionary parking rate for coaches. Inter-departmental meetings would be convened before peak travel seasons to co-ordinate departmental efforts, with a view to minimizing the impact of tourists on the local neighbourhood.
Green tourism

12.34 Mr Kenneth LAU urged the Administration to improve water and power facilities and carry out road repair and widening works for remote villages with significant tourism merits (e.g. Chek Keng Tsuen areas and Kat O, etc.), so as to create a win-win situation for villagers and tourists. Mr LAU also expressed concern about the public transport support facilities for High Island Geo-Area of the Hong Kong National Geopark at the High Island Reservoir East Dam and the overcharging problem of taxis, and enquired when the public light bus service serving the High Island Reservoir East Dam in Sai Kung and Pak Tam Chung would come into operation. C for Tourism said that the Transport Department had consulted the Sai Kung District Council and the trade on the proposed commissioning of the supplemental green minibus recreation services for the aforesaid route and was examining the relevant views. Regarding overcharging by taxis, C for Tourism would refer the matter to the relevant law enforcement agency for follow-up.

Kai Tak Cruise Terminal

12.35 Mr Holden CHOW suggested that the Administration should review the retail floor area of the commercial areas of the Kai Tak Cruise Terminal to facilitate better pedestrian flow. SCED took note of the suggestion.

Other issues

12.36 In the light of the concern raised by Mr SHIU Ka-fai regarding auto-fuel prices, PS/CED(CIT) advised that the Competition Commission ("CC") released the Report on Study into Hong Kong's Auto-fuel Market ("the Report") in 2017, and briefed the Panel on Economic Development ("the Panel") on the Report. The Environment Bureau was studying CC’s recommendations and would further report to the Panel in due course.
12.37 Mr CHAN Chun-ying enquired about the reasons for a substantial increase in the estimated expenditure in 2018-2019 for the special concessionary measures of the SME Financing Guarantee Scheme. PS/CED(CIT) advised that the Government was required to pay a sufficient amount of funds to the Hong Kong Mortgage Corporation Limited ("HKMCL") in meeting the requirements of payments for default compensations and the necessary out-of-pocket expenses. The Administration increased the estimate by $277 million due to the increase in HKMCL's estimated cash flow requirement.

12.38 Ms Claudia MO was pleased to note the Administration's statement that it was not necessary to change the markings or ciphers on the existing old posting boxes, and expressed support for it.
13.1 At the invitation of the Chairman, Mr Edward YAU, Secretary for Commerce and Economic Development, briefed members on the key areas of work under the communications and creative industries portfolio for the 2018-2019 financial year (Appendix IV-11).

Supply of cinemas

13.2 Mr CHAN Chi-chuen said that although the number of cinemas in Hong Kong had increased in recent years, there was a significant drop in the total number of cinema seats, according to industry sources. He requested the Administration to provide relevant statistics. Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PS/CED(CCI)") advised that although the number of cinema seats dropped from 42,500 in 2006 to 37,470 in 2017, the numbers of both cinemas and screens had increased in recent years, reflecting a change in the ecology of the film industry and the cinema-going habits of the audience.

13.3 Noting that the Administration would include a cinema requirement in the land lease of two designated government sites (initially identified to be in Kai Tak and Sha Tin respectively) to increase the supply of cinemas, Mr CHAN Chi-chuen enquired about the current status of the plan and whether the Administration would designate more government sites for inclusion of the same requirement in their land lease.

13.4 PS/CED(CCI) responded that a cinema requirement would be included in the land lease of two government sites at Kai Tak and Shatin. The relevant bureaux and departments were working on the land sale schedule and details. As regards whether such land sale conditions would be imposed on other government sites, it would depend on future circumstances.
Chapter XIII : Communications and Creative Industries

Development of the film industry

13.5 Mr SHIU Ka-chun pointed out that Hong Kong-produced documentaries were quite good in quality and not short of exceptional works, but due to the limits set on length and budget, many outstanding works were unable to benefit from the Film Development Fund ("FDF"). Mr SHIU asked the Administration about the complementary measures and policies to support the production of documentaries in Hong Kong.

13.6 PS/CED(CCI) advised that the Government's current film development policy was to encourage the development of films as an industry. One of the key objectives of FDF was to facilitate commercial success of Hong Kong films. In addition, FDF could also help nurture talents for the local film sector. PS/CED(CCI) added that Hong Kong-produced documentaries could also be subsidized by FDF if they met the requirements on film length and capital investment. PS/CED(CCI) said that the Administration had commissioned a consultant to review the operation of FDF in response to the changes in the operating environment of the film industry, and the review was underway.

13.7 Mr SHIU Ka-chun suggested that FDF should not consider such factors as box office receipts and film lengths only in granting subsidies to the sector.

Creative industries

Clothing industry

13.8 Considering that the innovation and technology industries and the cultural and creative industries were of utmost importance to Hong Kong, the Deputy Chairman commended the initiative by the authorities to set up a design and fashion hub in Sham Shui Po. He said that Hong Kong had no lack of talented fashion designers but there was a shortage of research and development talents (including pattern making technicians) in the fashion sector. Hong Kong manufacturers
often needed to relocate the pattern making process to the Mainland, which was costly in both time and effort. As the research and development talents, such as pattern makers, generally did not have tertiary education qualifications, the manufacturers were unable to import such technicians through talent admission schemes. The Deputy Chairman requested the Administration to consider relaxing the restrictions under the talent admission schemes so as to facilitate the development of creative industries, particularly the fashion manufacturing industry.

13.9 Secretary for Commerce and Economic Development (SCED) noted the Deputy Chairman's views and confirmed that development of the innovation and technology industries and the cultural and creative industries was a key part of the Government's policy strategy. SCED agreed that pattern making technology was essential to the design sector. He said that the Clothing Industry Training Authority in Kowloon Bay currently provided a pattern making workshop, and relevant elements would also be included in the proposed design and fashion hub in Sham Shui Po. Regarding the suggestion of relaxing the restrictions under the talent admission schemes, SCED agreed to consider the feasibility.

Animation industry

13.10 Mr Jeremy TAM opined that the needs of the animation industry in Hong Kong should be taken into consideration in the development of creative industries. Mr TAM pointed out that Hong Kong had no lack of animation talents, but over the years the Government had focused only on allocating resources to fund the projects initiated by industry associations, paying no heed to individual works, even though some of them were quite successful, such as the film Departure widely acclaimed in recent years.

13.11 PS/CED(CCI) responded that to support the development of the sector, the Administration subsidized the relevant projects initiated by the animation and comics sector through the CreateSmart Initiative ("CSI"). She stressed that CSI operated with a market-driven
approach in order to more accurately respond to the needs of the sector. Any projects that were initiated by industry associations, societies or organizations and able to serve the interests of the entire creative sectors concerned could also receive support from CSI if they met the funding criteria. In fact, the CSI subsidies granted to digital entertainment-related projects in the past amounted to over $100 million, fully reflecting the great importance attached by the authorities to the animation industry. Regarding the film Departure, Head of Create Hong Kong said that it was a short film subsidized by the Animation Support Programme under CSI. After the film won a prize, the creator intended to make a long version of the film, and therefore needed to raise funds from the market.

Development of the comics industry

13.12 Mr CHAN Chi-chuen pointed out that although the Administration subsidized 18 relevant projects initiated by the animation and comics sector through CSI in the past three financial years, involving a funding of over $31 million, quite a number of them were nothing more than vanity projects which had no substantial effect on the development of the comics sector. Mr CHAN said that the comics industry in Hong Kong encountered many difficulties in recent years, including a plummet in the number of practitioners and the same treatment for the comics exported to the Mainland and those published overseas. Mr CHAN requested the Administration to make improvements on the aforesaid issues.

Nurturing talents

13.13 Mr MA Fung-kwok welcomed the Administration's proposal to inject $1 billion into CSI in 2018-2019. Mr MA noted that among the cases approved under CSI from 2016-2017 and 2017-2018 under the strategic focus "nurturing talents and facilitating start-ups", a number of sectors did not obtain funding approval for their projects. Mr MA enquired about the reasons for that and whether the Administration would take the initiative to encourage applications from the sectors.
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13.14 **PS/CED(CCI)** explained that CSI, which operated with a market-driven approach, pivoted on self-initiated projects that served the interests of the entire creative sectors concerned. All of the creative sectors had submitted various numbers of applications in the past. One third of them failed to obtain funding. **PS/CED(CCI)** added that applications were rejected under CSI mainly because (1) the objectives of the projects applying for funding were not in line with CSI's strategic direction to drive the development of creative industries; (2) the deliverables of the projects served only the interests of individual private companies or private institutions rather than the entire creative sectors concerned; and (3) the projects had duplicated or might duplicate the work of other institutions, etc.

13.15 **Head of Create Hong Kong** advised that no less than 50% of the $1 billion new funding would be earmarked for projects related to the strategic focus of nurturing talents (especially for grooming young talents in different sectors) and facilitating start-ups. The authorities would work with industry stakeholders to support students or young practitioners for internships, exchange programmes, work placements or further studies in the Mainland or overseas, and would also make use of CSI funding to sponsor young practitioners' participation in different local and international festivals and competitions.

**Regulation of person-to-person telemarketing calls**

13.16 **Mr SHIU Ka-fai** said that the Administration's proposal to introduce legislation to regulate person-to-person ("P2P") telemarketing activities would further worsen the business environment in Hong Kong. He pointed out that as the practice of some finance companies purporting to be banks while promoting their services was already violating the law, what the Administration should do was to take stringent law enforcement actions instead of controlling legitimate marketing activities. In addition, **Mr SHIU** held that the establishment of a "cooling-off period" would make law enforcement difficult.
13.17 SCED responded that in drafting the bill to regulate P2P telemarketing activities, the Administration would clearly define the marketing activities to be regulated, details of the controls, exemptions, relevant penalties, review mechanism and so on, and would timely consult the Legislative Council ("LegCo"). As regards whether a "cooling-off period" would be established, SCED advised that the Consumer Council ("CC") would announce its study on the "cooling-off period" and make recommendations, and the Government would discuss with Members after consideration of CC's relevant recommendations.

Radio Television Hong Kong

Extension of service of a deputy director

13.18 Regarding the extension of service of a retiring deputy director of Radio Television Hong Kong ("RTHK") for a three-month period early this year, Mr SHIU Ka-chun enquired about RTHK's criteria for extension of service and the specific work arrangements for the deputy director concerned in the coming three months. Director of Broadcasting said that the extension of service, which was considered mainly according to the operational needs of the department, enabled the deputy director to handle several major events as well as sports and cultural programmes in the future. Director of Broadcasting added that there were quite a number of precedents for the extension arrangement in the government structure.

Broadcast of sporting and cultural events

13.19 Mr LAU Kwok-fan asked whether RTHK would consider making use of its own channels to broadcast local sports programmes, with a view to promoting sports development in Hong Kong. Director of Broadcasting advised that the authorities had all along been maintaining liaison with relevant organizations in a bid to secure the telecast of local sports programmes. RTHK broadcast a total of 19 local ball games in 2017-2018, and planned to telecast about 50 games in 2018-2019, including the Inter-School Basketball Marathon, Hong
Kong Annual Badminton Championships, Asian Women's Volleyball Challenge Cup, etc. However, regarding the football matches mentioned by Mr LAU Kwok-fan, Director of Broadcasting said that although the authorities had contacted relevant organizations, many issues remained unresolved.

13.20 Mr MA Fung-kwok supported RTHK in telecasting more inter-school sports events. He asked whether RTHK would broadcast other inter-school cultural activities. Director of Broadcasting said that from time to time RTHK broadcast such programmes as the Hong Kong Schools Music Festival or the Inter-collegiate Debate Competition. RTHK would sustain its efforts in liaising with relevant organizations and continue to broadcast more inter-school cultural programmes on radio and television channels.

New Broadcasting House of Radio Television Hong Kong

13.21 Mr Charles Peter MOK expressed disappointment at the lack of progress in the construction of RTHK's New Broadcasting House ("New BH"). He asked whether the Administration would shelve the plan indefinitely if no government department was yet willing to use the building jointly with RTHK, and whether RTHK could meet the service demand in the mean time.

13.22 SCED said that the funding application for the construction of the New BH of RTHK was not supported by the LegCo Public Works Subcommittee ("PWSC") in January 2014. PWSC members had generally agreed in principle to the need for a New BH, but were extremely concerned about the cost estimate and scope of the project. The Administration had been reviewing the proposal, including exploring the feasibility of constructing a joint-user building, having regard to the concerns raised by PWSC members about the cost estimate and scope of the New BH, with a view to working out the most cost-effective proposal while at the same time addressing members' comments. Unfortunately, due to various technical problems, no consensus had been reached with relevant departments on the construction of a joint-user building. The Administration would
continue to explore feasible options. SCED stressed that the operation of RTHK would not be affected by the absence of the New BH.

13.23 The Deputy Chairman found it unsatisfactory that the proposed New BH project had seen no progress for a long time. He urged the Administration to submit the proposal to LegCo for consideration as soon as possible.
14.1 At the invitation of the Chairman, Professor Sophia CHAN Siu-chee, Secretary for Food and Health ("SFH") briefed members on the main initiatives and expenditure on the policy area of food safety and environmental hygiene for the new financial year (Appendix IV-12).

Provision of public markets and open-air hawker bazaars

Construction and management of public markets

14.2 Mr Holden CHOW expressed concern that it might take a long time for the Government to develop Tung Chung New Town Extension Area and then to build a new public market there. He considered that the Administration should explore suitable site(s) in Tung Chung Town Centre for provision of a new market to provide convenient shopping to local residents. SFH advised that when deciding the location of a new public market, the Administration would consider key factors such as the geographical location, existing and planned uses, usable area and ancillary transport facilities provided nearby, in order to ensure that, upon completion, the market would be of a substantial scale and viability and that the use of public finances and land resources could be optimized. SFH said that the Administration would consider Mr CHOW's suggestion if suitable sites were to be identified in Tung Chung Town Centre for provision of public markets.

14.3 In response to the enquiry of the Deputy Chairman, SFH said that the Food and Health Bureau ("FHB") had been working closely with the Development Bureau to identify suitable site(s) in Tin Shui Wai for building a new public market. The exact location had yet to be confirmed. The Deputy Chairman considered that the Administration should improve the mode of operation and management of public markets. He suggested that the Administration should explore the possibility of setting up a statutory body to take up the management of public markets to unleash the development potential of the markets. He asked whether similar suggestions had been made by the Consultant engaged by FHB to study ways to improve the operating
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environment of public markets.

14.4 SFH responded that the Consultant had suggested in its report that the Government should look into the positioning of public markets. The Administration considered that the current mode of commercial operation of public markets to serve the general public should be maintained. SFH added that in the 2018-2019 Budget Speech, the Financial Secretary had announced that apart from making available resources to build new public markets in districts with such needs, $2 billion would be earmarked for implementing the Market Modernization Programme ("MMP") over the next 10 years. A dedicated team had been set up in the Food and Environmental Hygiene Department ("FEHD") to conduct a comprehensive review of nearly 100 public markets, with a view to improving their existing facilities and management systematically and putting the precious land resources to most gainful use. Improvement works under MMP might include early installation of air-conditioning systems, major overhaul or redevelopment as required.

14.5 Mr CHAN Chi-chuen enquired about the Administration's plan and timetable for deploying the $2 billion funding to implement MMP. SFH stressed that the dedicated team would take forward MMP having regard to the actual circumstances of individual markets and the views of stakeholders on the improvement projects. There was no pre-set limit on the number of markets that might benefit from the dedicated funding. FEHD would update the relevant Panel on the progress of MMP when ready.

14.6 Mr Vincent CHENG considered that the Administration should fully consult stall tenants before taking forward various improvement works in public markets in order to minimize the adverse impact of the works on their business operation.

Air-conditioning charging arrangement

14.7 Mr HO Kai-ming sought information on the estimated recurrent expenses, including electricity charges and general
maintenance costs, to be borne by stall tenants in individual public markets after completion of the respective air-conditioning ("A/C") retrofitting works in those markets. In his view, the Administration should shoulder all A/C charges as this would induce more stall tenants to support the installation of A/C facilities in public markets, which would eventually help improve the occupancy rate and increase patronage.

14.8 SFH advised that in line with the existing practice, the Administration was responsible for the capital costs of installing the A/C systems. The recurrent expenses, including electricity charges and general maintenance costs, were to be borne by the stall tenants on a pro rata basis, based on the floor area of their respective stalls. Unlike landlords in private commercial venues, the Administration did not recover the capital costs of retrofitting A/C facilities through rental adjustments. Since stall tenants in public markets were commercial operators, further Government subsidy in the form of A/C charges might give rise to unfair competition between stalls in public markets and similar retail operators in private commercial retail premises, especially those in areas nearby. The Administration considered it reasonable for tenants to pay the A/C charges in accordance with the "user pays" principle.

Establishment of open-air hawker bazaars

14.9 Mr Vincent CHENG considered that the Administration should continue to promote the setting up of open-air hawker bazaars in different districts and, at the same time, properly regulate the hawking activities in the bazaars to maintain environmental hygiene and ensure main thoroughfares free from obstruction. SFH responded that the Administration kept an open mind towards proposals for establishing open-air hawker bazaars, so long as food safety and environmental hygiene were not compromised, public passageways were not obstructed and local community support was obtained. Should any organizations identify suitable sites for setting up such bazaars and secure support from the local community as well as the respective District Councils, FEHD stood ready to facilitate liaison with other
relevant government departments. The Administration would develop simple and practical guidelines to facilitate the public in making applications for setting up bazaars.

**Food supply and food safety issues**

14.10 Referring to Reply Serial Number FHB(FE)135, Mr Tommy CHEUNG expressed concern that there had been a significant increase in the quantities and retail prices of chilled and frozen chickens supplied to Hong Kong from the Mainland since the suspension of imported live poultry from the Mainland in February 2016. In his view, the Administration should consider relaxing the control on the rearing capacity of local chicken farms, as this might help increase the supply and stabilize the retail prices of live and chilled/frozen chickens.

14.11 SFH responded that since February 2016, there had not been live chickens imported from the Mainland notwithstanding that the Hong Kong Government had not imposed any ban against the importation of live poultry from the Mainland. The Administration was given to understand that the current supply situation was primarily a commercial decision on the part of the Mainland farms. FHB would continue to liaise with the relevant Mainland authorities on the supply of live poultry. At the request of Mr Tommy CHEUNG, the Administration undertook to provide supplementary information on the amount of chilled chicken supplied from the Mainland in recent years and the ability of local farms to increase the supply of live poultry.

14.12 Referring to Reply Serial Number FHB(FE)016, Prof Joseph LEE enquired about the estimated manpower and resources required for updating local food safety standards, guidelines and regulatory arrangements in 2018-2019. In his view, the Administration should allocate more resources to the Centre for Food Safety ("CFS") of FEHD to enhance its food surveillance capability. SFH responded that for 2018-2019, there would be a net increase of posts in CFS for carrying out food safety control work. FHB and CFS would continue to monitor international developments and initiatives relating to safeguarding food safety, identify priority areas which warranted
review and update the food safety standards and regulatory arrangements in Hong Kong in a timely manner. It was noteworthy that the Administration completed a three-month public consultation exercise on the proposed amendments to the maximum levels of metallic contaminants in food in September 2017. It would introduce the Food Adulteration (Metallic Contamination) (Amendment) Regulation (Cap. 132V) to the Legislative Council ("LegCo") within 2018.

14.13 Noting that the Administration was reviewing the existing statutory control of other harmful substances (mycotoxins in particular) in food, Dr Helena WONG enquired about the scope of the review. Controller/CFS responded that the Administration was reviewing the Harmful Substances in Food Regulations (Cap. 132AF) which regulated, among others, the presence of harmful substances in food (e.g. mycotoxins and other harmful substances generated during the cooking process) sold in Hong Kong. The Administration had made reference to international regulatory standards and the standards set by the Codex Alimentarius Commission ("Codex") in conducting the review. It was noted that Codex had not set standards for certain harmful substances in food, such as genotoxic carcinogen glycidol which had been detected in some margarine samples recently tested by the Consumer Council. In reply to Dr WONG's follow-up enquiry about the Administration's enforcement work against violation of the nutrition labelling requirements for prepackaged food, Controller/CFS advised that CFS had been conducting inspections and taking samples at the import, wholesale and retail levels for testing to ensure that food offered for sale complied with all legal requirements (including food labelling) and was fit for human consumption.

14.14 Ms Alice MAK suggested that FEHD should assist the Environmental Protection Department in launching the pilot scheme to deliver food waste collected mainly from selected public markets and cooked food centres to the new Organic Waste Treatment Facility for treatment, and encourage/help stall tenants to donate edible food to social welfare organizations/recipients of food donations to help the needy. SFH advised that as the pilot scheme contributed to the waste
management policy of the Environment Bureau, she would convey Ms MAK's view to the Environment Bureau for consideration.

**Issues relating to agriculture and fisheries**

14.15 Mr Steven HO expressed concern about the growth of cross-boundary illegal fishing activities involving Mainland fishing vessels and Mainland fishermen in Hong Kong waters in recent years. He called on the Administration to step up its efforts to combat illegal fishing activities.

14.16 SFH advised that the Agriculture, Fisheries and Conservation Department ("AFCD") would continue to enhance enforcement, exchange information and intelligence with the relevant government departments and Mainland authorities, adjust its enforcement strategy from time to time in the light of circumstances and intelligence gathered, and collaborate with the relevant parties to combat illegal fishing activities. From 31 December 2012 to end-2017, AFCD carried out 31 joint operations against illegal fishing activities with the relevant government departments/Mainland authorities. The Administration would review the resources required for this area of work having regard to the actual circumstances.

14.17 Referring to Reply Serial Number FHB(FE)167, Dr KWOK Ka-ki expressed concern that among some 3,000 registered Mainland farms eligible for supplying food to Hong Kong in 2017, only 63 farms were inspected by CFS in the same year. In his view, the Administration should step up inspections to registered Mainland farms. Besides, the Administration should provide more support to the local agricultural and fisheries industries with a view to increasing their market share of vegetables and fishery products supply in Hong Kong.

14.18 SFH advised that AFCD had been providing support to the local agriculture and fisheries, including advancing the production techniques and technologies, raising output and quality of products and promoting the marketing of local produce through branding. In addition, the Sustainable Agricultural Development Fund and the
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Sustainable Fisheries Development Fund had been set up to respectively support projects that fostered the sustainable development and enhanced the overall competitiveness of the local agricultural and fisheries industries. At the request of Dr KWOK Ka-ki, the Administration would provide supplementary information on the quantity of the local fisheries production over the past five years.

Animal welfare

Legislation relating to animal welfare

14.19 Noting that the number of applications for Dog Breeder Licences (category A) and one-off permits received and approved was on the low side since the Public Health (Animals and Birds) (Trading and Breeding) Regulations (Cap. 139B) ("the Regulations") came into effect on 20 March 2017, Mr CHAN Chi-chuen expressed concern about the efficacy of the new licensing regime in regulating pet trading and breeding of dogs for sale. He requested the Administration to provide after the meeting the number of dogs legally bred by licensed dog breeders since the commencement of the Regulations.

14.20 Mr CHAN Chi-chuen also expressed concern that the penalties imposed on the sale of animals without a licence or permit under the Regulations were too lenient, compromising the deterrent effect. SFH responded that in 2017-2018, AFCD had deployed 30 staff to regulate animal trading and dog breeding activities. Director of Agriculture, Fisheries and Conservation ("DAFC") supplemented that since the implementation of the Regulations in March 2017 and up to end of February 2018, AFCD had followed up over 100 complaints/reports related to illegal animal trading and dog breeding activities and conducted further investigation into some 30 cases with suspicious illegal activities. Amongst these cases, 10 cases of selling of animals (8 cases involving dogs and 2 cases involving other animals) without a licence or permit had been successfully prosecuted and 2 cases were dropped due to insufficient evidence. AFCD was following up on the remaining cases.
14.21 Ms Claudia MO asked whether the Administration would consider enacting comprehensive legislation on animal protection. SFH responded that the Administration attached great importance to animal welfare. To further enhance the protection of animal welfare, the Administration was studying the existing legislation related to animal welfare by drawing reference to international experience and trends. The Administration would explore the introduction of a concept of positive duty of care on animal keepers.

14.22 Ms Claudia MO enquired when the Administration would submit legislative proposal to LegCo to amend the Road Traffic Ordinance (Cap. 374) to the effect that the driver of a vehicle in a traffic accident had a duty to report the accident to the police when injury to animals (including cats and dogs) was involved. SFH responded that the Administration would brief the Panel on Food Safety and Environmental Hygiene on the proposed amendments to the Road Traffic Ordinance at the meeting to be held in May 2018. The Administration would consider the views of members and stakeholders on the legislative proposal.

Management of stray animals

14.23 Noting from Reply Serial Number FHB(FE)090 that the four Animal Management Centres ("AMCs") of AFCD would keep stray animals caught without a microchip for at least four days to allow time for their owners to reclaim them, Mr Jeremy TAM enquired about the reasons for setting the four-day observation period. He asked whether the Administration would consider extending the four-day period if the accommodation space in AMCs could cater for the extension of stay of stray animals. Mr KWONG Chun-yu raised similar questions.

14.24 DAFC responded that according to section 38(2)(c) of the Rabies Ordinance (Cap. 421), if the owner/keeper of an animal detained under the Ordinance could not after reasonable inquiry be found or ascertained within four days after the commencement of such detention, DAFC might order the forfeiture of the animal or dispose of it in a way as he considered appropriate. This arrangement was in general
applicable to stray dogs and cats caught by AFCD, and this could help prevent the spreading of rabies while allowing sufficient time for owners/keepers to claim back the animals. DAFC stressed that the four-day period was only the minimum duration for animal detention at AMCs. In cases where the animals were in good health condition and assessed by a veterinary surgeon as having a gentle temperament and suitable for adoption, AFCD would arrange for their transfer to animal welfare organizations for adoption by members of the public. Only animals that were not suitable for adoption or not adopted at the end would be euthanized. In some cases, animals pending adoption would stay in AMCs for as long as a month. The Administration had no plan to change the current arrangement. Mr Jeremy TAM expressed concern that if the four-day observation period included public holidays, it would shorten the duration for pet owners to reclaim their animals as AMCs did not provide services on public holidays. The Administration undertook to revert in writing how the four-day period was calculated.

14.25 Ms Claudia MO noted from Reply Serial Nos. FHB(FE)029 and 082 that the expenditure of AFCD on catching operations and handling of stray animals caught in 2017-2018 (i.e. $32.9 million) was much higher than the expenditure on the prevention of animal cruelty for the same period (i.e. $3 million). She enquired about the reasons for AFCD's disposing of stray animals caught by euthanasia in recent years. DAFC responded that over the past years, it was estimated that about half of the stray animals caught were euthanized because they were not suitable for adoption due to poor health condition or temperament. The rest were euthanized because they were not adopted at the end of the process. Regarding the management of stray cattle, Ms MO requested the Administration to provide supplementary information on the "Body Condition Scoring System" adopted by AFCD for evaluating the health condition of stray cattle relocated under the "Capture-Sterilisation-Relocation" programme.
14.26 In response to Mr KWONG Chun-yu's enquiry, DAFC said that the numbers of stray dogs, cats and other animals euthanized in 2017 were 1,478, 381 and 801 respectively. Mr KWONG called on the Administration to explore measures to combat acts of cruelty to animals and promote animal welfare, with a view to reducing the number of animals to be disposed of by euthanasia. SFH responded that AFCD would continue to enhance the protection of animal welfare, having regard to the international practices and the actual situation in Hong Kong.

**Environmental hygiene issues**

14.27 Noting that the Administration would earmark additional resources (totalling about $391 million) to FEHD in 2018-2019, Mr Vincent CHENG hoped that FEHD would strengthen its cleansing efforts and step up enforcement actions against public cleanliness offences particularly at night time. He suggested that FEHD should install more Internet Protocol ("IP") cameras at hygiene blackspots to monitor the hygiene conditions of various districts.

14.28 SFH responded that FEHD launched a six-month pilot scheme on installation of IP cameras in late December 2016, under which IP cameras were installed at a total of six illegal refuse dumping blackspots in Central and Western, Sham Shui Po and Yuen Long districts to step up surveillance on illegal dumping of refuse and to assist in the planning of more effective law enforcement actions. Since the trial had proven that the installation of IP cameras could have a deterrent effect and was helpful in improving the hygiene condition at the blackspots, the Administration had extended the IP camera scheme to 18 districts. Some 40 and 30 IP cameras would be respectively installed in the first and second phases at hygiene blackspots across the territory starting from the second quarter of 2018. The estimated expenditure on the extension of the pilot scheme was about $24 million. FEHD would also strengthen its work on rodent and mosquito control.
14.29 Noting from Reply Serial Number FHB(FE)193 that FEHD had, in 2016-2017, set up two additional dedicated task force teams to further strengthen enforcement against shop front extensions ("SFEs") across the territory, Mr POON Siu-ping enquired about the districts served by the two dedicated teams and the number of inspections carried out by the teams since their establishment. He also enquired about the reasons for the substantial reduction in the number of enforcement actions taken against SFEs (summons, arrest and seizure of article or thing) in 2017 despite the deployment of additional staff to strengthen control of SFEs.

14.30 SFH and Director of Food and Environmental Hygiene ("DFEH") responded that since the implementation of the fixed penalty system as an additional tool to tackle SFEs in September 2016, the situation of street obstruction had markedly improved with the number of complaints against SFEs dropped from about 8 900 in 2016 to some 7 300 in 2017. From 24 September 2016 to 18 January 2018, FEHD issued a total of 9 676 fixed penalty notices ("FPNs") against SFEs. As the fixed penalty system had achieved considerable deterrent effect on SFEs, the need for law enforcement officers to employ other enforcement tools (e.g. issuing summonses/taking arrest actions) might be abated. In response to Mr POON Siu-ping's follow-up enquiry, DFEH said that the Administration did not keep statistics on the number of FPNs issued to individual shops. Law enforcement officers would take appropriate actions depending on the situation at the scene. FPNs could be issued to the same shop operator again on the same day if the problem of SFE recurred.

Provision of columbarium facilities and supply of public niches

14.31 Dr Helena WONG considered that the Administration should conduct a public consultation exercise on the proposed extendable arrangement for the use of public niches and the new allocation arrangement by computer balloting (i.e. the Administration proposed to introduce, starting from the coming allocation exercise tentatively scheduled for end-2018, an extendable arrangement in the allocation of public niches, with an initial interment period of 20 years followed by
extension every 10 years on payment of the prevailing prescribed fees). In her view, the Administration should step up its efforts in taking forward the proposed public columbarium developments in the 24 sites identified under the District-based Columbarium Development Scheme to increase the supply of public niches, instead of pursuing the proposed extendable arrangement.

14.32 SFH responded that given the challenges the Administration faced in seeking to build columbaria in individual districts, it was opportune to introduce measures to optimize the use of new public niches coming on stream in the years ahead. That said, the Administration would continue to make its best efforts to take forward the proposed projects under the District-based Columbarium Development Scheme, to ensure timely provision of public niches.

14.33 Noting that 144 private columbaria had submitted applications for specified instruments under the Private Columbaria Ordinance (Cap. 630) at the conclusion of the application period for pre-cut-off columbaria on 29 March 2018, Ms Alice MAK urged the Private Columbaria Licensing Board ("PCLB") to expedite the processing of such applications, facilitating an early resumption of the supply of private niches and allowing consumers to inter ashes of dedicated persons into niches sold before the cut-off time or the enactment date as applicable. She asked when PCLB would start issuing the specified instruments.

14.34 SFH and DFEH responded that where practicable, PCLB would make its best endeavour to process the applications for specified instruments expeditiously as soon as the applicants had provided the requisite information (including relevant supporting documents) required. Thus far, among those applications which had been preliminarily checked by the Private Columbaria Affairs Office ("PCAO"), none of the applicants had submitted the information and supporting documents in full. Also, the time needed for PCLB to process the applications hinged largely on whether and when the private columbaria could meet the eligibility requirements for the respective specified instruments. PCAO would continue to maintain
close liaison with the applicants and work with the relevant departments to process the applications expeditiously as far as practicable. Dr KWOK Ka-ki opined that to protect consumers' interests, PACO should take vigorous enforcement actions against private columbaria failing to comply with the statutory requirements but continued to operate without the specified instruments.

Liquor licence application

14.35 Mr Tommy CHEUNG said that although the average time taken for processing an application for one-year liquor licence and two-year liquor licence was respectively shortened to 36 and 34 days in 2017, the processing time required for some liquor licence applications remained to be long. He strongly requested that the Liquor Licensing Board should process liquor licence applications in a timely and speedy manner, in particular during the summer recess, to facilitate business operation.
15.1 At the Deputy Chairman's invitation, Prof Sophia CHAN, Secretary for Food and Health ("SFH"), briefed members on the main initiatives and expenditure on the policy area of health services for the 2018-2019 financial year (Appendix IV-13).

Public hospital development plans

15.2 Mr Vincent CHENG sought information about the details and the timetable for developing a new hospital at the King's Park site (i.e. the existing Queen Elizabeth Hospital site) to meet the rising service demand in the catchment area. Chief Executive, Hospital Authority ("CE, HA") advised that upon completion of the new acute hospital at the Kai Tak Development Area, most of the services of Queen Elizabeth Hospital would be relocated to the new hospital. Under the second 10-year Hospital Development Plan, the Hospital Authority ("HA") would make use of the convenient location of the site so vacated to develop a new hospital. Mr Vincent CHENG called on HA to expedite the development of the new hospital at the King's Park site and the redevelopment of the Kwong Wah Hospital.

15.3 In response to Mr Vincent CHENG's call for expanding the Caritas Medical Centre, CE, HA advised that the service demand in the Kowloon West Cluster would be strengthened following, inter alia, expansion of Lai King Building in Princess Margaret Hospital, which would provide 400 additional hospital beds, under the first 10-year Hospital Development Plan. The feasibility of expanding the Caritas Medical Centre would be studied under the second 10-year Hospital Development Plan. HA would brief the Panel on Health Services on the development and/or expansion plans of individual public hospitals as and when appropriate.

Services of Hospital Authority

Specialist outpatient services

15.4 Dr Helena WONG questioned about how the net increase in the manpower of medical, nursing and allied health staff of HA in the
2018-2019 financial year by 230, 830 and 230 respectively could help shorten the waiting time of specialist outpatient clinic ("SOPC") new cases. Mr KWONG Chun-yu expressed concern about the long waiting time for HA's specialist outpatient services. Mr CHAN Han-pan urged HA to address the problem of unduly long waiting time of SOPC new cases, particularly those of the psychiatry specialty and routine cases of other specialties, which might delay the diagnosis and treatment of the patients concerned. CE, HA advised that the expected net increase in healthcare manpower would have to meet the manpower requirements for new services (e.g. the opening of 574 hospital beds) as well as that for specific pressure areas (e.g. child and adolescent psychiatric services). Measures being put in place by HA to reduce the service demand at SOPC level under current manpower and infrastructure constraints included, among others, managing patients with stable and less complex conditions at the family medicine and general outpatient clinics.

15.5 Holding the view that the waiting time of new cases triaged as routine cases for HA's specialist outpatient services might largely hinge on the demographics of individual hospital clusters, Dr CHENG Chung-tai asked how HA would make use of the refined population-based resource allocation model to improve its services. SFH advised that as undertaken in the Chief Executive's 2017 Policy Address, the recurrent funding for HA would be increased progressively on a triennium basis having regard to population growth rates and demographic changes. CE, HA supplemented that since infrastructure, capacity building and service enhancement took time to develop, changes to be brought about by the refined model would be implemented progressively. On Dr CHENG Chung-tai's follow-up enquiry as to whether the Refined Model could help project the relative healthcare needs of individual clusters in aligning with population development, CE, HA replied in the affirmative.

15.6 Dr KWOK Ka-ki remarked that the amount of public expenditure on healthcare, which accounted for only 2.7% in Gross Domestic Product ("GDP"), was far below that of other developed economies. Expressing particular concern about the low proportion of
public expenditure on mental health in GDP, he asked whether there would be a target increase in HA's expenditure on mental health service with a view to shortening the waiting time for child and adolescent psychiatric services of HA. Dr Fernando CHEUNG expressed concern about the growing number of HA's psychiatric patients aged below 18 diagnosed with autism spectrum disorder and/or attention-deficit hyperactivity disorder, who accounted for about two-thirds of the some 30,000 child and adolescent psychiatric cases in HA, and the unduly long waiting time for public child and adolescent psychiatric specialist outpatient services which could be as long as around two years. He urged HA to set a target to shorten the waiting time.

15.7 SFH advised that a key area of discussion for the standing Advisory Committee on Mental Health which was tasked to, among others, follow up on and monitor the implementation of the recommendations put forward in the Mental Health Review Report, was child and adolescent mental health services. CE, HA supplemented that with an increase in the recurrent provision for HA from the 2018-2019 to 2020-2021 financial years, HA would allocate additional financial and manpower resources to meet the growing demand for its psychiatric services, in particular child and adolescent psychiatric services. Separately, HA would extend the coverage of the Student Mental Health Support Scheme to support around 40 schools in 2018-2019, and enhance the multi-disciplinary teams for child and adolescent psychiatric services in the relevant clusters to provide better support for the school-based multi-disciplinary platform under the Scheme. Director (Cluster Services), HA ("D(CS), HA") added that HA would flexibly deploy its manpower in the psychiatric stream to cope with the growing demand for child and adolescent psychiatric services.

15.8 Prof Joseph LEE expressed concern that the number of training places for psychiatric nurses would be reduced from 190 to 120 starting from the 2018-2019 academic year. In addition, the increase in psychiatric nursing manpower in HA was not commensurate with the growing service demand in recent years.
15.9 SFH advised that while the findings of the strategic review on healthcare manpower planning and professional development showed that the manpower supply of psychiatric nurses was close to equilibrium in the short term, the Administration would keep in view that the implementation of the recommendations put forth in the Mental Health Review Report would require additional healthcare manpower, including psychiatric nurses. CE, HA supplemented that various measures would be put in place by HA in 2018-2019 to enhance its mental health services. These included, among others, recruiting additional case managers under the Case Management Programme to improve the ratio of case managers to patients from 1:50 to 1:40 by phases, regularizing and expanding the Dementia Community Support Scheme to 41 District Elderly Community Centres in the catchment areas of all HA clusters, expanding the Student Mental Health Support Scheme to cover around 40 schools, and opening 40 gazetted psychiatric beds in the Kowloon Hospital.

15.10 Ms YUNG Hoi-yan sought information about the annual attendance rate of follow-up consultations by child and adolescents at HA's psychiatric SOPCs from the 2015-2016 to 2017-2018 financial years. She held the view that these figures could help HA to plan for the provision of mental health services and relevant community care services. CE, HA undertook to provide the information after the meeting.

Accident and Emergency services

15.11 Mr KWONG Chun-yu remarked that according to the provisional figures on average waiting time in the 2017-2018 financial year for Accident and Emergency ("A&E") cases triaged as semi-urgent or non-urgent cases, the Kowloon West Cluster and the Kowloon East Cluster respectively recorded the shortest and the longest waiting time. He asked whether the difference in the numbers of healthcare staff working in the A&E Departments of the two Clusters (i.e. 112 doctors and 244 nurses in the former vis-a-vis 66 doctors and 145 nurses in the latter) was a reason why the waiting time for A&E services was longer in the Kowloon East Cluster.
15.12 SFH advised that the capacity of A&E attendances of individual hospital clusters would depend not only on their healthcare manpower but also the space available for opening additional consultation rooms. CE, HA supplemented that the United Christian Hospital, which belonged to the Kowloon East Cluster, would be expanded under the first 10-year Hospital Development Plan.

15.13 Dr Pierre CHAN said that with the A&E charge for eligible persons being increased from $100 to $180 with effect from 18 June 2017, statistics of the second half of 2016 and that of 2017 showed that there was an average drop of 11.7 attendances per A&E Department. Holding the view that the drop in attendances was not significant, he asked about the mechanism for the revision of A&E charge of public hospitals, including whether the Administration would examine the effectiveness of the latest increase in the A&E charge for eligible persons in encouraging patients of semi-urgent and non-urgent cases to seek private healthcare services.

15.14 SFH advised that before the adjustments took place in 2017, the fees and charges for public healthcare services had not been adjusted for over a decade. HA would keep in view the impact brought about by the latest increase in A&E charge for eligible persons on the use of A&E services. It should be noted that to ease the A&E workload of public hospitals, the Administration would strengthen the provision of public general outpatient services and primary care services in the private sector. Dr Pierre CHAN requested the Administration to provide in writing the expenditures incurred by the Health and Medical Development Advisory Committee, the Primary Care Office and the Steering Committee on Primary Healthcare Development in the past three years.

Inpatient service

15.15 Noting that the occupancy rate of the HA psychiatric beds in New Territories East Cluster had increased from 76% in 2015-2016 to 79% in 2017-2018 (up to December 2017), Ms YUNG Hoi-yan sought explanation on why HA planned to open 40 additional gazetted
psychiatric beds in Kowloon Central Cluster where a decreasing occupancy rate was recorded during the same period. CE, HA explained that the infrastructure of New Territories East Cluster posed constraint in providing additional psychiatric beds. That said, HA had taken steps to enhance the mental health services in the Cluster in 2017-2018. Separately, the opening of 40 additional gazetted psychiatric beds in Kowloon Hospital would support the service demand in Kowloon Central Cluster and Kowloon East Cluster. Ms YUNG Hoi-yan called on the Administration to identify suitable sites to enable HA to further enhance its psychiatric inpatient services.

Drug treatment

15.16 Dr CHIANG Lai-wan called on HA and the Administration to respectively expedite the inclusion of new cancer drugs in the Drug Formulary of HA and set up a dedicated fund to enhance support for drug treatment of cancer patients in need. Dr Elizabeth QUAT considered that there was a need to conduct a comprehensive review of the mechanisms for registration of pharmaceutical products and listing of new drugs in the Drug Formulary of HA. In her view, the listing of drugs for treatment of cancer and rare diseases in the Drug Formulary of HA should be handled under a separate fast-track mechanism for the benefit of patients. Mr Tommy CHEUNG expressed concern about the cumbersome procedure that new drugs listed on the Drug Formulary of HA had to go through for listing on the drug formularies of individual hospital clusters or hospitals. Dr KWOK Ka-ki urged HA to provide expensive drugs (including cancer drugs) as part of its subsidized services.

15.17 SFH advised that a local cancer strategy covering prevention, surveillance and treatment as well as palliative care was in place. In addition, HA was currently developing a framework for its cancer service. As regards the Drug Formulary of HA, with the support of expert panels, regular appraisal of new drugs and review of the prevailing drug list, including cancer drugs, would take place under an evidence-based approach. HA would expand the coverage of the Drug Formulary as appropriate. For the use of self-financed drugs, financial
assistance was provided for patients in need through the safety net of Samaritan Fund and the Community Care Fund Medical Assistance Programmes. CE, HA and D(CS), HA added that HA's total expenditure for cancer drugs amounted to $593.1 million in the 2016-2017 financial year. The review of new drug applications under the Drug Formulary of HA currently took place every three months, whereas the frequency for reviewing the drugs supported by the Samaritan Fund and the Community Care Fund would be increased from once to twice a year.

Mobile applications

15.18 The Deputy Chairman noted with concern that HA had developed a total of 15 mobile applications ("apps") each with a unique function, such as making appointments for specialist outpatient services, finding different departments on hospital premises, providing information on medicine collection status and care tips. He urged HA to integrate these mobile apps to enable patients to access various information on a one-stop platform. Expressing a similar concern, Dr Elizabeth QUAT questioned about how and when HA would make enhancement in this regard. CE, HA explained that the mobile apps were developed at different stages. HA would examine how to improve and integrate these apps so as to be more user friendly and pave the way for the future introduction of a patient portal in the Electronic Health Record Sharing System.

Manpower of public hospitals

Healthcare professionals

15.19 Mr Jeremy TAM expressed concern that while the Hong Kong Children's Hospital ("HKCH") would commence the first phase of service in late 2018, the number of healthcare professionals and supporting staff recruited so far (as of 31 December 2017) only accounted for 40% of the projected manpower requirement. He asked the Administration to provide an update on the recruitment progress.
15.20 **SFH** explained that some of HA's tertiary paediatric services and the existing patient cases, together with the healthcare staff concerned, would be translocated from the regional public hospitals to HKCH. **CE, HA** supplemented that the first phase of service commencement of HKCH would begin with the oncology and nephrology specialist outpatient service, and then the Intensive Care Unit with the gradual opening of inpatient service in the first quarter of 2019. HA would continue to recruit healthcare staff to tie in with the commission of services of the Hospital. It should also be noted that there would be an increase in the number of local medical graduates from 2018 onwards.

15.21 The Deputy Chairman enquired whether individual hospital clusters had encountered particular difficulties in recruiting doctors. **D(CS), HA** replied in the negative.

15.22 Noting that the overall number of nurses of HA was expected to increase by 830 (full-time equivalent) in 2018-2019, **Prof Joseph LEE** sought information on the respective additional number of nurses to provide palliative care services and to cater for the planned increase of 5 000 home visits by community nurses in the 2018-2019 financial year. **CE, HA** undertook to provide the requisite information after the meeting.

15.23 **Dr Helena WONG** urged the Administration to review the existing landscape of healthcare manpower supply, in particular the adequacy of the number of first-year-first-degree healthcare training places funded by the University Grants Committee ("UGC"), and allocate additional resources to HA to alleviate the heavy workload of doctors of public hospitals. **Mr IP Kin-yuen** was concerned that the total number of UGC-funded training places was currently capped at 15 000 per annum. In addition, it took time for new self-financing programmes to obtain professional accreditation by the relevant healthcare professional bodies. In the case that the programmes concerned were not qualified for accreditation after assessment, their graduates would not be able to practise as a registered professional in Hong Kong. He urged the Administration to strike a proper balance
between ensuring the quality and the quantity of the manpower supply of healthcare professionals so as to meet the growing service demand.

15.24 SFH advised that the Administration was discussing with UGC to further increase publicly-funded first-year-first-degree training places for various healthcare professionals in the 2019-2020 to 2021-2022 triennium. In addition, efforts would continuously be made to encourage self-financing training institutions to offer more healthcare training places. These institutions could maintain close communication with the relevant professional bodies when designing the relevant programmes to better understand their accreditation requirements. In the meantime, HA had, among others, engaged part-time doctors and implemented a special retired and rehire scheme to re-employ suitable serving doctors upon their retirement or completion of contract at or beyond their normal retirement age to alleviate manpower shortage in HA. Dr Helena WONG requested the Administration to provide in writing the number of additional UGC-funded first-year-first-degree training places for doctors and nurses in the next triennium.

15.25 Mr Tommy CHEUNG expressed concern that the existing ratio of doctor per 1,000 population of Hong Kong, which stood at 1.9 in 2017, was lower than those of many developed economies. While there were increases in the number of UGC-funded first-year-first-degree medical training places in recent trienniums, it took time to train a doctor. In his view, the extension of the validity period and renewal period of limited registration from not exceeding one year to not exceeding three years following the passage of the Medical Registration (Amendment) Bill 2017 would not result in a surge in the number of non-locally trained doctors with limited registration working in the public sector. In the light of the above, he asked if the Administration would follow the arrangement of Singapore to allow those non-locally trained doctors holding a degree from specified universities to apply for medical registration in Hong Kong, or establish a third medical school to increase the number of local medical training places.
15.26 SFH advised that there would be enhancement of the facilities of the two local medical schools under the second 10-year Hospital Development Plan to strengthen their training capacities. In the meantime, there would be 420 local medical graduates annually starting from 2018-2019. Separately, a working group had been set up under the Medical Council of Hong Kong to follow up those matters arising from the passage of the Medical Registration (Amendment) Bill 2017, including promoting to non-locally trained doctors the extension of the validity period and renewal period for limited registration. HA would also examine the feasibility of recruiting more qualified non-locally trained doctors to practise with limited registration in HA in order to alleviate its manpower shortage.

Care-related support staff

15.27 Ms Alice MAK said that she had all long concerned about the unsatisfactory remuneration packages for and manpower shortage of care-related support staff of HA as a whole, and the New Territories West Cluster in particular. She asked about the measures to be put in place by HA to attract and retain these staff to cope with the increasing workload arising from the development of the public healthcare system. Mr POON Siu-ping was concerned that for the Hong Kong West Cluster, the wastage number outnumbered the intake number of the care-related support staff in the 2016-2017 financial year.

15.28 CE, HA admitted that the attrition rate of care-related support staff in HA was high. Some hospital clusters, such as the Hong Kong West Cluster, might encounter greater difficulty in recruiting these staff due to their location. As a measure to retain supporting staff, HA would enhance the career progression of Patient Care Assistant IIIA, Operation Assistant IIIB and Executive Assistant IIIA in in-patient services/wards in the 2018-2019 financial year by shortening the required number of years of experience from five to three years. A total of $48 million had been allocated to cover the related expenditure.
15.29 Mr POON Siu-ping expressed concern that the newly recruited care-related support staff of HA were not entitled to certain allowances, such as hardship allowance (obnoxious duties) and shift duty allowance. CE, HA explained that the continued payment of these allowances to those civil servants serving in HA was to honour contractual obligations. Referring to the average monthly salary expenditure per HA's care-related support staff in each cluster in 2014-2015, 2015-2016 and 2016-2017 as set out in Reply Serial No. FHB(H)148, Mr POON Siu-ping requested HA to provide in writing a breakdown by basic salary, allowance, gratuity and other on cost such as provision of home loan interest subsidy benefit and death and disability benefit.

15.30 In response to Mr POON Siu-ping's question about whether HA would consider including its outsourced workers, which numbered around 4,000 in the 2017-2018 financial year, in its establishment, CE, HA advised that outsourced workers were currently not part of the establishment of HA. Mr POON Siu-ping requested the Administration to provide in writing the expenditure incurred by HA in hiring outsourced workers.

Elderly Health Care Voucher Scheme

15.31 Expressing concern over the increase in the number of complaints against the Elderly Health Care Voucher ("EHV") Scheme received by the Department of Health ("DH") in the past three years, Mr Jeremy TAM asked about the actions to be taken by the Administration to address the problem that some service providers would charge EHV users a higher consultation or service fee. Pointing out that some service providers would encourage eligible elders to make use of EHV to purchase high-priced pairs of glasses that were more than necessary, the Deputy Chairman called on the Administration to consider setting a unit subsidized rate for those medical products to prevent abuse by service providers.
15.32 **SFH** advised that the Administration was highly concerned about the abusive use of EHV. The measures that had been put in place by DH included, among others, stepping up public education on the proper use of EHV, reminding participating service providers regularly of the proper practices in making EHV claims, and checking and auditing EHV claims. To enhance transparency, DH had also posted key statistics on the EHV Scheme, including that on the median voucher amount per claim by type of healthcare professionals, on the Scheme’s website. The Permanent Secretary for Food and Health (Health) added that the Administration had no plan to regulate the level of fees and charges of service providers under the EHV Scheme.

15.33 Stressing that there was a need to ensure prudent use of public money, Mr Kenneth LAU enquired about the number of substantiated fraud cases since the implementation of the EHV Scheme and the number of service providers so disqualified from further participating in the Scheme. **Director of Health** ("DoH") advised that from 2009 to 2017, there were 258 cases with anomalous claims identified under the EHV Scheme. A total of 19 service providers under the professions of medical practitioners, Chinese medicine practitioners ("CMPs"), optometrists, medical laboratory technologists and nurses, were disqualified from participating in the Scheme due to their failure to comply with the agreement’s terms and conditions. Separately, 39 suspected fraud cases involving service providers or family members of EHV users were referred to the Police for follow-up. In response to Mr Kenneth LAU’s question as to whether the disqualified service providers could re-join the Scheme, DoH replied that there was no standard protocol for processing such cases which should be considered on a case-by-case basis.

15.34 While appreciating the increase of about $8.4 billion in the estimated recurrent expenditure on healthcare in the 2018-2019 financial year, **Mr Vincent CHENG** called on the Administration to consider increasing the EHV amount on a yearly basis and lowering the eligibility age for the EHV Scheme from 65 to 60 to benefit more elders. **SFH** advised that the annual EHV amount had been increased from $1,000 to $2,000 since 2014 and the eligibility age had been
lowered from 70 to 65 with effect from 1 July 2017. In the 2018-2019 Budget, the Administration proposed, among others, providing an additional $1,000 worth of EHV for eligible elders in 2018 on a one-off basis. It would keep in view the implementation of the EHV Scheme and make enhancement as and when appropriate.

Development of Chinese medicine

15.35 Mr CHAN Han-pan noted that the 18 Chinese Medicine Centres for Training and Research ("CMCTRs"), which were operated on a tripartite collaboration model involving HA, non-governmental organizations ("NGOs") and local universities, had served 1,200,000 attendances in 2017. However, there had not been much increase in the annual financial provision over the years for the operation of CMCTRs. He asked if consideration would be given to increasing the financial provision to CMCTRs and improving the remuneration packages of the junior CMPs and CMP trainees employed by these CMCTRs.

15.36 SFH advised that the Administration attached great importance to the development of Chinese medicine. In developing primary healthcare, the Administration would examine how to make use of Chinese medicine to strengthen preventive care in the community. As regards CMCTRs, additional funding had been allocated to the NGOs concerned in December 2017 to increase the salaries of the staff at CMP rank of CMCTRs. D(CS), HA supplemented that the number of CMPs employed by these CMCTRs had increased from 366 in 2015 to 401 in 2017. In the meantime, HA was reviewing with the NGOs concerned the remuneration package and advancement opportunities for CMCTR staff at all levels of these CMPs.
Elderly Health Centres

15.37 Expressing concern over the long median waiting time of Elderly Health Centres (EHC), in particular the one in Tuen Mun Wu Hong which stood at 10.2 months, Prof Joseph LEE called on the Administration to strengthen the manpower of these EHCs to address the problem. DoH advised that two new clinical teams had been established in recent years for flexible deployment to EHCs having regard to the waiting list and the availability of physical space in the EHC for accommodating an additional team. Information on waiting times for all EHCs were displayed at EHCs to increase transparency and facilitate elders to choose enrolling at those EHCs with shorter waiting time.

Prevention of non-communicable and communicable diseases

15.38 Expressing support for the Administration's plan to regularization the Colorectal Cancer Screening Pilot Programme and progressively expand its coverage to those aged between 50 and 75 in the coming years, Mr Jeremy TAM called for an early implementation of the above measures.

15.39 In response to Dr KWOK Ka-ki's enquiry as to whether the Administration would conduct a pilot programme to provide outreach seasonal influenza vaccination for students in kindergarten and primary school settings, SFH advised that DH would provide outreach vaccination for the participating schools in late 2018 to prepare for the winter surge.
16.1 At the invitation of the Chairman, Mr Nicholas YANG, Secretary for Innovation and Technology ("S for IT"), briefed members on the key areas of work under the Innovation and Technology ("I&T") portfolio for the 2018-2019 financial year (Appendix IV-14).

Policy on re-industrialization

16.2 Mr Jimmy NG noted that the recent trade disputes between the United States ("US") and China had pointed to China's new high-technology industries, particularly its 5G communication devices manufacturing industry. The situation, if persisted, was set to adversely affect Hong Kong and might even affect the policy on re-industrialization. Mr NG asked whether the authorities had assessed the impact of the trade disputes between the US and China, and what measures the Administration had taken to tackle the issue; and whether the authorities would proactively negotiate with the US government in a bid to ensure that Hong Kong's status in trading, particularly its status in the protection of intellectual property, would not be adversely affected.

16.3 S for IT responded that the Administration was closely monitoring the development of the issue. Even if both parties imposed punitive measures on each other, such measures would be implemented only after a period of time and those affected would have time to prepare themselves for that. S for IT emphasized that apart from the US, Hong Kong also had trading exchanges with other places in the world and the trade disputes between the US and China would not affect Hong Kong's determination to develop I&T.

16.4 Permanent Secretary for Innovation and Technology ("PSIT") supplemented that Hong Kong's re-industrialization policies would be implemented through developing the technologies of artificial intelligence, big data analysis and Internet of Things so as to promote high-end smart production. The Government, which played the role of a facilitator, would provide support to the trades in terms of infrastructure facilities, financial aid and talent development. The present trade disputes between the US and China mainly focused on
information and communication industries, whereas Hong Kong's re-industrialization polices covered other areas besides information and communication industries. It was expected that the US-China trade disputes would have impact on Hong Kong, but it was difficult to assess the specific extent of impact at this stage.

**Guangdong-Hong Kong Technology Co-operation Funding Scheme**

16.5 With a rapid development of technology in recent years, Shenzhen had a gross domestic product higher than Hong Kong. Mr CHAN Chun-ying enquired whether the Guangdong-Hong Kong Technology Co-operation Funding Scheme ("TCFS") still had any attractiveness. He also asked about the enhancement measures the Administration had put in place (such as whether it had plans to extend TCFS to the Guangdong-Hong Kong-Macao Bay Area ("Bay Area")), and how the effectiveness of TCFS would be assessed. Commissioner for Innovation and Technology ("CIT") advised that TCFS already covered all enterprises of the entire Guangdong province, including the organizations in the Bay Area. CIT considered that as many enterprises in Guangdong province were engaging in technology development-related businesses, and Hong Kong organizations such as the tertiary institutions still had advantages in terms of technology development, the organizations from the two places could complement and collaborate with each other. Hence, it was still necessary for TCFS to continue its operation in order to promote the productivity and competitiveness of technology industries between the two places.

**Support for start-ups**

16.6 Mr CHAN Chun-ying noted that from 2014-2015 to 2016-2017, of the 122 start-ups funded by the Technology Start-up Support Scheme for Universities, 77 commercialized their scientific research results and over 140 products or services were rolled out in the market. Mr CHAN asked whether the Innovation and Technology Bureau ("ITB") had coordinated with other bureaux to help Hong Kong start-ups develop their brands locally and introduce the brands to the market. S for IT advised that the Administration supported the policy
direction of developing Hong Kong brands. He pointed out that marketing strategies had been taken into consideration by many tertiary institutions in conducting midstream and downstream research and development projects, and the Administration would continue to take follow-up actions in this direction.

16.7 Regarding the $200 million funding allocated to support start-ups, Mr Holden CHOW enquired about how the Administration would use such funding, and the measures to attract multi-national companies to conduct research and development projects in Hong Kong. The Government Chief Information Officer ("GCIO") advised that the funding would be used to, among others, raise the cap of the subsidy under the Cyberport Incubation Programme from $330,000 to $500,000; provide some $15 million of funding so that the tenants of Smart-Space in Tsuen Wan could also benefit from the Cyberport Creative Micro Fund; assist Cyberport to establish the Overseas/Mainland Market Development Support Scheme with a funding of $50 million; and support Cyberport to establish an Easy Landing Scheme, under which rental concessions would be offered to attract multi-national corporations to station and set up offices and research and development ("R&D") units in Cyberport.

Public Sector Trial Scheme

16.8 Mr Charles Peter MOK pointed out that some participating organizations of the Public Sector Trial Scheme ("PSTS") had relayed that during the vetting and approval process of the R&D projects concerned, the Innovation and Technology Commission ("ITC") required the participating organizations to provide additional information even though those projects were accredited by Hong Kong Science and Technology Parks Corporation ("HKSTPC"). For instance, ITC required a participating organization to provide additional quotation even though some spare parts were exclusively supplied by a single supplier in Hong Kong. Mr MOK queried whether such arrangement was reasonable.
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16.9 **CIT** responded that public departments usually needed to procure additional devices and facilities for adopting local I&T products or services under the PSTS. Moreover, public departments should strictly adhere to relevant government procurement procedures when procuring such devices and facilities. **CIT** emphasized that organizations failing to comply with the relevant requirements due to special reasons might forward their cases to ITC for special consideration and handling.

16.10 **Mr Charles Peter MOK** noted that the Administration's reply that relevant statistics on the PSTS (including projects approved and the departments involved) were not available. He asked why the Administration was unable to provide such statistics. **CIT** advised that the authorities had such information and undertook to provide the information after the meeting.

16.11 **Mr SHIU Ka-chun** enquired about the specific measures adopted by the Administration to support and promote locally developed products or the development of local brands, such as encouraging hospitals under the management of the Hospital Authority to procure and use locally developed face masks. **S for IT** advised that the Administration supported the concept of developing local brands and was currently considering making enhancements to the procurement policies in order to facilitate locally developed products to bid for government contracts.

**Constructing an animal laboratory in the Science Park**

16.12 **Ms Claudia MO** asked whether the Administration would undertake that the animal laboratory proposed to be constructed in the Science Park would not be used to perform experiments on animals for the conduct of researches on luxury products such as cosmetics. **Ms MO** questioned if it was possible for HKSTPC to collaborate with local universities and share their animal laboratories so as to avoid using more animals for research purposes.
16.13 S for IT explained that HKSTPC was discussing with the Administration as to the scale, operating models as well as the types of animals to be used in experiments of the proposed animal laboratory. Given that the animal laboratories and resources of tertiary institutions in Hong Kong were not adequate to meet their own researching and teaching needs, they might not be able to collaborate and share their animal laboratories with the R&D organizations in the Science Park of.

16.14 S for IT said that the proposed animal laboratory should be subject to the regulation of the Animals (Control of Experiments) Ordinance as well as the relevant codes of practice laid down by the Agriculture, Fisheries and Conservation Department. CIT added that the proposed animal laboratory and Centre for Drug Safety aimed to complement the development of a research cluster on healthcare technologies, as all newly developed drugs must go through animal testing for confirming their pharmacological and toxicological efficacy before the conduct of clinical trials. Hence, the animal laboratory would only be used to conduct experiments related to healthcare technology instead of performing researches on cosmetic products.

**Vetting and approval procedures for innovation and technology projects**

16.15 Ir Dr LO Wai-kwok considered that the vetting and approval procedures for I&T projects were relatively slow. Citing Israel as an example, he pointed out that the Israeli government had hired a substantial number of technology and research talents (including university professors and academics of specialized subjects) to review the applications and perform follow-up work. Ir Dr LO asked if the Administration would consider formulating similar vetting and approval mechanisms. S for IT pointed out that there had been significant improvement in the vetting and approval procedures, arrangement and the time required since the establishment of the ITB. The Administration had particularly improved the application and vetting procedures in relation to implementing the Technology Voucher Programme, rendering an obvious increase in the number of projects and amount of funding approved recently.
16.16 CIT added that the ITC had hired professionals from the relevant fields to review the technical parts of the projects applying for funding. Yet, the Administration still considered it necessary to appoint members from the industry and relevant parties to give views on whether the projects under application could meet the needs of the market.

e-Sports

16.17 Mr CHAN Chi-chuen enquired about the bureau which would be responsible for the development of e-sports and the relevant policies. Referring to the Budget which proposed that $100 million would be allocated to Cyberport for promoting the development of e-sports, of which $50 million would be used to support development of the industry in the next five years, Mr CHAN enquired about the Administration's plan to support the development of e-sports by the trade, whether it would submit funding applications for the $100 million in stages, and the timetable for setting up a dedicated e-sports venue in Cyberport. Mr MA Fung-kwok enquired whether the Administration intended to use this sum of funding through Cyberport or by setting up a dedicated organization.

16.18 S for IT explained that ITB, the Home Affairs Bureau and Commerce and Economic Development Bureau had discussions on issues related to the development of e-sports. The Administration decided that ITB would play the role of a facilitator at the initial development stage of e-sports, and would decide on the responsible bureau in the future subject to the views of the industries concerned. S for IT added that the Administration intended to seek funding approval from the Finance Committee ("FC") for promoting the development of e-sports, and $50 million would be used to support the development of the industry in the next five years, including organization of local and regional competitions and mega events, training programmes and public promotion activities. The Administration would submit funding application to FC. The
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authorities would give an account on the details about the setting up of a dedicated e-sports venue in Cyberport when submitting the funding proposal to FC. In response to Mr MA Fung-kwok's enquiry, PSIT advised that the authorities intended to allocate $100 million to Cyberport, of which $50 million would be used by Cyberport to support the development of e-sports industry.

16.19 On setting up a dedicated e-sports venue in Cyberport, Mr MA Fung-kwok enquired about the Administration's plan to consult the stakeholders so as to ensure that the facilities were suitable for the industry. S for IT advised that currently international competitions had laid down the requirements for e-sports venues, yet Hong Kong did not have an e-sports venue where large scale competitions could be frequently accommodated. Moreover, none of the relevant organizations had experience in organizing international competitions. While no local example was available for Cyberport's reference, Cyberport had consulted the industry to understand their needs for venues. S for IT added that as far as he knew, a number of international e-sports organizations were interested to establish a foothold in Cyberport, and the Administration would also consult the views of relevant bodies.

Pilot Information Technology Development Matching Fund Scheme for Travel Agents

16.20 Mr YIU Si-wing said that the Pilot Information Technology Development Matching Fund Scheme for Travel Agents had been well received, but the screening process of the Scheme was relatively slow and the application criteria were demanding. Mr YIU enquired whether the Administration would relax the application threshold to facilitate more active participation by the trade. Mr YIU further pointed out that good transport service support was crucial to the promotion of smart tourism, but the current practice of taxi services was criticized by many. He asked whether the Administration would allocate resources and roll out appropriate measures to enhance Hong Kong's taxi services. S for IT responded that ITB would discuss and follow up the aforesaid issues with the relevant policy bureaux.
Meanwhile, the industry could apply for funding under the Technology Voucher Programme to enhance services with the help of technology.

**Newly created high-value-added innovation and technology positions in Hong Kong**

16.21 Mr Kenneth LAU said that the Administration should collect and publish statistics on newly created high-value-added I&T positions and overseas venture capital funds having investment in Hong Kong in order to understand the effectiveness of the Administration's efforts in supporting start-ups. S for IT advised that the Administration had collected the data of various venture capital funds. It would explore how to compile and present the statistics in an authoritative and consistent manner for the public and industry's reference.

**Midstream Research Programme for Universities**

16.22 Mr Martin LIAO enquired about the reasons for the low approval rate of the Midstream Research Programme for Universities and the measures to be taken by the authorities to improve such situation. CIT advised that the projects under application were rejected mainly because the proposed project failed to meet the requirements of the vetting committee in terms of I&T contents or its mid/downstream development plan. ITC had informed the applicants of the reasons for the rejection and given them improvement advice, which they could make reference to when submitting application in the next round. S for IT added that the Midstream Research Programme for Universities was a permanent project. The Administration would review the Programme in due course so as to facilitate and simplify the application procedures.

**Technology research clusters**

16.23 Regarding the proposed establishment of research clusters on healthcare technologies and on artificial intelligence and robotics technologies, Mr Martin LIAO noted that the Administration intended to attract overseas scientific research institutions and technology
entprises to Hong Kong for conducting more R&D projects in collaboration with local universities and scientific research institutions. Mr LIAO enquired about the support provided for non-profit making R&D institutions by the Administration.

16.24 CIT replied that the Administration had earmarked $10 billion in the Budget to support the establishment of research clusters. The funding could be utilized to support non-profit making R&D institutions' expenditures on setting up laboratories (including refitting, procurement of equipment, recruitment of non-R&D supporting staff, day-to-day operating expenditures, etc.). S for IT added that in a product invention exhibition held recently, the participating universities from Hong Kong had won a number of awards, and many award-winning inventions had already commenced downstream marketing work, reflecting substantial progress in local R&D and marketing.

16.25 Mr WU Chi-wai enquired whether the proposed $10 billion funding for establishing research clusters would only be utilized to support non-profit making R&D institutions. Mr WU enquired about the considerations on which non-profit making and other overseas R&D institutions based when deciding whether or not to establish their presence in Hong Kong, and the Administration's measures to attract more R&D institutions to establish their foothold in Hong Kong.

16.26 S for IT explained that the use of the proposed $10 billion funding would be confined to support development of non-profit making R&D institutions in two areas: healthcare technologies and artificial intelligence and robotics technologies. Hong Kong also had other strengths, such as infrastructure facilities, that could attract overseas R&D institutions to establish their presence in Hong Kong.

16.27 CIT advised that judging from past experiences, some non-profit making institutions' major considerations when deciding whether to establish their presence in Hong Kong included operating cost, non-R&D staff expenses, etc. The Administration intended to provide support to these R&D institutions in order to incentivize them
to establish their presence in Hong Kong. Besides, overseas R&D institutions' decision of whether to operate in Hong Kong also hinged on the availability of suitable partners, supply of R&D talents, the intellectual property protection system in Hong Kong, and the development opportunities in the Bay Area, etc.

16.28 Given that some of the initiatives in the Administration's proposal to allocate $50 billion for the promotion of I&T development would be implemented through HKSTPC, Dr KWOK Ka-ki considered that the proposed programmes would neither benefit the young people of Hong Kong, nor encourage them to join the technology industries.

16.29 CIT responded that the Science Part itself was a technology ecosystem, in which over 200 incubatees were start-ups, and many of these start-ups were founded by young people. The proposed allocation of $10 billion to HKSTPC aimed to provide support facilities to these start-ups and the proposed research clusters on healthcare technologies and on artificial intelligence and robotics technologies. CIT added that the Administration would attract local, Mainland and overseas universities, R&D institutions and enterprises to set up R&D centres in the aforesaid research clusters, with a view to providing quality employment to young graduates and opportunities for them to participate in R&D projects.

Development and application of blockchain technology

16.30 Dr Elizabeth QUAT pointed out that financial services such as initial coin offerings and blockchain crowdfunding were developed on the basis of blockchain technology. Dr QUAT enquired about the policy areas which these services and the related technologies fell under and the policy bureaux responsible for them.

16.31 S for IT explained that while blockchain crowdfunding was overseen by the Financial Services and the Treasury Bureau, the R&D and application of the technologies related to blockchain fell under the portfolio of ITB. S for IT emphasized that internally, there were close liaison among various bureaux with respect to the development of
blockchain technology. For instance, on the development of supervisory sandbox by the regulatory bodies, ITB had participated and given views in the process; and it was the policy direction of the Administration to give priority to protecting investors.

16.32 Dr Elizabeth QUAT enquired about Cyberport's efforts in promoting the development of blockchain and other financial technologies ("Fintech"). S for IT pointed out that two years ago, Cyberport started to establish a Fintech community which was currently participated by some 250 Fintech institutions, of which some of them were Fintech "unicorns". S for IT stressed that the authorities would not focus on any single technology and would allow the market to diversify and thrive instead.

16.33 Mr Charles Peter MOK pointed out that the application of blockchain technology was not only limited to Fintech, and it could be extensively applied in other areas such as handling land leases, food safety and even the ticket sales for performance programmes. Mr MOK considered that the Administration should promote using blockchain technology inside the Government through the Efficiency Unit or launching a trial scheme.

16.34 CIT advised that the R&D centres under ITC and the trades (such as the logistics trade) had explored the application of blockchain technology in other areas. S for IT further said that through the TechConnect (block vote), the authorities encouraged various departments to innovate and enhance services with the help of new technologies. The Efficiency Office would also explore using blockchain technology to enhance public services, though no department had put forth specific proposal on the application of blockchain technology so far.
Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop

16.35 Mr WU Chi-wai enquired whether the $20 billion proposed to develop the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop ("the Park ") would be used on infrastructure or relevant construction works and facilities. S for IT explained that the development cost of the Park, including the expenditures on infrastructure and relevant construction works and facilities, would be borne by the Hong Kong side; the Administration would give an account of the detailed expenditures when submitting funding application to the FC.

16.36 Mr Holden CHOW pointed out the development of the Park would help take forward the policies on re-industrialization. He enquired whether any site in the Park would be earmarked for industrial purposes.

16.37 S for IT advised that a solid R&D foundation was crucial to high-end production. While the Park was positioned as technology and research focused, the necessary production process could be carried out in the industrial estates in Hong Kong.

Smart City

16.38 Ms Claudia MO noted that the Administration planned to implement a pilot scheme of "Multi-functional Smart Lampposts" by installing about 400 new lampposts with smart devices in four selected districts. The first phase of pilot with some 50 smart lampposts would come into operation progressively in mid-2019, the installation of the remaining 350 smart lampposts would be completed before 2021-2022. Considering the progress too slow, Ms MO enquired whether the Administration would install smart lampposts in other districts, consider to provide electric vehicles charging function through the smart lampposts and undertake to extend the scheme of "Multi-functional Smart Lampposts" to old areas, particularly to allow for installation of radio base stations for Wi-Fi and 5G network services.
to facilitate residents of Chinese tenements to access internet service.

16.39 **CIT** advised that the idea of smart lampposts with electric vehicles charging function would involve various outstanding technical issues. **GCIO** supplemented that residents of Chinese tenements could access internet service with mobile internet technology rather than using the 5G mobile communication network through the smart lampposts. He advised that as "Multi-functional Smart Lampposts" was a pilot scheme, the 400 lampposts would be installed in four selected districts. The Administration would conduct a review on the effectiveness of the pilot scheme after one year of operation with a view to formulating the long-term arrangement.

16.40 **Mr Kenneth LAU** said that while the Administration planned to develop a smart city, it had not yet convinced the bus operators to open up their real-time traffic data. He enquired whether the Administration would consider adding the requirement of opening up data when considering the renewal of bus franchise. **S for IT** advised that opening up data was the Administration's major policy direction. As a role model, government departments would gradually open up their data and hoped the business sector would follow suit. On real-time traffic data, **S for IT** advised that such data could also be obtained through the proposed lampposts.

16.41 **GCIO** added that the Office of the Government Chief Information Officer ("OGCIO") had discussed with the Transport Department ("TD") about encouraging the operators of public transport services to provide real-time traffic data to the public. Besides, TD provided arrival and travelling information of various transport means to the public through the "Hong Kong eTransport" mobile application. Meanwhile, TD would share the data with other mobile application developers to facilitate their provision of diversified products and services.
16.42 Dr KWOK Ka-ki pointed out that the development of smart city involved the collection of a huge volume of personal data. He enquired about the Administration's measures to ensure that personal privacy would not be infringed. GCIO advised that the development of smart city would require intensive application of Internet of Thing ("IoT") technologies for the collection of real-time city information. On ensuring IoT technologies and personal data safety, the Administration would make reference to the code of practice published by relevant international bodies in formulating the procedures for data collection. As for the data collected from IoT facilities, the authorities would open up and share the data with the public and the trade only after such data had gone through the impersonalized process.

Cyber security

16.43 Mr LAU Kwok-fan pointed out that recent hacker attacks on some local online service suppliers had led to the leakage of a lot of customer information. The incident highlighted the loopholes in the cyber security of Hong Kong. Mr LAU enquired about the Administration's measures to strengthen cyber security and its support to the small and medium enterprises with a view to enhancing information security and protection.

16.44 S for IT explained that concerted efforts and collaboration from the entire industry were crucial to preventing cyber attacks and enhancing information security. The authorities currently shared with the trade information on cyber security and promote cooperation in the industry for enhancing the capacity of cyber security through the Hong Kong Computer Emergency Response Team Coordination Centre. GCIO supplemented that OGCIO was in the preparation of setting up the Cyber Security Information Portal, where the industry would be invited to share information on cyber security with a view to enhancing information security awareness of the trade and taking early precaution for cyber security issues. Regarding the incident of hacker intrusion on online service suppliers mentioned by Mr LAU, GCIO advised that the cases would be followed up and investigated by the Police and the Office of the Privacy Commissioner for Personal Data.
Chapter XVII : Planning and Lands

17.1 At the invitation of the Chairman, Mr Michael WONG, Secretary for Development ("SDEV"), briefed members on the major initiatives and expenditure on the policy areas of planning and lands for the 2018-2019 financial year (Appendix IV-15).

Land supply

Housing land supply

17.2 Mr Kenneth LAU requested the Administration to give its views on the concept of developing car-free communities as advocated by some organizations earlier for the purpose of increasing the development intensity and boosting housing supply, given the scarcity of land resources in Hong Kong. Citing Discovery Bay of Lantau and Park Island of Ma Wan as examples, SDEV advised that car-free community development projects solely relying on mass public transport services had long been in place in Hong Kong. The Administration acknowledged that with fewer transport infrastructural facilities in a car-free community, more land would be available for the construction of residential units. However, in exploring the adoption of the car-free community mode in a new development area ("NDA") project, the Administration had to take various factors into careful consideration, including the impacts of the car-free community on the transport facilities (e.g. parking spaces) in the surrounding area.

17.3 Quoting Reply Serial Number DEVB(PL)011, Mr CHU Hoi-dick noted that 27 private housing sites would be included in the 2018-2019 Land Sale Programme. Given that the land available for public housing construction was currently in short supply, he opined that the Administration should convert the private housing sites in the Land Sale Programme to public housing development. Mr AU Nok-hin expressed similar views.

17.4 In response, SDEV advised that under the Long Term Housing Strategy, the public/private split was 60:40. The Administration was aware that the supply of public housing units had been below the target in recent years. Since 2013-2014, it had been
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proactively identifying suitable land for rezoning to housing land use and eight sites originally planned for private housing development had been converted to public housing sites in the past two years. SDEV also pointed out that not all housing sites were suitable for the development of high-density public housing. It was also the Administration's responsibility to balance the supply of land for different uses so as to meet the varying demand for public and private housing.

17.5 Mr Wilson OR suggested that the Administration should expedite the land use rezoning procedures to provide more land for housing purpose. In response, SDEV advised that in accordance with the statutory planning procedures prescribed under the Town Planning Ordinance (Cap. 131), the public might make written representations and comments to the Town Planning Board ("TPB") in respect of the relevant statutory draft plans or the amendments thereto, and TPB would hear the representations and comments received. Currently, it generally took around 11 to 12 months to go through the procedures for amending statutory plans, and there was no room for shortening further the time required for the relevant statutory procedures.

17.6 Mr SHIU Ka-chun pointed out that in the 2017 Policy Address, the Chief Executive announced that the Administration would facilitate the implementation of various short-term initiatives spearheaded by the community to increase the supply of transitional housing. He enquired how the Administration would implement the relevant initiatives, and whether the Administration would consider making legislative amendments to allow residential uses in industrial buildings. The Administration would provide a written response after the meeting.

Public engagement exercise conducted by the Task Force on Land Supply

17.7 Quoting Reply Serial Number DEVB(PL)006, Ms Tanya CHAN mentioned that the Administration had budgeted around $12 million for the public engagement ("PE") exercise conducted by
the Task Force on Land Supply ("TFLS") in 2018-2019 and external professional services had also been/would be engaged to assist in tasks relating to the conduct of the above PE activities. She enquired on the details of the professional services, and whether the Administration had commissioned the professional services through public tendering. SDEV replied that TFLS had engaged two companies in assisting in the production of booklets, pamphlets and videos regarding the above PE exercise through public tendering.

17.8 Ms Claudia MO pointed out that there were views in the community that the Administration should release the Fanling Golf Course site for housing or other uses. In response, SDEV advised that TFLS would soon conduct the PE exercise. One of the land supply options identified was the alternative uses of sites under Private Recreational Leases (e.g. the Fanling Golf Course site).

The "Hong Kong Property for Hong Kong People" measure

17.9 Quoting Reply Serial Number DEVB(PL)191, Mr Dennis KWOK and Mr Jeremy TAM pointed out that while the Administration stated that the policy objective of the "Hong Kong Property for Hong Kong People" ("HKPHKP") measure was to accord priority to meeting Hong Kong permanent residents' needs for home purchase, the Lands Department ("LandsD") had so far received a substantial number of applications for "consent to sell" or "consent to underlet or license" from owners of the residential units of One Kai Tak (i.e. the residential development project to which the "HKPHKP" measure was applied), and most of the applications were approved. Mr KWOK and Mr TAM criticized that the Administration's granting of permission for owners of One Kai Tak to resell and let their units for profiteering purpose had run against the policy objective of meeting Hong Kong permanent residents' needs for home purchase.

17.10 In response, SDEV advised that the policy objective of implementing the "HKPHKP" measure at that time was to accord priority to meeting the home ownership demand of Hong Kong permanent residents in making use of the scarce housing land
resources, amidst a tight demand-supply situation in the property market. If the owners of the residential units concerned intended to sell or let their units, they had to obtain "consents to sell" or "consents to underlet or license" from LandsD. Relevant units could only be sold to Hong Kong permanent residents prior to the expiry of a period of 30 years from the date of the land leases. The period of letting or licensing (including any rights to renewal) should not exceed a total of five years so as to prevent the owners of the units from circumventing the sale restrictions by letting the units to non-Hong Kong permanent residents on a long-term basis. SDEV advised that the LandsD's granting of "consents to sell" or "consents to underlet or license" to owners of One Kai Tak who made such applications had not run against the policy objective of the "HKPHKP" measure. He also advised that the current-term Government did not have plans to launch initiatives similar to the "HKPHKP" measure.

17.11 Mr Dennis KWOK and Ms Tanya CHAN enquired about the procedures to be followed by owners of One Kai Tak units in applying for "consent to sell" or "consent to underlet or license". Director of Lands ("D of L") replied that after a developer had sold the relevant residential units to individual owners, the owners of individual units might apply for the aforesaid consents in advance even though they had no immediate plan to sell, underlet or license the units. When the units were to be sold, the buyers concerned had to use specified forms to make statutory declarations to prove to lawyers that they complied with the requirements under the "HKPHKP" measure. The lawyers responsible for the transactions were obliged to verify such statutory declarations, ensure the Hong Kong permanent residency of the buyers, confirm that the units were purchased in their own names, etc. The "consents to sell" would be registered with the Land Registry as part of the transaction documents, and copies of the statutory declarations had to be filed with LandsD for information.
Chapter XVII : Planning and Lands

Planning and development of brownfield sites

17.12 Mr Frankie YICK quoted Reply Serial Number DEVB(PL)234 regarding the arrangements for granting ex-gratia allowance ("EGA") for business undertakings (e.g. brownfield operators in Hung Shui Kiu NDA) affected by the Government's development clearance exercises. According to the Administration's proposal, an affected undertaking would be eligible for EGA if it had operated on the land lot for at least 10 years. Mr YICK opined that such requirement was too stringent as the duration of a tenancy was usually short and a brownfield operator might have to identify another location for operation every several years. He urged the Administration to consider fine-tuning the requirement by stipulating that the business undertaking should have operated in the same district for at least 10 years. He enquired on the expected time when the proposed EGA arrangement would be submitted to the Finance Committee for approval. He also requested the Administration to adopt a policy of "re-housing before land resumption" to enable the affected brownfield operators to continue with their business.

17.13 In response, SDEV advised that there were about 200 hectares ("ha") of brownfield sites in Hung Shui Kiu, and among which, about 190 ha would be affected by the works of the Hung Shui Kiu NDA project. The Administration had not yet finalized a specific timetable for the implementation of the Hung Shui Kiu NDA project. SDEV advised that being well aware of existing brownfield operators' concerns and views on compensation and rehousing arrangements, the Administration was exploring the technical feasibility and financial viability of accommodating and consolidating some of the brownfield operations that were still needed in Hong Kong in a more land efficient manner, such as in multi-storey buildings ("MSBs"). Apart from MSBs, the Administration would also explore the opportunities to accommodate certain operations, which were practically infeasible to move into MSBs, on suitable open-air sites. SDEV stressed that the aforesaid measures were neither "one-for-one" decanting nor local reprovisioning facilities guaranteed for individual brownfield operators, rather, the measures were to be formulated from the overall planning
perspective in consideration of the displacement of brownfield operations resulting from the NDA projects being implemented.

Ma Liu Shui reclamation project

17.14 Mr CHAN Chi-chuen enquired on the estimated salary expenditure of staff in the Planning Department ("PlanD") responsible for conducting the planning and engineering study for the Ma Liu Shui Reclamation project. He opined that given the controversies surrounding the Ma Liu Shui Reclamation project among Sha Tin residents, the Administration should conduct further public consultation exercises before proceeding to the next planning and engineering study.

17.15 Director of Planning advised that five permanent posts (including the posts for three professionals and two supporting staff) would be created in the Planning Department ("PlanD") to prepare the implementation of and oversee the planning and engineering studies for the Ma Liu Shui and Lung Kwu Tan Reclamations. The estimated salary expenditure of these staff in 2018-2019 was about $3.5 million in terms of notional annual mid-point salary value. SDEV advised that noting Sha Tin residents' concerns on the Ma Liu Shui Reclamation project, the Administration would, at a later stage, collect the views of the public further. The proposed planning and engineering studies for the Ma Liu Shui Reclamation aimed to study and evaluate the planning and development data (e.g. traffic impacts) in respect of Ma Liu Shui Reclamation for more in-depth public discussion on the proposed reclamation project.

Optimizing the utilization of existing land resources

17.16 Mr SHIU Ka-chun welcomed that the Administration would, in the Budget, set aside $1 billion to support the use of vacant government sites (including vacant school premises) by non-governmental organizations ("NGOs") for community purposes. He enquired on the grounds upon which and the criteria based on which LandsD decided to lease vacant government sites and vacant school premises under its management for non-profit-making uses in the form
of short-term tenancies; the time generally taken between the submission of applications by relevant NGOs and the granting of approval; and whether the Administration would consider establishing an inter-departmental task force to provide professional advice and assistance to NGOs on the submission of applications for converting the uses of vacant government sites. The Administration would provide a written response after the meeting.

17.17 Mr AU Nok-hin quoted Reply Serial Number DEVB(PL)231, which pointed out that the Government would commence a technical study to explore the feasibility of relocating some wholesale food markets to North West Tsing Yi, such that the released sites could be utilized for other uses. He enquired about the commencement time and the anticipated completion time of the relevant technical study. Deputy Secretary for Development (Planning and Lands)1 replied that the Administration planned to kick start the above technical study in the second quarter of 2018 and it was estimated that the study would take around two years to complete.

Rehousing and compensation arrangements for the Kwu Tung North and Fanling North New Development Areas

17.18 Mr LAU Kwok-fan urged the Administration to further enhance the EGA and rehousing arrangements provided for residents affected by projects in the Kwu Tung North and Fanling North NDAs, including rehousing in public rental housing estates with the exemption of income and asset tests, and the arrangement of adopting the "rehousing before clearance" policy. In response, SDEV advised that the Development Bureau ("DEVB") had been, over the years, liaising closely with local groups and villager bodies concerning the issues on Kwu Tung North and Fanling North NDAs. The Administration was fully aware of the affected residents' concerns about clearance. Based on the latest work progress, the Administration planned to seek funding from the Legislative Council ("LegCo") for the construction of and land resumption compensation for the Advance and First Phase Works in the first half of 2019. Meanwhile, the Administration would continue to
listen to the views on the EGA and rehousing arrangements expressed by various parties.

Planning and development

17.19 Ir Dr Lo Wai-kwok pointed out that while PlanD made public in March 2017 the Territorial Population and Employment Data Matrix ("TPEDM") for reference of relevant professional sectors in conducting technical assessments, the aggregated data of 26 "Planning Data Districts" rather than the data of 400-odd "Planning Data Zones" in Hong Kong were released, which had made it impossible for the relevant industries to make full use of those data. He enquired whether the Administration would examine how those data could be shared with relevant industries more effectively in the long run, and whether the Administration would consider publishing TPEDM data by "Planning Data Zones".

17.20 SDEV replied that the TPEDM, to be updated by PlanD, was mainly used by the Government internally for the long-term and strategic land use and infrastructure planning. To respond to the requests of the public, including those of the professional sectors, PlanD had since March 2017 published the TPEDM data which were aggregated into 26 larger "Planning Data Districts". In deciding the dissemination in such a way, PlanD had consulted departments responsible for vetting the technical assessments of various private projects. All these departments considered that data aggregated into 26 "Planning Data Districts" would suffice for facilitating the industries to conduct technical assessments. Besides, the TPEDM contained certain assumptions for development projects which were very preliminary and still subject to studies; the relevant data were not only sensitive but also subject to changes along the time. Further publishing data in "Planning Data Zones" might disclose such sensitive information, thereby leading to unnecessary misunderstanding in the public. PlanD considered that the current arrangement had struck a right balance between the industries' request for open data and avoiding disclosure of sensitive information.
17.21 Mr Tony TSE noted and welcomed that the Planning and Lands Branch of DEVB would set up an inter-departmental steering group to explore how best to consolidate and rationalize the standards and definitions adopted by the relevant departments under DEVB in scrutinizing development projects such that the approval process could be streamlined. He urged the Administration to further study the communication and coordination between various divisions under DEVB and other government departments (e.g. the Fire Services Department, the Environmental Protection Department and the Transport Department ("TD")) in future in respect of the granting of approval for development projects, so as to further rationalize and expedite the approval process for developments. SDEV noted Mr Tony TSE's views.

17.22 Mr AU Nok-hin opined that the Administration should conduct planning studies on the overall transport infrastructure in Hong Kong instead of conducting individual traffic impact assessments for individual development projects under planning. SDEV advised that the Transport and Housing Bureau ("THB") was responsible for formulating strategies on major transport infrastructure in Hong Kong to provide the transport infrastructure facilities required in a timely manner. DEVB would refer Mr AU Nok-hin's views to THB for consideration.

Land management and enforcement

17.23 The Deputy Chairman pointed out that bicycle-sharing service had become increasingly popular in Hong Kong, however, shared bicycles had taken up a large number of public bicycle parking spaces, and quite a number of shared bicycles were indiscriminately parked in public places, causing inconvenience to pedestrians and other bicycle users. The Deputy Chairman also criticized that the responsibilities shouldered by various government departments in handling problems relating to shared bicycles were not clearly delineated. He urged the Administration to consider setting up exclusive parking spaces for shared bicycles at suitable locations in various districts to effectively regulate the operation of bicycle-sharing service. In response, SDEV
advised that LandsD under DEVB was mainly responsible for taking enforcement actions against unauthorized occupation of unleased government land by bicycles, while TD was responsible for the overall transport management policies and measures relating to bicycles. DEVB would refer the Deputy Chairman's views on the regulation of bicycle-sharing service to TD for follow-up.

17.24 Dr KWOK Ka-ki criticized that the Administration had not proactively taken enforcement actions against unauthorized small house development on private agricultural lands in the New Territories. In response, SDEV advised that the Administration had, in recent years, conducted proactive inspections and enhanced its enforcement actions in respect of the land administration purview, e.g. enhancing its enforcement actions in respect of structures in breach of land leases ("lease-breaching structures") erected on private agricultural lands. Given that most of the lands in the New Territories were private agricultural lands without designated uses under the relevant land leases, and some of such lands had not been designated as "development permission areas", the Administration's enforcement powers in respect of that type of lands were subject to certain restrictions. Notwithstanding this, the Administration would endeavour to take relevant land enforcement actions.

17.25 Mr LEUNG Che-cheung enquired about the handling of unauthorized structures erected on rural land or private agricultural land in the New Territories in 2017. D of L replied that among the 761 cases involving lease-breaching structures on private agricultural lands discovered by LandsD in 2017, following the enforcement actions taken by LandsD, the owners in 352 cases had demolished the lease-breaching structures on their own while the demolition was carried out by LandsD in seven cases. LandsD would continue to take relevant enforcement actions, especially against large-scale lease-breaching structures.
17.26 Mr LEUNG Che-cheung expressed concern that under the squatter control policy, extension was not allowed for surveyed squatters. A surveyed squatter structure not complying with the relevant requirements would lose the status of a surveyed squatter structure and had to be demolished. Mr LEUNG enquired whether the Administration would offer an opportunity for occupants of the squatter structures to rectify the situation by allowing them to demolish the non-compliant portions and continue to reside therein. D of L replied that concerning the cases of non-compliant extension in surveyed squatters, LandsD had previously exercised its discretion to allow the occupants to rectify the situation. In view of the public's concerns about non-compliant squatter structures and having considered that the squatter control policy explicitly required demolition actions to be taken against non-compliant squatter structures, LandsD had, since 22 June 2016, tightened its enforcement arrangements. Specifically, if there was evidence showing that an extension to a squatter was made after that day, enforcement actions would be taken by LandsD immediately upon detection without giving any opportunity to rectify the situation, i.e. to cancel the squatter survey number instantly, and enclose or demolish the entire unauthorized structure on government land, or take lease enforcement actions against lease-breaching structures on private land. Cases of extension before that day would, depending on the circumstances, still be given an opportunity to rectify the situation.

17.27 Mr WU Chi-wai pointed out that at the moment, owners of private agricultural lands in the New Territories designated as Conservation Area would not be compensated. Therefore, owners of the agricultural lands tended to convert such lands into brownfield operation for gaining economic benefit. Mr WU enquired whether the Administration would consider providing appropriate compensation to owners of the agricultural lands designated as Conservation Area to facilitate rural conservation. SDEV advised that it was the Government's established policy not to offer monetary compensation for land use rezoning cases. He quoted Sha Lo Tung as an example, illustrating how the Administration had, having regard to the situation unique to this case, encouraged the conservation of private lands of
high ecological value in Sha Lo Tung through non-in-situ land exchange. In addition, the Agriculture, Fisheries and Conservation Department had been actively promoting the Agricultural Land Rehabilitation Scheme.

17.28 Mr WU Chi-wai advised that owners of private agricultural lands in the New Territories were not required to pay rates, but they had to do so if such agricultural lands were used for brownfield operations. Mr WU urged the Administration to step up inspections of private agricultural lands in the New Territories to identify cases in which agricultural lands had been converted into brownfield sites. SDEV replied that the collection of rates was under the purview of the Rating and Valuation Department, and LandsD would provide support for its work where necessary. However, uses of lands in the New Territories were versatile and complicated. It was a challenging job for the Administration to grasp the changes in land uses in a timely manner.

Urban renewal

17.29 Mr Vincent CHENG enquired about the time when the district planning study for Yau Ma Tei and Mong Kok ("Yau Mong District Study") currently conducted by the Urban Renewal Authority ("URA") was expected to be completed. He considered that the Yau Mong District Study might not be able to effectively enhance the progress of urban renewal, but instead would only delay the implementation of urban renewal projects. Mr SHIU Ka-chun shared similar concerns and enquired whether the Administration would expeditiously review the Urban Renewal Strategy.

17.30 Ms Alice MAK declared that she was a non-executive director of the URA Board. She supported URA in conducting the Yau Mong District Study to explore and formulate a new comprehensive strategy to promote urban renewal, and did not subscribe to the view that the Yau Mong District Study would delay the implementation of urban renewal projects. She suggested that URA should explain to the public the objectives and key tasks of the Yau Mong District Study,
such as arrangements for rehousing residents and how to maintain the quality of life of residents living in their original districts.

17.31 SDEV replied that URA commenced the Yau Mong District Study in May 2017, which was expected to be completed by end-2019. He pointed out that Yau Ma Tei and Mong Kok had a high concentration of old buildings, of which more than 800 had had their plot ratios fully utilized and it was not feasible to keep using the current mode of redeveloping individual building projects. The Yau Mong District Study aimed to explore ways of enhancing the efficiency of existing land use and the redevelopment potential in the two districts, identifying more effective and efficient ways for urban renewal. The Administration would, after the meeting, provide a written reply to Mr SHIU Ka-chun's question.

17.32 Mr Vincent CHENG noted with keen concern that URA had suspended the Demand-led Redevelopment Project Pilot Scheme after the fifth round of applications was closed in May 2016. SDEV said that the projects approved under the Demand-led Redevelopment Project Pilot Scheme were relatively small in scale without achieving better planning benefits. As such, URA considered it necessary to review the sustainability of the current mode of redevelopment under the Pilot Scheme. URA would take the opportunity of conducting the Yau Mong District Study to review the Pilot Scheme.

17.33 Ms Alice MAK and Mr Wilson OR suggested that URA should make use of the land resumed to develop public housing units in collaboration with the Hong Kong Housing Authority ("HKHA") or the Hong Kong Housing Society ("HKHS") with a view to increasing the subsidized housing supply for grass-roots people. In response, SDEV said that URA, as a statutory body with the statutory function of promoting urban renewal, had all along maintained an appropriate division of work with HKHA/HKHS in terms of their roles and ambits in that the latter was responsible for providing subsidized sale flats and public rental housing. The redevelopment projects undertaken by URA since its establishment mainly focused on the redevelopment of private properties. To replenish the number of residential units in the private
property market after redevelopment and to maintain the balance in the supply of public and private housing, the units to be provided after project completion were also private residential units. The Administration would make reference to the outcome of the Yau Mong District Study and explore with URA the feasibility of pursuing different types of housing in its redevelopment projects.

**Operation Building Bright 2.0**

17.34 Mr Vincent CHENG expressed support for the Administration to launch the Operation Building Bright 2.0 ("OBB 2.0") to provide technical and financial assistance to eligible building owners for undertaking prescribed inspection and repair works under the Mandatory Building Inspection Scheme ("MBIS"). He urged the Administration to consider expanding the criteria for eligible buildings under OBB 2.0 to cover buildings aged 30 years or above. In response, SDEV said that based on a risk-based approach, OBB 2.0 focused on residential and composite buildings aged 50 years or above with relatively low average rateable values, having regard to the relatively higher building safety risks of these buildings. The Administration was mindful that a surge of demand for building repair and maintenance works might create undue pressure on the market. Hence, it was proposed that the commencement of the inspection and repair works for around 2,500 buildings to be funded under OBB 2.0 be appropriately spaced out over a five-year period. During the upcoming review of OBB 2.0 to be conducted in around 2020, the Administration would consider the way forward, including the need to extend the duration of OBB 2.0 and to expand the scope of eligible buildings.

17.35 Mr Tony TSE enquired about the departments or organizations responsible for providing technical assistance to eligible building owners under OBB 2.0. SDEV replied that the Administration proposed that buildings participating in OBB 2.0 be divided into two categories. Category 1 buildings covered those whose owners were prepared to take up the organization of the prescribed inspection and repair works for the common parts of their
buildings with a view to discharging outstanding MBIS notices. In respect of such buildings, URA would provide the owners with technical advice and support relevant to the organization of the required inspection and repair works. Category 2 buildings covered those which had outstanding MBIS notices but the owners concerned had difficulties in coordinating the prescribed inspection and repair works in the commons parts of the buildings (e.g. "three nil" buildings). The Buildings Department ("BD") would proactively select buildings out of this group and exercise its statutory power to hire consultants and contractors to carry out the requisite works in default of owners and seek to recover the cost from them afterwards.

**Building quality and safety**

17.36 Referring to the Administration's plan of introducing a new Feed-in Tariff ("FiT") scheme, Mr Kenneth LAU enquired whether the Administration would consider relaxing the relevant restrictions under the Buildings Ordinance (Cap. 123) to facilitate the installation of solar photovoltaic ("PV") systems by owners in their properties (such as village houses) to tie in with the implementation of the FiT scheme. SDEV said that the Administration was currently conducting a specific study on the potential, barriers and constraints of PV installation on rooftops of different types of buildings (including village houses), in order to formulate appropriate rules. The main consideration of the DEVB was to safeguard building safety. Upon completion of the study, the Administration would consult relevant LegCo Panel(s) on the initiative and the arrangements concerned.

17.37 Mr Wilson OR enquired whether the Administration would step up enforcement actions against unauthorized signboards to expedite the removal of dangerous signboards in the future. The Administration would provide written replies after the meeting.
17.38 Mr Wilson OR said that there were views in the community that the work of the Joint Office ("JO") formed by the Food and Environmental Hygiene Department ("FEHD") and BD in handling water seepage complaints in buildings was ineffective. He enquired how the Administration had sought to enhance the effectiveness of JO in handling water seepage complaints in buildings. SDEV replied that the number of cases in which the sources of water seepage were successfully identified accounted for approximately 40% of all the water seepage cases concluded by JO, substantially higher than the level of 14% before the establishment of JO. FEHD and BD would review JO's manpower and division of duties, so as to further enhance the effectiveness of its investigations.

17.39 Ms Alice MAK was concerned that some residential flat owners had recently offered to let their sub-divided units ("SDUs") in the form of "capsule-like accommodation", which might give rise to fire safety and building structural hazards. At the request of Ms MAK, the Administration would provide supplementary information on how the Administration regulated issues relating to the aforesaid SDUs.

**Street naming**

17.40 Ms Claudia MO enquired whether the Administration had plans to change the names of certain places and roads to remove words with colonial government connotation, in accordance with the suggestions put forward by some members of the community recently. In response, SDEV and D of L said that LandsD assigned names to streets in line with the relevant legislation and the established work instructions and guidelines for street naming. The Administration currently had no plans to systematically rename streets with established names. From time to time, the Administration received suggestions put forward by District Councils or members of the public to change street names. In deliberating the suggestions, LandsD would consider various factors, including the confusion and inconvenience that might be caused to residents, traders, members of the public, government departments and other public service organizations in the locality.
SDEV stressed that whether established street names contained words with colonial government connotation or not was not a consideration factor in determining whether such names had to be changed. At the request of Ms Claudia MO, the Administration would provide the details of cases of renaming streets with established names under processing.
Chapter XVIII : Works

18.1 At the Chairman's invitation, Mr Michael WONG, Secretary for Development ("SDEV"), briefed members on the major initiatives and expenditure on the policy areas of works for the 2018-2019 financial year (Appendix IV-16).

Cost control for public works projects

18.2 Referring to Reply Serial No. DEVB(W)023, Mr LUK Chung-hung noted that the New Engineering Contract ("NEC") included target cost options with a built-in pain/gain share mechanism, under which the contractors were provided with the incentive to proactively propose construction proposals, so as to lower the cost and/or complete the works earlier. He enquired about the availability of data to prove that adoption of the target cost option in works implementation could reduce cost overruns remarkably, the contractor's share in the cost thus saved, and whether mechanisms were in place to allow middle-rank or frontline construction staff to also benefit from it.

18.3 Permanent Secretary for Development (Works) ("PS/DEV(W)") replied that the written reply mentioned above had set out a number of completed and ongoing NEC capital works contracts. For ongoing projects, time was required for the Government to collect data for further analysis. It was the Government's policy objective that the NEC form be adopted in all works contracts except for exceptional circumstances. Under the target cost option, contracting parties set a common target price. The employer and the contractor would share the saving equally should the price for contract settlement come out less than the target price. The Administration considered that the participating parties in the contract should all benefit from the cost saved, including the employees. The Happy Valley Underground Stormwater Storage Scheme was one of the projects adopting the target cost option, for which an overall cost saving of about $90 million was achieved.
Chapter XVIII : Works

Construction manpower

18.4 Mr LUK Chung-hung referred to Reply Serial No. DEVB(W)024 which stated that the Government would take the lead in piloting Modular Integrated Construction ("MiC") in public projects. He enquired whether the Administration would promote the production of building modules at local prefabrication workshops, so as to increase the employment opportunities for construction workers.

18.5 SDEV replied that the Government was expected to provide financial support for the construction sector to explore and harness innovative construction technologies, such as MiC, through the setting up of the Construction Innovation and Technology Fund ("CITF") proposed in the 2018-2019 Budget. It was also hoped that training would be provided to help workers with technology application. Works efficiency was not the only consideration behind the Administration's drive to promote the adoption of MiC. It had also taken into consideration the fact that such technology could largely reduce the amount of work, particularly works at height, to be performed by workers on site, thereby enhancing safety protection for workers.

18.6 Mr CHU Hoi-dick enquired whether the Administration and private developers would work with the construction sector to provide sufficient number of construction jobs for construction workers. SDEV replied that it was the view of the Administration that implementation of public works projects could help provide employment for construction workers. However, the Government would not pursue unnecessary projects for that reason.

Water supply and mains leakages

18.7 Referring to Reply Serial No. DEVB(W)112, Mr Gary FAN was concerned that a large amount of fresh water in Hong Kong was discharged into the sea every year due to overflowing of reservoirs. A total of about 80.2 million cubic metres of water had gone wasted in this way from 2015 to 2017, which translated into a price of
$470 million in Dongjiang water terms. In particular, the quantity of overflow from reservoirs in 2017 was 48.4 million cubic metres. He enquired why the quantity of overflow in that year was more than the respective quantities in 2015 (3.3 million cubic metres) and 2016 (28.5 million cubic metres).

18.8 Director of Water Supplies ("DWS") replied that overflow occurred mainly in reservoirs built from the late 19th century to mid-20th century. As these reservoirs were designed to meet the prevailing demand for fresh water of a relatively small population then, they featured relatively small storage capacities and were prone to overflow as a result of the relatively large catchment areas. As the rainfall in 2016 and 2017 was higher than average, it was natural that those reservoirs with smaller capacities would have a high chance of overflow. Moreover, Dongjiang water was mostly delivered to water treatment works directly for treatment and, generally speaking, only a small portion of Dongjiang water was stored in reservoirs temporarily. But such overflow did not involve any Dongjiang water.

18.9 Mr Gary FAN noted that the Administration was taking forward the Inter-Reservoirs Transfer Scheme ("IRTS"), under which the discharge from the Kowloon group of reservoirs would be transferred to the Lower Shing Mun Reservoir. Mr FAN pointed out that the planning of IRTS had commenced in 2004. The project cost had increased from the original estimate of some $350 million in 2009 to the latest estimate of some $1 billion. Mr FAN enquired about the progress of IRTS, and whether it was technically feasible to deliver the discharge from the Kowloon group of reservoirs to households directly by way of water supply infrastructures (including pumping stations, catchwaters, tunnels, service reservoirs and water treatment works) without having to transfer the water to the Lower Shing Mun Reservoir by IRTS.

18.10 SDEV said that discharge of overflow from reservoirs was a prerequisite precautionary measure. Implementation of IRTS to balance the water volumes among the different reservoirs concerned would enhance the adaptability and vigilance of flood control, as well
as the collection yield. **Director of Drainage Services** ("DDS") supplemented that the Administration had completed the design of IRTS. The funding application to the Finance Committee was pending for submission. IRTS sought to transfer the potential discharge from the Kowloon group of reservoirs to the Lower Shing Mun Reservoir to prevent flooding in the downstream urban areas. DWS said that the Administration considered IRTS a cost-effective way to deal with the overflow from reservoirs, which could transform the discharge into water resources.

18.11 **Mr Gary FAN** noted that the output capacity in the first stage of the desalination plant at Tsueng Kwan O proposed by the Administration would account for only 5% of the total fresh water consumption in Hong Kong, and the proportion would rise to 10% only after the second stage of development. He opined that the output capacity should be increased with more sophisticated desalination technologies coming into stream. In this connection, he enquired whether the Administration would revise the project scheme of the desalination plant to pitch its output capacity to 10% of the total fresh water consumption in Hong Kong after commissioning so as to achieve the economy of scale.

18.12 **SDEV** replied that the Administration usually implemented major works projects in phases. Should there be no hiccups, the first stage of the desalination plant would commence operation in 2022 with an output capacity equivalent to about 5% of the total fresh water consumption in Hong Kong. The desalination plant would not be able to commence operation in 2022 if the project scale was doubled. Moreover, the Administration should be able to implement the second stage of the project with better cost efficiency after gaining experience from the desalination technologies in the first stage, taking into account that desalination technologies advanced constantly over time. As such, the Administration did not recommend revising the project scheme of the desalination plant at this stage. He also said that Hong Kong could be relieved from its reliance on Dongjiang water to a certain degree following the commissioning of the desalination plant.
18.13 Mr AU Nok-hin was concerned about the water mains leakages in private housing estates, especially the responsibility issue of maintenance and repair of mains. He opined that mains maintenance involved professional techniques of leakage detection and huge costs of maintenance and repair, which were beyond the handling capacity of property owners in general. He pointed out that in one of the cases he had handled, the Water Supplies Department had first required the property owners to repair the leaking mains, but then confirmed that the leakage could be tackled by construction of an open channel separately. He criticized the Administration for its unclear policy and chaotic handling regarding the issue of water mains leakages in private housing estates. He enquired whether clear requirements or established procedures were in place under the Waterworks Ordinance (Cap. 102) for handling of water mains leakages in private housing estates.

18.14 SDEV replied that the Administration would not comment on individual cases. Water mains leakages within the boundary of private housing estates (including slopes) should be undertaken by the owners normally. However, the relevant government departments would consider feasible ways to assist owners in the process. DWS supplemented that the Administration understood the difficulties faced by owners in terms of the huge costs of maintaining and repairing water mains. Although it was stipulated under the Waterworks Ordinance (Cap. 102) that owners should undertake the maintenance of inside service, which began at the point of connection from the mains, the Administration would deal with leakage problems in a flexible manner by exploring solutions jointly with incorporated owners and building management offices. Moreover, the Administration expected that the development of a professional market in leak detection and maintenance of water mains would enable the market to provide professional and competitive leak detection and water mains maintenance services for incorporated owners and building management offices.
Encouraging innovation

18.15 Mr Tony TSE sought details of the $1 billion CITF proposed in the 2018-2019 Budget, including whether it would be supervised by the Construction Industry Council ("CIC"), whether the Administration would streamline the application procedures for CITF, and whether resources would be earmarked for the development of relevant software and hardware and talent training.

18.16 SDEV replied that it was the current intention of the Administration that CIC should play an important partner role in the management and granting of CITF. The Administration would consult the Panel on Development of the Legislative Council ("LegCo") on the specific proposal on CITF in due course. PS/DEV(W) supplemented that the Administration was having discussion with relevant stakeholders on the operational details of CITF, which would include two major parts. Firstly, the Administration had earmarked part of the resources for attracting and supporting the increased adoption of innovation and technology ("I&T") by the construction sector, such as Building Information Modelling which allowed professionals from different fields to forge the design scheme in a shared virtual environment using a virtual 3D model that could also be used in the construction and maintenance stages. Secondly, part of the resources would be used to train university students and industry practitioners for the increased use of I&T, in a progressive drive for the construction sector to embrace a culture of innovative thinking.

18.17 Mr Tony TSE said that while the Government's procurement process took long time to complete, technologies advanced rapidly day by day. He enquired whether the Administration might implement special measures in its procurement of technology equipment and software, etc., so that the technology products purchased would not end up being technically obsolete upon completion of the procurement process. He also enquired about the Administration's measures to work with technical departments regarding the special requirements of technical tools. He urged the Administration to maintain frequent liaison with frontline staff to understand their needs from a user's angle.
18.18 SDEV replied that the Administration must ensure the fairness and impartiality of procurement procedure. This would certainly give rise to some requirements and limitations in the process. When procuring I&T products, the relevant departments might consider adopting a scoring system for tender evaluation, which was different from one that considered solely the tender price. However, more time might be needed for evaluation as quality assessment was also involved in the evaluation process. Moreover, the relevant departments might also include technical specifications in their tender invitations. However, these departments might not be able to catch up with the latest technical specifications in the process as they were procuring I&T products after all. The Development Bureau ("DEVB") would continue to explore feasible ways to ensure that technical departments could acquire the latest technology products through procurement. It would also conduct studies and discuss with the Financial Services and the Treasury Bureau in this regard.

Reclamation at Sunny Bay

18.19 Referring to Reply Serial Nos. DEVB(W)001 and 077, the Deputy Chairman pointed out that the last-term Government had proposed the Sunny Bay reclamation which would cover a reclamation area of about 80 hectares and the site would be developed for leisure and entertainment uses, but the exact use had not been specified. The Deputy Chairman said that constructing a multi-purpose international motor racing circuit at the reclamation area of Sunny Bay would best serve the purposes of stimulating the economy, creating new tourism offerings and promoting the development of various industries. In his view, the suggestion would generate economic benefits but would not involve any significant increases in recurrent expenditure and would only require timely maintenance of the racing track. Moreover, as the motor racing circuit was remote from residential areas, noise nuisance would not be a concern. Given the size of the reclamation area, he also considered it suitable for the construction of facilities such as cycle velodrome. The Deputy Chairman invited views from SDEV regarding his suggestion.
18.20 **Mr Jeremy TAM** opined that Hong Kong lacked new tourist spots to attract visitors or local people. He said that the Administration should keep an open mind by exploring and examining, from the perspectives of attracting tourists and facilitating scientific research, the building of a multi-purpose venue functioning as a motor racing circuit, a venue for electric vehicle testing and safety testing of motor vehicles, etc.

18.21 **SDEV** said that he agreed with the Deputy Chairman's analysis on the suitability of Sunny Bay reclamation for leisure and entertainment uses. As regards individual specific proposals involving sports or tourism facilities, the Deputy Chairman might further discuss the issues with the Secretary for Home Affairs and the Secretary for Commerce and Economic Development.

**Lift and escalator safety**

18.22 Referring to Reply Serial No. DEVB(W)092, **Mr AU Nok-hin** suggested that the Electrical and Mechanical Services Department ("EMSD"), when updating the Code of Practice for Lift Works and Escalator Works and implementing the modernization works of aged lifts, might enhance publicity on lift safety in the light of the lesson learned from the lift incident at Waterside Plaza which had aroused much concern recently, particularly the provision of guidelines on the procurement of lifts and related parts so as to minimize the occurrence of lift incidents.

18.23 **Director of Electrical and Mechanical Services** ("DEMS") replied that the Administration attached much importance to the regulation of owners and Responsible Persons of lifts. In this connection, information such as model contracts had already been uploaded onto EMSD's website to facilitate the owners and contractors concerned in entering contracts for regulation purpose. Public seminars would also be organized regularly with various district offices to provide guidance to owners' corporations and property management companies to assist them in managing their lifts and conducting daily inspection. Any equipment faults identified could then be addressed.
18.24 Referring to Reply Serial No. DEVB(W)092, Mr Tony TSE noted that since the introduction of the Earn & Learn Scheme by the Vocational Training Council ("VTC") and CIC in 2014, the number of new apprentices joining the lift and escalator industry had increased every year, particularly in 2016-2017. In view of the marked rise in the number of lift accidents in recent years, he enquired whether, from the perspective of manpower resources, the number of workers trained by the industry was sufficient to cope with the work for enhancing repair and maintenance of lifts. He also said that with the ageing of old buildings and lifts, the Administration should enhance the repair and maintenance of lifts to ensure safety. He noted that currently, different funding schemes were launched to assist property owners in implementing lift modernization works but the response was reportedly lukewarm. He enquired about the reasons behind. He also enquired about the measures in place to enhance lift and escalator safety.

18.25 DEMS replied that there were about 68,000 lifts and escalators in Hong Kong in 2012 and the number had increased by about 10% to some 75,000 in 2017. The number of registered engineers concerned increased from about 4,900 in 2012 to 5,724 in 2017, representing a growth of some 15%. Therefore, the increase rate of registered engineers was higher than that of lifts and escalators. Moreover, the number of general workers in the trade was also nearly tripled, from 639 in 2012 to 1,850, in 2017. Although the lift and escalator industry was facing a shortage of engineers, it was expected that the development of the industry would be supported by the increase in the number of registered engineers a few years later when general workers became registered engineers after receiving the required training which took about four years. As regards the issue of ageing lifts, half of the lifts currently in use had operated for more than 20 years. These 20-year-old lifts were still in good conditions in terms of maintenance standard and operation efficiency. However, the issue indeed presented a challenge. As such, the Administration promoted lift modernization works through publicity efforts and published pamphlets to introduce the seven enhancement solutions in as early as
2011. In addition, the Hong Kong Housing Society, Buildings Department and Urban Renewal Authority rolled out different funding schemes to assist property owners in implementing the relevant lift modernization works.

**Rock cavern development**

18.26 Mr CHU Hoi-dick said that the development of rock cavern was generally costly. For example, the initial estimated cost of the project on relocation of Sha Tin Sewage Treatment Works to caverns was in the range of $40 billion to $50 billion. He enquired whether the Administration would assess the land premium before planning for this type of projects to see if the revenue to be generated in future from the site vacated by the relocation of the facility concerned to caverns could break even with the project cost of the rock cavern development; if so, whether the development options of the vacated site in future would be pre-empted by the land premium.

18.27 SDEV advised that the existence of rock caverns provided the Administration with an opportunity to accommodate relatively obnoxious facilities at covert locations. The most suitable option for the future development of the sites vacated by relocation must be consistent with land planning requirements and best complement surrounding developments. As regards the project on relocation of Sha Tin Sewage Treatment Works to caverns, the Administration would report to LegCo on the future use of the site to be vacated at a later stage. DDS supplemented that when planning for a project, the Administration would conduct various assessments, including whether the project cost was reasonable, so as to decide whether it should be taken forward. When conceiving the project on relocation of Sha Tin Sewage Treatment Works to caverns, the Administration had studied different options and conducted relevant assessments, including assessing whether the project could generate revenue to offset the project cost. According to the relevant assessments, the project cost of developing rock caverns was expected to be lower than the revenue to be generated from the development of the vacated site. As regards the development options of the site, the issue should be discussed and
considered in accordance with independent procedures.

Tree management

18.28 Referring to Reply Serial No. DEVB(W)096, Mr AU Nok-hin expressed concern about the measures and procedures to handle tree failures after typhoon. He enquired whether the Administration had set aside manpower to cope with the heavy workload arising from tree failures after typhoon and updated the guidelines on handling tree failures after typhoon.

18.29 SDEV replied that in the past, there were delays in handling fallen trees after typhoon as it was not certain which departments should be responsible for the clean-up work at the locations where the trees fell. However, the Administration had since made improvements and respective departments would immediately deal with tree failures which affected traffic and personal safety. To expedite the removal of the large number of fallen trees after typhoon, the Administration would engage the service of external contractors to provide additional manpower to handle tree failures timely. He undertook to continue to speed up the relevant work.

Built heritage conservation

18.30 Referring to Reply Serial Nos. DEVB(W)007 and 013, Mr CHU Hoi-dick was concerned that graded historic buildings were not given statutory protection. He asked the Administration about the measures in place to protect these buildings and whether it would consider enact legislation for this purpose.

18.31 SDEV replied that if the graded historic buildings were privately-owned, there was no existing legislation to prohibit owners from using these buildings for other development purposes. Depending on the circumstances, the Administration would consider declaring certain graded historic buildings proposed monuments, which would be effective for about a year, to allow the Government and the owners to discuss feasible preservation-cum-development options. In
addition, subject to established criteria, the Administration might also consider non-in-situ land exchange arrangements so as to preserve privately-owned major historic buildings, e.g. No. 23 Coombe Road. Preservation-cum-development options were based on mutual agreement and the Government did not exercise public powers unilaterally to make it mandatory for the owners to surrender the sites. Should the graded historic buildings, e.g. grade 1 historic buildings, be government-owned, the Administration would make its best efforts to preserve them.

Management of the Kai Tak Cruise Terminal

18.32 Mr Jeremy TAM enquired how the Administration would follow up on the three criticisms on the management of the Kai Tak Cruise Terminal (KTCT) raised in the Report No. 68 of the Director of Audit in 2017, namely the discontinuation of the free mall shuttle bus services to and from KTCT, absence of luggage storage facilities on the franchised buses used for the route between Ngau Tau Kok and Kwun Tong and lack of taxi pick-up points for boarding on ship call days. In reply, SDEV advised that the matters concerned were outside the purview of the DEVB and he would relay Mr TAM's enquiry to responsible departments for follow-up.
Chapter XIX: Education

19.1 At the Deputy Chairman's invitation, Mr Kevin YEUNG, Secretary for Education ("SED") briefed members on the main initiatives and expenditure on the policy area of education for the coming year (Appendix IV-17).

Kindergarten education

Promotion of language learning

19.2 The Deputy Chairman stressed the importance of arousing kindergarten ("KG") and primary students' interest in learning the Chinese and English languages, and suggested that the Administration invite the Standing Committee on Language Education and Research ("SCOLAR") to look into ways to raise students’ interest in this regard. He also considered it necessary to provide a native-speaking English teacher ("NET") for each KG and an additional NET for each primary school.

19.3 Ms Claudia MO held different views on the provision of NETs in schools. She was concerned that the remuneration package of NETs was much more favourable than that for local teachers. She believed that local English teachers could also arouse students' learning interest if they were given appropriate professional training.

19.4 SED responded that the Administration concurred that there was a need to nurture in children a love of reading from early childhood. On this, the Chief Executive had announced various new initiatives to promote reading. SED undertook to reflect the views expressed by the Deputy Chairman to the Chairman of SCOLAR. However, there was still room for discussion over the role and need of NETs in schools. The Administration did not plan at the present stage to provide NETs for KGs or further increase the number of NETs in primary schools. Notwithstanding SED's response, the Deputy Chairman strongly urged the Administration to provide a NET for each KG because the prime time for a child to learn a second language was when the child was three to seven years old.
Supply teacher grant

19.5 Dr CHIANG Lai-wan asked whether the Administration would consider setting up a supply teacher grant to provide supply teachers for KGs with teachers on maternity leave. SED responded that under the new KG education policy, the teacher-pupil ratio had been improved from 1:15 to 1:11 with a view to enhancing KGs' flexibility in deploying manpower resources to meet their operational needs, such as releasing teachers for professional development, replacing teachers on leave, etc. Besides, a grant would be given to facilitate KG teachers in attending training courses on supporting non-Chinese speaking ("NCS") students. The Administration would gauge the views of the KG sector on Dr CHIANG's suggestion when reviewing the implementation of the new KG education policy in about two years’ time.

Primary, secondary and special education

Territory-wide System Assessment and the Basic Competency Assessment Research Study

19.6 Mr CHAN Chi-chuen questioned why the estimated expenditure on the Basic Competency Assessment ("BCA") project in 2018-2019 had not been reduced if only 10% of Primary ("P") 3 students would be sampled for the 2018 Territory-wide System Assessment ("TSA"). The Deputy Secretary for Education ("DS(Ed)") (5) explained that the contract sum on TSA under the four-year contract (i.e. 2015-2018) signed between the Education Bureau ("EDB") and the Hong Kong Examinations and Assessment Authority ("HKEAA") was $293 million and the average expenditure per year was therefore around $72 million. As the expenditure on the BCA project was largely a fixed cost, the decrease in the number of students participating in P3 TSA would not reduce much of the expenditure. The expenditure would be adjusted subject to the actual number of participating students.
19.7 Mr CHAN Chi-chuen further said that the Panel on Education in April 2018 had been advised that about 180 primary schools had decided to arrange all their P3 students to participate in the 2018 TSA. He enquired about the latest figures and the decision-making process involved in government schools. The Secretary General, HKEAA explained that as HKEAA was still receiving applications from schools, no further updates could be made. SED added that government schools, like aided schools, decided on their own whether to arrange all P3 students to participate in the assessment after consultation with the relevant stakeholders.

19.8 The Deputy Chairman was pleased to note that EDB would arrange P3 TSA with an approach of "no student names, no school names and selection of participants by sampling". However, he pointed out that the provision of school report with correct response rates of each item of the school against that in the territory would incentivize schools to arrange all P3 students to participate in TSA, resulting in unnecessary drilling and comparison among schools. He requested the Administration to provide the percentage of schools obtaining this type of report, and review the arrangements if the percentage was high.

Student guidance service

19.9 Mr SHIU Ka-chun and Dr Fernando CHEUNG expressed grave concern over the tender arrangements for hiring student guidance service in primary schools. They said that the lowest price tender arrangement had resulted in high attrition rate of school social workers, thereby affecting the stability and quality of student guidance service. They urged EDB to replace the lowest price tender arrangement with the lump sum fixed price tender arrangement, which had been adopted by the Social Welfare Department ("SWD") for service procurement for years. SED responded that EDB would seek to understand from SWD how and why tender exercises on the basis of lump sum fixed price could be adopted, and give due consideration as to whether the same arrangement could be implemented in schools.
19.10 Mr Tommy CHEUNG said that many serving student guidance personnel, who were degree holders, had been making great efforts in providing counselling service for students. EDB should not require schools to replace student guidance personnel with social workers with the implementation of the "one social worker for each school" in primary schools. Schools should be allowed to employ a social worker or a student guidance personnel under the new policy. SED explained that the policy of "one social worker for each school" was implemented with a view to strengthening social work and guidance services in public sector primary schools so that each school would be ultimately served by at least one school-based registered graduate social worker. For schools currently choosing to employ student guidance personnel or student guidance teachers, they were not required to replace them with social workers immediately. SED undertook to give due consideration to Mr CHEUNG's suggestion of implementing the policy of "one social worker/student guidance personnel for each school" in the long run.

Basic Law education

19.11 Mr HUI Chi-fung considered that the contents of EDB's learning and teaching materials for Basic Law education were biased and brainwashing. Mr HUI requested EDB to provide a list of the experts involved in the development of the materials and the relevant expenditure breakdown of 2017-2018. SED did not concur with Mr HUI's view, and stressed that the learning and teaching materials were developed in full conformity with the Basic Law. EDB was willing to discuss with members the contents of the materials and make necessary improvements as appropriate. EDB would provide the expenditure breakdown of 2017-2018 but would not announce who had been consulted in the development of the materials.

19.12 Dr Priscilla LEUNG asked whether the Administration would step up its effort in promoting the Basic Law and The Constitution of the People's Republic of China in primary and secondary schools, and consider covering The Constitution of the People's Republic of China in the Liberal Studies ("LS") curriculum. DS(Ed)5 responded that the
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Administration attached great importance to the Basic Law education in schools, and learning elements relating to the Basic Law were covered in the curricula of various subjects. To enhance the implementation of Basic Law education, EDB had also developed the learning package on "Constitution and the Basic Law". SED added that elements on The Constitution of the People's Republic of China were covered in the LS curriculum and would be examined when the subject was reviewed.

Examination fees of Hong Kong Diploma of Secondary Education Examination

19.13 Ms Starry LEE asked whether the Administration had re-considered paying the examination fees for private candidates sitting for the 2019 Hong Kong Diploma of Secondary Education Examination ("HKDSE"). SED explained that the original intent of the proposal was to benefit all candidates sitting for the 2019 HKDSE. However, having considered the worries of candidates that someone might sit for the examination with a frivolous attitude because of the examination fee waiver, the Administration had decided to confine the measure to school candidates in order to ensure that they could take the examination at ease and would not be under unnecessary pressure. The prime principle was to safeguard the interests of candidates sitting for the 2019 HKDSE after balancing various factors. Ms LEE did not subscribe to SED's response, and maintained her view that the examination fees for private candidates sitting for the 2019 HKDSE should be waived unless there was proof that they had abused the system.

19.14 Ms Starry LEE further suggested that the Administration should waive the examination fees for HKDSE candidates on a permanent basis. SED responded that HKEAA was an independent and self-financing statutory body. The examination fee levels for HKDSE were targeted to be set on a cost-recovery basis. Given the "user pays" principle of most of the public services, at this stage, the Government had no plan to bear the examination fees of HKDSE permanently as a recurrent commitment. Candidates would benefit from the HKDSE and most students would only take the public
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examination once. For needy students, financial assistance of examination fee remission would be provided to those eligible candidates to ensure that no student would be denied access to public examinations because of financial difficulties. Nonetheless, the Administration could review the relevant policy from time to time in response to societal changes.

Installation of air-conditioning systems in schools

19.15 Noting that air-conditioning systems would be installed in schools based on their needs, Mr LEUNG Yiu-chung sought elaboration on the "school needs". He also asked whether special schools would be provided with the recurrent air-conditioning grant. SED advised that in response to Members' request, the Chief Executive had announced in her 2017 Policy Address that air-conditioning systems would be provided for standard teaching facilities (including classrooms and special rooms), student activity centres and assembly halls in all public sector schools. EDB would provide air-conditioning systems to eligible facilities at existing schools without such provision.

Review of textbooks

19.16 Dr KWOK Ka-ki, Ms Claudia MO, Dr Fernando CHEUNG and Mr AU Nok-hin were concerned about the transparency of EDB's textbook review mechanism. They sought information on the composition of the review panel and asked whether panel members had received any remuneration.

19.17 SED advised that the review panel comprised members drawn from within and outside EDB. Internal reviewers were members of relevant subject sections of EDB, while external ones included serving principals, teachers, academics and other professionals well versed in the subjects concerned. All external members were not remunerated. During a textbook review, views of all reviewers and comments of review reports would be incorporated for the reference of textbook publishers and authors to improve the quality of textbooks. The textbook review and its content, and the identity of reviewers should be
kept confidential to ensure that textbook review was conducted fairly, objectively, professionally and free from interference, pressure and bias. The confidentiality arrangement was also an important safeguard against corruption.

**Liberal Studies Curriculum Support Grant**

19.18 Ms Tanya CHAN, on behalf of Mr Dennis KWOK, enquired whether the Liberal Studies Curriculum Support Grant was one of various government grants provided for schools in the school years from 2011/2012 to 2017/2018. DS(Ed)5 agreed to provide supplementary information on the Grant after the meeting.

**Support for non-Chinese speaking students**

19.19 Ms Claudia MO pointed out that using Putonghua as the medium of instruction for teaching the Chinese Language subject ("PMIC") would hinder the learning of NCS students (notably ethnic minority students) as other subjects were taught in Cantonese. She asked whether EDB would advise schools not to use PMIC in the light of the difficulties of NCS students. She also urged EDB to keep track of relevant data, including the number of schools using PMIC and the number of NCS students in these schools, so as to provide appropriate support measures to help NCS students learn Chinese language.

19.20 SED responded that schools could decide whether to adopt PMIC having regard to their own circumstances, including students' learning effectiveness. EDB would conduct on-site visits and quality reviews, etc. to assist schools in teaching Chinese Language. In case a large number of NCS students were found to have learning difficulties with the implementation of PMIC, EDB would discuss with the school concerned ways to improve learning and teaching. Moreover, EDB had introduced a series of support measures to enhance teachers' capability to teach NCS students. As regards data collection, EDB would continue to listen to stakeholders' views and collect relevant data as appropriate.
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19.21 Dr CHIANG Lai-wan expressed concern over the effectiveness of the funding support for schools to enhance the promotion of life planning education and facilitate NCS students in learning Chinese language, and asked whether recurrent provision had been earmarked for these two initiatives in the Estimates. SED advised that the relevant funding for the two items had been included in the recurrent expenditure on education. He assured members that the Administration would review funding initiatives from time to time and report to the Panel on Education as appropriate.

Support for students with special educational needs

19.22 Mr LEUNG Yiu-chung opined that in view of the growing number of students with special educational needs ("SEN") in ordinary schools, more support from professionals, such as educational psychologists and speech therapists, should be provided to better cater for their learning needs. SED advised that a per capita grant was provided to public sector ordinary schools to enable schools to pool and deploy resources to render appropriate support services to students with SEN based on their needs, including hire of various professional services. The Administration was conducting a review of various support initiatives under the Integrated Education policy and had consulted members of the Panel on Education in March 2018 on the direction of improvements for supporting students with SEN, including the funding mode for schools admitting students with SEN.

19.23 Mr CHEUNG Kwok-kwan enquired about the reasons for a remarkable increase in the numbers of students with specific learning difficulties and those with attention deficit/hyperactivity disorder in P2 and P3. SED explained that to early identify P1 students suspected with learning difficulties, teachers of P1 would complete the Observation Checklist for Teachers for these students. In most cases, P1 students with mild or marked learning difficulties would be identified according to the Checklist in the latter half of the school year. Support would then be provided. Most of the students if needed would be arranged formal assessment between P2 and P3. As such, there was a significant increase in the numbers of students with specific
learning difficulties and those with attention deficit/hyperactivity disorder in P2 and P3. SED assured members that students would be provided with appropriate support upon identification of their learning difficulties without the need to wait for formal assessment and diagnosis by professionals.

19.24 Mr CHEUNG Kwok-kwan enquired whether training courses would be provided to enhance the professional capacity of teachers in catering for students with SEN, and whether support would be provided to the parents of students with SEN. DS(Ed)(3) advised that taking students with autism spectrum disorders as an example, EDB had launched a pilot project in 2011, developing and trying out a 3-tier intervention model in primary and secondary schools, to enhance the capacity of teachers in catering for these students. Currently, the project covered more than 400 schools. Moreover, school-based educational psychologists would provide regular professional support services for schools. As regards support for the parents of students with SEN, SED advised that the Administration recognized parents' involvement in supporting students with SEN and encouraged schools to enhance parents' involvement in students' learning.

Post-secondary education

Self-financing post-secondary programmes

19.25 Mr SHIU Ka-chun asked whether the City University of Hong Kong ("CityU") had ceased to operate its self-financing part-time sub-degree programme in social work according to the policy of the University Grants Committee ("UGC"). SED responded that UGC-funded universities might decide on their own whether to provide self-financing programmes, provided that there was no cross-subsidization of UGC resources to self-financing programmes. Meanwhile, the Task Force on Review of Self-financing Post-secondary Education was reviewing the specific issues of concern regarding the role of self-financing post-secondary education sector.
Non-means-tested loan schemes for post-secondary students

19.26 Mr HUI Chi-fung enquired whether the Administration would consider waiving the interest accrued under the loan schemes for post-secondary students during the study period of the loan borrowers. SED explained that there were means-tested and non-means-tested loan schemes for post-secondary students. The Administration had not charged any interest for means-tested loans during the loan borrowers' study period having regard to their financial needs. On the other hand, it was considered prudent to charge interest (only at a very low rate) during the study period for non-means-tested loans as the borrowers had not gone through the income and asset tests.

Provision of student hostel places

19.27 Dr CHENG Chung-tai enquired about the reasons for an upsurge in the demand for hostel places in CityU and the Hong Kong Polytechnic University in the 2018/2019 academic year, and the overall success rate of hostel applications by local students in the past three years. DS(Ed)1 explained that the projected demand for student hostel places was calculated on the basis that all undergraduate students would be given an opportunity to stay in student hostels for at least one year of their courses. All research postgraduates, non-local students as well as undergraduate students whose daily travelling time exceeded four hours, would also be provided with student hostel places. Besides, the differences in the demand for hostel places among universities could be related to their distinctive student intake. SED further explained that figures in 2018/2019 academic year were projected after taking into account assumptions as appropriate, while the figures in the 2017/2018 academic year referred to actual demand. SED undertook to provide after the meeting detailed information in response to Dr CHENG's enquiries.
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Admission of local students to international schools

19.28 Ms Tanya CHAN noted with concern that the percentages of local students in some international schools were over 50%, which was far beyond EDB's allowable ratio of 30%. She asked whether the Administration had followed up with schools exceeding the allowable ratio in the past few years; and if so, whether the over-enrolment situation of these schools had been improved. SED explained that under the prevailing policy, school sponsoring bodies (SSBs) allocated with school premises or greenfield sites by EDB under School Allocation Exercise (SAE) for international school development were required to allocate at least 70% of the school places to non-local students. In the SAE conducted in 2014, favourable consideration was given to proposals accepting a higher proportion of non-local students. In fact, in the 2017/2018 school year, only two newly-established international schools did not meet the requirement on local admissions as set out in the service agreements signed with EDB. EDB had followed up with the two schools and reminded them to comply with the relevant requirement as soon as possible.

Scholarship schemes

19.29 Noting that awardees of the Hong Kong Scholarship for Excellence Scheme ("HKSES") were required to return to Hong Kong upon graduation to work for a period of time, Dr CHENG Chung-tai enquired about the number of awardees who had fulfilled the requirement. SED advised that since its inception in 2014, HKSES had only awarded scholarships to three cohorts of students and most of them had yet to graduate from the programmes. However, the Administration did not see any difficulties for the awardees to fulfill such requirement at the present stage. Dr CHENG requested EDB to provide the relevant information after the meeting.

19.30 Dr CHENG Chung-tai enquired about the number of non-local awardees of the Scholarship for Outstanding Performance ("SOP") who had stayed and worked in Hong Kong upon graduation. SED explained that SOP, which aimed at recognizing outstanding local
and non-local students enrolled in full-time publicly-funded programmes in Hong Kong, did not require non-local awardees to stay and work in Hong Kong upon graduation. In his view, non-local graduates would still maintain close ties with Hong Kong irrespective of whether they decided to stay in Hong Kong. DS(Ed)1 added that under the prevailing policy, non-local graduates would be granted a 12-month stay to look for a job or pursue further studies in order to encourage them to stay and work in Hong Kong.

19.31 Dr CHENG Chung-tai further pointed out that SOP granted $80,000 per year for non-local students while only $40,000 per year for local students. To ensure proper use of public funds, the Administration should seriously consider requiring non-local awardees to stay and work in Hong Kong upon graduation to facilitate the development of Hong Kong. SED explained that one of the aims to provide scholarships for non-local students was to promote internationalization of higher education in Hong Kong. The scholarship amount for non-local students was higher because their tuition fees were higher. In general, scholarships offered by overseas universities for international students would not require awardees to stay and work upon graduation.

Use of recurrent funding

19.32 Mr IP Kin-yuen urged the Administration to decide on the use of the recurrent funding of $3.4 billion reserved for continued implementation of quality education and take forward new education initiatives in the current financial year. SED stressed that the Administration attached great importance to the education of Hong Kong. To ensure the best use of the reserved funding, the Administration needed time to discuss with the education sector and allocate resources according to need and priority.
Chapter XX: Security

20.1 At the Deputy Chairman's invitation, Mr John LEE, Secretary for Security ("S for S") briefed members on the main initiatives and expenditure on the policy area of security for 2018-2019 (Appendix IV-18).

Handling of non-refoulement claims

20.2 Referring to Reply Serial Number SB044, Mr Jeremy TAM said that since the implementation of online pre-arrival registration ("PAR") requirement for Indian nationals, the number of visitors from India had dropped by 20%, thus affecting the retail and tourism sectors. He asked whether the procedures for submitting PAR applications were complicated and requested the Administration to provide information on the procedures concerned in writing.

20.3 S for S responded that the percentage of substantiated cases in non-refoulement claims was less than 1%. PAR was not a visit visa and unsuccessful PAR applicants could submit their visa application to the Immigration Department ("ImmD") direct for visiting Hong Kong. The Administration had communicated with the Indian Chamber of Commerce on PAR and ImmD had set up a dedicated email account for PAR to facilitate registrants to make PAR-related enquiries. ImmD had also included a QR code on the PAR Notification Slip to enable transport operators to access information thereon with mobile device relating to the PAR. He said that since the implementation of online PAR for Indian nationals, the number of overstayers from India had dropped by 80% and the number of non-refoulement claims lodged by Indian claimants had also substantially decreased.

20.4 The Deputy Chairman expressed concern that non-refoulement claimants were allowed seven weeks to file a claim form in Hong Kong, whereas claimants in Australia and New Zealand were required to file a claim form within 24 hours. He asked whether the time allowed for a claimant to return a claim form could be shortened to two weeks. Mr CHAN Han-pan said that a deadline should be imposed on an applicant's submission of all information relevant to a claim. S for S responded that the Administration was
actively studying the issues concerned and overseas practices. ImmD had shortened the screening time per claim from an average of about 25 weeks previously to the current average of about 10 weeks by streamlining the procedures and processes.

20.5 Referring to Reply Serial Number SB003, Mr Wilson OR expressed concern that there were 1,542 arrests of non-ethnic Chinese ("NEC") persons on recognizance, who were mostly non-refoulement claimants, for criminal offences in 2017. He asked whether the Administration would step up its efforts to combat the problem and whether the Administration would consider accommodating claimants in closed detention centres. Mr CHAN Han-pan expressed concern about head-bashing robberies committed by non-refoulement claimants in Yuen Long district and asked how the Administration would address the problem.

20.6 Dr Fernando CHEUNG said that non-refoulement claimants should not be kept in closed detention centres.

20.7 S for S responded that the Administration was very concerned about crimes committed by NEC persons and the Police had strengthened relevant intelligence gathering work. The Police's Organized Crime and Triad Bureau had established a special team to deal with the problem. Since 2016, joint operations were launched with the Mainland authorities to combat illegal immigration, resulting in an over 70% drop in the number of NEC illegal immigrants who entered Hong Kong. Regarding the question of detention, the court had ruled that ImmD could not detain a claimant for a period longer than reasonable for the purpose of repatriation. When the number of claims dropped to a level such that ImmD managed to deal with a claim within a reasonable period of time, detention might satisfy the court’s requirements of detaining for not longer than a reasonable period. The Administration was conducting a study on the issues concerned.
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20.8 Dr Priscilla LEUNG expressed concern that there were reports about advertisements in India claiming that arrangements could be made for persons to come to Hong Kong for receiving monthly subsidies through lodging non-refoulement claims and taking up illegal employment. Referring to Reply Serial Number SB033, she asked why expenditure on the provision of humanitarian assistance would increase in 2018-2019 despite a decreased number of claims pending determination by ImmD. S for S responded that ImmD had done a lot to expedite the screening of non-refoulement claims, resulting in a substantial decrease in the number of claims pending screening by ImmD. However, about 90% of the rejected claimants had lodged an appeal with the Torture Claims Appeal Board. They could also apply for judicial review on ImmD’s determination. Humanitarian assistance was provided to a claimant whilst he remained in Hong Kong.

20.9 Dr Priscilla LEUNG said that many members of the public had expressed grave concern about non-refoulement claimants taking up illegal employment or committing crime in Hong Kong. She considered that the Administration should set a target date for clearing the number of pending claims. S for S responded that the number of claims determined in a year by ImmD had increased from some 2 000 claims in the past to the current level of about 5 000 claims. The number of new claims had decreased from about 5 000 claims per year to the current level of 2 000 or less claims per year. Director of Immigration added that the number of claims pending ImmD’s screening had dropped to about 4 300.

Police

20.10 Referring to Reply Serial Number SB066, Mr CHAN Chi-chuen expressed concern that there was an increase of about 60% in the provision for rewards and special services. He asked why the Administration had not provided the requested information and whether the provision covered information money, materials and supplies procured in relation to public assemblies as well as overtime allowance for police officers handling public assemblies.
Mr AU Nok-hin referred to a media report and asked whether the increase in the provision for rewards and special services would mainly be used for procurement of materials and supplies for handling public assemblies, including distilled water, anti-riot shields, batons, white elevated platforms and chains for linking up mills barriers as well as the erection of mills barriers by contractors.

S for S responded that the Administration would not comment on individual media reports. The provision under the Subhead concerned involved expenditure on matters including combating terrorist activities, serious crimes, drug-related offences and security matters. As such expenditure involved the Police's operations of a confidential nature, disclosing the details under this Subhead would reveal the Police's operational details and law enforcement capabilities to criminals, who might be able to elude justice, thus jeopardizing public interest. While the Administration would facilitate Members’ examination of the Budget as far as possible, he requested for Members’ understanding of the harm caused by revealing such information.

Referring to Reply Serial Number SB097, Dr CHENG Chung-tai sought information on the expenditure by the Police's Social Media Communication Division ("the Division") on the Police's social media platforms to promote the Police's image. He also sought information on the expenditure on production of videos for dissemination through social media platforms.

Commissioner of Police ("CP") said that the social media platforms of the Police had been established mainly for effective dissemination of messages to the public, including crime prevention messages as well as the Police's new measures and services. The Division had 30 members as detailed in Reply Serial Number 097. S for S said that besides managing the Police Public Page and social media platforms as well as performing related administrative duties, the Division also supported the work of other formations. Thus, there was no information on expenditure specific to the Police's social media platforms.
20.15 Mr James TO said that the public's confidence in the Police had been undermined after drivers were instructed to stop their vehicles to form a roadblock and sustained injuries in the traffic accident on Fanling Highway on 11 February 2018 ("the traffic accident concerned"). He asked whether the Police could suspend instructing members of the public to stop their vehicles on the road to form a roadblock before the Police's relevant review was completed.

20.16 CP responded that the issue was among the areas under review by the Police's Review Committee on law enforcement against moving traffic offences ("the Review Committee"). After the traffic accident concerned, frontline police officers had been reminded that when deciding on the operations during law enforcement on the road, the personal safety of members of the public and police officers should be the prime concern, especially in the pursuit of high speed suspicious vehicles. The way forward regarding such operations would be determined after the relevant review was completed. He said that there were various situations on the roads, and hence instruction to frontline officers should not be over-simplified. Police officers had received relevant professional training on making necessary assessments.

20.17 Ms Claudia MO expressed concern that the drivers who had been instructed to stop their vehicles to form a roadblock and sustained injuries in the traffic accident concerned had received a "Notice of Intended Prosecution" from the Police. She asked whether the Police could look into the circumstances of each case before issuing such a notice. CP responded that the issue of such a notice was a standard procedure to comply with statutory requirement for cases in which investigation could not be completed within 14 days. Such a procedure was one of the areas under review by the Review Committee.

20.18 S for S added that the incident concerned revealed that there might be a need that decision to pursue a moving vehicle should involve more persons. As illustrated by cases where vehicles were used to carry out terrorist attacks on crowds in other countries, there might be circumstances under which the Police would need to intercept
high speed vehicles. However, it must be done in such a way that safety of other road users would not be put at risks.

20.19 Referring to Reply Serial Number SB077, Dr Fernando CHEUNG said that the Administration should provide the breakdown he sought on the 99 cases of sexual offences against mentally incapacitated persons handled by the Police in 2017. S for S said that he would have to check whether the requested information was available.

**Immigration matters**

20.20 Referring to Reply Serial Number SB174, Ms Claudia MO expressed concern that a total of more than 20 000 Mainland residents were admitted to Hong Kong per year under the Admission Scheme for Mainland Talents and Professionals ("ASMTSP"), the Quality Migrant Admission Scheme ("QMAS") and Immigration Arrangements for Non-local Graduates. She asked whether more than 85% of the persons admitted under QMAS were Mainland residents. S for S responded that persons admitted under QMAS were not confined to those from the Mainland. The number of persons admitted from other countries under the General Employment Policy was three to four times the number of persons admitted under ASMTSP.

**Correctional Services**

20.21 Referring to Reply Serial Number SB240, Mr SHIU Ka-chun asked whether cases of suicide by persons in custody ("PICs") in penal institutions could be prevented through application of technology. Commissioner of Correctional Services ("C of CS") responded that the integration of information technology systems to facilitate operational enhancement was being implemented by the Correctional Services Department ("CSD"). CSD had been working with other government departments to study the application of technology in its operations and relevant practices in overseas countries in suicide prevention.
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20.22 Referring to Reply Serial Number SB238, Dr Fernando CHEUNG asked whether sign language interpretation service was provided to deaf PICs and hearing impaired PICs. C of CS responded that with regard to PICs with hearing impairment, CSD would engage sign language interpreters listed in the register of part-time interpreters maintained by the Judiciary when necessary.

20.23 Referring to Reply Serial Number SB236, Dr Fernando CHEUNG expressed concern that the hourly earning rates for work engaged by PICs in penal institutions were very low. He asked whether CSD would review the earning rates of PICs to enable them to maintain a living after release. C of CS responded that CSD and PICs had no employer-employee relationship. The laws of Hong Kong required PICs to work 6 to 10 hours a day. Besides, voluntary vocational training and education were also offered to them. The earning rates of PICs were reviewed annually.

20.24 Referring to Reply Serial Number SB227, Mr CHAN Chi-chuen asked how CSD would determine whether a PIC was a transgendered person. C of CS responded that the assessment would be conducted by medical officer and clinical psychologist. In general, transgendered PICs would be arranged to serve their sentences in the Transgender Unit of Siu Lam Psychiatric Centre.

Anti-drug matters

20.25 Referring to Reply Serial Number SB041, Mr SHIU Ka-chun expressed concern that many of the research projects funded by the Beat Drugs Fund ("BDF"), especially those of 2014-2015, were not yet published. Commissioner for Narcotics ("C for N") responded that drug-related research projects commonly took two to three years to complete, as time was needed for collection of data and analysis. According to the timetables of the research bodies concerned, the research projects of 2014-2015 and 2015-2016 would be completed in 2018 and the research reports would be published on the Narcotics Division (ND)’s website, while the majority of the research projects of
2016-2017 would be completed in 2019 and the research reports would also be published on ND’s website.

20.26 Mr SHIU Ka-chun said that some of the projects approved under BDF from 2015 to 2018 were concerts and carnivals. He expressed concern how the effectiveness of such projects was assessed. C for N responded that all successful grantees of BDF were required to evaluate their projects in terms of outputs, outcomes, impact and effectiveness.

20.27 Mr SHIU Ka-chun said that the number of projects with funding approved under BDF was low, with 31, 38 and 54 projects approved under BDF in 2014, 2015 and 2016 respectively. He said that the percentage of funding approved under BDF for publicity and education of the public were much higher than that for drug treatment and rehabilitation (“T & R”). The Administration should carry out a review on BDF and consider providing funding under BDF to support projects on an ongoing basis.

20.28 C for N responded that ND had organized briefings and experience sharing sessions to enhance the understanding of prospective applicants of the procedures and process for funding applications under BDF. A number of improvement measures facilitating funding applications had also been introduced in recent years. For example, the maximum number of applications that an organization could submit in the annual funding exercise of the BDF Regular Funding Scheme (“RFS”) had been increased from three to five and the maximum funding amount that could be granted to an organization in each exercise had been increased from $15 million to $25 million. In the 2017 RFS funding exercise, 96 applications were received, representing a 33% increase over 2016, with the total approved funding amount at about $153 million, representing a 26% increase over 2016. In the 2016 and 2017 RFS funding exercises, over 60% of the approved projects were T & R projects or mixed-type projects with T & R elements, which took up over 70% of the total approved funding amount. In the 2017 exercise, the total approved funding for these projects amounted to more than $118 million. The
provision of funding for a project on an ongoing basis would have to be considered having regard to the effectiveness of the project and service demand.

**Government Flying Service**

20.29 Referring to Reply Serial Number SB257, Mr Jeremy TAM expressed concern about the difficulties encountered by the Government Flying Service ("GFS") in the recruitment and retention of pilots and air crewman officers, and said that the Administration should improve their salaries and benefits.

20.30 Controller, Government Flying Service responded that the Pilot Grade had been facing great challenges due to the booming commercial aviation market. GFS would endeavour to promote the attractions of the Pilot Grade, accelerate and strengthen training and recruitment, with a view to filling all vacancies as soon as possible. During the interim, overseas pilots with extensive experience in rescue operations had also been recruited on a contract basis to alleviate the shortage.

**Other issues**

20.31 The Deputy Chairman said that wider use of closed circuit television ("CCTV") cameras should be made by the Police in law enforcement, starting with the installation of CCTV cameras to facilitate enforcement against vehicles stopping on yellow boxes and vehicles parked at bus stops. In this connection, he had consulted the Office of the Privacy Commissioner for Personal Data and been advised that such installation would not contravene privacy, if members of the public were made aware of such installations and the footages captured would not be made public.
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20.32 S for S responded that he was supportive of the suggestion from a security and law enforcement point of view. The application of technology in law enforcement would facilitate the preservation of evidence and had a deterrent effect. He undertook to refer the suggestion to the Transport and Housing Bureau for consideration.

20.33 Referring to Reply Serial Number SB037, Ms Claudia MO queried whether issues relating to One-way Permits ("OWPs") were within the remit of Mainland authorities. She expressed concern about the possibility of Mainland residents submitting applications for OWPs with faked documents and asked whether the Administration had exchanged views with Mainland authorities on the operation of the OWP Scheme. S for S responded that OWPs were documents issued by relevant authorities in the Mainland. The application, approval and issuance of OWPs fell within the remit of the Mainland authorities. ImmD facilitated the processing of OWP applications by the Mainland authorities at case level, including issuing Certificates of Entitlement to the Right of Abode in the HKSAR to the Mainland born children of Hong Kong permanent residents, and when necessary, rendering assistance in verifying the supporting documents submitted by the applicants and their claimed relationship with relatives in Hong Kong.

20.34 Referring to Reply Serial Number SB161, the Deputy Chairman expressed concern whether there would be sufficient manpower for dealing with emergency situations in which there was a need for passengers to leave a train compartment and enter the tracks, such as when there was a fire inside a train compartment, at the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"). S for S responded that there would be sufficient manpower and contingency plans to deal with emergency situations at the Hong Kong Section of XRL.
21.1 At the invitation of the Chairman, Dr LAW Chi-kwong, Secretary for Labour and Welfare (“SLW”) briefed members on the major initiatives and expenditure concerning welfare and women for the 2018-2019 financial year (Appendix IV-19).

**Elderly services**

**Strengthening care for dementia patients**

21.2 Mr LUK Chung-hung expressed disappointment that the Administration had not maintained any statistics on dementia patients. Expressing concern that there were currently over 100,000 dementia patients in Hong Kong and the number might increase to about 300,000 in the future, he enquired whether the Administration would review or project the number of these patients, so as to cater for their needs. Mr LUK was concerned that patients with early onset of dementia were not eligible to participate in the Dementia Community Support Scheme at District Elderly Community Centres. He suggested that dedicated support services should be provided for dementia patients.

21.3 SLW advised that the Social Welfare Department ("SWD") had not maintained any statistics on dementia patients. To his understanding, the Chinese University of Hong Kong had conducted a similar study in 2006, and the findings of which could be used to project the current situation of dementia patients. The Administration had no plans to conduct census on the dementia population for the time being. Moreover, noting the community's concerns about the early onset of dementia, the Administration had reviewed the relevant policies and aimed, through regularizing the Dementia Community Support Scheme, to provide support services for the elderly with or suspected of suffering from dementia at the community level. The Administration was willing to exchange views with Members on the policies relating to the early onset of dementia.
Residential care services and community care services for the elderly

21.4 Dr Fernando CHEUNG noted that 6,259 elderly persons passed away while on the waiting lists for subsidized care-and-attention homes and subsidized nursing homes in 2016-2017. He was of the view that the Administration had not accorded priority to handling problems relating to elderly services, and the additional subsidized residential care places for the elderly to be provided after the formulation of the Elderly Services Programme Plan (“ESPP”) still could not cope with the demand. Dr CHEUNG enquired about the timeframe for provision of adequate long-term care (“LTC”) services.

21.5 SLW advised that the Administration had provided community care services (“CCS”) for the elderly who were waiting for subsidized residential care places, and the waiting time of these services was usually shorter. It was suggested in ESPP, which was formulated in mid-2017, that the population-based planning ratios for various elderly services should be reinstated in the Hong Kong Planning Standards and Guidelines (“HKPSG”), and the relevant work was still in progress.

21.6 Dr Fernando CHEUNG enquired about the number of elders who were waiting for subsidized residential care homes for the elderly (“RCHEs”) while receiving CCS. SLW advised that such information was not available. Deputy Director of Social Welfare (Services) (“DDSW(S)”) added that the Administration would, after making the assessment, arrange suitable CCS for the needy elderly, including home-based services and services provided by day care centres for the elderly. Elders who were waiting for subsidized RCHEs could also use community care service vouchers for the elderly. Dr Fernando CHEUNG was of the view that the planning for LTC services was erroneous as elders had to wait for a long time for CCS, whilst the services provided could not meet their demand for CSS.

21.7 Dr KWOK Ka-ki noted that there were currently 31,717 and 6,569 elderly persons on the waiting lists for subsidized care-and-attention homes and subsidized nursing homes respectively,
and the waiting time for subsidized places provided by subvented/contract RCHEs was as long as 39 months. Given that many elders passed away while waiting for admission to subsidized RCHEs and the waiting time for CCS was long, Dr KWOK enquired about the measures to be taken by the Administration to tackle the relevant problems.

21.8 SLW advised that it took about eight to 11 years to construct a RCHE, and the RCHEs to be completed in the near future were planned by the Government in the past. It was expected the current rate of completion of RCHEs would fail to cope with the demand, and there would be even more elders waiting for admission to RCHEs in the future. Apart from increasing the supply of RCHE places, the Administration aimed at implementing CCS at the same time and had made efforts to identifying sites for provision of services at day care centres. To address the manpower shortage problem of home care services, and to cater for the implementation of the Pilot Scheme on Support for Elderly Persons Discharged from Public Hospitals After Treatment and the Pilot Scheme on Home Care and Support for Elderly Persons with Mild Impairment, subsidized elderly service units had been provided with additional resources for increasing the salaries of personal care workers and home helpers by two pay points, thereby enabling these service units to recruit and retain staff more effectively.

21.9 Noting that the number of elderly persons who passed away while waiting for admission to subsidized RCHEs in the past three years was higher than the number of those being allocated RCHE places, and it took considerable time for the Administration to construct a RCHE, Mr KWOK Wai-keung queried whether the Administration had failed to take effective measures to resolve the problem.

21.10 SLW reiterated that various procedures were required for the provision of a RCHE, including identifying sites, carrying out district consultation and securing resources for the construction. As such, it took about eight to 11 years for the Administration to construct a RCHE. Moreover, given the difficulties in identifying large pieces of land and the problems involving deeds of mutual covenant, it was not
feasible to purchase commercial land for setting up RCHEs. As such, the Administration currently had no way to increase RCHE places substantially within a short period of time.

21.11 Dr KWOK Ka-ki considered that it was untrue to say that there was no land available, only that the Administration often accorded priority to using its lands for development of other projects instead of constructing RCHEs and residential care homes for persons with disabilities ("RCHDs"). He called on the Labour and Welfare Bureau ("LWB") to reserve sites in new development areas ("NDAs") for constructing residential care homes ("RCHs"). Dr KWOK enquired whether LWB would reserve additional sites for construction of RCHs, and sought information on the number of RCHE places and RCHD places to be provided by the current-term Government.

21.12 SLW advised that the Administration had provided the Panel on Welfare Services ("the Panel") with the information about the 27 sites earmarked for construction of new RCHEs, and LWB had not maintained any information about NDAs in the future. The Planning Department ("PlanD") would discuss with relevant departments on NDAs for planning the provision of community facilities. Under this arrangement, SWD could explore comprehensively the possibility of providing suitable welfare facilities in the development projects at an early stage of the planning. Moreover, LWB was discussing with the Development Bureau ("DEVB") and PlanD that planning ratios for elderly services should be reinstated into HKPSG, so as to earmark sites in development projects for constructing new RCHEs. Regarding Dr KWOK Ka-ki’s enquiry about the progress of amending HKPSG, SLW responded that LWB was taking forward the relevant work in collaboration with DEVB, PlanD and other departments. Dr Fernando CHEUNG expressed dissatisfaction that the Administration failed to implement the proposal of amending HKPSG after it had been put forth for a year. He advised that when amending HKPSG, the planning ratio for community services for the elderly should be higher than that for residential care services ("RCS") for the elderly.
21.13 Dr Fernando CHEUNG expressed dissatisfaction that the Government's erroneous planning in the past had led to the current shortage of places. He advised that the progress of increasing the supply of CCS was too slow, which was inadequate to meet the demand. As compared with CCS, the Administration had allocated more resources to RCS, which was inconsistent with its policy of "ageing in place". He was dissatisfied that the Administration, while saying that the inadequate provision of elderly services was attributed to the shortage of manpower and land supply, spared no efforts in boosting the economic development. Dr CHEUNG noted that in the past four years, no RCHE had had its licence revoked and just one RCHE for which licence renewal had been refused upon its expiry. He was concerned that the level of penalty imposed on RCHEs being prosecuted and convicted was too low, and the penalty imposed on a RCHE fell in the range of $600 to $800 only. To his understanding, care-and-attention homes were required to provide one care worker for every 60 residents between 10 pm to 7 am, but some RCHEs still failed to recruit sufficient manpower to meet this requirement. Dr CHEUNG enquired about the measures to be taken by the Administration to improve the service quality of private RCHEs.

21.14 SLW advised that the Administration had set up a working group to review the existing Residential Care Homes (Elderly Persons) Ordinance (Cap. 459), and noted that the current level of penalty was too low. The working group, in reviewing the legislation, would consider increasing the relevant penalties to achieve greater deterrence. Residents in private RCHEs would be provided with professional outreach services and visiting medical practitioner services, so as to support their social and rehabilitation needs.

Human resources for care services

21.15 Mr SHIU Ka-chun noted that the situation of participation in the Navigation Scheme for Young Persons in Care Services ("Navigation Scheme") was unsatisfactory. Of the 851 trainees recruited to the Navigation Scheme, 99 had graduated, whilst only 465 were still participating in the Navigation Scheme and 287 had
withdrawn. He enquired about the measures to be taken by the Administration to attract the participants to complete the entire programme and pursue long-term development in the healthcare sector. Mr SHIU sought information on performance indicators relating to the Navigation Scheme. SLW responded that although the manpower turnover of the Navigation Scheme was relatively high, it showed a similar employment mobility of youngsters. The Administration would continue to examine how such situation would be improved.

21.16 Mr KWOK Wai-keung advised that of the 1 000 training places offered under the Navigation Scheme, only about half of the trainees joined the elderly and rehabilitation care services. In his view, the main reason for the Navigation Scheme being unable to attract and retain talents was that the trainees of the Scheme only received a salary of $10,670 during their working attachment, which was lower than that of in-service care workers.

21.17 SLW advised that when reviewing the effectiveness of the Navigation Scheme in the future, the Administration would examine the implications of the salary for working attachment. Trainees of the Navigation Scheme should be distinguished from in-service care workers, as they would be provided with training for a certain period during their working attachment. The Administration would continue to encourage young persons to join the elderly and rehabilitation care sector.

Provision of support services for carers and formulation of policies

21.18 Mr SHIU Ka-chun enquired whether the Administration would review the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families and the Pilot Scheme on Living Allowance for Low-income Carers of Persons with Disabilities. Considering that the Administration mainly provided carers with various pilot schemes on living allowance and integrated home care services and no specific policies had been drawn up for them so far, he suggested that such policies should be formulated as soon as possible. SLW responded that the review of the two pilot schemes would be
completed by the end of 2018, and the Administration would consider the way forward of these schemes in the light of the results of the review.

**Rehabilitation services**

**Guide dog services**

21.19 Ms Claudia MO said that there were currently about 170,000 visually impaired in Hong Kong, and 10% of them were nearly blind and were in need of guide dog services, and that non-profit-making organizations providing guide dog services in Hong Kong were mainly operated on a self-financing basis. She noted that the resources allocated by the Administration for these organizations focused on promotional activities. For instance, an announcement in the public interest on guide dog services was produced at the cost of $460,000 in 2016-2017. She doubted the effectiveness of such publicity efforts. Ms MO considered that the current number of serving guide dogs in Hong Kong was inadequate, and the training of guide dogs was affected by the legal requirement prohibiting guide dogs under training from boarding buses. She suggested that amendments to the legislation should be made in this regard, so that the number of serving guide dogs could meet the demand.

21.20 SLW responded that the Administration would step up the publicity work. Commissioner for Rehabilitation advised that the announcement in the public interest was produced in response to the requests of service users and non-profit-making organizations providing guide dog services. Moreover, the Agriculture, Fisheries and Conservation Department had enhanced its efforts to enable the public to identify guide dogs. The Housing Department ("HD") had also taken measures to facilitate guide dogs to access its premises. The Equal Opportunities Commission had proposed to amend the relevant legislation, and the impact of such proposal on different stakeholders would be examined.
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Services provided by integrated community centres for mental wellness

21.21 Dr Pierre CHAN noted that among the 24 integrated community centres for mental wellness ("ICCMWs") in Hong Kong at present, 16 had a total floor area below the standard Schedule of Accommodation ("SoA"), whilst the 9 ICCMWs without permanent premises or having a total floor area below the standard SoA were currently renting commercial premises for service provision or office use. He requested the Administration to provide details on the setting up of ICCMW premises. He was concerned whether the resources spent on ICCMWs were mainly for providing services for those in need or for renting premises. Dr CHAN sought information on the number of new cases handled by and the number of members of each ICCMW.

21.22 DDSW(S) responded that 20 out of the 24 ICCMWs had permanent premises. Among them, 15 had commenced services, one was carrying out fitting-out works, three had reserved space in new development or redevelopment projects as permanent accommodation, and one was conducting district consultation. For the other four ICCMWs, they were renting commercial premises as accommodation for service provision or office use with subsidy from the Government. SWD would continue to maintain close liaison with the relevant departments, so as to secure premises as permanent accommodation for the four ICCMWs as soon as possible.

Monitoring and supply of residential care homes for persons with disabilities

21.23 Dr Fernando CHEUNG noted that about 80% of RCHDs were not licensed, and the objective of the Administration was to have all RCHDs licensed by 2019. He enquired about the plans the Administration had in place to assist RCHDs to comply with the licensing requirements and carry out the relevant improvement works.

21.24 Director of Social Welfare ("DSW") advised that the Administration hoped that all RCHDs with Certificates of Exemption ("CoEs") could fully comply with the licensing requirements within
three years. The licensing requirements mainly regulated the hardware of RCHDs, and RCHDs with CoEs would not be exempted in respect of their service and management quality. In order to assist RCHDs to expedite the process of necessary rectification works, SWD had implemented various facilitating measures. These included providing RCHDs with subsidies under the Lotteries Fund ("LF") to carry out rectification works; increasing the LF grant to private RCHDs up to 90% of the recognized cost of the rectification works; streamlining the workflow of engaging authorized persons for the provision of technical support; preparing templates to expedite the procedures of applying for LF; and providing additional technical support to RCHDs having difficulties in taking forward the rectification works. SWD had been in discussion with all RCHDs operating with CoEs on options to expedite the relevant works, with their progress being followed up closely. In 2017-2018, about 30% of RCHDs were licensed. It was expected that over 60% of RCHDs would be able to meet the licensing requirements by 2018, and all RCHDs were required to meet the licensing requirements by the end of 2019.

21.25 Dr Fernando CHEUNG said that the waiting time for both long-term care services for the elderly and rehabilitation services for children with special learning needs and persons with disabilities should be reduced to zero, as these people still had to wait for the provision of services after undergoing the assessment. Noting the long waiting time for admission to hostels for moderately mentally handicapped persons, hostels for severely mentally handicapped persons and hostels for severely physically handicapped persons, he was concerned that the waiting situation for admission to these hostels had deteriorated recently, and expressed disappointment that the Administration had failed to make proper planning. Dr CHEUNG enquired whether the target of zero waiting time had been set for services provided by these hostels.

21.26 SLW advised that the Hong Kong Rehabilitation Programme Plan ("RPP") currently being formulated by LWB would cover the planning of these hostels. RPP was expected to complete by end of 2019. As life expectancy of persons with disabilities, both in terms of
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extent and speed, had exceeded the expectation at the time of the previous planning of rehabilitation services, it was necessary for the Administration to complete the review of the related planning as soon as possible. In recent years, SWD had successfully secure sites in NDAs for provision of these hostels, such as Anderson Road in Kwun Tong, the site of ex-Kai Nang Sheltered Workshop and Hostel and the site of ex-Siu Lam Hospital, etc.

Social security and retirement protection

Comprehensive Social Security Assistance

21.27 Mr KWOK Wai-keung mentioned that the Administration would raise the eligibility age for elderly Comprehensive Social Security Assistance ("CSSA") from 60 to 65 ("the new policy"), whilst among those aged between 60 and 64 who were receiving elderly CSSA, about 7% to 8% were in ill health and residing in RCHEs. He was concerned that with the implementation of the new policy, needy elders aged between 60 and 64, who were not eligible for elderly CSSA, would not receive adequate grant for residing in RCHEs. He enquired whether any measures would be taken to assist these elders. DSW advised that with the implementation of the new policy, persons in ill health, provided that they met the eligibility criteria, would be entitled to the amount of CSSA and the relevant support measures similar to those provided for elderly CSSA recipients.

21.28 Mr SHIU Ka-chun noted that CSSA recipients in need of the domestic removal grant were required to submit applications to SWD first. The domestic removal grant given by SWD was paid on a flat-rate basis depending on the type of accommodation the CSSA recipients would move into and the number of eligible household members. He enquired about the reasons for able-bodied adults and children or CSSA recipients to be rehoused being not eligible for the domestic removal grant. Mr SHIU also said that although the Administration had advised in response to the Finance Committee's examination of the Estimates of Expenditure 2018-2019 that it did not have a breakdown, by category of standard rates, of the actual amount
of CSSA payments received by CSSA recipients, it had provided the
Legislative Council with the average monthly amount for single elders
and single CSSA recipients with disabilities. He sought information
on the relevant amount for single CSSA recipients. SLW responded
that issues relating to the domestic removal grant would be reviewed.

21.29 Dr KWOK Ka-ki commented that despite the existing huge
fiscal reserve of the Government, the problem of disparity between the
rich and the poor in Hong Kong remained serious. Also, elderly
persons were not provided with sufficient social security. Given the
absence of universal retirement protection in Hong Kong and the failure
of mandatory provident funds ("MPFs") to protect the retirement life of
elderly persons, elderly CSSA recipients, after the implementation of
the new policy, had to take up elementary jobs with no employment
benefits. However, there were no complementary measures in place to
dovetail with the implementation of the new policy, such as facilitating
elderly persons to secure employment, protecting the benefits of the
working elderly, etc. He asked whether the Administration, apart from
subsidizing employers to hire elderly persons, had any other measures
to assist these elderly persons.

21.30 SLW advised that the Administration's policy was to promote
elderly employment. At present, among elders aged 65 or above, 12%
were receiving CSSA of about $6,300 on average, 30% were receiving
the Old Age Allowance ("OAA"), 38% were receiving the Old Age
Living Allowance ("OALA") and about 80% of them would be eligible
for Higher OALA.

Old Age Allowance

21.31 Dr CHIANG Lai-wan suggested that the Administration
should lower the qualifying age for non-means-tested OAA to 65.
Commenting that some working people had already retired around 60,
while the retirement age of certain disciplined services grades was set
at 55, she sought reasons for not relaxing the qualifying age for
non-means-tested OAA. She requested the Administration to provide
information on the additional expenditures to be incurred for relaxing
such requirement. Noting that the qualifying age for non-means-tested OAA had once been lowered from 75 to 70, Dr CHIANG enquired about the reasons for lowering the age requirement at that time.

21.32 SLW advised that in view of the improved life expectancy of Hong Kong's population, it was more likely for the qualifying age for non-means-tested OAA to increase, rather than decrease. The Administration had not assessed the impact of lowering such requirement. To his understanding, although no means test was required for OAA at present, quite a number of elderly persons aged 70 or above had not applied for it. He also pointed out that during the early stage of the implementation, the qualifying age for non-means-tested OAA was set at 75, but it was then adjusted to 70 after OAA had been implemented for a period of time.

21.33 Ms Starry LEE advised that the proposal of lowering the qualifying age for non-means-tested OAA had been discussed at a number of Legislative Council meetings. In her view, given that neither universal retirement protection system had been established in Hong Kong, nor change had been made to the age requirement for years, the Administration should deploy its financial resources to lower the requirement. Ms LEE expressed disappointment that the Administration had no plan to lower the age requirement and sought justifications for it. Mr KWONG Chun-yu said that the Administration should lower the age requirement since no change had been made to the qualifying age for non-means-tested OAA for years.

21.34 SLW advised that similar proposals had also been discussed on various occasions (such as the Legislative Council and the Social Welfare Advisory Committee), and the Administration had maintained its stance that the purpose of OAA, being one of the components of retirement protection, was to provide a monthly cash allowance to Hong Kong residents aged 70 or above. Given the ageing population and the increase in number of people who were 65 years of age or above, the impact of the proposal to lower the qualifying age for non-means-tested OAA on the Government's financial situation in the
future should be carefully examined. SLW reiterated that in view of the improved life expectancy of Hong Kong's population, it was more likely that the qualifying age for OAA would be raised.

Guangdong Scheme and Fujian Scheme

21.35 Mr KWOK Wai-keung opined that with the rapid economic development and continuously raising standard of living on the Mainland, it was insufficient for the Administration to provide only OAA for the recipients of the Guangdong Scheme ("GD Scheme") and the Fujian Scheme ("FJ Scheme"). He enquired whether the Administration would extend Old Age Living Allowance ("OALA") to the two schemes to assure the living standard of the elderly living in the Mainland and entitle them to the same treatment as the elderly living in Hong Kong.

21.36 SLW advised that, according to estimation, about 500,000 Hong Kong people were living in Guangdong, 15% of which were elders. The Administration was concerned about the living conditions of Hong Kong permanent residents on the Mainland. The Administration considered that the relevant matters should be explored at an appropriate time after consolidating the experience gained from implementing the GD Scheme and the FJ Scheme and considering the medical and elderly service scenes in the future Bay Area.

Old Age Living Allowance

21.37 Mr KWONG Chun-yu opined that the Administration should maintain district-based statistics on the number of persons expected to be eligible for Higher OALA, so that a projection could be made of the expenditure involved in lowering the income and asset limits. He said that the income and asset limits for receiving Higher OALA were too strict, and requested the Administration to explain its justifications for setting those limits. He enquired whether the Administration would relax those limits so as to benefit more elders.
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21.38 SLW advised that the Administration set the limits during the discussion on the introduction of OALA in 2012 by referring to the income and asset limits applicable to the elderly aged 65 to 69 for receiving Normal OAA. In fact, the monthly annuity payouts received by an elderly person making a premium payment under the life annuity scheme to be introduced by the Hong Kong Mortgage Corporation Limited later this year would be lower than the monthly income limit for receiving OALA, a fact which indicated that the limit was indeed relatively lenient. The Administration noticed that in future the elderly might fail to pass the means test of social security schemes due to their receipt of payment from MPF schemes upon retirement. Elders could enjoy better retirement protection by receiving stable cash income through the life annuity scheme while at the same time being eligible for receiving OALA.

Women's interests and employment

21.39 Ms Alice MAK was concerned that the proportion of female non-official members in advisory and statutory bodies ("ASBs") was still not up to the 35% gender benchmark. Referring to the Administration's reply to a question raised by the Finance Committee in examining the estimates of expenditure for 2018-2019 that some ASBs concerned belonged to sectors (such as construction industry, etc.) in which more members or the more experienced practitioners were male, she considered that more women could participate in those ASBs. She enquired whether the Administration would introduce concrete measures to attract more women to participate in the work of ASBs. She noted that participation in the Capacity Building Mileage Programme ("CBMP") had decreased in recent years, especially among women below the age of 30. Ms MAK opined that CBMP was suitable for woman participants from the ethnic minorities, and the Administration should promote the programme to them.

21.40 SLW advised that it was the Administration's objective that the 35% gender benchmark be achieved for the proportion of female non-official members in ASBs. Despite the disparity in the gender proportion in some sectors, LWB would continue its efforts with a view
to gradually raising the female participation rate in ASBs as soon as practicable. In appointing the non-official members of ASBs, the Administration would take note of the gender proportion of those ASBs and appoint women to the posts when suitable candidates were available. Regarding the decreasing participation in CBMP, SLW said that the proportion of young women receiving education was higher than their male counterparts, as exemplified by the proportion of 54% of female students in subvented universities. Moreover, the Chief Secretary would chair an inter-departmental working group to study the services for ethnic minorities, including the ways to strengthen the re-training for ethnic minority members.

**Lump Sum Grant Subvention System**

21.41 Mr Andrew WAN said that under the Lump Sum Grant ("LSG") subvention system, some non-governmental organizations ("NGOs") received amounts of subvention up to more than $200 million, including Tung Wah Group of Hospitals, Caritas – Hong Kong, Po Leung Kuk, Hong Kong Sheng Kung Hui Welfare Council Limited and the Neighbourhood Advice-Action Council which received even more than $400 million in subvention. He enquired about the reasons for these NGOs to receive high amounts of subvention. He was concerned that besides making comments that shared similar stance with the Administration, these NGOs had a relatively large number of senior management staff who were appointed to various advisory bodies of the Administration. Mr WAN said that the senior management of these NGOs received higher remuneration, and he enquired what methods were in place to monitor the remuneration level for these persons, so as to prevent NGOs from cutting back on the remuneration for junior staff to pay high salaries to senior management (commonly known as "fattening the top and slimming the bottom"), and ensure the prudent use of public money.

21.42 In response, SLW said that those NGOs receiving higher amounts of subvention had longer history and therefore provided more subvented services and received more subvention. As these NGOs had more staff and talents, there was a bigger chance that their staff
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were invited by the Administration to join advisory bodies in need of NGO representatives. SWD had set up a Task Force to conduct a review on the enhancement of the LSG subvention system and would report to the Panel on the work progress of the Task Force. The review by the Task Force covered, but was not limited to, the determination of the scope of review. The Administration took note of the concern expressed by the community and the sector on monitoring the remuneration for senior management of NGOs and would continue to monitor the relevant development.

21.43 Dr CHENG Chung-tai enquired why stakeholders' views on the review were collected only through focus groups and consultation sessions with the sector. Dr CHENG said that some subvented NGOs had been criticized in the Audit Report for making financial losses, which was an indication of management problems in them. Some NGOs had recently retrenched staff and discontinued services due to financial problems, while some had "fattened the top and slimmed the bottom". He enquired about the detailed arrangements relating to the Administration's review of the LSG subvention system.

21.44 SLW reiterated that SWD had set up a Task Force to conduct a review on the enhancement of the LSG subvention system and would report to the Panel on the work progress of the Task Force. The Administration would engage a consultant to commence the relevant review after the Panel meeting. DSW supplemented that the sector would have the chance to express views on the eight areas identified for review through Panel meetings, focus groups and consultation sessions with the sector. Upon confirmation of the scope of review, SWD and the consultant would carry out surveys and studies for the relevant review separately.

21.45 Dr CHENG Chung-tai was concerned that as the sector was represented mainly by NGO boards in expressing its views, the consultant engaged must conduct the review in an equitable and fair manner. DSW said that as a professional, the consultant engaged would conduct the review through surveys, interviews and on-site observations. The findings would be forwarded to the Task Force
(comprising LegCo Members, and representatives from the Hong Kong Council of Social Service, the Hong Kong Social Workers Association, management of NGOs, staff side, service users, committees related to LSG subvention, independent persons, LWB and SWD) for discussion.

21.46 **Mr SHIU Ka-chun** said that representatives of LegCo Members were among the members of the Task Force for Review on Enhancement of LSG Subvention System, but were not among the 17 non-official members of the LSG Steering Committee. Noting that Mr CHEUNG Kwok-che was a member of the LSG Steering Committee while he was a LegCo Member, he enquired why LegCo members were not among the current members of the LSG Steering Committee.

21.47 In response, **SLW** said that the Administration had re-appointed members of the LSG Steering Committee upon expiry of members' term of appointment. In making the re-appointments, the Administration would consider the background of the members. As far as he understood, Mr CHEUNG Kwok-che was appointed to the LSG Steering Committee as the representative of the Hong Kong Social Workers' General Union.

**Child care services and after-school support**

21.48 The **Deputy Chairman** advised that since parents could not bring their children to after-school care centres because of work, the existing services of the After School Care Programme ("ASCP") were unable to cope with their needs. The **Deputy Chairman** advised that he had discussed the proposal of introducing on-site after-school care services with the Financial Secretary and the Secretary for Education and had solicited the agreement of the relevant government departments to implement it. He called on LWB to consider implementing the proposal. The **Deputy Chairman** noted that the rate of the incentive payments for home-based child carers, currently being set at $18 to $22 per hour, was lower than that of the statutory minimum wage. He suggested that the Administration should increase the payment amount to the statutory minimum wage rate, and enquired
whether it would consider providing transport subsidies to home-based child carers, so as to enable them to take children to their home for provision of care services.

21.49 SLW responded that the Community Care Fund had run, on a trial basis, on-site after-school care services in 2012. The number of participating primary and secondary schools had dropped from about 100 at the early stage of the trial run to only 79 at the later stage. Most of them were operated and deployed with manpower by the NGOs in charge of these services. Moreover, given that home-based child carers of the Neighbourhood Support Child Care Project provided services as volunteers, the proposal of raising the rate of the incentive payments did not dovetail with their voluntary work nature. However, the Administration was willing to have discussion in this regard.

21.50 Dr Fernando CHEUNG was concerned whether the services provided by the Administration could meet the demand of children with special learning needs. He advised that the Pilot Scheme on On-Site Pre-school Rehabilitation Services could only serve about 40% of children with special learning needs, while some 9 000 children still had to wait for such services and, among them, about 1 000 children were waiting for services provided by Special Child Care Centres (SCCCs). Dr CHEUNG enquired about the Administration's plan of assisting those who were waiting for SCCC services.

21.51 SLW advised that LWB had strived to earmark sites in NDAs for enhancing the provision of SCCC services, and a number of new centres would be completed in the future. The Administration also invited NGOs to consider according priority, when developing their sites, to providing service facilities for children aged zero to six who had special learning needs. The Administration's long-term goal was to achieve "zero-waiting" for pre-school rehabilitation services for children with special needs. Moreover, as for general day child care services, the Consultancy Study on the Long-term Development of Child Care Services was being conducted, and the findings would be released in due course.
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21.52 Noting that the average waiting time for government subvented pre-school rehabilitation services fell in the range of 13.5 to 18.2 months, Mr Jeremy TAM considered that with such a long waiting time, needy children would miss the golden period for receiving these services. He asked whether more resources would be allocated for these services to shorten the waiting time, and enquired about the timetable for conducting the Consultancy Study on the Long-term Development of Child Care Services.

21.53 SLW advised that the current waiting situation was unsatisfactory. For example, Early Education and Training Centres ("EETCs") aimed to provide services for children aged zero to three, and at present, needy children, having been assessed and referred to be waitlisted for the services, might only be able to receive the services at EETCs at the age of four. SLW reiterated that the Administration aimed to, by enhancing the provision of pre-school rehabilitation services, achieve the policy objective of "zero-waiting" for such services. In order to provide sufficient manpower to cope with the service demand in the future, the numbers of training places of undergraduate programmes in physiotherapy and occupational therapy had been increased through the University Grants Committee in recent years. Also, SWD had, in collaboration with various universities, enhanced training offered by the relevant master degree programmes. Regarding child care services, the Consultancy Study on the Long-term Development of Child Care Services was being conducted and was expected to be completed within this year. Upon completion of the Study, the findings would be reported to the relevant Panels. Regarding Mr Jeremy TAM's suggestions of providing staff training and earmarking sites for provision of the related services, SLW responded that subject to the findings of the Study, the planning ratio of child care services would be included in HKPSG where necessary.

Enhancement on Child Protection Services

21.54 Mr KWONG Chun-yu advised that regarding social work services to be provided for aided child care centres ("CCCs"), kindergartens ("KGs") and KG-cum-CCCs in Hong Kong, the
Administration's preliminary plan was to set the social worker to child ratio at 1 to 600, indicating that social workers providing such services might have to serve four or more schools concurrently. He was concerned that the workload of these social workers would be too heavy and the service quality could not be guaranteed, and considered that the above ratio was inappropriate.

21.55 SLW advised that the Administration would, with the funding from LF, launch a pilot scheme to provide social work services in phases to pre-primary service units. Given the substantial variation between individual pre-primary service units in the number of children receiving education or care services, the Administration's preliminary plan of setting the social worker to child ratio at 1 to 600 was of an indicative nature only. The Administration would consult pre-primary service units and NGOs on feasible options of service model in due course, and the details were yet to be finalized. Social workers of pre-primary service units would provide services at different levels, such as child development and work relating to providing services dedicated for parents, holding various groups, handling cases, etc.

21.56 Dr Pierre CHAN noted that SWD did not have statistical information on the attendance of representatives from the Hospital Authority ("HA") in Multi-disciplinary Case Conferences on Protection of Child with Suspected Abuse ("MDCCs"), nor could the Food and Health Bureau provide such information. He advised that at present, child abuse cases were mainly handled by hospitals instead of SWD. He enquired about the role of LWB or SWD in MDCCs and the government department(s) which would maintain such information.

21.57 SLW advised that subject to time constraint, the Administration, in its reply to the question raised by Finance Committee in examining the Estimates of Expenditure 2018-2019, could only state that it did not have such information. As about 800 child abuse cases were handled each year, it took a considerable time for the Administration to complete the statistical work on the attendance of HA representatives in MDCCs. DDSW(S) advised that the staff of Family and Child Protective Services Units ("FCPSUs")
under District Social Welfare Offices of SWD would act as the chairman and hold MDCCs for cases that they had handled. Relevant professionals, such as the Police, teachers, school social workers or medical social workers, would attend these MDCCs.

21.58 Mr SHIU Ka-chun noted that SWD planned to set up five co-parenting support centres and strengthen the manpower of FCPSUs and integrated family service centres ("IFSCs") run by the SWD, so as to enhance co-parenting support. He sought information on the distribution of the provision of $56 million for these measures and the corresponding increase in manpower in the above units.

21.59 DDSW(S) responded that co-parenting support centres provided co-parenting support services, which included various groups and programmes, co-parenting counselling and children contact service, etc., and would make reference to the staffing establishment of the Pilot Project on Children Contact Service (i.e. with 4.5 social workers and a number of carers). Forty-one IFSCs run by SWD would have 18 additional social workers, so that there would be one social worker to provide support and co-ordination at the district level in each of the 18 districts, whereas FCPSUs of SWD would have 11 additional social workers.

Manpower planning in the social welfare sector

21.60 Noting that the Administration's recurrent spending on social welfare and women's interests was estimated to be $79.8 billion in 2018-2019, Mr SHIU Ka-chun enquired whether it had made planning according to the Social Work Manpower Requirements System Annual Report 2016 ("the Report") for providing sufficient manpower to dovetail with the additional resources for social welfare services. Noting that the City University of Hong Kong would no longer offer a part-time undergraduate programme in Social Work, Mr SHIU was concerned that some 7 000 social workers currently holding a diploma would have no suitable pathway for further education.
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21.61 SLW responded that the Report had examined the manpower situation in the social work field, so as to project the demand and supply of social workers in the coming years. The Administration could make reference to the information provided in the Report, so as to dovetail with the additional social welfare services to be provided.

Arrangements for compassionate rehousing

21.62 Noting that the number of compassionate rehousing ("CR") cases recommended to HD and that of Conditional Tenancy ("CT") scheme cases under CR recommended to the HD had dropped 35% and 58% respectively in the past four years, Dr Fernando CHEUNG queried whether SWD had tightened the requirements for CR cases recommended to HD, and sought the reasons for the drop in number of these cases.

21.63 SLW advised that the Administration had also noticed the downward trend of the numbers of these cases, and no change had been made in respect of the operation and policies for handling CR cases. DSW added that SWD and HD had put in place an inter-departmental referral mechanism to handle the special cases of public rental housing ("PRH") transfer, splitting of PRH tenancy, addition of family member(s) to PRH tenancy and other housing assistance for PRH tenants and PRH applicants. Under the established mechanism, HD would conduct the eligibility assessment and approval on the applications of PRH tenants and PRH applicants, and the numbers of these cases might drop as a result. Regarding the figures on the cases handled by HD that Dr Fernando CHEUNG had just mentioned, SLW responded that such figures should be provided by HD. When a review on the implementation of the IFSC service mode was being conducted in 2008, as IFSCs had to handle a lot of housing assistance cases, SWD and HD had put in place the referral mechanism. After the referral mechanism had been put in place, the number of CR cases seeking recommendation also dropped from 1 868 in 2013-2014 to 1 254 in 2016-2017.
Services for the homeless

21.64 Mr SHIU Ka-chun advised that the Administration had neither formulated any homeless-friendly policies nor designated any government departments to handle issues relating to the homeless, and no statistical information on the homeless could be provided at this moment. He enquired whether LWB would improve such situation. Mr SHIU advised that while there were currently about 1 700 homeless persons, the increase in the number of subsidized places at singleton hostels could not catch up with the demand. He considered that the hygiene condition of singleton hostels was unsatisfactory, and enquired about the Administration's plan in providing singleton hostels and whether the environmental hygiene condition of these hostels would be improved.

21.65 SLW responded that SWD was responsible for providing services to support the homeless (such as offering assistance to address their accommodation needs). As for issues relating to the homeless occupying public space for accommodation, inter-departmental efforts would be required. The Home Affairs Department would be responsible for co-ordination, whilst relevant departments would maintain communication and collaboration among themselves in this regard.
Chapter XXII : Labour

22.1 At the invitation of the Chairman, Dr LAW Chi-kwong, Secretary for Labour and Welfare ("SLW") briefing members on the main initiatives and expenditure on the policy area of labour and manpower development for the coming year (Appendix IV-20).

Problem of manpower shortage

22.2 Mr Frankie YICK said that there was a prolonged shortage of public transport and container truck drivers, and the industry faced difficulties in recruiting young entrants because of the need to work for long hours and the legal liabilities in the event of traffic accidents. Mr YICK enquired how the Administration could address the manpower shortage problem.

22.3 Mr Tommy CHEUNG called on the Administration to consider allowing importing cross-boundary professional drivers from the Mainland to alleviate the manpower shortage in the industry.

22.4 SLW responded that ageing of the labour force was faced by various trades and industries. He appealed to the operators of the industry to improve the employment and working conditions to attract more qualified persons to join the industry. The Government, on the other hand, would make efforts to alleviate the shortage of professional drivers.

Importation of labour

22.5 In response to Mr Tommy CHEUNG's enquiry, SLW advised that employers might apply to the Labour Department ("LD") for importation of workers at technician level or below under the Supplementary Labour Scheme ("SLS") which had no timetable for importing labour for specific trades and industries. On the premise of safeguarding the employment priority of local workers, the Government would also explore with stakeholders the possibility of increasing imported labour on an appropriate and limited scale.
22.6 Dr Fernando CHEUNG appealed to the Administration to consider training up local care workers, instead of importing foreign domestic helpers ("FDHs") and workers from the Mainland, to provide elderly care services and rehabilitation services. Highlighting the malpractices of some employment agencies ("EAs"), including overcharging of commission and involvement in "bonded labour" during the placement of workers from the Mainland to work in the private residential care homes for the elderly under SLS, Dr CHEUNG was concerned how the Administration would safeguard the employees' rights and benefits of these workers.

22.7 SLW responded that the Government was planning to implement various short, medium and long-term measures to address the increasing demand for elderly care services in the light of the ageing population and the decline of the labour force from 2022. As a short- and medium-term measure, the Government would explore with the stakeholders in a prudent manner the possibility of increasing labour importation on an appropriate and limited scale.

22.8 Deputy Commissioner for Labour (Labour Administration) ("DC for L(LA)") added that the Government took a serious view of protecting the interests of workers imported under SLS. Notably, such workers were required to be paid at a level no less than the median monthly wages of local workers in comparable positions as published by the Census and Statistics Department. In addition, employers concerned were required to sign a standard employment contract ("SEC") prescribed by the Government with these imported workers and arrange the workers to attend LD's briefing on their rights, benefits and protection under the labour laws of Hong Kong, SEC and SLS as well as important points to note while working in Hong Kong. For non-payment of wages, employers concerned were liable to prosecution and, upon conviction, to a maximum fine of $350,000 and imprisonment for three years under the Employment Ordinance (Cap. 57) ("EO").
22.9 Noting that the number of franchised bus captains aged 60 to 69 had increased from 1,167 in 2013 to 2,022 in 2017, Mr Jeremy TAM expressed concern about the health conditions of these franchised bus captains and the related risk posed to road safety. He noted that under the Road Traffic (Driving Licences) Regulations (Cap. 374B), a driving licence applicant aged 70 or above should, on application for a new, reissued or renewed driving licence, submit a medical examination report form completed and signed by a registered medical practitioner to certify that the applicant was medically fit to drive. Mr TAM asked whether the Administration would consider tightening such requirement in respect of franchised bus captains as well as drivers of taxis and public light buses by lowering the age threshold to 60.

22.10 SLW and Commissioner for Labour ("C for L") advised that the policy on requiring applicants for various driving licences to undergo medical examination was under the purview of the Transport Department ("TD"). The Labour and Welfare Bureau would duly follow up the suggestion with TD.

22.11 Expressing concern about the occupational safety and health ("OSH") of practitioners in the welfare sector, Mr SHIU Ka-chun said that there had been about six incidents of social workers committing suicide since 2010. Mr SHIU enquired whether the Administration would consider conducting a survey on the work pressure and emotional distress faced by practitioners in the welfare sector.

22.12 SLW advised that it was understood that the Hong Kong Social Workers' General Union and the Hong Kong Social Workers Association had conducted surveys on work pressure faced by social workers in the past years. To provide emotional support services for social workers, consideration could be given to procuring counselling services from other welfare organizations as necessary.
22.13 Mr CHU Hoi-dick asked whether consideration would be given to making LD's new guidelines against the health risks of standing at work mandatory such that suitable work chairs must be provided for all employees in the design of workplaces. Mr CHU further sought clarification as to whether the Administration would take out prosecution under the Occupational Safety and Health Ordinance (Cap. 509) ("OSHO") against employers who did not comply with the new guidelines.

22.14 Deputy Commissioner for Labour (Occupational Safety and Health) said that the new guidelines would emphasize that employers had to, so far as reasonably practicable, provide suitable work chairs or chairs for occasional resting at the work locations to the employees who had to stand at work. In light of the fact that the work nature of many employees in the retail and catering industries involved prolonged standing, LD augmented the promotion strategy at the end of 2016 to include meeting with the management of major chain corporations of these two industries to discuss with them how to reduce health risk of employees whose work involved prolonged standing. These included providing chairs for employees at their work locations if it was reasonably practicable such that employees could take a brief rest during work. Should there be non-compliant cases of the new guidelines, LD could take out prosecution against employers concerned under the general duties provisions in OSHO in consultation with DoJ if there was sufficient evidence.

22.15 Noting that LD had detected a total of 76 cases of suspected breaches of EO by contractors of government outsourced cleansing services from 2013 to 2017 and that during the same period, one contractor of government outsourced cleansing services was convicted of breaching EO and fined $7,000, Mr LEUNG Yiu-chung was concerned how the Administration would enhance protection for workers of government service contractors ("GSCs"). In this regard, he called for a comprehensive review of the OSH legislation.
22.16 In response, C for L said that LD had continuously been conducting inspections for the protection of non-skilled workers of GSCs and there were cases of successful prosecution against GSCs for non-compliance with the OSH legislation. C for L further advised that the Government conducted review on the labour legislation from time to time. LD was reviewing the penalty levels of the OSH legislation in full swing.

**Employment support services**

**Services for ethnic minority job seekers**

22.17 Ms Starry LEE sought information on the number of ethnic minority ("EM") employees in the civil service and the Administration's plan in this regard. She also enquired about the employment support services for EMs and whether LD staff would proactively reach out to the EM community to encourage their females to join the labour market.

22.18 SLW responded that he did not have the number of EM employees in the civil service on hand. To facilitate the employment of EMs in the civil service, the Government had just completed a review on the entry requirements relating to Chinese proficiency for all the grades of the civil service, after which the number of civil service grades that had lowered/ would lower the Chinese language proficiency requirements since 2010 would increase. In addition, as announced in the 2018-19 Budget, $500 million would be earmarked to strengthen support for EMs.

22.19 As regards employment of EM females, SLW advised that the labour force participation rates ("LFPRs") of different ethnic groups varied. The LFPR of Nepalese females was notably high while that of Pakistan females was particularly low owing to their culture and religion, etc. C for L added that to strengthen the employment services for EMs, LD had implemented the Employment Services Ambassador ("ESA") Programme for EMs, under which trainees of the Youth Employment and Training Programme who could communicate
in EM languages were employed as ESAs to work at LD's 13 job centres or industry-based recruitment centres for six months to help EM job seekers use various job search facilities and services. In addition, LD had engaged two employment assistants who were proficient in EM languages. Both ESAs and employment assistants helped LD proactively reach out to EMs at their popular gathering spots to promote LD's employment services and distribute relevant promotional leaflets which had been translated into major EM languages for EMs’ easy reference.

22.20 Mr SHIU Ka-chun sought information on the employment status of the 117 trainees of the Youth Employment and Training Programme after completion of the six-month programme. Mr SHIU further asked whether the Administration would consider recruiting more trainees under the ESA Programme. C for L responded that LD had closely followed up with ESAs on their employment status after their completion of the on-the-job training and found that they had taken up employment in various trades and industries, and the jobs concerned were not necessarily low-skilled jobs.

22.21 Mr SHIU Ka-chun expressed concern about the employment difficulties faced by EM job seekers because of language barrier. Referring to a study report on EMs' awareness and satisfaction towards selected public services published in March 2018, Mr SHIU noted with concern that the Chinese language requirement of many jobs offered to EMs, including English language teaching, book-keeping and information technology jobs, was quite high and thus many EM job seekers with high qualifications had been forced to take up low-skilled employment. Mr SHIU enquired whether LD would critically review the Chinese language requirement of the vacancy orders placed with LD.

22.22 Dr Fernando CHEUNG was concerned that LD's services were not effective in assisting EMs in securing employment. Notably, the role of ESAs was rather limited and they did not have adequate knowledge about the local job market. The job vacancies available in LD were not diverse enough to cater for the employment needs of EMs.
with different educational levels and skills. He asked about the improvement measures in this regard.

22.23 SLW said that there were practical difficulties for LD to assess whether the job requirements (including language requirements) set out in each vacancy order placed by employers were necessary. C for L added that it would also incur a tremendous administrative workload to verify the Chinese language requirement or other job requirements of each and every vacancy advertised through LD, given that more than 1,410,000 vacancies from the private sector were recorded by LD in 2017. On the other hand, LD constantly reminded employers to consider the actual operational needs of the posts when specifying the language requirement and it was noteworthy that about 70,000 of the vacancies recorded in 2017 were with no or little Chinese language requirement.

22.24 Assistant Commissioner for Labour (Employment Services) supplemented that the ESA Programme for EMs not only helped LD better serve EM job seekers but also enriched ESAs’ own work experience and resume so as to facilitate them to search for employment in the open market. Moreover, since May 2017, LD had engaged two employment assistants proficient in EM languages on a pilot basis to strengthen employment support for EM job seekers. Apart from partnering with experienced employment officers in providing employment services for EM job seekers, these employment assistants helped identify suitable vacancies in the job market for EM job seekers. They also proactively reached out to the EM communities to promote the use of LD's employment services. Furthermore, LD had set up a dedicated webpage for EM job seekers on the Interactive Employment Service website. The webpage featured job vacancies which were posted by employers welcoming EM job seekers and having no or little Chinese language requirement.
Services for job seekers with disabilities

22.25 Dr Fernando CHEUNG expressed grave concern about the low retention rate of employment under the Work Orientation and Placement Scheme ("WOPS"), which, to his knowledge, was around 30% only. He was concerned that some employers would terminate the employment with serving employees with disabilities upon expiry of the allowance period under WOPS. He enquired how the Administration monitored the situation and whether it would make necessary improvement.

22.26 DC for L(LA) responded that a mechanism had been put in place to prevent abuse of the allowance under WOPS by employers. Participating employers had to register the relevant vacancies with the Selective Placement Division of LD which would verify the employment terms of the vacancies to ensure that they met the requirements of WOPS. Based on the requirements of the vacancies, matching would be conducted and suitable candidates would be referred to the employers. Should employers be found to have dismissed the concerned employees with disabilities without valid reasons immediately after the completion of the allowance period, they might not be allowed to participate in WOPS again. Regarding the turnover rate under WOPS, about 16% of the placement cases secured in 2016 had the employment contracts terminated in the first month of employment and the rate decreased in the ensuing employment period. Dr Fernando CHEUNG requested the Administration to provide information on the number of WOPS participants who stayed in employment after the expiry of six-month allowance period.

22.27 Dr Fernando CHEUNG also sought information on the progress of the two-year pilot scheme launched by LD in September 2016 to engage a non-governmental welfare organization to provide in-depth psychological and emotional counselling service to needy job seekers with disabilities. DC for L(LA) advised that the two-year pilot would end in August 2018. The Government would actively consider to continue with the counselling service having regard to the positive outcome.
22.28 Mr LEUNG Yiu-chung declared that the Neighbourhood and Worker's Service Centre was one of the training bodies of the Employees Retraining Board ("ERB"). He pointed out that additional classes of certain ERB training courses had not been approved in the second half of 2017. He was concerned whether and how a stable investment return for ERB could be secured so as to sustain its level of service and operation and whether sufficient funds had been budgeted for ERB training courses.

22.29 Principal Assistant Secretary for Labour and Welfare (Manpower) responded that the Government had injected $15 billion into the Employees Retraining Fund ("ERF") in 2013-2014 to provide ERB with long-term financial support. As at end of 2017, the balance of ERF was $15.2 billion. ERB was expected to operate and provide its service in response to the demand for training courses mainly with the investment return from ERF. Permanent Secretary for Labour and Welfare added that according to the Employees Retraining Ordinance (Cap. 423), ERB should, in each financial year, prepare estimates of income and expenditure in respect of the following financial year and, submit to SLW for his approval together with a programme of its activities for the following financial year. Mr LEUNG Yiu-chung's concern was noted and would be relayed to ERB.

**Improving employment benefits**

**Statutory maternity leave**

22.30 Mr KWOK Wai-keung asked how the Administration would take forward the proposal of extending the duration of statutory maternity leave ("ML") to 14 weeks if no consensus could be reached by the Labour Advisory Board ("LAB").

22.31 Mr Tommy CHEUNG, however, expressed concern about difficulties in manpower deployment faced by small and medium enterprises if the duration of ML was extended.
22.32 SLW responded that the review on ML was expected to be completed by end of 2018 and the Government would consult LAB on the review findings. Noting that the cost of ML was funded by contributory social insurance schemes in many overseas places which were absent in Hong Kong, the Government would consider sharing the cost of the extended duration of ML between employers and the Government. The review findings were hopefully to be supported by LAB. Mr KWOK Wai-keung appealed to the Administration to expedite the relevant work as soon as practicable.

Alignment of statutory holidays with general holidays

22.33 Mr KWOK Wai-keung considered it essential to align the number of statutory holidays with that of general holidays such that the leave entitlements of all employees would be the same in a bid to promote a family-friendly culture in employment. He called on the current-term Government to take forward the preparatory work on aligning the leave entitlements of all employees.

22.34 Mr Tommy CHEUNG, however, expressed concern about difficulties in manpower deployment faced by small and medium enterprises if the leave entitlements of all employees were the same.

22.35 SLW said that while the Government was fully aware of the labour sector's concerns over the subject, it had to deal with other tasks of higher priority at the moment, including enhancing the statutory paternity leave and ML as well as the abolition of the "offsetting" arrangement under the Mandatory Provident Fund system.

Protecting employees' rights and benefits

22.36 Noting that LD did not keep statistics on the number of notification letters issued to employers for failure to pay periodical payments and medical expenses to employees under the Employees' Compensation Ordinance (Cap. 282) ("ECO") as well as the number of employers who subsequently paid the periodical payments and medical expenses, Mr LEUNG Yiu-chung was concerned how the
Chapter XXII : Labour

Administration monitored the situation.

22.37 DC for L(LA) advised that each year LD issued a considerable number of letters and notices to injured employees and their employers for various purposes in processing employees’ compensation cases under ECO and no statistical breakdown of these correspondences was kept. LD had all along attached great importance to safeguarding injured employees’ entitlements under ECO. Upon receipt of relevant complaints, LD would proactively follow up and explain to the employers the requirements under ECO. If the employers refused or delayed the payment of compensation under ECO without reasonable grounds, LD would conduct investigation and take out prosecution against offending employers when there was sufficient evidence. In 2016 and 2017, LD respectively secured 63 and 34 convicted summonses on offences relating to these default cases. DC for L(LA) added that the suggestion of maintaining separate statistics on notification letters issued to employers for failure to pay periodical payments and medical expenses to employees under ECO as well as employers who had subsequently paid these sums would be assessed with regard to LD's manpower resources and operational needs.

Employment of foreign domestic helpers and related issues

22.38 The Deputy Chairman expressed grave concern that an increasing number of complaints in relation to job-hopping of FDHs had been received. Instead of returning to their home countries, FDHs concerned merely departed for Macao and took up another employment in Hong Kong within a short period of time while employers concerned had to pay high intermediary fees charged by EAs for employment of another FDH. To protect the interests of FDH employers and prevent job-hopping of FDHs, the Deputy Chairman held a strong view that the Administration should strictly enforce the requirement of FDHs' returning to their places of origin upon termination or expiry of employment contracts before they could submit fresh employment visa applications.
Chapter XXII : Labour

22.39 Sharing a similar concern, the Chairman said that to his understanding, the job-hopping problem of FDHs had aggravated significantly. He called on LD to work with the Immigration Department ("ImmD") to plug the loophole.

22.40 C for L said that ImmD often received requests from employers in urgent need of FDHs to expedite the processing of their applications. As a facilitating measure, ImmD adopted a flexible approach in implementing the requirement that FDHs who wished to enter into an employment contract with a new employer had to first return to their place of origin and then submit a new employment visa application to ImmD. That said, ImmD had been processing FDHs' employment visa applications rigorously. It had strengthened measures to closely scrutinize the applications with a view to curbing job-hopping by FDHs. In assessing the applications, ImmD would examine the number and reasons of premature terminations of contracts of the applicants. As a matter of fact, ImmD had refused a number of employment visa applications from FDHs whose employment contracts were prematurely terminated without justifications.

22.41 The Deputy Chairman sought information on the criteria for rejecting employment visa applications from FDHs concerned. C for L pointed out that the relevant enforcement work was undertaken by ImmD. SLW added that LD would take into account the track record of EAs like whether the EAs were found to be involved in luring FDHs to job-hop when handling its licence applications.

22.42 The Deputy Chairman suggested that more useful information should be provided in the one-stop Employment Agencies Portal launched by LD, such as the number of FDHs for whom EAs had provided placement service in the past five years and among which, the percentage of FDHs who had renewed the employment contracts with their employers. SLW responded that LD would study the suggestion.
Chapter XXII : Labour

22.43 Mr SHIU Ka-chun was concerned about LD's inspection efforts in monitoring EAs providing placement service for FDHs. Mr SHIU sought information on the number of surprise inspections conducted by LD's Employment Agencies Administration ("EAA") to EAs from 2013 to 2017 and the number of staff members in LD responsible for conducting inspections to EAs in 2018-2019.

22.44 C for L responded that LD's EAA carried out enforcement actions to ensure EAs were operating in compliance with the relevant laws. All inspections could be regarded as surprise inspections as no prior notice would be served to EAs concerned. As regards the number of officers responsible for conducting inspections to EAs, C for L said that he would provide the information after the meeting.

Statutory Minimum Wage

22.45 Mr KWOK Wai-keung was concerned that LD issued only two warnings to employers suspected to have contravened the Minimum Wage Ordinance (Cap. 608) ("MWO") in 2017, and that two summonses were heard in respect of employers who had breached the statutory minimum wage ("SMW") requirement in the same year. Mr KWOK raised query about the effectiveness of the enforcement work taken by LD.

22.46 C for L advised that LD took rigorous enforcement actions against non-compliance with labour laws, including MWO. Of the 43 cases considered for prosecution against employers for non-compliance with MWO since the implementation of SMW and up to end-2017, prosecution had not been initiated due to unwillingness of the employees concerned to act as prosecution witnesses in nine cases and insufficient evidence in 17 cases.

22.47 In the light of the 50,366 inspections of various establishments conducted by LD in 2017 to check employers' compliance with MWO, Mr KWOK Wai-keung asked whether it would be feasible for procuring departments to conduct inspections to check the concerned GSCs' compliance with MWO so as to reduce the work
Chapter XXII : Labour

pressure on LD.

22.48 C for L clarified that LD was responsible for checking employers’ compliance with MWO. Should non-compliance with MWO by GSCs be detected during inspections, LD would pass the information to the procuring departments concerned for consideration of follow-up. Notably, a debarment mechanism and a demerit point system were put in place under which if a GSC was convicted of an offence relating to employment rights and benefits (including a specified offence relating to EO), its tenders would not be considered by the Government for a period of five years from the date of conviction, regardless of whether the conviction was related to government service contracts.

22.49 Expressing concern that only some 26,700 employees were covered under the prevailing SMW rate of $34.5 per hour when it took effect in May 2017, Mr KWOK Wai-keung was of the view that the SMW rate was too low and could hardly safeguard the livelihood of low-income employees. Mr KWOK further raised concern that there was serious problem of time gap between data collection for recommendation of the revised SMW rate and its implementation under the biennial review of the SMW rate. He called on the Administration to conduct a review of the SMW rate on an annual basis with a view to safeguarding the basic livelihood of the low-income employees.

22.50 SLW responded that the Minimum Wage Commission ("MWC") had commenced a new round of review on the SMW rate and would submit a report on its recommendation to the Chief Executive in Council by end-October 2018. In making a recommendation about the SMW rate, MWC would consult various sectors of the community including organizations/representatives of employers and employees, consider submissions received in the course of public consultation, and analyze and consider the findings of various surveys, etc. It would be difficult to compress the time needed for the review process. The Government therefore considered it appropriate to maintain the review of the SMW rate at least once in every two years.
Protection of Wages on Insolvency Fund

22.51 With respect to more than 2,000 applications for ex-gratia payment under the Protection of Wages on Insolvency Fund ("PWIF") on average in the past few years, Mr KWOK Wai-keung was concerned about the possible abuse of PWIF as a large number of the applications were related to wage issues. He called on the Administration to tighten the eligibility criteria for making applications to PWIF.

22.52 SLW responded that PWIF was set up to provide timely financial relief to employees affected by the insolvency of their employers. It was believed that many employers involved in insolvency cases did have financial problems in running their business. Mr KWOK Wai-keung, however, maintained the view that the Administration should step up its efforts to clamp down on employers evading their wage liabilities.
Appendix I

Programme of special meetings of Finance Committee
to examine the Estimates 2018-2019
from 16 to 20 April 2018

<table>
<thead>
<tr>
<th>Session No.</th>
<th>Director of Bureau / Controlling Officer</th>
<th>Date</th>
<th>Time</th>
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</thead>
<tbody>
<tr>
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<td>Secretary for the Civil Service</td>
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## Appendix II

### Summary of written and supplementary questions and requests for additional information

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<th>Session No.</th>
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<th>No. of initial written questions</th>
<th>No. of supplementary questions</th>
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• Public Finance | 127                             | 5                             | 2                                             |
| 6.         | Secretary for Constitutional and Mainland Affairs | 152                             | 9                             | 1                                             |
| 7.         | Secretary for the Environment           | 340                             | 4                             | 1                                             |
| 8.         | Secretary for Transport and Housing  
• Housing                          | 71                              | 2                             | 2                                             |
| 9.         | Secretary for Transport and Housing  
• Transport                        | 396                             | 6                             | 4                                             |
| 10.        | Secretary for Home Affairs             | 469                             | 16                            | 3                                             |
| 11.        | Secretary for Commerce and Economic Development  
• Commerce, Industry and Tourism | 303                             | 2                             | 1                                             |
| 12.        | Secretary for Commerce and Economic Development  
• Communications and Creative Industries | 72                              | 1                             | 0                                             |
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Appendix III

Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the afternoon of 16 April 2018 (Sessions 1, 2 & 3)
2:00 pm to 6:25 pm
Legislative Council Complex Conference Room 1

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Public officers attending:

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<tr>
<td>Ms Carol YUEN, JP</td>
<td>Deputy Secretary for Financial Services and the Treasury (Treasury)</td>
</tr>
<tr>
<td>Mr Mike CHENG</td>
<td>Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)</td>
</tr>
<tr>
<td>Mr Joshua LAW, GBS, JP</td>
<td>Secretary for the Civil Service</td>
</tr>
<tr>
<td>Mr Thomas CHOW, JP</td>
<td>Permanent Secretary for the Civil Service</td>
</tr>
<tr>
<td>Mr Eddie MAK, JP</td>
<td>Deputy Secretary for the Civil Service (1)</td>
</tr>
<tr>
<td>Ms Amy WONG</td>
<td>Deputy Secretary for the Civil Service (2)</td>
</tr>
<tr>
<td>Mr Eric CHAN</td>
<td>Deputy Secretary for the Civil Service (3)</td>
</tr>
<tr>
<td>Mr LI Pak-hong, JP</td>
<td>Director of General Grades</td>
</tr>
<tr>
<td>Ms Bertille LI</td>
<td>Principal Executive Officer (Management), Civil Service Bureau</td>
</tr>
<tr>
<td>Mr Charlix WONG, JP</td>
<td>Director of Accounting Services</td>
</tr>
<tr>
<td>Mr YAU Kin Chung</td>
<td>Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service</td>
</tr>
<tr>
<td>Dr Cindy LAI, JP</td>
<td>Deputy Director of Health</td>
</tr>
<tr>
<td>Ms Phyllis LEUNG</td>
<td>Secretary, Public Service Commission</td>
</tr>
</tbody>
</table>
### Session 2 – Judiciary Administration and Legal Administration

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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</thead>
<tbody>
<tr>
<td>Miss Emma LAU, JP</td>
<td>Judiciary Administrator</td>
</tr>
<tr>
<td>Mrs Erika HUI, JP</td>
<td>Deputy Judiciary Administrator (Operations)</td>
</tr>
<tr>
<td>Mrs Connie NGAN</td>
<td>Assistant Judiciary Administrator (Corporate Services)</td>
</tr>
<tr>
<td>Mr Raymond NG</td>
<td>Chief Treasury Accountant, Judiciary</td>
</tr>
<tr>
<td>Ms Teresa CHENG, GBS, SC, JP</td>
<td>Secretary for Justice</td>
</tr>
<tr>
<td>Mr Alan SIU, JP</td>
<td>Director of Administration and Development</td>
</tr>
<tr>
<td>Mr Martin HUI, SC</td>
<td>Acting Director of Public Prosecutions</td>
</tr>
<tr>
<td>Mr Wesley WONG, SC, JP</td>
<td>Solicitor General</td>
</tr>
<tr>
<td>Ms Theresa JOHNSON</td>
<td>Law Draftsman</td>
</tr>
<tr>
<td>Ms Christina CHEUNG, JP</td>
<td>Law Officer (Civil Law)</td>
</tr>
<tr>
<td>Mr Paul TSANG</td>
<td>Law Officer (International Law)</td>
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</tbody>
</table>

### Session 3 – Central Administration and Other Services

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Ms Kitty CHOI, JP</td>
<td>Director of Administration</td>
</tr>
<tr>
<td>Mr Alan YUNG</td>
<td>Principal Executive Officer (Administration), Administration Wing</td>
</tr>
<tr>
<td>Mr Andrew AU, JP</td>
<td>Deputy Government Economist</td>
</tr>
<tr>
<td>Mrs Betty FUNG, JP</td>
<td>Head, Policy Innovation and Co-ordination Office</td>
</tr>
<tr>
<td>Mr Laurie LO, JP</td>
<td>Deputy Head (1), Policy Innovation and Co-ordination Office</td>
</tr>
<tr>
<td>Mr Thomas Edward KWONG, JP</td>
<td>Director of Legal Aid</td>
</tr>
<tr>
<td>Mr David SUN, GBS, JP</td>
<td>Director of Audit</td>
</tr>
<tr>
<td>Miss Janny WUN</td>
<td>Departmental Secretary, Audit Commission</td>
</tr>
<tr>
<td>Mrs Jessie TING, JP</td>
<td>Permanent Secretary, Chief Executive's Office</td>
</tr>
<tr>
<td>Mr Steve CHOW</td>
<td>Chief Executive Officer (Administration), Chief Executive's Office</td>
</tr>
</tbody>
</table>
Mr Simon PEH, SBS, IDSM  
Commissioner, Independent Commission Against Corruption

Mr Ricky CHU  
Director of Investigation (Private Sector), Independent Commission Against Corruption

Ms Sally KWAN  
Assistant Director (Administration), Independent Commission Against Corruption

Miss Odelia LEUNG  
Acting 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

**Staff in attendance:**

Mr Derek LO  
Chief Council Secretary (1)5

Ms Ada LAU  
Senior Council Secretary(1)7

Mr Raymond SZETO  
Council Secretary (1)5
Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the afternoon of 17 April 2018 (Sessions 4, 5, 6 & 7) 2:00 pm to 7:15 pm Legislative Council Complex Conference Room 1

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)  
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Claudia MO  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Hon LEUNG Che-cheung, SBS, MH, JP
Public officers attending:

Ms Carol YUEN, JP
Deputy Secretary for Financial Services and the Treasury (Treasury)1

Mr Mike CHENG
Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 4 – Financial Services

Mr James LAU, JP
Secretary for Financial Services and the Treasury

Mr Joseph CHAN, JP
Under Secretary for Financial Services and the Treasury

Mr Andrew WONG, JP
Permanent Secretary for Financial Services and the Treasury (Financial Services)

Mr Chris SUN, 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

Ms Winnie NG, JP
Deputy Secretary for Financial Services and the Treasury (Financial Services)3

Mr Derek LAI
Administrative Assistant to Secretary for Financial Services and the Treasury

Ms Joanna CHUNG
Chief Executive Officer (Financial Services), Financial Services and the Treasury Bureau

Mr Leslie TANG, JP
Commissioner for Census and Statistics

Ms Phyllis McKenna
Official Receiver

Ms Ada CHUNG, JP
Registrar of Companies
Session 5 – Public Finance

Mr James LAU, JP Secretary for Financial Services and the Treasury
Ms Alice LAU, JP Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Andrew LAI, JP Deputy Secretary for Financial Services and the Treasury (Treasury)2
Mr Raistlin LAU, JP Deputy Secretary for Financial Services and the Treasury (Treasury)3
Mr Derek LAI Administrative Assistant to Secretary for Financial Services and the Treasury
Mr Edmond CHU Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr Hermes TANG, CMSM Commissioner of Customs and Excise
Mr Jimmy TAM Assistant Commissioner of Customs and Excise (Excise & Strategic Support)
Mr WONG Kuen-fai, JP Commissioner of Inland Revenue
Mr TANG Ping-kwong, JP Commissioner of Rating and Valuation
Miss Mary CHOW, JP Director of Government Logistics
Mr Tommy YUEN, JP Government Property Administrator
Mrs Sylvia LAM, JP Director of Architectural Services
Mr HUI Chiu-kin  
Assistant Director of Architectural Services (Property Services)

Mr Charlix WONG, JP  
Director of Accounting Services

Session 6 – Constitutional and Mainland Affairs

Mr Patrick NIP, JP  
Secretary for Constitutional and Mainland Affairs

Mr Andy CHAN, JP  
Under Secretary for Constitutional and Mainland Affairs

Mr Roy TANG, JP  
Permanent Secretary for Constitutional and Mainland Affairs

Miss Rosanna LAW, JP  
Deputy Secretary for Constitutional and Mainland Affairs (1)

Miss Charmaine LEE, JP  
Deputy Secretary for Constitutional and Mainland Affairs (2)

Miss Winnie SO, JP  
Deputy Secretary for Constitutional and Mainland Affairs (3)

Ms Joyce HO  
Deputy Secretary for Constitutional and Mainland Affairs (Special Duties)

Ms Flemy YIP  
Chief Executive Officer (Constitutional and Mainland Affairs)

Mr WONG See-man  
Chief Electoral Officer

Ms Gracie FOO, JP  
Director, Beijing Office

Mr Rex CHANG, JP  
Director, Hong Kong Economic, Trade and Cultural Office (Taiwan)

Mr Albert TANG, JP  
Director, Hong Kong Economic and Trade Affairs, Guangdong

Miss Victoria TANG  
Director, Hong Kong Economic and Trade Affairs, Shanghai

Miss Pamela LAM  
Director, Hong Kong Economic and Trade Affairs, Chengdu

Mr Vincent FUNG  
Director, Hong Kong Economic and Trade Affairs, Wuhan

Ms Elena SHUM  
Chief Executive Officer (Newspaper and Article Admin/Communications Authority)
Session 7 – Environment

Mr WONG Kam-sing, GBS, JP         Secretary for the Environment
Mr TSE Chin Wan, JP               Under Secretary for the Environment
Mr Donald TONG, JP               Permanent Secretary for the Environment/Director of Environmental Protection
Mr Vincent LIU, JP              Deputy Secretary for the Environment
Mr Elvis AU, JP                  Deputy Director of Environmental Protection (1)
Mrs Vicki KWOK, JP            Deputy Director of Environmental Protection (2)
Mrs Alice CHEUNG, JP         Deputy Director of Environmental Protection (3)
Mr Donald NG                  Deputy Director of Environmental Protection (4)
Mr Edwin TONG, JP          Director of Drainage Services
Dr LEUNG Siu-fai, JP       Director of Agriculture, Fisheries and Conservation
Mr LAM Sai-hung, JP       Director of Civil Engineering and Development
Mr Alfred SIT, JP            Director of Electrical and Mechanical Services

Clerk in attendance:

Ms Anita SIT                Assistant Secretary General 1

Staff in attendance:

Mr Derek LO                   Chief Council Secretary (1)5
Ms Ada LAU                     Senior Council Secretary(1)7
Mr Raymond SZETO              Council Secretary (1)5
Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the morning of 18 April 2018 (Sessions 8 & 9)
9:00 am to 12:30 pm
Legislative Council Complex Conference Room 1

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS
**Public officers attending:**

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Ms Carol YUEN, JP</td>
<td>Deputy Secretary for Financial Services and the Treasury (Treasury)1</td>
</tr>
<tr>
<td>Mr Mike CHENG</td>
<td>Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)</td>
</tr>
<tr>
<td>Mr Frank CHAN, JP</td>
<td>Secretary for Transport and Housing</td>
</tr>
<tr>
<td>Dr Raymond SO, BBS, JP</td>
<td>Under Secretary for Transport and Housing</td>
</tr>
<tr>
<td>Mr Stanley YING, JP</td>
<td>Permanent Secretary for Transport and Housing (Housing)</td>
</tr>
<tr>
<td>Ms Esther LEUNG, JP</td>
<td>Deputy Secretary for Transport and Housing (Housing)</td>
</tr>
<tr>
<td>Mr Philip CHAN, JP</td>
<td>Director of Sales of First-hand Residential Properties Authority</td>
</tr>
<tr>
<td>Ms Polly KWOK</td>
<td>Deputy Director of Housing (Corporate Services)</td>
</tr>
<tr>
<td>Ms Connie YEUNG</td>
<td>Deputy Director of Housing (Development and Construction)</td>
</tr>
<tr>
<td>Miss Rosaline WONG</td>
<td>Deputy Director of Housing (Estate Management)</td>
</tr>
<tr>
<td>Mr CHAN Nap-ming, JP</td>
<td>Head (Independent Checking Unit), Housing Department Permanent Secretary’s Office</td>
</tr>
<tr>
<td>Mr Thomas CHAN, JP</td>
<td>Director of Lands</td>
</tr>
<tr>
<td>Dr CHEUNG Tin-cheung, JP</td>
<td>Director of Buildings</td>
</tr>
</tbody>
</table>
Session 9 – Transport

Mr Frank CHAN, JP Secretary for Transport and Housing
Dr Raymond SO, BBS, JP Under Secretary for Transport and Housing
Mr Joseph LAI, JP Permanent Secretary for Transport and Housing (Transport)
Ms Rebecca PUN, JP Deputy Secretary for Transport and Housing (Transport)1
Mr Kevin CHOI, JP Deputy Secretary for Transport and Housing (Transport)2
Ms Ivy LAW, JP Deputy Secretary for Transport and Housing (Transport)3
Mr Wallace LAU, JP Acting Deputy Secretary for Transport and Housing (Transport)4
Ms Angela LEE, JP Deputy Secretary for Transport and Housing (Transport)5
Mr Daniel CHUNG, JP Director of Highways
Ms Mable CHAN, JP Commissioner for Transport
Mr Simon LI, JP Director-General of Civil Aviation
Mr Victor LIU, JP Deputy Director-General of Civil Aviation 1
Ms Maisie CHENG, JP Director of Marine
Mr WONG Sai-fat Deputy Director of Marine
Mr Alfred SIT, JP Director of Electrical and Mechanical Services

Clerk in attendance:
Ms Anita SIT Assistant Secretary General 1

Staff in attendance:
Mr Derek LO Chief Council Secretary (1)5
Ms Ada LAU Senior Council Secretary(1)7
Mr Raymond SZETO Council Secretary (1)5
Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the afternoon of 18 April 2018 (Sessions 10, 11 & 12) 2:00 pm to 6:15 pm Legislative Council Complex Conference Room 1

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS
Public officers attending:

Ms Carol YUEN, JP  
Deputy Secretary for Financial Services and the Treasury (Treasury)1

Mr Mike CHENG  
Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 10 – Home Affairs

Mr LAU Kong-wah, JP  
Secretary for Home Affairs

Mr Jack CHAN, JP  
Under Secretary for Home Affairs

Mr Patrick LI, JP  
Acting Permanent Secretary for Home Affairs

Mrs Angelina CHEUNG, JP  
Deputy Secretary for Home Affairs (2)

Mr YEUNG Tak-keung, JP  
Commissioner for Sports

Mrs Sorais LEE, JP  
Project Manager (Home Affairs Bureau)

Miss Janice TSE, JP  
Director of Home Affairs

Ms Michelle LI, JP  
Director of Leisure and Cultural Services

Miss Cathy CHU, JP  
Director of Information Services

Mr Thomas Edward KWONG, JP  
Director of Legal Aid

Session 11 – Commerce, Industry and Tourism

Mr Edward YAU, GBS, JP  
Secretary for Commerce and Economic Development

Mr Philip YUNG, JP  
Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)

Ms Vivian SUM, JP  
Deputy Secretary for Commerce and Economic Development (Commerce and Industry)
Mr Gary POON  
Deputy Secretary for Commerce and Economic Development (Commerce and Industry)

Miss Erica NG, JP  
Deputy Secretary for Commerce and Economic Development (Commerce and Industry)

Ms Cora HO  
Deputy Secretary for Commerce and Economic Development (Commerce and Industry) (Belt & Road) SD

Mr Joe WONG, JP  
Commissioner for Tourism

Mr Hermes TANG, CMSM  
Commissioner of Customs and Excise

Mr Gordon LEUNG, JP  
Postmaster General

Ms Ada LEUNG, JP  
Director of Intellectual Property

Mr PHILLIPS Stephen  
Director-General of Investment Promotion

Ms Salina YAN, JP  
Director-General of Trade and Industry

Mr SHUN Chi-ming, JP  
Director of the Hong Kong Observatory

Mr Anthony LAU  
Executive Director, Hong Kong Tourism Board

Session 12 – Communications and Creative Industries

Mr Edward YAU, GBS, JP  
Secretary for Commerce and Economic Development

Miss Eliza Lee, JP  
Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries)

Ms Julina CHAN, JP  
Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries)
Mr Edward TO  
Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries) (Special Duties)

Mr Victor Tsang  
Head of Create Hong Kong

Mr LEUNG Ka-wing, JP  
Director of Broadcasting

Mrs Sharon YIP, JP  
Deputy Director of Broadcasting (Developments)

Miss Agnes Wong, JP  
Director-General of Communications

Mr Chaucer LEUNG  
Deputy Director-General of Communications (Telecommunications)

Ms Elizabeth TAI, JP  
Deputy Director of Film, Newspaper and Article Administration

**Clerk in attendance:**

Ms Anita SIT  
Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO  
Chief Council Secretary (1)5

Ms Ada LAU  
Senior Council Secretary (1)7

Mr Raymond SZETO  
Council Secretary (1)5
Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the morning of 19 April 2018 (Sessions 13 & 14)
9:00 am to 12:45 pm
Legislative Council Complex Conference Room 1

Members present:

Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena Wong Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin Liao Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS
Public officers attending:

Ms Carol YUEN, JP  
Deputy Secretary for Financial Services and the Treasury (Treasury)

Mr Mike CHENG  
Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 13 – Food Safety and Environmental Hygiene

Prof Sophia CHAN, JP  
Secretary for Food and Health

Dr CHUI Tak Yi, JP  
Under Secretary for Food and Health

Mrs Cherry TSE, JP  
Permanent Secretary for Food and Health (Food)

Miss Sincere LEUNG  
Head, Resource Management and Administration, Food and Health Bureau

Miss Vivian LAU, JP  
Director of Food and Environmental Hygiene

Dr HO Yuk Yin, JP  
Controller, Centre for Food Safety, Food and Environmental Hygiene Department

Dr LEUNG Siu-fai, JP  
Director of Agriculture, Fisheries and Conservation

Dr SIN Wai-mei, JP  
Government Chemist

Session 14 – Health

Prof Sophia CHAN, JP  
Secretary for Food and Health

Dr CHUI Tak Yi, JP  
Under Secretary for Food and Health

Ms Elizabeth TSE, JP  
Permanent Secretary for Food and Health (Health)

Miss Sincere LEUNG  
Head, Resource Management and Administration, Food and Health Bureau

Dr Constance CHAN, JP  
Director of Health
Dr Cindy LAI, JP  
Deputy Director of Health  
Dr LEUNG Pak-yin, JP  
Chief Executive, Hospital Authority  
Dr Tony KO  
Director (Cluster Services), Hospital Authority  
Dr SIN Wai-mei, JP  
Government Chemist

**Clerk in attendance:**

Ms Anita SIT  
Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO  
Chief Council Secretary (1)  
Ms Ada LAU  
Senior Council Secretary(1)
Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the afternoon of 19 April 2018 (Sessions 15, 16 & 17) 2:00 pm to 7:25 pm Legislative Council Complex Conference Room 1

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS
Public officers attending:

Ms Carol YUEN, JP  
Mr Mike CHENG
Deputy Secretary for Financial Services and the Treasury (Treasury)
Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 15 – Innovation and Technology

Mr Nicholas YANG, GBS, JP  
Dr David CHUNG, JP  
Mr CHEUK Wing-hing, JP  
Mrs Millie NG  
Mr Davey CHUNG, JP  
Ms Annie CHOI, JP  
Ir Allen YEUNG, JP  
Ms Olivia NIP, JP
Secretary for Innovation and Technology
Under Secretary for Innovation and Technology
Permanent Secretary for Innovation and Technology
Deputy Secretary for Innovation and Technology (1)
Deputy Secretary for Innovation and Technology (2)
Commissioner for Innovation and Technology
Government Chief Information Officer
Commissioner for Efficiency

Session 16 – Planning and Lands

Mr Michael WONG, JP  
Mr LIU Chun San, JP  
Ms Bernadette LINN, JP  
Ms Doris HO, JP  
Mr Maurice LOO, JP
Secretary for Development
Under Secretary for Development
Permanent Secretary for Development (Planning and Lands)
Deputy Secretary for Development (Planning and Lands)1
Deputy Secretary for Development (Planning and Lands)2
Ms Selene TSOI, JP  
Mr Thomas CHAN, JP  
Mr Raymond LEE, JP  
Mr CHEUNG Tin-cheung, JP

Deputy Secretary for Development (Planning and Lands)
Director of Lands
Director of Planning
Director of Buildings

Session 17 – Works

Mr Michael WONG, JP  
Mr LIU Chun San, JP  
Mr HON Chi-keung, JP  
Miss Joey LAM, JP  
Mr Vincent MAK, JP  
Mr Francis CHAU  
Ms Brenda AU  
Mrs Sylvia LAM, JP  
Mr LAM Sai-hung, JP  
Mr Alfred SIT, JP  
Mr Daniel CHUNG, JP  
Mr Edwin TONG, JP  
Mr WONG Chung Leung, JP  
Ms Michelle LI, JP

Secretary for Development  
Under Secretary for Development  
Permanent Secretary for Development (Works)  
 Deputy Secretary for Development (Works)1  
 Deputy Secretary for Development (Works)2  
 Deputy Secretary for Development (Works)3  
 Head of Energizing Kowloon East Office  
 Director of Architectural Services  
 Director of Civil Engineering and Development  
 Director of Electrical and Mechanical Services  
 Director of Highways  
 Director of Drainage Services  
 Director of Water Supplies  
 Director of Leisure and Cultural Services

Clerk in attendance:

Ms Anita SIT  
Assistant Secretary General 1
Staff in attendance:

Mr Derek LO  Chief Council Secretary (1)5
Ms Ada LAU  Senior Council Secretary(1)7
Mr Raymond SZETO  Council Secretary (1)5
Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the morning of 20 April 2018 (Sessions 18 & 19) 9:00 am to 1:15 pm
Legislative Council Complex Conference Room 1

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Claudia MO
Hon Frankie YICK Chi-ming, SBS, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Dr Hon Pierre CHAN
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Carol YUEN, JP               Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Mike CHENG                     Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 18 – Education

Mr Kevin YEUNG, JP               Secretary for Education
Dr CHOI Yuk Lin, JP               Under Secretary for Education
Mrs Ingrid YEUNG, 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, JP             Deputy Secretary for Education (3)
Mr WOO Chun Sing                  Deputy Secretary for Education (4)
Mrs HONG CHAN Tsui-wah           Deputy Secretary for Education (5)
Ms May CHAN, JP                   Deputy Secretary for Education (6)
Prof James TANG                   Secretary-General, University Grants Committee
Miss Winnie WONG                  Deputy Secretary-General, University Grants Committee (1)
Mr David LEUNG                    Deputy Secretary-General, University Grants Committee (2)
Mrs Carrie YAU, GBS, JP  
Mr Esmond LEE, JP  
Dr SO Kwok Sang

Executive Director, Vocational Training Council  
Head, Working Family and Student Financial Assistance Agency  
Secretary General, Hong Kong Examinations and Assessment Authority

Session 19 – Security

Mr John LEE, SBS, PDSM, PMSM, JP  
Mr Sonny AU, PDSM, PMSM, JP  
Mrs Marion LAI, JP  
Ms Manda CHAN, JP  
Ms Jenny TAM  
Mr Stephen LO, PDSM, PMSM  
Mr Daryl LI, FSDSM  
Mr Erick TSANG, IDSM  
Mr LAM Kwok-leung, CSDSM  
Mr Hermes TANG, CMSM  
Captain Michael CHAN, MBS, GMSM, AE  
Mr CHEUNG Tat-yin  
Mr Sam HUI  
Mr Richard YU, CDSM, CMSM  
Ms Harriet WONG  
Mr Simon LI, JP

Secretary for Security  
Under Secretary for Security  
Permanent Secretary for Security  
Commissioner for Narcotics  
Principal Management Services Officer (Security), Security Bureau  
Commissioner of Police  
Director of Fire Services  
Director of Immigration  
Commissioner of Correctional Services  
Commissioner of Customs and Excise  
Controller, Government Flying Service  
Chief Staff Officer, Civil Aid Service  
Chief Staff Officer, Auxiliary Medical Service  
Secretary-General, Independent Police Complaints Council  
Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance  
Director-General of Civil Aviation
Clerk in attendance:
Ms Anita SIT  Assistant Secretary General 1

Staff in attendance:
Mr Derek LO  Chief Council Secretary (1)5
Ms Ada LAU  Senior Council Secretary(1)7
Mr Raymond SZETO  Council Secretary (1)5
Attendance of members and public officers at the special meetings of the Finance Committee from 16 to 20 April 2018

Meeting held in the afternoon of 20 April 2018 (Sessions 20 & 21)
2:15 pm to 6:20 pm
Legislative Council Complex Conference Room 1

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Claudia MO
Hon Frankie YICK Chi-ming, SBS, JP
Hon CHAN Chi-chuen
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Dr Hon Pierre CHAN
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Carol YUEN, JP
Deputy Secretary for Financial Services and the Treasury (Treasury)1

Mr Mike CHENG
Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 20 – Welfare and Women

Dr LAW Chi-kwong, GBS, JP
Secretary for Labour and Welfare

Mr Caspar TSUI, JP
Under Secretary for Labour and Welfare

Ms CHANG King-yiu, JP
Permanent Secretary for Labour and Welfare

Miss Leonia TAI, JP
Deputy Secretary for Labour and Welfare (Welfare) 1

Mr Johann WONG, JP
Deputy Secretary for Labour and Welfare (Welfare)2

Mr David LEUNG, JP
Commissioner for Rehabilitation

Mr Nicholas CHAN
Administrative Assistant to the Secretary for Labour and Welfare

Mr Esmond LEE, JP
Head, Working Family and Student Financial Assistance Agency

Ms Carol YIP, JP
Director of Social Welfare

Mr LAM Ka-tai, JP
Deputy Director of Social Welfare (Services)
<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Miss Cecilla LI</td>
<td>Deputy Director of Social Welfare (Administration)</td>
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<tr>
<td>Ms Mable CHAN, JP</td>
<td>Commissioner for Transport</td>
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<tr>
<td>Ms Stella LEE</td>
<td>Assistant Commissioner for Transport (Management and Paratransit)</td>
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**Session 21 – Labour**

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<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Dr LAW Chi-kwong, GBS, JP</td>
<td>Secretary for Labour and Welfare</td>
</tr>
<tr>
<td>Mr Caspar TSUI, JP</td>
<td>Under Secretary for Labour and Welfare</td>
</tr>
<tr>
<td>Ms CHANG King-yiu, JP</td>
<td>Permanent Secretary for Labour and Welfare</td>
</tr>
<tr>
<td>Mr Nicholas CHAN</td>
<td>Administrative Assistant to the Secretary for Labour and Welfare</td>
</tr>
<tr>
<td>Mr Daniel FONG</td>
<td>Principal Assistant Secretary for Labour and Welfare (Manpower)</td>
</tr>
<tr>
<td>Mr Carlson CHAN, JP</td>
<td>Commissioner for Labour</td>
</tr>
<tr>
<td>Miss Mabel LI, JP</td>
<td>Deputy Commissioner for Labour (Labour Administration)</td>
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<tr>
<td>Mr Jeff LEUNG, JP</td>
<td>Deputy Commissioner for Labour (Occupational Safety and Health)</td>
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<tr>
<td>Ms Melody LUK, JP</td>
<td>Assistant Commissioner for Labour (Labour Relations)</td>
</tr>
<tr>
<td>Mr Charles HUI, JP</td>
<td>Assistant Commissioner for Labour (Employment Services)</td>
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<tr>
<td>Mr Esmond LEE, JP</td>
<td>Head, Working Family and Student Financial Assistance Agency</td>
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**Clerk in attendance:**

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<tr>
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<tr>
<td>Ms Anita SIT</td>
<td>Assistant Secretary General 1</td>
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<td>Mr Derek LO</td>
<td>Chief Council Secretary (1)</td>
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<tr>
<td>Ms Ada LAU</td>
<td>Senior Council Secretary(1)</td>
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Opening Remarks by Secretary for the Civil Service at the Special Meeting of the Finance Committee in the Legislative Council on 16 April 2018

Chairman and Honourable Members,

Among the matters related to the civil service in the 2018-19 Draft Estimates of Expenditure, I would like to focus my introduction on two items.

2. **The first item is civil service establishment.** In order to support the implementation of the policies, initiatives and new measures of the Government of the new term and to ease the work pressure on civil servants, the civil service establishment is expected to expand by 6,700 posts in 2018-19. This represents a year-on-year increase of about 3.7%, the highest since reunification. Frontline staff will account for nearly 70% of the additional manpower. Subject to the approval of the Draft Estimates of Expenditure by the Legislative Council, the civil service establishment is expected to stand at 188,451 posts by end-March 2019.

3. The establishment of the vast majority of bureaux and departments (“B/Ds”) will be augmented in 2018-19. The additional staff will serve in different areas of work, mainly in land and housing development, development of a liveable city, poverty alleviation, elderly care, support for the disadvantaged, promotion of primary healthcare, supporting the upcoming commissioning of major infrastructure projects (such as a number of boundary control points), etc.

4. In addition, to mitigate the impact of time-limited posts on the relevant grades and civil servants, after a comprehensive review of these posts, the Government will make permanent about 400 time-limited posts and extend about 590 posts in 2018-19. These posts can be used for promotion or substantively filled by civil servants, thus providing more career development opportunities.
5. The appropriate increase in manpower resources by the Government represents not only a booster for the civil service in appreciation of the challenges encountered by B/Ds in taking forward new initiatives, but, more importantly, it could enhance the quality of public services.

6. **The second item of my introduction is about financial provisions.** In the 2018-19 Draft Estimates of Expenditure, the financial provisions under a few Heads of Expenditure are related to the policy area of management of the civil service. They include -

   (a) **Head 37 – Department of Health: Programme (7) “Medical and Dental Treatment for Civil Servants”:** A financial provision of $1,848.9 million is proposed, representing an increase of $298.2 million (19.2%) over the 2017-18 Revised Estimate. The increase is mainly for enhancing the medical and dental benefits for serving civil servants, pensioners and their eligible dependants, and continuously improving various services. Of this provision, $953.7 million is for providing medical and dental services at Families Clinics and government dental clinics, and $895.2 million for the payment and reimbursement of medical fees and hospital charges; and

   (b) **Head 120 – Pensions: Programme (1) “Public and Judicial Service Pension Benefits”:** An amount of $36,653.4 million is proposed for pension payments to retirees, representing an increase of $3,002.5 million over the 2017-18 Revised Estimate. The increase is mainly due to an estimated increase in the number of new retirees and the full-year effect of pension payments to those retiring in 2017-18.

7. Chairman, this is the end of my introduction. I would welcome questions from Members.
The Judiciary has the constitutional responsibility to administer justice fairly and impartially. In the financial year 2018-19, a total provision of $1,901.8 million is sought to enable the Judiciary to discharge its responsibilities.

2018-19 Draft Estimates

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Government in 2005, the Judiciary submitted its resource requirements for 2018-19 to the Government in August 2017, prior to the Government’s drawing up of the 2018-19 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 2018-19 for the Judiciary, amounting to $1,901.8 million, represents an increase of $201.6 million, or 11.9%, over our revised estimates for 2017-18. The Judiciary will be provided with the financial resources required for the creation of four additional judicial posts and 33 net additional non-judicial civil service posts, filling of existing judicial and non-judicial vacancies, provision of additional operating expenses to strengthen court 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. The establishment of judicial posts now stands at 214. For the current financial year, with the support of the Government by providing the necessary financial resources, the Judiciary proposes to create four additional judicial posts of Deputy Registrar, High Court to strengthen support for the Masters’ Office of the High Court to cope with its increased workload. Steps will be taken to seek the Legislative Council’s approval for the creation of the four additional judicial posts in due course.

5. Over the past years, the Judiciary has been launching open recruitment exercises for filling judicial vacancies at appropriate timing, having regard to the overall judicial manpower situation and operational needs of the different levels of courts:

   (a) at the Judge of the Court of First Instance of the High Court (“CFI”) level, the Judiciary has conducted four open recruitment exercises on a more regular basis since 2012. A total of 20 CFI Judge appointments have been made since 2012;

   (b) for the District Judge level, two rounds of open recruitment launched in 2011 and 2016 were completed. A total of 31 judicial appointments were made as a result; and

   (c) three rounds of open recruitment exercises for Permanent Magistrates have been conducted since 2011. A total of 41 Permanent Magistrates were appointed as a result.

The Judiciary is now planning to launch a new round of open recruitment exercises for CFI Judges, District Judges and Permanent Magistrates starting from mid-2018 with a view to filling judicial vacancies at various levels of courts.
6. To address the persistent recruitment difficulties at the CFI level as well as the long-term needs of the whole of the Judiciary, the Judiciary has completed the review on the conditions of service for JJOs. With the support of the Government, enhancements to five areas in the conditions of service for JJOs, including housing benefits, medical and dental benefits, Local Education Allowance, Judicial Dress Allowance and transport service for leave travel have been implemented with effect from 1 April 2017. The Judiciary hopes that this would have a positive impact on the new rounds of recruitment exercises to be launched shortly.

7. Another review on the statutory retirement ages of JJOs has also been completed. The Judiciary wrote to the Government in end 2017 making recommendations on the extension of the retirement ages for JJOs. It is proposed that:

(a) for Judges at the CFI level and above, the relevant retirement age be extended from 65 to 70;

(b) notwithstanding the retirement age for Judges of the District Court remaining at 65, there be allowance for an extension of the term of service beyond this age, which is not available at present; and

(c) the retirement age for Magistrates be increased from 60 to 65.

8. The Judiciary envisages that extending the retirement ages of JJOs would have a positive impact on attracting quality candidates who are in private practitioners to join the Bench at the later stage of their career life, in particular at the CFI level, and also on retaining experienced judicial manpower where appropriate. Subject to the acceptance by the Government of the Judiciary’s proposals, legislative amendments need to be effected before the proposals are implemented.
It is hoped that the revised retirement ages can be implemented within the next two years.

9. For the year 2018-19 and as far as judicial manpower is concerned, the Judiciary will aim to seek the Legislative Council’s approval for the creation of four additional judicial posts, proceed to launch a new round of open recruitment of JJOs at different levels of courts, follow up on the proposals to extend the statutory retirement ages of JJOs, and continue to keep in view of the judicial manpower situation while engaging deputy JJOs in the meantime in helping to meet pressing operational needs as far as practicable.

Non-Judicial Manpower

10. In 2018-19, 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 respect of a number of major initiatives. To this end, a net addition of 33 civil service posts will be required.

11. First, the Judiciary proposes to create a permanent Principal Executive Officer (“PEO”) post to enhance support to the Deputy Judiciary Administrator (Operations) (“DJA(O)”)’s Office of the Operations Division of the Judiciary Administration. At present, there is no directorate support to the DJA(O) on the operational and policy issues despite the wide span of control and complexities of responsibilities involved. For this purpose, a permanent PEO post at D1 level will need to be created to support the DJA(O) by relieving her from the day-to-day operational and administrative work at the directorate level so that she can focus on the more strategic policy matters and longer term planning in response to the rapidly changing environment.
12. To continue providing support for the Development Office of the Development Division of the Judiciary Administration, we also propose to extend a supernumerary Administrative Officer Staff Grade C (“AOSGC”) post for three years from 27 November 2018 to 26 November 2021. The supernumerary post was approved by the Finance Committee of the Legislative Council on 27 November 2015 for creation for three years. Given the complexity and scale of the various key legislative amendment exercises and the many other initiatives such as organization of major events, we consider it necessary for the supernumerary AOSGC post at D2 level be retained and extended for three years till November 2021.

13. Furthermore, additional/continuous staffing support will be required for many new and on-going initiatives. These include:

(a) providing necessary support to the additional judicial posts to be created to cope with the increase in workload of the Masters’ Office of the High Court;

(b) continuous/enhanced administrative support to facilitate the implementation of the ITSP; and

(c) enhanced court/administrative support for coping with increased workload or enhancement of services in various areas.

The Way Forward

14. The Judiciary will consult the Panel on Administration of Justice and Legal Services on the proposed creation of four permanent judicial posts and the proposed creation/extension of two directorate posts before submitting the proposals to the Establishment Subcommittee for endorsement and the Finance Committee of the Legislative Council for approval. The Judiciary looks forward to receiving Members’ support.
Conclusion

15. 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.

16. Thank you.
Chairman,

For 2018-19, the total estimated expenditure of the Department of Justice (“DoJ”) is about $2,290 million, which represents an increase of about 41.4% (or around $670 million) over the revised estimated expenditure for the last financial year (i.e. 2017-18). When compared to the original estimated expenditure for the last financial year, the rate of increase is about 16.2% (or around $319 million). The increases relate mainly to two areas of expenditure: manpower and case handling.

2. With regard to manpower, there will be a net creation of 79 posts in the coming year to cope with the increasing demand of government departments for legal services and manpower required for meeting our operational need.

3. On case handling, the expenditure in question is related to court costs and briefing-out expenses payable to barristers, solicitors and other professionals in private practice to be engaged. Court costs and briefing-out expenses are mainly dependent on the number of cases involved, their complexity and development. The estimated expenditure in this regard for each year is worked out on the basis of information available at the time of preparing the estimates and the principles of prudent management of public finances. However, the ultimate amount to be incurred will depend on the development and outcome of the judicial proceedings concerned.
4. I will now outline the DoJ’s major areas of work in the new financial year.

Programme (1) – Prosecutions

5. In the context of criminal prosecutions, our prosecutors will continue to handle prosecution work in a fair, impartial and open manner, strictly according to the Prosecution Code and the relevant legal principles and available evidence.

6. The Prosecutions Division (“PD”) has a heavy workload in handling various types of criminal cases in the normal course. In this regard, we will provide new resources in the financial year of 2018-19 for PD to create an additional 7 Government Counsel (“GC”) posts to enhance its manpower in order to strengthen support for its legal advisory work. Coupled with the additional GC posts created in the PD in 2017-18, it will go some way to easing PD’s pressure in the provision of legal advice, allowing counsel more opportunities to appear in court for prosecution work so as to refine their advocacy expertise, thereby further strengthening our prosecution team.

7. We will also keep up our efforts in enhancing public understanding of the criminal justice system of Hong Kong and promoting public awareness of the rule of law. In this regard, we will continue to organise events such as the “Meet the Community” and the “Prosecution Week” so as to keep in touch with the public.

Programme (2) – Civil

8. The Civil Division (“CD”) will continue to provide legal services in civil law matters to all government bureaux and departments, including mainly the handling of all civil proceedings and matters related thereto involving the Government, and the provision of legal advice to ensure that the Government’s policies, legislation and
administrative measures are in compliance with the Basic Law and other applicable laws.

9. On the development of mediation and the promotion of more extensive use of mediation to resolve disputes, the Mediation Team of the CD will continue to support the Steering Committee on Mediation, and the major initiatives for the year will include:

(1) continuing to promote more extensive use of mediation to resolve disputes, and the education and publicity in relation to the Apology Ordinance;

(2) implementing the pilot mediation scheme at the West Kowloon Mediation Centre for resolving suitable Small Claims Tribunal cases and other appropriate disputes through mediation;

(3) holding the biennial Mediation Week in May, which will include a mediation conference entitled “Mediate First – Exploring New Horizons” and other thematic events to further promote more extensive use of mediation for resolving disputes in various sectors;

(4) exploring in-depth the operation and the infrastructure to be put in place for evaluative mediation, with a view to providing more choices for mediation users so that mediation will be put to its best possible use;

(5) co-ordinating the DoJ’s work in promoting mediation and arbitration services through the Joint Dispute Resolution Strategy Office, and actively participating in and providing support to activities in promotion of Hong Kong’s international legal and dispute resolution services in the context of the Belt and Road Initiative; and
(6) assisting in the establishment of a mediation mechanism for investment disputes as provided in the Investment Agreement of the Mainland and Hong Kong Closer Economic Partnership Agreement.

Programme (3) – Legal Policy

10. The Legal Policy Division will continue to discharge the important role to uphold the rule of law by providing legal support to government departments on the Basic Law, human rights and constitutional matters.

11. Over the years, the DoJ has striven to enhance Hong Kong’s status as a leading centre for international legal and dispute resolution services in the Asia-Pacific region. We will continue to work with all stakeholders to promote relevant Hong Kong services in the Mainland and overseas, including countries in the Asia-Pacific region as well as those along the Belt and Road. The DoJ will co-organise with relevant stakeholders the 5th Hong Kong Legal Services Forum, tentatively scheduled for September this year in Guangzhou. The purpose of the event is to promote to Mainland enterprises and the legal sector Hong Kong as an international legal and dispute resolution services centre in the Belt and Road Initiative and the Bay Area development.

12. The DoJ will also endeavour to enhance the legal framework for dispute resolution. Last June, the Legislative Council passed two amendment bills we introduced relating to arbitration and mediation to clarify the arbitrability of intellectual property (“IP”) disputes and to allow third party funding for arbitration or mediation respectively. The major amendments relating to IP arbitration already took effect on 1 January this year. As for the provisions on third party funding for arbitration and mediation, we are now working on the establishment of a regulatory framework (which includes consulting the public on the
issue of a code of practice) and appointment of an advisory body to monitor and review the operation of the regulatory framework, with a view to early commencement of the legislative provisions.

13. To implement the recommendations made by the Law Reform Commission in its Report on Hearsay in Criminal Proceedings, we plan to introduce the relevant bill into the Legislative Council for consideration in this legislative session.

Programme (4) – Law Drafting

14. The Law Drafting Division (“LDD”) will continue to provide the professional drafting service required by the Government to implement its policy initiatives. The LDD’s objective is to prepare bilingual legislation that accurately reflects the required policy intent in a way that makes the legislation as easy as possible to understand. To enable the LDD to meet this objective, the LDD provides training to its legislative drafters to ensure the quality of professional service.

15. The launch in February 2017 of Hong Kong e-Legislation marked the beginning of a new era of free on-line access to the legislation of Hong Kong. The initial technical issues encountered by some users have been improved or resolved and we are in a position to retire the old Bilingual Legislation Information System on 1 July this year. We are progressively verifying the current version of the ordinances of Hong Kong so that electronic versions with official status will become accessible. We are also planning to make further enhancements to the system to address the valuable feedback of users.

Programme (5) – International Law

16. The International Law Division (“ILD”) will continue to provide legal advice on different aspects of international law to bureaux and departments, and handle requests involving international legal co-operation.
17. The ILD will also maintain its efforts in enhancing the promotion of the international legal and dispute resolution services of the Hong Kong Special Administrative Region (“HKSAR”) through co-operation with international organisations such as the Hague Conference on Private International Law (HCCH) and United Nations Commission on International Trade Law (UNCITRAL), as well as participation in the work of the “Friends of the Chair group on Strengthening Economic and Legal Infrastructure” (“SELI”) under the Economic Committee of the Asia-Pacific Economic Cooperation (APEC), so as to further raise the HKSAR’s image and influence as an international legal and dispute resolution services centre. Since its establishment in February 2015, SELI has been providing a platform for the HKSAR to share our experience and expertise on the use of international legal instruments to strengthen economic and legal infrastructure, in addition to showcasing the strength of the HKSAR as an international legal and dispute resolution services centre, including our high quality legal profession, independent Judiciary, and modern and mature legal infrastructure.

Conclusion

18. Chairman, the above sets out the DoJ’s major areas of work in the coming financial year. My colleagues and I will be happy to answer Members’ questions and listen to your views.

Thank you.
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. The allocation to the Financial Services Branch and departments under its purview for 2018-19 is about $1.69 billion. The amount represents an increase of about $580 million over last year.

Key Areas of Work

3. In the coming year, we will focus our work on reinforcing Hong Kong’s status as an international financial centre, promoting market development and enhancing protection for investors and the general public.

(I) Developing Offshore Renminbi Business in Hong Kong and Enhancing Financial Co-operation with the Mainland

4. We will capitalise on the opportunities arising from the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area development to reinforce Hong Kong’s status as a global hub for offshore Renminbi (RMB) business and an international asset management centre. Hong Kong is in the best position to provide
offshore RMB business, project financing, risk management, capital management and other related services for enterprises along the Belt and Road regions and in the Bay Area.

5. Leveraging the opportunities presented by the Bay Area development, we will actively explore and seek to implement measures that will facilitate capital flow and integration of financial markets in the Bay Area, such as expanding cross-border financial services and lowering entry thresholds, with a view to enhancing financial developments of the two places.

(II) Promoting Market Development

6. On promoting market development, I would like to give a brief account of our priorities.

(i) Bond Market

7. To encourage more investors and issuers from the Mainland, Asia and along the Belt and Road to participate in the Hong Kong bond market, the Government plans to launch an array of measures to enhance our competitiveness, including attracting corporate bond issuance, facilitating investors’ participation and broadening investment platform. These measures include, among other things, launching a three-year Pilot Bond Grant Scheme, refining the qualifying debt instrument scheme, continuing the issuance of Silver Bonds in this and next year, and allowing securities brokers to participate in the subscription of Silver Bond so as to increase the sales channels.

(ii) Green Finance

8. As part of the Government’s vigorous effort to promote Hong Kong as a regional green finance hub, a portion of the $500 million dedicated provision will be used for introducing a Green Bond Grant Scheme to subsidise qualified green bond issuers in obtaining green
bond certification. Besides, we will launch a green bond issuance programme with a borrowing ceiling of $100 billion. The sums borrowed will be credited to the Capital Works Reserve Fund for funding green public works projects of the Government. We will submit a draft resolution to the Legislative Council (LegCo) as soon as possible to seek authorisation to take forward the programme.

(iii) **Asset and Wealth Management**

9. The Government will continue its endeavour to develop Hong Kong’s fund industry and in parallel adjust applicable tax arrangements with regard to international requirements on tax co-operation. We are reviewing the existing tax concession arrangements applicable to the fund industry as well as examining the feasibility of introducing a limited partnership regime for private equity funds and the related tax arrangements. We are consulting the industry on the proposed enhancements to the tax concession arrangements and will consult LegCo in due course.

10. Moreover, we will continue with our work on implementing the open-ended fund company (OFC) regime. A bill was passed by LegCo last month so that all types of OFCs could enjoy profits tax exemption. We will introduce into LegCo the subsidiary legislation setting out the operational details of OFCs in due course. Our target is to implement the OFC regime in tandem with the related tax concession arrangements within this year.

(iv) **Listing Platform**

11. The Hong Kong Exchanges and Clearing Limited has finished the consultation on a listing regime for companies from emerging and innovative sectors, and is considering the views and feedback collected, with a view to releasing the consultation conclusions and implementing the new regime in light of the comments received. It is expected that the new regime can be implemented within this quarter.
12. To enhance Hong Kong’s competitiveness as an insurance hub, we will set up a dedicated task force to undertake a series of tax reviews, covering areas such as captive insurance, reinsurance and marine insurance. We will also discuss with the Insurance Authority the feasibility of updating regulatory requirements as appropriate with a view to facilitating business, thereby attracting more enterprises to underwrite their overseas risks in Hong Kong.

13. We will amend certain provisions of the new Companies Ordinance to improve its clarity and operation and to further facilitate business in Hong Kong. We have consulted the Panel on Financial Affairs. The Panel generally supports the proposed legislative amendments. The bill will be introduced into LegCo this quarter.

14. The Government and regulators will continue to facilitate Fintech development. In September this year, the Hong Kong Monetary Authority (HKMA) will launch the Faster Payment System, a round-the-clock real-time payment platform with full connectivity between banks and stored value facilities operators. HKMA has also consulted the banking industry on reviewing and amending the guidelines on virtual banks, and will make the best endeavour to issue licences within this year.

15. Since its establishment, the FSDC has been dedicated to advising the Government on the sustained development of Hong Kong’s financial services industry. We will allocate more resources to the FSDC to enhance its role in conducting strategic research,
formulating recommendations, promoting market development and nurturing talent. To allow the FSDC to carry out its functions more effectively and to enhance its operational efficiency and flexibility, we plan to incorporate the FSDC as a company limited by guarantee and provide funding to support its operation. Subject to funding approval of LegCo, the FSDC will be incorporated by the end of this year.

(III) Protection for Investors and the General Public

16. Regarding protection for investors and the general public, I would like to highlight a few initiatives.

(i) Policy Holders’ Protection Scheme

17. The Policy Holders’ Protection Scheme aims at providing a safety net by compensating policy holders or securing the continuity of insurance contracts in case an insurer becomes insolvent. We briefed the LegCo Panel on Financial Affairs at its meeting in March on details of the legislation. Our target is to introduce the relevant bill into LegCo for scrutiny in the 2018-19 legislative year.

(ii) Saving for Retirement

18. To encourage early preparation for better retirement protection among the public, we are discussing with insurers and Mandatory Provident Fund (MPF) trustees on the implementation details of the tax concessions for deferred annuity products and MPF voluntary contributions. We will also discuss with the Investor Education Centre the ways to enhance public awareness of retirement wealth management products.

(iii) Tackling Money Lending-related Malpractices

19. Since 2016, the Government has implemented a four-pronged approach to tackle money lending-related malpractices. The
four-pronged approach has generally been effective in tackling such malpractices. In particular, we note that since the implementation of the new measures, the number of complaints against unscrupulous intermediaries received by the Police has dropped significantly. That said, we will continue to monitor the situation closely, implement further enhancement measures, and strengthen public education.

(IV) International Regulatory Requirements

(i) Listed Entity Auditor Regulatory Regime

20. The Government introduced the Financial Reporting Council (Amendment) Bill 2018 into LegCo in January this year to further enhance the independence of the existing regulatory regime for listed entity auditors from the audit profession, so as to enhance investor protection and ensure that the regime is benchmarked against the international standard and practice. The Bills Committee is now scrutinising the Bill.

(ii) Resolution Regime for Financial Institutions

21. We are progressively improving our resolution regime for financial institutions, including the formulation of relevant subsidiary legislation to enhance the resolvability, with a view to strengthening the resilience of Hong Kong’s financial system.

22. Chairman, my colleagues and I will be happy to answer any questions from Members.

- End -
Chairman and Honourable 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 a few points.

**Estimates of Expenditure**

2. The estimated total recurrent expenditure of the Treasury Branch and departments under its purview for 2018-19 is $8.163 billion. The amount represents an increase of $544 million (around 6.7%) over the original estimate of last year.

**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) **Public Finances:** We will continue to uphold the principles of fiscal prudence in managing resource
allocation to support the implementation of government policies.

(b) **Tax Policy Unit:** The Tax Policy Unit was set up in late April last year, with its present priority being to capitalise on the tax policy to facilitate the development of Hong Kong’s industries and economy. Over the recent past, the Unit has focused on developing the two-tiered profits tax rates system, working out the details of providing additional tax deduction for research and development expenditure, and making consequential amendments to the Inland Revenue Ordinance. In the coming year, the Unit will work with related bureaux/departments to study other tax measures that are conducive to the economic development of Hong Kong. As regards the problem of Hong Kong’s narrow tax base, in view of the healthy fiscal reserve held currently by the Government and the controversy over broadening tax base, we consider that there is no pressing need to commence consideration and discussion on this matter at this juncture.

(c) **International Tax Co-operation:** To deliver our obligations on international tax co-operation, we will implement the minimum standards of the package to counter base erosion and profit shifting by enterprises. In this connection, we introduced an amendment bill into the Legislative Council (LegCo) in January this year. The Government is working closely with the LegCo to facilitate its scrutiny in the hope that Members will support the early passage of the amendment bill. On implementing the **Automatic Exchange of Financial Account Information in Tax Matters**, we will commence the first exchanges with the jurisdictions concerned this September. Besides, we will continue to
expand Hong Kong’s network of Comprehensive Avoidance of Double Taxation Agreements (CDTAs). So far, Hong Kong has concluded 39 CDTAs, including one signed with India in mid-March this year. We will continue to identify potential negotiation partners, especially countries along the Belt and Road, with a view to further expanding our CDTA network and bringing the total number of CDTAs to 50 over the next few years.

(d) **Government Offices:** It is government policy to relocate government offices with no location requirements out of high value areas as circumstances permit to optimise the use of land resources. The Government has decided that the Wan Chai Government Offices Compound (WCGOC) site will be used for the development of convention and exhibition venues, hotel facilities and Grade A office space. Relevant government departments are actively taking forward nine new government building projects to accommodate the departments and the Judiciary to be relocated from the WCGOC. We expect the first phase of the relocation to start after the West Kowloon Government Offices is ready for occupation in 2019. Meanwhile, the Government plans to seek funding approval from the Finance Committee (FC) of the LegCo for another three replacement building projects (including the Inland Revenue Tower, the Treasury Building and the Government Data Centre Complex) in the first half of 2018. Relevant bureaux/departments are also preparing for the remaining five replacement building projects with a view to seeking funding approval from the FC in due course. We will closely monitor the progress of the replacement building projects and endeavor to complete the relocation exercise as scheduled. We look forward to the support of the LegCo.
4. Chairman, my colleagues and I will be happy to answer any questions from Members.

Financial Services and the Treasury Bureau
April 2018
Chairman,

I wish to brief Members on the main points of the estimates of expenditure of the Constitutional and Mainland Affairs Bureau (‘CMAB’) in 2018-19.

Estimates of Expenditure of CMAB

2. In 2018-19, CMAB is allocated $676.1 million, which is $20.6 million (about 3%) lower than the revised estimates for 2017-18. The financial provision is mainly used in the following areas -

(I) Electoral Arrangements

3. The Government will continue to work closely with the Electoral Affairs Commission (‘EAC’) to ensure that each public election will be conducted in a fair, open and honest manner in strict accordance with the Basic Law and the relevant legislation.

Amendments to Electoral Laws

4. In preparation for the public elections to be held in the next election cycle starting from 2019, the Government is examining the relevant electoral laws with reference to the experience of the 2015-2017 election cycle, and plans to introduce an amendment Bill to the Legislative Council (‘LegCo’) within 2018, which proposes to improve the objection mechanism in relation to voter registration (‘VR’), raise the penalties for making false statements in VR, and make various technical amendments to electoral arrangements.
2019 District Council Ordinary Election

5. In accordance with the Electoral Affairs Commission Ordinance (Cap. 541), one of the functions of the EAC is to review the boundaries of District Council (“DC”) constituencies for the purpose of making recommendations on the delineation and names of constituencies for a DC Ordinary Election. In preparation for the 2019 DC Ordinary Election, the EAC should submit its report and recommendations to the Chief Executive by 21 November 2018. The report shall then be considered by the Chief Executive in Council. CMAB shall follow up with the decision of the Chief Executive in Council in this respect, and amend the relevant legislative provisions accordingly.

2018 Voter Registration

6. The 2018 VR campaign has already commenced on 15 January. The statutory deadline for change of registration particulars and new registration is 2 April 2018 and 2 May 2018 respectively. Starting from 1 February this year, electors applying for change of registered address are required to submit address proof at the same time. This will facilitate the Registration and Electoral Office (“REO”)’s verification, thereby enhancing the accuracy of the registers of electors. We will use various channels to publicise related measure. REO has continued to implement checking measures and carry out statutory inquiry process. If any person is suspected of providing false information for voter registration, the REO will refer the case to the law enforcement agencies for follow up action and investigation in accordance with the established procedures.

(II) Promoting the Basic Law

7. In 2018-19, CMAB will set aside about $17 million to promote public understanding of the “one country, two systems” principle, the Constitution and the Basic Law via various means, including organising or sponsoring different types of promotional activities.
(III) Rights of the Individual

8. In 2018-19, 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. CMAB will continue to carry out the legislative, promotional and educational work in certain areas.

EOC and PCPD

9. The statutory function of the EOC is to be responsible for the implementation of the four anti-discrimination ordinances\(^1\). The total subvention for the EOC in 2018-19 is $108.5 million. The statutory function of the PCPD confines to enforcing the Personal Data (Privacy) Ordinance. In 2018-19, we will allocate $75.47 million to the PCPD.

Discrimination Law Review

10. Regarding discrimination law review, on 20 March 2017 we consulted the Legislative Council Panel on Constitutional Affairs (“CA Panel”) on the 9 prioritised recommendations proposed by the EOC in its Discrimination Law Review. The CA Panel generally agreed that the 9 prioritised recommendations such as the one on introducing express provisions prohibiting direct and indirect discrimination on the grounds of breastfeeding, and protection from direct discrimination by imputation that a person is of a particular racial group, etc., should be taken forward.

11. Among other things, the CA Panel also expressed views that the recommendation concerning the amendment to the Disability Discrimination Ordinance for introducing provisions on being accompanied by an assistance animal (i.e. a guide dog) as a category of protection from discrimination should be covered as well. We are following up with the Labour and Welfare Bureau, Department of Justice (“DoJ”), Food and Health Bureau and the two local guide dog

\(^1\) The four anti-discrimination ordinances include Sex Discrimination Ordinance (Cap.480), Disability Discrimination Ordinance (Cap.487), Family Status Discrimination Ordinance (Cap.527) and Race Discrimination Ordinance (Cap.602)
associations\(^2\) on the recommendation concerning persons accompanied by guide dogs with a view to implementing the recommendation as soon as possible.

12. In October 2017, we consulted the Labour Advisory Board (“LAB”) on five employment-related recommendations, such as introducing express provisions to prohibit direct and indirect discrimination on grounds of breastfeeding and expanding the scope of protection from sexual, disability and racial harassment to persons in a common workplace (such as consignment workers in a department store). The LAB in principle supports the Government to take forward the legislative amendments proposals.

13. With the support of the CA Panel and LAB, we are working closely with DoJ in preparing for the Discrimination Legislation (Miscellaneous Amendments) Bill and will endeavour to introduce the recommendations of legislative amendments by way of a composite bill into the Legislative Council in 2018.

Promotion of Children’s Rights

14. For promotion of children’s rights, in 2018-19 we have earmarked about $1.10 million (excluding manpower cost) for implementing programmes for enhancing children’s rights promotion.

Anti-discrimination on grounds of sexual orientation and gender identity

15. Besides, we are actively taking forward the strategies and measures recommended by the Advisory Group on Eliminating Discrimination against Sexual Minorities. First of all, we have enhanced public education and publicity efforts. For example, we broadcasted a newly-produced television programme “Rainbow Crossroad” between August and September 2017 to enhance the general public’s sensitivity in dealing with sexual minorities. We will continue to promote the message of “Eliminate discrimination, embrace inclusion” through different channels as well as encouraging more

\(^2\) The Hong Kong Guide Dogs Association and the Hong Kong Seeing Eye Dog Services.
organisations to adopt the Code of Practice against Discrimination in Employment on Ground of Sexual Orientation.

16. As some sexual minorities expressed that they were unable to access information on counselling and support services, we sponsored a 24-hour hotline operated by the Tung Wah Groups of Hospitals for sexual minorities. The hotline has been launched since January this year to provide immediate support, counselling and referral services for sexual minorities and their families. We are also devising training resources for personnel in specific fields, including social workers, health care professionals, human resources professionals and teachers, with a view to enhancing their sensitivity towards sexual minorities.

17. We are drafting a charter on non-discrimination of sexual minorities for voluntary adoption by relevant organisations and individuals in the domains of provision of goods, facilities and services; disposal and management of premises; employment and education. We shall consult the stakeholders on the content of draft charters in phases. In parallel, we are conducting a further study on the experience of legislative and administrative measures of other jurisdictions to eliminate discrimination.

(IV) Mainland Affairs and Co-operation with Taiwan

18. In 2018-19, the financial provision for the Mainland and Taiwan Offices is $315 million, representing a decrease of $26.7 million (7.8%) when compared with the revised estimates for 2017-18, mainly due to the conclusion of activities in the Mainland to celebrate the 20th anniversary of the establishment of the HKSAR in 2017-18.

Development of the Guangdong-Hong Kong-Macao Bay Area

19. On Mainland affairs, the country will soon promulgate the Development Plan for the Guangdong-Hong Kong-Macao Bay Area (the Development Plan), providing a blueprint for the future development of the Bay Area. The HKSAR Government and the Guangdong Provincial Government have reached consensus on the focus of the development of the Bay Area, including developing the
Bay Area into an “international technological innovation centre”, commercialising technological achievements by leveraging the complementary strengths of Hong Kong and Guangdong; enhancing, through policy innovation, the connectivity of Bay Area cities and fostering the convenient flow of people, goods, capital and information; facilitating the development of industries in which Hong Kong enjoys strengths in the Bay Area.

20. After the promulgation of the Development Plan, CMAB will set up the Guangdong-Hong Kong-Macao Bay Area Development Office as early as possible. The Office will be responsible for coordinating with the National Development and Reform Commission, relevant central ministries/departments, the Guangdong Provincial Government and the Macao SAR Government, as well as the relevant bureaux/departments of the HKSAR Government in the implementation of the Development Plan. The Office will also proactively liaise with business associations, professional bodies and relevant stakeholders to publicise and promote the development opportunities for Hong Kong enterprises and talents brought about by the development of the Bay Area, and gauge their views on the implementation of the Development Plan to ensure that the relevant measures can best meet the needs of the industries.

National 13th Five-Year Plan

21. Promulgated in 2016, the Outline of the National 13th Five-Year Plan³ (13-5 Plan) reaffirms the strong support of the Central Authorities in maintaining the long-term prosperity and stability of Hong Kong and provides more opportunities for the future development of Hong Kong. Our Bureau will continue to provide support to the Steering Committee on Taking Forward Bay Area Development and Mainland Co-operation, chaired by the Chief Secretary for Administration, to co-ordinate various policy bureaux and departments to actively implement the initiatives related to Hong Kong’s development set out in the 13-5 Plan under the “one country, two systems” principle.

³ The full name is the “Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China”
Regional Co-operation

Co-operation with the Guangdong Province

22. On regional co-operation, the Guangdong Province is our most important partner in Hong Kong’s co-operation with various regions in the Mainland. Hong Kong-Guangdong co-operation has all along been taken forward on the bases of complementarity and mutual benefits. The future focus of Hong Kong-Guangdong co-operation will be jointly taking forward the development of the Guangdong-Hong Kong-Macao Bay Area, which will further deepen co-operation between the two places.

Co-operation with Shenzhen

23. As for Hong Kong-Shenzhen co-operation, the key co-operation areas include promoting the development of the Hong Kong/Shenzhen Innovation and Technology Park at the Lok Ma Chau Loop, innovation and technology, Qianhai development, financial co-operation, professional services and youth co-operation.

Nansha, Qianhai and Hengqin

24. Nansha, Qianhai and Hengqin, each with its different development positioning and advantages, have all along been the key co-operation initiatives under Guangdong-Hong Kong-Macao co-operation. These three places have introduced a number of policy measures benefitting Hong Kong people and enterprises. These three areas of the China (Guangdong) Pilot Free Trade Zone will be the key Hong Kong-Guangdong co-operation development platforms under the Bay Area Development. The HKSAR Government will continue to enhance exchanges and co-operation with the Guangdong Provincial Government, as well as the Guangzhou, Shenzhen and Zhuhai Municipal Governments, with a view to expediting the development of the three areas and expanding the scope of development for Hong Kong people and enterprises.
Co-operation with Macao

25. On Hong Kong-Macao co-operation, the last Hong Kong Macao Co-operation High Level Meeting was held in October last year. Hong Kong and Macao signed the Hong Kong-Macao CEPA before the meeting, and agreed at the meeting that the focus of future cooperation will be to take forward the Bay Area Development together with the Guangdong Province, covering areas including economic co-operation, cross-boundary infrastructure and cross-boundary helicopter services.

Co-operation with Pan-Pearl River Delta Region and regional co-operation

26. We will also make use of the existing cooperation platforms to strengthen the exchanges and cooperation with the Pan-Pearl River Delta Region, Shanghai Municipality, Beijing Municipality, and Fujian; and will establish a co-operation mechanism with Sichuan. We will endeavour to give full play to Hong Kong’s unique advantages of “one country” and “two systems” as well as the extensive and strong international connections to promote the development of relevant regions/provinces/municipalities and open up business and development opportunities for Hong Kong people and enterprises.

Facilitation Measures for Hong Kong people in the Mainland

27. Since August last year, the Hong Kong and Macao Affairs Office of the State Council has announced two batches of policy measures introduced by the relevant central authorities to facilitate Hong Kong residents studying, working and living in the Mainland. The Mainland Offices of the HKSARG Government have, through various channels such as websites, WeChat public accounts, emails and gatherings of Hong Kong people, disseminated information in relation to the facilitation measures. In future, the HKSAR Government will continue to actively reflect views of the Hong Kong people to the relevant Mainland authorities, with a view to striving for more facilitation measures for Hong Kong people and their smooth implementation at the local level.
Development of Hong Kong – Taiwan Relations

28. On Hong Kong and Taiwan relations, Hong Kong and Taiwan will continue to promote exchanges and co-operation 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 forge closer ties with key economic, cultural, academic and media organisations, as well as Hong Kong people and businessmen in Taiwan, and to promote Hong Kong through various activities.

Constitutional and Mainland Affairs Bureau
April 2018
Finance Committee Speech by SEN at the FC Special Meeting  
(2018-19)

Chairman,

1. I would like to brief Members on the part of the Estimates relating to the Environment Bureau (ENB) and the key foci of our work in the new financial year.

2. In the 2018-19 financial year, ENB and departments under my portfolio are allocated with about $17 billion, which is about 26.0% or $3.5 billion more than the revised estimate for 2017-18. Of the total allocation, recurrent expenditure accounts for about $9.4 billion, up $1.5 billion or 18.4% from the revised estimate for 2017-18. The additional allocation is mainly for taking forward various initiatives including meeting the operation fees of various additional waste facilities such as WEEE·PARK and Phase 1 of Organic Resources Recovery Centres (ORRCs), taking forward the Producer Responsibility Schemes, preparation for the Municipal Solid Waste (MSW) Charging scheme, setting up outreach teams, management of food waste, operation of Community Green Stations, handling public fill, implementation of initiatives of strategic landfill extensions, implementing various nature conservation and biodiversity initiatives, setting up a Countryside Conservation Office (CCO) to co-ordinate conservation projects, implementing various air pollution control programmes, implementing the initiatives in relation to combating climate change, promoting renewable energy (RE) and energy efficiency, taking forward measures to enhance the quality of coastal waters of Victoria Harbour and step up marine refuse cleansing services for tackling marine refuse problem and improving sewage treatment facilities. As regards the number of
posts, there will be a net increase of 211 posts in the ENB and the Environmental Protection Department (EPD) in 2018-19, representing an increase of 11%.

3. In addition, provision for projects under Capital Works Reserve Fund, non-recurrent expenditure and capital account in 2018-19 is about $7.6 billion, representing a net increase of $2.1 billion or 36.9% over the revised estimate for 2017-18. The increase is mainly for meeting the expenses of various capital works projects under the Environment portfolio, including the integrated waste management facilities phase 1, ORRC phase 2 (Cat B), facilitating the sustainable development of the recycling industry, Southeast New Territories Landfill extension, enhancement works for Kwun Tong sewage pumping station and expansion of Sha Tau Kok Sewage Treatment Works - phase 1 (Cat B), implementing energy saving projects in government buildings, etc.

4. I will now give a brief outline of the work priorities of ENB in the coming year.

5. On combating climate change, ENB shall continue to coordinate the efforts of various bureaux and departments in implementing the enhanced climate change work plan under the Steering Committee on Climate Change chaired by the Chief Secretary for Administration. The Government has set a target to reduce our carbon intensity by 65-70% by 2030 compared with the 2005 level, which is equivalent to an absolute reduction of 26-36% and resulting in reduction in per capita emissions from 5.7 tonnes in 2015 to 3.3 to 3.8 tonnes in 2030. Pursuant to the Paris Agreement, Parties should strive to formulate and communicate by 2020 their long-term low greenhouse gas emission development strategies. To this end, the Government has invited the Council for Sustainable Development to conduct a Public Engagement exercise in 2018-19 financial year, so as to
tap and gauge the views of the community for developing Hong Kong’s long-term decarbonisation strategies up to 2050.

6. ENB shall continue its publicity efforts to raise public awareness of the importance of combating climate change, and highlight the key measures that the Government will undertake itself and in conjunction with various stakeholders. To enhance publicity, a total of $15 million has also been earmarked under the Environment and Conservation Fund (ECF) in 2017-18 financial year and 2018-19 financial year to subsidise non-profit-making organisations to carry out public education activities and demonstration projects on climate change. ENB will also launch a low carbon living calculator in the second quarter this year. The calculator helps the public assess and learn how to reduce their carbon emissions in respect of clothing, food, living and travel, thereby promoting behavioural change towards low-carbon living.

7. The Government continues taking the lead to apply RE on a wider and larger scale, and creating the conditions to enable the private sector and the community to consider adopting RE. In the 2017-18 financial year, we earmarked $200 million for bureaux and departments to implement RE projects. About $100 million have been approved for relevant departments to conduct these projects. In order to install RE facilities at more government premises, we will increase the funding by $800 million from $200 million to $1 billion. We are also implementing various large scale RE projects, including the successful pilot schemes of floating photovoltaic systems at the Shek Pik Reservoir and the Plover Cove Reservoir. Apart from government projects, we will also introduce new measures under the post-2018 Scheme of Control Agreements (SCAs) signed with the power companies to further promote the development of distributed RE in a broader horizon, including the introduction of the Feed-in Tariff Scheme (FiT) and RE Certificate Schemes. Our main objective of
introducing FiT is to provide incentives to develop distributed RE. After careful consideration of the outcome of an independent consultancy study, we have decided to set the FiT rates at $3, $4 and $5 per unit of electricity having regard to the generation capacity of the RE system concerned. We believe that the level of FiT rates would help drastically reduce the payback period of most RE systems to about 10 years and in turn facilitate more proactive consideration by individuals or organisations of the installation of RE systems at their places. In addition, power companies will also sell RE Certificates, through the purchase of which the organisations and the public can support the development of RE in Hong Kong. At the same time, the revenue from such sale will be used to alleviate the tariff impact of the introduction of FiT. We have already submitted the relevant paper to the Legislative Council (LegCo) Panel on Environmental Affairs, and will provide more details of the aforementioned schemes next week.

8. The Energy Saving Plan for Hong Kong's Built Environment 2015~2025+ has a target to reduce energy intensity by 40% by 2025 using 2005 as the base. The Government will continue to lead by example and promote energy efficiency and conservation (EE&C) as well as green building. To achieve the 5% electricity saving target for government buildings from 2015-16 to 2019-20, at least $600 million has been earmarked so far to help bureaux and departments implement energy saving projects. To further encourage EE&C in private buildings, we propose that the tax deduction period be shortened from the current five years to one year for capital expenses on RE and building energy efficiency installations. To encourage the public to use energy-efficient electrical appliances, we aim to complete the legislative amendment process of Phase III of the Mandatory Energy Efficiency Labelling Scheme in mid-2018.
9. The power companies also play an important role in the promotion of energy saving. Under the post-2018 SCAs, power companies will introduce a series of measures to promote EE&C and we will brief the LegCo Panel on Environmental Affairs on the details of these programmes next week. In gist, under the aforementioned SCAs, the existing energy efficiency funds and incentive schemes in relation to energy saving will be considerably expanded. The power companies will also establish Community Energy Saving Funds with funding from ploughing back over half of the incentives earned as a result of promoting energy saving to assist disadvantaged groups and for the community to further promote energy saving.

10. Improving air quality has all along been one of our key priorities. Apart from ongoing initiatives such as phasing out progressively pre-Euro IV diesel commercial vehicles by the end of 2019 and strengthening the control of emissions from petrol and liquefied petroleum gas (LPG) vehicles, we continue to waive in full the first registration tax (FRT) for electric commercial vehicles, electric motor cycles and electric motor tricycles until 31 March 2021 to promote the use of electric vehicles (EVs) as replacements of their conventional counterparts. As for electric private cars, on the one hand, the Government has to control the growth of private cars to avoid causing traffic congestion and aggravating roadside air pollution; on the other hand, we hope to encourage car owners to go for EVs as far as possible when purchasing private cars. Hence, apart from continuing with the current FRT concession of up to $97,500 till 31 March 2021, we will also launch a new “One-for-One Replacement” Scheme to allow eligible private car owners who buy a new electric private car and scrap an eligible old private car to enjoy a higher FRT concession of up to $250,000.
11. On pollution from vessels, we are drafting a new regulation to mandate vessels within the waters of Hong Kong to use compliant fuel (including low sulphur fuel with sulphur content not exceeding 0.5%) starting from 1 January 2019 to tie in with the control at the domestic marine emission control area of the Pearl River Delta region. Besides, we are preparing the drafting of an amendment regulation to tighten the emission standards of non-road vehicles operating at specified locations such as the airport, container terminals, etc. to bring them in line with the latest statutory emission standards for newly registered vehicles. Over the years, we have been collaborating with the Guangdong government and set reduction targets for emissions of four major air pollutants to improve regional air quality. The joint Mid-term Review study with the Guangdong Government announced in end of last year confirmed that both sides had respectively attained the 2015 emission reduction targets and finalized the emission reduction targets of both sides for 2020 to further improve our regional air quality.

12. Regarding the review of the air quality objectives (AQOs), we reported the review progress to the Panel on Environmental Affairs last June and conducted two public engagement forums in September to collect public views on possible air quality improvement measures. We are reviewing the resultant scope for tightening the AQOs due to the implementation of new measures and expect to complete the review within 2018.

13. In respect of nature conservation, we will set up a CCO under EPD to facilitate the sustainable development of remote countryside, and has earmarked $1 billion for the CCO and non-governmental organisations to conduct relevant conservation and revitalization work, as well as to carry out minor improvement works. As a priority, the CCO will enhance countryside revitalisation in Lai Chi Wo and ecological conservation in Sha Lo Tung. The ECF has also approved funding to implement two nature conservation
management agreement projects in Lai Chi Wo and Sha Lo Tung respectively. In addition, the Government will continue the discussion with Sha Lo Tung Development Company Limited on the detailed conditions and arrangements regarding the non-in-situ land exchange proposal involving the Shuen Wan Restored Landfill in Tai Po and the private land with high ecological importance in Sha Lo Tung.

14. Separately, the Agriculture, Fisheries and Conservation Department appointed a consultancy firm in June last year to conduct a planning and design study, which will last for around one and a half year, for the proposed Robin’s Nest Country Park, with a view to designating the Government land of about 500 hectares around Robin’s Nest in Sha Tau Kok as a country park for conservation and recreation purposes.

15. We completed the legislative work for conservation of elephants in February this year. The Protection of Endangered Species of Animals and Plants (Amendment) Ordinance will be effective on 1 May 2018, which will tighten the regulation of import and export of ivory and elephant hunting trophies and impose heavier penalties on all endangered species, and to phase out the local trade in ivory from 31 December 2021. Since the launch of the first Hong Kong Biodiversity Strategy and Action Plan (BSAP) in end-2016, relevant bureaux and departments have set clear and possible targets for the 67 specific actions under the four major areas of the BSAP, and are implementing the actions gradually according to the timeframe set out in the BSAP.

16. Following the commissioning of Stage 2A of the Harbour Area Treatment Scheme, we are now strengthening our sewerage infrastructure in the territory and continuing effort to alleviate near shore pollution problem, with a view to further enhancing the water quality in Hong Kong waters. This year, we plan to seek funding approval from LegCo Finance Committee for eight
sewerage infrastructure projects of some $5.2 billion in total for upgrading a sewage treatment works, constructing village sewerage systems, installing dry weather flow interceptors and rehabilitating ageing sewers.

17. As to the environmental conditions of shorelines, we will continue to coordinate and enhance collaboration between relevant departments to deal with marine refuse and environmental incidents through the inter-departmental working group. The relevant departments will continue to enhance cleaning work, step up patrols and provide necessary facilities with additional resources allocated. We will also continue to strengthen collaboration with our Guangdong counterparts through the Hong Kong-Guangdong Marine Environmental Management Special Panel to explore measures to prevent and handle marine environmental incidents, as well as to further enhance the relevant notification mechanism on marine environmental incidents, with a view to continuously protecting and improving the regional marine environment.

18. On waste management, the ENB is taking forward the Hong Kong: Blueprint for Sustainable Use of Resources to raise public awareness and strengthen community participation to reduce waste at source and promote waste reuse and recovery. We already expanded the scope of service of the Community Recycling Network in early 2018 to receive also waste plastic bottles delivered from private housing estates participating in the Source Separation of Waste Programme on a need basis and to transport the waste plastic bottles collected to suitable recycling outlets for recycling and recovery. We are also preparing to introduce a pilot scheme to centrally collect the waste plastic bottles received by the Community Recycling Centres all over Hong Kong, and, as necessary, from the sources direct (including individual residential estates) across the territory for delivery to competent recyclers for onward processing. To render
assistance and support to property management companies and residents, we are engaging additional manpower to set up outreaching teams. Besides, we have been actively undertaking the preparatory work for implementing MSW charging, and will introduce into LegCo the necessary legislation. Meanwhile, more than 50 community involvement projects funded by the ECF have commenced in succession to enable the public and stakeholders to try out MSW charging first hand.

19. On the implementation of Producer Responsibility Schemes (PRS), the PRS on waste electrical and electronic equipment (WEEE) will be fully implemented in 2018. From 1 August 2018, sellers of regulated electrical equipment are required to arrange free statutory removal service for consumers to dispose of an equipment of the same class that they intend to abandon. To prepare for the smooth implementation of statutory removal service, a trial scheme was launched in November 2017 to allow participating sellers to better understand their legal requirements and familiarise themselves with the relevant operation. The disposal licensing control, import and export permit control and landfill disposal ban in respect of e-waste will also come into effect from 31 December 2018 onwards. To underpin the operation of the scheme, the Waste Electrical and Electronic Equipment Treatment and Recycling Facility (WEEE·PARK) was fully commissioned in early March 2018. Besides, we are actively undertaking the preparatory work for the PRS on glass beverage containers for its full implementation scheduled for 2018-19, with a view to introducing a levy. We are also conducting in parallel a feasibility study on how to implement a PRS for suitable plastic product containers to better promote their recycling.
20. Furthermore, we are continuing to take forward the Community Green Stations (CGSs) projects to strengthen the support for waste reduction and recycling as well as environmental education at the district level. As at the end of 2017, five CGSs have been in operation and the CGSs in Tuen Mun and Kwai Tsing are expected to commence operation later this year. Besides, we will also continue to monitor and enhance the operation of the Recycling Fund to facilitate the recycling industry to upgrade its operational capabilities and efficiencies.

21. On developing environmental infrastructure, the first phase of ORRC is commissioning this year to aim at processing food waste generated from the commercial and industrial sector and turn it into energy. To tie in with this milestone, the Government will implement a pilot project to source separate food waste from 40 wet markets and cooked food centres managed by the Food and Environmental Hygiene Department, as well as nine shopping malls managed by the Hong Kong Housing Authority, for delivery to the first phase of ORRC for recycling and recovery. In addition, the contract of the Integrated Waste Management Facilities (IWMF) Phase 1 was awarded in November 2017 and we expect that the facility will commence operation in 2024. The tendering of the second phase of ORRC has been completed and we plan to seek funding approval from LegCo Finance Committee in 2018 for commencement of the project. In addition, we would commission the “Food Waste/Sewage Sludge Anaerobic Co-digestion” Trial Scheme at the Tai Po Sewage Treatment Works in 2019 to establish the feasibility in using existing sewage treatment facilities to help raise Hong Kong’s overall food waste treatment capability. Following the gradual establishment of a network of ORRC, we will set up a dedicated Food Waste Recycling Group to implement source separation and collection of food waste, study and formulate new regulatory measures on food waste disposal, administer the Food Wise Hong Kong Campaign, and facilitate
food waste reduction and recycling. Furthermore, the Food Wise Hong Kong Campaign will enter a new stage, during which we will foster the “Food Wise” culture among the public and promote centralized food waste recycling in the commercial and industrial sectors.

22. As for revitalizing restored landfills, a total of 27 applications for the Batch 1 of the Restored Landfill Revitalisation Funding Scheme were received. The relevant Steering Committee has selected two suitable applications in accordance with the established procedures and assessment criteria to develop detailed proposals. The organisations will carry out detailed design, planning and estimating the project cost. We will follow the established government procedures to seek the necessary funding approval with a view to taking forward the soonest possible development of the facilities at the restored landfills.

23. Chairman, we will step up our work in environmental protection in different aspects and engage various stakeholders to combat climate change and build a low-carbon and liveable Hong Kong. Thank you, Chairman.
Opening Remarks on Housing by 
the Secretary for Transport and Housing 
at the Special Finance Committee Meeting of 
the Legislative Council on 18 April 2018

Chairman,

1. Housing is an important livelihood issue. It is also a major issue which the current-term Government determines to tackle.

2. To address the current housing demand-supply imbalance at source, the Government will follow the “supply-led” and “flexibility” principles set out in the Long Term Housing Strategy (LTHS), and provide public rental housing (PRH) to the grassroots and subsidised sale flats to the lower to middle-income families.

3. According to the latest demand project, the Government has adopted 460 000 units as the total housing supply target for the ten-year period from 2018-19 to 2027-28, with a public-private split of 60:40 for the supply of new housing units. The public housing supply target is 280 000 units, comprising 200 000 public rental housing units and 80 000 subsidised sale flats, whereas the private housing supply target is 180 000 units.

4. In terms of land supply, as indicated in the LTHS Annual Progress Report 2017, assuming that all sites identified can be delivered on time for housing construction, these sites can be used for the construction of about 237 000 public housing units. However, there is still a shortfall of 43 000 units against our supply target. The Government will continue to increase short, medium and long term housing land supply by adopting a
“multi-pronged” strategy, including conducting land use reviews and rezoning exercises, increasing the development intensity, exploring new development areas, etc. The Task Force on Land Supply was established in 2017 and carried out months of deliberations. The Task Force will shortly embark on a public engagement exercise to consult the public on the pros and cons as well as the relative priorities of various land supply options.

5. As the first level on the housing ladder, public housing is a long-established safety net for the grassroots and low-income families. To address the housing needs of these families, the Government and the Hong Kong Housing Authority (HA) will strive to continue increase public housing supply and ensure the rational use of existing public housing resources.

6. In the past year, we have initiated a number of measures to enrich the housing ladder, facilitate the circulation of public housing and assist the public move upward along the housing ladder. Such measures included HA’s endorsement of the regularisation of the Green Form Subsidised Home Ownership Scheme (GSH) and the White Form Secondary Market Scheme (WSM). With reference to the principles adopted under the GSH Pilot Scheme, HA is now identifying suitable projects among its public housing developments under construction for turning them into GSH for sale. It also has a plan to launch the sale of the next GSH project by the end of 2018. Furthermore, WSM, with a quota of 2 500, was launched on 29 March 2018 concurrently with the Sale of Home Ownership Scheme (HOS) Flats 2018, both of which adopted the same income and asset limits. Applicants could choose between HOS and WSM or both. As at 11 April 2018, HA received a total of about 166 000 application forms for the Sale of HOS Flats 2018 and about 39 000 WSM application forms.
7. As a financially autonomous public body, HA funds its public housing programmes with its own resources for the provision of public housing to low-to-middle income persons.

8. As announced in the Chief Executive’s 2017 Policy Address, in the face of hiking property prices, the Government will introduce the “Starter Homes” Pilot Scheme for Hong Kong Residents (“Starter Homes” Pilot Scheme) on top of HOS, so that middle-class families with a higher income will have a chance to achieve home ownership. Due to the limited land supply for public housing developments, the Government will provide “Starter Homes” units on the premise that public housing supply will not be compromised. Details of the “Starter Homes” Pilot Scheme will be finalised for announcement in the middle of this year, and a pilot scheme will be launched by putting up a residential site at Anderson Road, Kwun Tong for sale by the end of this year. It is estimated that about 1 000 “Starter Homes” units can be provided.

9. As far as private housing is concerned, one of the Government’s established housing policy objectives is to maintain the healthy and stable development of the private residential property market. As a means to avert the supply-demand imbalance, the Government endeavours to increase land supply for private residential housing developments in accordance with the targets in LTHS, and, on the other hand, strives to reduce speculative activities, external demand and investment demand through various demand-side management measures. To further reduce the investment demand of those having residential property ownership, the Government introduced the New Residential Stamp Duty at a rate of 15% in November 2016. The Stamp Duty (Amendment) Ordinance 2018 was passed by the Legislative Council in January this year for implementing this new measure. The Amendment Bill to plug the loophole of “acquisition of multiple residential properties under a single
instrument” was also endorsed by the Legislative Council last week. The Government will, as always, continue to keep a close watch on the overall development of the property market.

10. Based on the latest projection as at end-December 2017, the supply of first-hand private residential property market for the coming three to four years is about 97,000 units. With the Government’s effort to increase housing land supply in a continual and orderly manner, we believe that the estimated supply of private residential housing will be maintained at a relatively high level in the next three to four years.

11. Chairman, I am pleased to answer policy-related questions from Members, while the Controlling Officers and my other colleagues would respond to questions relating to implementation matters and the use of financial resources.

-End-
Honourable Chairperson,

Today, I would like to brief Members on our work on land, marine and air transport in the new financial year.

2. For railways, the construction of Shatin to Central Link is in full swing. The “Tai Wai to Hung Hom Section” and “Hung Hom to Admiralty Section” are expected to commission in mid-2019 and 2021 respectively.

3. With regard to local major road projects, the construction of the Central-Wan Chai Bypass and the Island Eastern Corridor Link is progressing in full swing. The project is expected to be commissioned in end 2018/ the first quarter of 2019. The Southern Connection and the Northern Connection of the Tuen Mun – Chek Lap Kok Link are expected to be completed for commissioning by the first half of 2019 and 2020 at the earliest respectively. The construction of Tseung Kwan O-Lam Tin Tunnel has commenced in 2016. Site formation and tunneling works are in progress. It is anticipated that the project will be completed in 2021. The construction of the Central Kowloon Route started in December last year for commissioning in around 2025. We are seeking funding approval from the Legislative Council for the construction of Cross Bay Link, Tseung Kwan O and the widening of Tai Po Road (Sha Tin Section) with a view to commencing the works as soon as possible to meet the transport needs of different districts in Hong Kong.
4. For cross-boundary transport infrastructure, two major projects, namely the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") and the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), are expected to be commissioned this year. Major works of the Hong Kong Section of the XRL have been completed. We will continue to coordinate and monitor the remaining works, and take forward preparatory work for commissioning with September 2018 as the target for commissioning. Regarding the commissioning date of the HZMB, the governments of the three places are currently striving to improve the clearance conditions of the boundary crossing facilities. The commissioning date of the HZMB will be reported to the Central authorities and will be announced once confirmed.

5. With regard to public transport services, the Government completed the Public Transport Strategy Study which examined the roles and positioning of public transport services other than heavy rail in mid-2017. We are actively taking forward various measures recommended under the report.

6. The low-floor wheelchair-accessible light bus trial scheme has been taken forward in phases since January this year, and we will review its effectiveness in a timely manner. Furthermore, the Transport Department ("TD") has established the Committee on Taxi Service Quality to discuss strategies and measures to drive changes to enhance taxi service quality.

7. The Government is also taking forward the preparatory work of the Public Transport Fare Subsidy Scheme with a view to implementing the Scheme in early 2019 to relieve the fare burden of commuters.
8. At the same time, the Government will cooperate fully with the work of the Independent Review Committee on Hong Kong's Franchised Bus Service set up in March with a view to ensuring the safety and reliability of franchised bus services in Hong Kong.

9. The Government attaches great importance to alleviating road traffic congestion and continues to take forward progressively the recommendations by the Transport Advisory Committee (“TAC”). The TD commenced at the end of 2017 an in-depth feasibility study on the Electronic Road Pricing Pilot Scheme in Central and its adjacent areas, and will further engage the public to develop a detailed pilot scheme and its implementation strategy. TD also commenced a consultancy study on the parking demand of commercial vehicles for completion in 2019.

10. In addition, TD is conducting a study on the rationalisation of traffic distribution of the three road harbour crossings and the three land tunnels between Kowloon and Sha Tin (viz. Tate’s Cairn Tunnel, Lion Rock Tunnel and Eagle’s Nest and Sha Tin Heights Tunnel). We will consult the Legislative Council Panel on Transport on toll adjustment proposals within this legislative session. The average annual growth rate of licensed private cars is about 4% over the past five years, which is not sustainable. We will actively explore measures to manage the fleet size of private cars as recommended by the TAC, including fiscal measures.

11. The Government will continue to take forward various “Smart Mobility” initiatives. TD will integrate three existing mobile applications into an “all-in-one” platform to facilitate one-stop search for walking, driving, public transport and real-time traffic information by the public. In addition, the Government will complete the initial study on in-vehicle units and explore ways to promote the installation of such devices as soon as practicable. We will also prepare for the progressive installation of a new generation of on-street parking meters.
which can provide real-time information on vacant parking spaces and support remote payment through mobile applications from 2019-20.

12. The Government will continue to take forward “Walk in HK” and encourage people to walk more. TD will continue to study on enhancing the connectivity between Wanchai and Sheung Wan, take forward the covered walkway proposals in various districts, and select two pilot areas within this year to test out innovative measures for a comfortable walking environment. We endeavour to create a "bicycle-friendly" environment in new towns and new development areas and will continue to improve existing cycle tracks and bicycle parking facilities in new towns.

13. In respect of marine transport, the Marine Department will continue to take forward various measures and reforms to enhance marine safety, improve its work flow and procedures, as well as address the Department’s shortage of manpower in the long run.

14. As for the maritime industry, the Government will continue to work closely with the trade through the Hong Kong Maritime and Port Board to explore measures to further facilitate the development of the maritime industry in Hong Kong, and set aside additional resources to set up a dedicated team in Invest Hong Kong, so as to actively promote our maritime and port industries as well as quality high value-added maritime services, with a view to further entrenching Hong Kong’s status as an international maritime centre.

15. The Government has been identifying suitable sites to support the development of high value-added third-party logistics services. A site of about 3.2 hectares in Tuen Mun Area 49 has been put out for tender in March 2018. The Airport Authority Hong Kong (“AA”) has also made available a site of 5.3 hectares at Kwo Lo Wan of the Airport South Cargo Precinct in December 2017 for development of a modern air cargo logistics centre. We will continue to work with the relevant
bureaux and departments to identify suitable sites for modern logistics facilities.

16. We will continue to take forward in phases the various recommendations made in the review of the use of port back-up land in the Kwai Tsing Container Terminals, including expanding terminal yard space and providing additional barge berths so as to enhance port operational efficiency.

17. As far as aviation is concerned, the Hong Kong International Airport ("HKIA") is the world’s busiest cargo gateway since 2010 and handled over 5 million tonnes of cargo and airmail in 2017. The HKIA strives to maintain its leadership status as an international aviation and cargo hub in terms of both volume and value. To sustain air cargo development, we support the AA reserving land on both the landside and airside in the South Cargo Precinct at the airport to enhance its capacity and efficiency in cargo handling so as to further the growth in transhipment, cross-boundary e-commerce and high value temperature-controlled goods. The Government will continue to support the AA in implementing the Three-Runway System project.

18. Honourable Chairperson, I will be happy to answer policy-related questions from Members. Controlling officers and other colleagues will answer questions pertaining to operation and the use of financial resources.

Transport and Housing Bureau
April 2018
Appendix IV-9
(Session 10)

Speaking Note of the Secretary for Home Affairs
at the Special Meeting of the Finance Committee
of the Legislative Council
on 18 April 2018

Chairman,

I would like to brief Members on the key areas of our work in 2018-19 in the light of additional resources for home affairs.

Arts and Culture

2. The Government will increase the amount of funding for arts groups of various sizes from 2018-19 onwards, including the increase in recurrent subvention for nine major performing arts groups by around 10% and in funding support for the Hong Kong Arts Development Council by around 30%. The Government will also inject an additional $500 million into the Art Development Matching Grants Pilot Scheme (the Scheme) and consider relaxing its matching parameters, such as the matching ratio, floor and ceiling requirements, etc., to encourage donations. We plan to adopt the new parameters for the third launch of the Scheme around mid-2018.

3. Starting from 2018-19, we will progressively increase the recurrent provision to $50 million to support exchanges outside Hong Kong by local arts groups, and to organise Hong Kong Week in the Mainland to showcase the arts and culture of Hong Kong. We will also allocate a total of $140 million to the Leisure and Cultural Services Department (LCSD) in the coming five years to support performances by local arts groups and artists in the Bay Area.

4. The Government will allocate an amount of $300 million for the LCSD to approve funding applications from community organisations and bearers of Hong Kong intangible cultural heritage (ICH) items, and to step up its efforts in the protection, promotion and transmission of the ICH through partnerships. Furthermore, we will
inject $70 million into the Cantonese Opera Development Fund to strengthen the support for the production and performances of local Cantonese opera troupes. We will also allocate $500 million to the LCSD for the acquisition of museum collections and commissioning of exhibition projects.

5. To help develop an interest in reading among the general public is essential for the promotion of culture. To this end, the Government will allocate about $200 million in the coming five years for the Hong Kong Public Libraries (HKPL) to promote a city-wide reading culture through a wide array of activities and initiatives. The HKPL plans to launch a three-month pilot scheme in the third quarter of 2018 to extend the opening hours on Sundays and public holidays in three selected public libraries with a view to assessing the demand for such extension services among the public.

6. In order to sustain the efforts to upgrade our cultural hardware, the Government will set aside $20 billion for the improvement and development of cultural facilities in the coming ten years. The West Kowloon Cultural District is gradually progressing from the planning phase to the operation phase. The construction of the Xiqu Centre will be completed this year while the Art Park will be completed in phases. All these facilities will be conducive to the long-term and sustainable development of arts and culture in Hong Kong.

Sports

Injection into the Elite Athletes Development Fund

7. The Government will inject a total of $6 billion into the Elite Athletes Development Fund to provide greater support for elite athletes.

District Sports Programmes Funding Scheme

8. To encourage district sports associations to organise more sports programmes using their local network, the Government will allocate $100 million to launch the five-year District Sports
Programmes Funding Scheme to encourage wider participation in sports so as to facilitate the promotion of sports in the community.

Injection into the Arts and Sport Development Fund (Sports Portion)

9. The sports portion of the Arts and Sport Development Fund (ASDF) has long been an important source of funding for the development of sports in Hong Kong. A total amount of about $717 million has been approved under the ASDF since the last funding injection in 2010. Given the expansion in scale of various sports events and the steady improvement in the performance of our athletes, the Government will inject $1 billion into the ASDF to strengthen the funding support for sports organisations to train athletes and host competitions.

Major Sports Events Matching Grants Scheme

10. To further enhance its support for the organisation of major sports events in Hong Kong, the Government will allocate $500 million to launch the “Major Sports Events Matching Grants Scheme” to encourage more support and sponsorship from the business sector for large-scale sports events. Under the Scheme, Hong Kong athletes will have more opportunities to compete on home ground. The general public and our overseas visitors can also enjoy more high-level sports events.

Five-Year Plan for Sports and Recreation Facilities

11. The Government is actively taking forward the Five-Year Plan for Sports and Recreation Facilities and plans to seek funding approval from the Legislative Council (LegCo) for 10 projects in the current legislative session. Among others, the Station Square at Kai Tak and the Swimming Pool Complex and Open Space in Area 107 of Tin Shui Wai are the two larger projects. We hope that LegCo members will give their support for these projects.
Kai Tak Sports Park

12. The Government is now inviting tenders for the “Design-Build-Operate” contract of the Kai Tak Sports Park. The tendering exercise will be closed at the end of June this year. We hope to complete the assessment procedures and award the contract within this year.

Comprehensive review of the Sports Subvention Scheme

13. The LCSD currently provides subvention to 60 “national sports associations” through the Sports Subvention Scheme. We will conduct a comprehensive review of the Scheme this year and will provide the necessary resources in the light of the review findings.

Youth Development

14. The Youth Development Commission (YDC), chaired by the Chief Secretary for Administration, has been established on 1 April 2018 to promote cross-bureau co-ordination and enable more holistic and effective implementation of youth development work. The YDC will work closely with young people and stakeholders to formulate measures to address young people’s concerns about education, career pursuit and home ownership, and encourage their participation in politics as well as public policy discussions and debates. It will also make the proper use of the $1 billion earmarked in the Budget for the promotion of youth development.

15. The Government will also continue to provide resources for our young people to do an internship and conduct exchanges in the Mainland and overseas in order to help them broaden their horizons.

16. To further encourage our young people to participate in policy discussions and debates, the Pilot Member Self-recommendation Scheme for Youth (Scheme) was launched earlier to invite young people, aged between 18 and 35 with a commitment to serving the community, to nominate themselves to five specified committees. During the one-month application period, we received a total of 1179 applications competing for eleven vacancies. In the light of the
overwhelming response from the community, the Chief Secretary for Administration announced earlier that the Government has decided to regularise the Scheme and extend it to cover more committees.

17. At present, we plan to conduct the recruitment exercise twice a year. The next round of the exercise will be open for application in June this year, involving 10 participating committees which cover a wider spectrum of policy areas. We believe that, by opening up these committees, more and more young people aspiring to serve the community can be attracted to participate in public affairs. The Home Affairs Bureau will announce the details of the recruitment exercise and begin to invite applications in June this year.

**District facilities**

18. The Government will set aside an amount of $8 billion for the construction of or improvement to a facility long awaited by the community in each district. The relevant bureaux and departments will take forward the identified projects in accordance with established procedures and mechanisms, including a timely consultation with District Councils and an application for funding approval from the LegCo.

19. Chairman, my colleagues and I will be happy to answer any questions from Members. Thank you.
Foreword

- Chairman, I would like to set out the key matters within the policy areas of commerce, industry and tourism as mentioned in the Budget.

Belt and Road Initiative

- The Belt and Road Initiative ("B&RI") is an important driver for Hong Kong’s future economic development. The current-term Government is determined to strengthen Hong Kong’s external trade and economic co-operation, which will be underpinned by our work in furthering Hong Kong’s participation in the B&RI.

- In February earlier this year, the Government organised a Belt and Road seminar in Beijing which was actively participated by relevant Mainland ministries and state-owned enterprises, and achieved satisfactory outcomes. We will continue to work with Mainland authorities to implement the measures in the Arrangement between National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to Belt and Road Initiative, which was signed in December last year. We will seek to strengthen collaboration among HKSAR Government, Mainland and Hong Kong enterprises and professional sectors, as well as providing more information and support as required by Hong Kong enterprises with a view to facilitating their participation in the B&RI. Acting as a Belt and Road investment and business matchmaking platform, we will join hands with the Hong Kong Trade Development Council again to organize the Belt and Road Summit in June this year. As well, a tourism forum on the B&RI and the Guangdong-Hong Kong-Macao Bay Area will be staged in end 2018 with a view to
promoting Hong Kong as a destination for “one trip, multiple destinations” travel.

**Hong Kong’s Free Trade Agreements and Investment Promotion and Protection Agreements**

- We will continue our efforts to help Hong Kong traders and investors open up new markets, protect their overseas investments and attract foreign investors to Hong Kong, including through expanding our Free Trade Agreement (FTA) and Investment Promotion and Protection Agreement (IPPA) networks. Further to the FTA and Investment Agreement which we forged with ASEAN last year, we will sign FTA or IPPA respectively with Georgia, Bahrain and Mexico this year; continue with our negotiations with Maldives and Australia; and actively pursue additional FTAs and IPPAs with other economies, including those along the Belt and Road.

**Measures to support SMEs (including the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund))**

- The Budget proposed to inject a total of $2.5 billion into the BUD Fund as well as the SME Export Marketing and Development Funds, and to implement enhancement measures, including increasing the funding ceiling and extending the geographical scope etc., so as to provide strong support to enterprises in developing markets, especially the Mainland and ASEAN markets.

**Setting up of Overseas Economic and Trade Offices**

- To further enhance the network of the overseas Economic and Trade Offices (ETOs), we plan to set up the third ETO in the Association of Southeast Asian Nations region in Bangkok, Thailand. We are in close liaison with the Thai Government to discuss the detailed arrangements. We also continue to actively follow up on the proposal to set up ETOs in India, Korea, Russia, the United Arab Emirates, etc.
**Redevelop the Air Mail Centre**

- Consolidating Hong Kong’s position as a logistics hub is also an important policy objective of the Government. We wish to redevelop the Air Mail Centre of Hongkong Post (HKP) at the Hong Kong International Airport, with a view to facilitating economic and trade as well as cargo clearance, in order to capture the opportunity brought about by the increasing demand for air mail services arising from cross-border e-commerce. The Air Mail Centre of HKP has been operating for 20 years, and we hope to equip it with modern facilities to significantly enhance its efficiency and capacity. Assessments and deliberations will be made upon the completion of the relevant consultancy studies. For fiscal planning, the Government has set aside $5 billion for this redevelopment project.

- Meanwhile, HKP is actively engaging with the Airport Authority and other postal authorities to explore enhancing collaboration on cross-border air mail, with a view to maximising the use of the Centre’s transit mail handling capability to foster cross-border logistics and trading activities.

**Setting a $200 cap on the import and export declaration (TDEC) charges**

- The Budget announced the proposal of setting a $200 cap on the import and export declaration (TDEC) charges, so as to lower the cost of importing and exporting high-value goods to and from Hong Kong, encourage the trading and logistics industry to move up the value chain, and enhance Hong Kong’s advantage as a trading hub.

- The measure is expected to save the trade $458 million per year and benefit about 900,000 TDEC cases involving high-value goods. The Panel on Commerce and Industry has expressed support for the proposal. We will amend the law to enable early implementation of the measure.
Tourism

- Tourism is one of the four pillar industries of Hong Kong. Thanks to the co-operation and efforts among the Government, the Hong Kong Tourism Board (HKTB) and the travel trade, as well as improvement in the external environment, our tourism industry regained growth momentum in 2017.

- The Government of this term will continue to allocate resources to promote the development of tourism industry. In October last year, the Government published the “Development Blueprint for Hong Kong’s Tourism Industry” (the Development Blueprint), covering four development strategies and 13 implementation goals.

- This year’s Budget allocated additional funding of $396 million for the development of tourism industry, including the additional funding of $226 million for HKTB, as well as $170 million for implementing the Development Blueprint through various new initiatives to promote tourism development.

Protecting the Rights of the Consumers

- At present, the Consumer Legal Action Fund under the Consumer Council aims to provide legal assistance to consumers in cases involving significant consumer interest. We will inject $10 million to the Fund in this financial year to maintain its operation. In addition, to support the implementation of the Competition Ordinance and having regard to the rising number of litigation cases, starting from this financial year we will provide a dedicated funding of about $200 million to support the Competition Commission’s litigation work in the coming years. We will also increase the annual subvention to the Commission to strengthen support for its planned activities.
Conclusion

Chairman, the above is a brief summary of the key policy areas. My colleagues and I would be pleased to answer questions from Members.
Introduction

- Chairperson, I will briefly highlight the main areas of work in respect of communications and creative industries in the coming financial year.

Telecommunications and Broadcasting

- On telecommunications, the Chief Executive proposed in the 2017 Policy Address for the Government to take the lead to provide telecommunications operators with financial incentives in the form of subsidies to encourage the extension of fibre-based networks to remote village. This reflects the “people-centric” philosophy of the current-term Government, and will enhance the infrastructure for future technological development. The Commerce and Economic Development Bureau (“CEDB”) and the Office of the Communications Authority are consulting the relevant District Councils on the list of villages to be covered under the scheme and relevant details. We will consult the Legislative Council (“LegCo”) Panel on Information Technology and Broadcasting (“ITB Panel”) next month, and thereafter seek the approval of the Finance Committee for the funding. We aim to kick off the tender exercise as soon as possible so that villagers in remote areas can enjoy high speed broadband services earlier.
The existing assignments of frequency spectrum in the 900 MHz and 1800 MHz bands for the provision of mobile services will expire in 2020 and 2021. The Communications Authority (“CA”) and CEDB announced the decisions on the adoption of hybrid approach for spectrum re-assignment and the related spectrum utilisation fee (“SUF”) in December 2017. The CA plans to invite the incumbent operators in the second half of 2018 to consider exercising their right of first refusal for the 80 MHz of right-of-first-refusal spectrum, and conduct the auction for the remaining 120 MHz of spectrum around the end of this year.

Hong Kong has all along been keeping up with international trend, and is geared up for the launch of fifth generation (“5G”) mobile services and applications in 2020. In this regard, the CA and the CEDB will consult the public on the assignment arrangements of the first batch of 5G spectrum (including spectrum in the 3.4 - 3.6 GHz and 26 & 28 GHz bands) and the related SUF in mid-2018. We expect that the new spectrum will be ready for assignment in 2019 at the earliest.

On broadcasting, the blossoming of Internet media in recent years has changed the operating environment of the broadcasting industry in Hong Kong. The regulatory imbalance between traditional broadcasting industry and Internet media has become self-evident, raising concerns over the long-term sustainability of the traditional broadcasting industry.

We have honoured our pledge in the 2017 Policy Address and completed the Phase One Review on Broadcasting Ordinance (Cap. 562) and Telecommunications Ordinance (Cap. 106) regarding the television and sound broadcasting regulatory regimes. It is the Government’s principle to assume the role of a “facilitator” and remove obstacles for the broadcasting industries. We commenced on 20 February a three-month public consultation on the review outcome and relevant regulatory relaxation
proposals, and consulted in early March the LegCo ITB Panel. We aim to gauge public opinions with a view to reaching community consensus for introducing in early 2019 an amendment bill into LegCo.

- Meanwhile, we are undertaking preparatory work for the Phase Two Review covering the telecommunications regulatory regime, the objective of which is to ensure that the telecommunications control regime dovetails with technological advancement. We plan to commence the concerned public consultation later this year.

- Besides, having consulted the broadcasting industry, the CA is now conducting a public consultation on relaxation proposals of the regulation of indirect advertising and product placement, premise on striking an appropriate balance between fostering development of the broadcasting industry and protection of viewers’ interests.

- The Government will continue to monitor the implementation of digital terrestrial television (“DTT”) broadcasting services. At present, the coverage and take-up rate of DTT has reached 99% of population and 88% households respectively. We are now reviewing the working target for switching off analogue television broadcasting and we plan to make public the review outcome within this year.

Creative Industries

- In respect of creative industries, the Government has since 2009 injected a total of $1 billion into the CreateSmart Initiative (CSI) to provide funding support for the seven non-film creative industries. The Government plans to inject another $1 billion into the CSI in the new financial year to strengthen our support for the development of creative industries, in particular in nurturing
young talents and facilitating start-ups, as well as enabling the Hong Kong Design Centre to launch a series of initiatives to promote the values of creativity and design thinking among the different sectors in the society. The proposed injection is the largest amount since inception of the CSI, and is equivalent to the total amount of all previous injections. It demonstrates the importance the Government attaches to the development of creative industries and our expectation that they will become the new driver of Hong Kong’s economy.

- Film is an important soft strength of Hong Kong. In view of the considerable changes of the film market in recent years, we have engaged a consultant to review the operation and effectiveness of the various funding schemes under the Film Development Fund (FDF), to study the latest market development trends and to propose feasible corresponding measures. The consultancy study is expected to be completed in mid-2018. We will consider the recommendations therein in consultation with the Film Development Council, and formulate proposals to improve the operation of the FDF in areas of enhancing production, talent nurturing, expanding market and audience development, etc. with a view to further strengthening the development of the film industry.

**Conclusion**

- Chairperson, the above summarises the main points. My colleagues and I stand ready to answer questions from Members.

~End~
Chairman and Honourable Members,

The Food and Health Bureau (FHB) is committed to ensuring food safety and environmental hygiene as well as promoting the sustainable development of the local agriculture and fisheries industry.

2. In the 2018-19 Estimates, about $8.3 billion has been earmarked for recurrent expenditure in the policy portfolio of “Environment and Food”, representing an increase of about $800 million (10.7%) over the previous year and accounting for 2.1% of recurrent government expenditure.

Public Markets

3. As far as public markets are concerned, it was announced in the Budget that $2 billion would be earmarked for implementing a Market Modernisation Programme over the next 10 years. This fulfils the pledge made in the Policy Address last October to allocate resources to improve the environment of existing public markets.

4. A dedicated team has been set up in the Food and Environmental Hygiene Department (FEHD) to conduct a comprehensive review of nearly 100 public markets, with a view to improving their facilities and management systematically and putting the precious land resources to most gainful use. Improvement works under the Programme may include early installation of air-conditioning systems, major overhaul or redevelopment as required.
Environmental Hygiene

5. On environmental hygiene, we will allocate additional resources to the relevant departments in 2018-19. This includes increasing the total amount of funding to about $391 million to FEHD to further enhance the environmental hygiene and cleansing efforts and to step up enforcement and prosecution.

6. As before, the Government is committed to effective mosquito prevention and control work through flexible deployment of resources, comprehensive surveillance programme, as well as publicity and education measures, with a view to reducing the risk of outbreaks of dengue fever and Japanese encephalitis cases in Hong Kong.

Food Safety

7. On the food safety front, we will continue to examine and update our food safety standards and regulatory arrangements. Such efforts include putting forth legislative proposals in respect of the regulation of metallic contamination in 2018 following the completion of a public consultation conducted earlier.

8. We will also allocate an additional $15 million for the Agriculture, Fisheries and Conservation Department (AFCD) to enhance food safety control at local farms and to conduct antimicrobial resistance surveillance and testing on food animals on the farms.

Supply and Regulation of Niches

9. The Government is determined to forge ahead with the district-based columbarium development scheme. So far, we have obtained the support of relevant District Councils for the development of columbarium on 14 potential sites, involving over 590 000 new niches (about two-thirds of the overall planned number of new niches). Among them, 160 000 niches at Tsang Tsui, Tuen Mun can be completed in as early as 2019. If everything goes smoothly, we plan to allocate 20 000 new niches by the end of 2018. We have also put forward proposals on renewable interment period for niches at a recent panel meeting.
10. The Private Columbaria Ordinance came into operation on 30 June 2017. The Private Columbaria Licensing Board (PCLB) has started to accept applications for specified instruments from 30 December 2017 onwards. As at 29 March 2018, applications for specified instruments were received from 144 columbaria before the expiry of the grace period. PCLB will handle these applications as soon as possible.

11. The Government will continue to step up promotion efforts to increase the community acceptance of green burial as a sustainable form of ash disposal.

Animal Welfare

12. The Government attaches great importance to animal welfare and animal management. To further enhance our work in this area, we are studying the existing legislation related to animal welfare in the local context by drawing reference from international experience and trends, in which we will explore the introduction of a concept of positive duty of care on animal keepers. We will consult the stakeholders in due course.

13. In addition, the Government will submit proposals to the Legislative Council to amend the Road Traffic Ordinance (Cap. 374), requiring the driver of a vehicle in a traffic accident to report the accident to the police when injury to animals (including cats and dogs) is involved.

New Agriculture Policy

14. We strive to implement the New Agriculture Policy. Regarding the Agricultural Park (Agri-Park), it will be delivered in two phases in Kwu Tung South, New Territories according to the recommendation of the engineering feasibility study. We plan to seek funding from the Legislative Council for the construction works of
Agri-Park Phase 1, which covers an area of about 11 hectares, in late 2018 or early 2019.

15. We have set up a $500 million Sustainable Agricultural Development Fund (SADF) to promote the use of mechanized farming equipment to improve production. A total of 26 applications have been received so far. The Farm Improvement Scheme under SADF has received over 180 applications. 173 applications have been approved by AFCD, involving a total funding commitment of about $5 million for applicants to acquire farming equipment or materials to enhance productivity.

16. FHB and the Development Bureau will also commission a consultancy study in 2018 on Agricultural Priority Areas to identify relatively large areas of quality agricultural land and formulate policies and measures to promote rehabilitation of fallow agricultural land for long-term agricultural use.

**Fisheries Development**

17. The Government has been supporting the sustainable development of local fisheries industry. The Sustainable Fisheries Development Fund (SFDF), set up in 2014, has approved eight projects, including those on improving aquaculture and fisheries-related ecotourism, with a total commitment of about $40 million. We will continue to encourage the industry to make use of SFDF to upgrade and improve operation for enhancing its overall competitiveness. Meanwhile, we will combat illegal fishing activities and work on plans to expand the existing fish culture zones.

18. Chairman, my colleagues and I are happy to answer questions from Members.
Chairman and Honourable Members,

In 2018-19, the estimated recurrent government expenditure on healthcare is $71.2 billion, which accounts for 17.5% of the Government’s total recurrent expenditure and represents an increase of about $8.4 billion or 13.3% 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 total recurrent provision for the Hospital Authority (HA) in 2018-19 amounts to $61.5 billion, representing an increase of 10.7% over the 2017-18 revised estimate ($55.5 billion). The additional recurrent provision is for the implementation of new initiatives and enhancement of various types of services provided by the HA, including employment of all qualified medical graduates and healthcare professionals as well as implementation of the following key initiatives:

   - providing 574 additional public hospital beds;

   - re-hiring healthcare professional retirees, and recruiting non-locally trained doctors through limited registration to help alleviate manpower shortage;

   - supporting healthcare training and enhancing proficiency of healthcare professionals; and
• enhancing various services, including psychiatric services, palliative care services, services of nurse clinics in specialist out-patient services and pharmacy services.

(2) On the other hand, we will allocate an additional provision of about $2.185 billion to the Department of Health (DH) for enhancement of services and implementation of key measures, which include:

• implementing new measures under the Elderly Health Care Voucher Scheme. In 2018, an additional $1,000 worth of vouchers will be provided for eligible elderly persons on a one-off basis, and the accumulation limit of vouchers will be raised from $4,000 to $5,000;

• implementing a new strategy for non-communicable diseases and a mental health education and destigmatisation campaign; and

• increasing the provision for developing the Colorectal Cancer Screening Pilot Programme and other cancer-related projects, and making preparation for regularising the programme to cover persons of specific ages.

Public Healthcare Services

3. To sustain continuous improvement in our public healthcare services, the Government will progressively increase the recurrent provision for the HA on a triennium basis, having regard to population growth and demographic changes. To tackle the influenza surge, the HA has deployed $500 million for implementing relief measures to alleviate the work pressure on frontline healthcare personnel. The HA has also decided to abolish with effect from 1 April the policy on
incremental pay freeze in the first two years of service in respect of the relevant new recruits, so as to boost morale and retain staff.

**Healthcare Reform**

4. On healthcare manpower, the Government has substantially increased the number of University Grants Committee (UGC)-funded healthcare training places from about 1,150 to about 1,800 over the past decade. The Government is now discussing with the UGC the further increase in the UGC-funded training places for doctors, dentists, nurses and relevant allied health professionals in the coming three academic years starting 2019/20.

5. Moreover, following the passage of the Medical Registration (Amendment) Bill 2017 in the Legislative Council (LegCo) in March, the Medical Council of Hong Kong (MCHK) will implement as soon as possible the arrangements for improving the complaint handling procedure and disciplinary inquiry mechanism. We plan to submit to the LegCo on 2 May subsidiary legislation related to the election of lay members by patient groups. With the passage of the Bill, the period of limited registration of doctors to be approved by the MCHK has also been extended up to three years, so as to enable non-locally trained qualified doctors to practise in Hong Kong, thereby alleviating the acute manpower shortage in public hospitals.

6. The Government will amend the law to allow tax deduction under the Voluntary Health Insurance Scheme. Premiums paid by members of the public for themselves and their dependants under the Scheme will be allowed for tax deduction. The annual deduction ceiling is $8,000 per insured person, and there is no cap on the number of dependants who are eligible for tax deduction. In addition, we conducted a detailed review of the regulation of private healthcare facilities, and introduced the Private Healthcare Facilities Bill into the LegCo in June 2017 for the proposed implementation of a new regulatory regime.
Primary Healthcare

7. The Government set up a Steering Committee on Primary Healthcare Development in November 2017 to develop strategies and a blueprint for primary healthcare services. The steering committee is making preparation for setting up the first district health centre in Kwai Tsing District in the third quarter of next year, after which such centres will be progressively set up in all the 18 districts. The Financial Secretary has announced in his Budget that adequate resources will be provided to fully support this initiative.

Mental Health

8. It was also announced in the Budget that a recurrent provision of $50 million would be allocated for the implementation of a mental health education and destigmatisation campaign.

Controlling Non-communicable Diseases and Regularisation of the Colorectal Cancer Screening Programme

9. The control of non-communicable diseases is one of the DH’s priority tasks. We will provide a funding of $50 million for the DH to implement prevention and control strategies and encourage the public to adopt a healthy lifestyle with a view to reducing the risk of non-communicable diseases.

10. Colorectal cancer has remained the most common cancer for the third consecutive year in Hong Kong. The Government launched the three-year Colorectal Cancer Screening Pilot Programme in September 2016 to subsidise screening tests for Hong Kong residents who are aged between 61 and 70 without symptoms. To benefit more people, the Government will allocate a total of $940 million over the coming five years to regularise the programme and progressively extend it to cover individuals aged between 50 and 75.
Subsidising Drug Treatments

11. In addition, there are new drugs on the market which are ultra-expensive. The Government and the HA have launched a new medical assistance programme under the Community Care Fund (CCF) in August 2017 to provide patients in need with subsidies for the purchase of ultra-expensive drugs. The HA has also commissioned a consultancy to review the patient’s co-payment mechanism under the CCF’s programme. It is expected that improvement measures could be formulated in the first half of 2018. To demonstrate the Government’s commitment on the issue, $500 million has been set aside in the Budget for this purpose. The specific use of the funding will be considered subject to the outcome of the review.

Development of Chinese Medicine

12. As announced in the 2017 Policy Address, dedicated units for the development of Chinese medicine will be set up under the Food and Health Bureau to co-ordinate and implement the strategies and measures for promoting the development of Chinese medicine in Hong Kong. We have also commissioned a consultancy to consult local stakeholders as well as Mainland and overseas experts on the modes of governance structure, business and operation of the Chinese Medicine Hospital (CMH). A detailed report is expected to be completed soon. In the light of the report findings, we will endeavor to announce the positioning and the development framework in key areas of the CMH in the first half of 2018.

13. In addition, we will set up a $500 million dedicated fund to support the development of the Chinese medicine sector. We intend to consult the Chinese medicine sector extensively on the specific areas to be covered by the fund within this year and brief the Panel on Health Services on progress accordingly. We will also include Chinese medicine data for sharing in the second-stage development of the Electronic Health Record Sharing System.
Expenditure on Infrastructure

14. On the development of public healthcare infrastructure, the Hong Kong Children’s Hospital will commence operation in phases from the fourth quarter this year. We will continue to implement the $200 billion ten-year hospital development plan. The Government has already invited the HA to start planning for the second ten-year hospital development plan, which will cover among others the in-situ redevelopment of Princess Margaret Hospital and Tuen Mun Hospital, construction of a new hospital at the King’s Park site (i.e. the existing Queen Elizabeth Hospital site) and expansion of North Lantau Hospital. It is expected to deliver 3,000 to 4,000 additional hospital beds.

15. The DH also manages a number of clinics which provide public healthcare services. As most of them were built several decades ago, the clinic environment and facilities have become outdated. The Government will improve the DH’s clinic facilities in phases.

16. The Government has set aside $300 billion as an initial provision to support the second ten-year hospital development plan, improve the clinic facilities of the DH, and upgrade and increase healthcare teaching facilities for the universities.

17. Chairman, my colleagues and I are happy to answer questions from Members.
Chairman, since setting up the Innovation and Technology Bureau in November 2015, the Government has put in a huge amount of resources for fostering innovation and technology (“I&T”) development. We have implemented measures ranging from encouraging research and development (“R&D”), promoting “re-industrialisation”, supporting start-ups and nurturing I&T talents, to forging ahead with smart city development and promoting the use of I&T to improve people’s livelihood. Last October, the Chief Executive set forth in the Policy Address eight major areas to step up I&T development, mapping out a clear direction for our work.

The Financial Secretary announced in the 2018-19 Budget to allocate an additional amount of over $50 billion to further speed up the development of I&T in Hong Kong, with unprecedented efforts, through investing in infrastructure, R&D collaboration, nurturing start-ups and promoting industries.

First, on infrastructure, the Government will set aside $20 billion as the first tranche of funding for developing the Hong Kong-Shenzhen Innovation and Technology Park (“the Park”) in the Lok Ma Chau Loop, which is a huge and long-term project to make Hong Kong an important international I&T hub in the Bay Area. This provision will cover the site formation, infrastructure and superstructure works, as well as initial operation of the Park.
Secondly, we will inject $10 billion into the “Innovation and Technology Fund” to keep up our support for local applied R&D work and I&T projects through its different funding schemes. Of this, $500 million will serve to implement the “Technology Talent Scheme”, comprising a “Postdoctoral Hub programme” and a “Reindustrialisation and Technology Training Programme”. To enable more start-ups and medium-sized enterprises to benefit from the Technology Voucher Programme, we have removed the requirement on having one year of substantive business operation in Hong Kong, and expand the programme to cover enterprises of all sizes from the day of the Budget announcement.

Thirdly, $10 billion will be earmarked to support the establishment of two research clusters in the Hong Kong Science Park, one focusing on healthcare technologies and the other on artificial intelligence and robotics technologies, with a view to attracting world class scientific research institutions and technology enterprises to Hong Kong to join force with our local universities and scientific research institutions in conducting more midstream and downstream R&D projects, which will serve to nurture more technology talent in Hong Kong. We will provide financial support to non-profit-making scientific research institutions that will establish their presence in these two clusters.

Fourthly, we will allocate $10 billion to the Hong Kong Science and Technology Parks Corporation (“HKSTPC”). Of this, $3 billion will be used to support HKSTPC to construct research-related infrastructure and facilities, including small batch experimental production facility and animal research facility, robot testing facility etc., so as to further reinforce and develop Hong Kong’s R&D capabilities. The remaining $7 billion will be used for enhancing HKSTPC’s support services for its tenants and incubatees, including expanding HKSTPC’s Corporate Venture Fund and Incubation Programme, attracting
international technology enterprises to set up in the Science Park and improving the facilities in the Science Park.

- Fifthly, $300 million will be allocated to Cyberport. Of this, $200 million will be used for enhancing support for start-ups and promoting the development of a digital technology ecosystem. Cyberport will enhance its incubation programme and put forward new support measures to attract more multinational companies to set up offices and R&D units in Hong Kong. The remaining $100 million will be used for fostering the development of e-sports industry. Cyberport will develop its arcade into a local e-sports and digital entertainment node and provide support for nurturing talents and developing the e-sports industry.

- We are working hard to prepare for the various new initiatives in discussion with relevant stakeholders, including HKSTPC and Cyberport. We will seek funding approval from the Legislative Council on the above initiatives in due course.

- In the past two years, my colleagues and I spare no efforts in implementing various new initiatives, building an ecosystem with the necessary hardware and software as well as nurturing talents to promote I&T development in Hong Kong. Our works, including the launching of various funding schemes, providing infrastructure, taking forward the development of the Loop, introducing enhanced tax deduction for R&D, promulgating the “Smart City Blueprint”, and setting up the “Committee on Innovation, Technology and Re-industrialisation” and the “Steering Committee on Innovation and Technology”, demonstrate the boldness and determination of the government to press ahead I&T development.
I wish to thank the Finance Committee for the support rendered to ITB’s work, including approving all our funding and establishment proposals, enabling us to move ahead with our agenda with adequate manpower and resources. I hope Members will support our new proposals so that we can implement the various measures as soon as possible to further support Hong Kong’s I&T development. Thank you, Chairman.

- End –
Chairman,

1. I would like to thank Members for their interest in the Estimate of the Development Bureau (DEVB). My respective Controlling Officers of the Planning and Lands Branch and relevant departments have provided answers to 234 written questions from Members accounting for the use of resources under their purview. We are here to respond to any further questions that Members may wish to raise.

2. The 2018-19 Recurrent Expenditure on Planning and Lands is $5,620 million, representing an increase of $490 million (about 9.5%) compared with the revised estimate for 2017-18. There will be a net increase of 548 civil service posts in the Planning and Lands Branch and departments under its purview (the Buildings Department (BD), the Lands Department (LandsD), the Planning Department (PlanD) and the Civil Engineering and Development Department (CEDD)), including 17 civil service posts in replacement of non-civil service contract posts. The establishment of directorate civil service posts will increase by three.

3. The additional recurrent resources this year are mainly deployed to the following areas:

   • firstly, to take forward the work of land development (involving additional resources of about $260 million);

   • secondly, to strengthen the work of safeguarding building safety (involving additional resources of about $120 million);
• thirdly, to step up enforcement on matters of land administration and planning (involving additional resources of about $53 million).

4. Increasing land supply is the top priority of the DEVB’s work. We will continue to adopt a multi-pronged approach to create and find land on all fronts, including rezoning, co-ordinating studies on brownfield sites, taking forward new development area projects, enhancing the harbourfront and providing full support to the work of the Task Force on Land Supply. Two studies, one on the profile and operation of brownfield sites and one on accommodating brownfield operations in multi-storey buildings, are expected to complete within this year to provide the basis for policy formulation on development of brownfield sites. During the implementation of development projects, we will enhance communication with affected households, business operators and other stakeholders and make the best effort in explaining and making compensation and relocation arrangements. The Task Force on Land Supply is also working at full steam to make the final preparations for the five-month public engagement exercise which will commence at the end of this month.

5. Expediting the process of development approval is another key area of our work. In this regard, additional manpower will be deployed to the BD to handle the work of building plan approval, while a centralised coordinating section dealing with land supply will be established under the LandsD to focus on the process of “big ticket” lease modification and land exchange cases. In addition, an inter-departmental steering group has been set up under the Planning and Lands Branch of the DEVB to study ways to streamline or improve the development approval arrangements. We will engage the industry during the process, including the special committee comprising representatives of relevant professional bodies and associations to be formed shortly under the auspices of the Land and Development Advisory Committee. We aim to roll out the first batch of streamlined arrangements in the latter half of 2018.
6. Apart from developing additional land, we will also make optimal use of existing land resources. The Financial Secretary has advised that $1 billion will be set aside to support non-governmental organisations to make use of vacant government sites (including vacant school premises) for community purposes. We will consult the Panel on Development in the latter half of 2018 before seeking funding approval from the Finance Committee upon finalisation of the specific implementation arrangements. In the meantime, we are also reviewing ways to facilitate revitalisation of industrial buildings. Our aim is to come up with the proposed initiatives in mid-2018.

7. As for the work to safeguard building safety, these include providing support to the implementation of Operation Building Bright 2.0, stepping up the BD’s enforcement actions relating to building and slope safety and enhancing support for BD’s other related work, including among others, to enhance the efficiency of the Joint Office in handling water seepage cases. The Government plans to allocate a sum of $3 billion non-recurrent expenditure for Operation Building Bright 2.0. Subject to the passage of the Appropriation Bill 2018, the Government plans to accept applications from mid-2018 onwards. In view of the lead time required for organising repair works, the Urban Renewal Authority, together with relevant departments and organisations, have already held briefings for first round target buildings to explain the arrangement. Our aim is to provide appropriate technical and financial assistance to 2 500 eligible domestic and composite buildings to comply with the building inspection and rehabilitation work required under the Mandatory Building Inspection Scheme in the next five years.

8. Last but not least, both the LandsD and the PlanD have been allocated additional manpower to enhance enforcement against illegal use of land, including stepping up patrol at black spots against unlawful occupation of government land and taking resolute enforcement actions against offenders.
9. Chairman, the above is a brief account. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.
Speaking Points of the Secretary for Development
for the Special Finance Committee Meeting (Works)
on 19 April 2018 (Thursday)

Chairman,

- Infrastructure construction is not only the driving force for social development and the prerequisite for increasing the supply of usable land, it is also the main task of the Works Branch of the Development Bureau.

- The Government invests over $80 billion each year to launch a wide range of works projects for major infrastructure and public facilities, covering areas of land supply, transportation, medical care, education, water supply and drainage, so as to meet the development needs of Hong Kong, provide employment opportunities and promote economic growth at the same time.

- In the new financial year, besides the ongoing delivery of capital works projects, we will also focus on four priority tasks.

- Our first priority task is to encourage innovation and creativity. To help Hong Kong’s construction industry accelerate its reform to address the challenges of a shortage of skilled workers and an ageing workforce, the Financial Secretary proposes in the 2018-19 Budget to set up a $1 billion Construction Innovation and Technology Fund (CITF) to support the industry to harness innovative technology, such as the Building Information Modelling technology, prefabricated steel bar products from local prefabrication yards, Modular Integrated Construction and other advanced construction technologies. The CITF will also support tertiary students and industry practitioners to receive training on
innovative construction technologies, and professionals to receive continuing education in innovation and technology.

- Our second priority task is to continue to develop Kowloon East into the second core business district of Hong Kong, which includes enhancing connectivity, improving the environment, and unleashing development potential. The Chief Executive announced in the Policy Agenda in October last year that the Energizing Kowloon East initiatives would be extended to San Po Kong. We have consulted the district council on our initial ideas concerning the development of San Po Kong and received support. We will take forward the related initiatives progressively including the phased development of the Sze Mei Street District Open Space project so as to use part of the underground space to accommodate a public vehicle park. Moreover, we have just commenced the Feasibility Study on Pedestrian Environment and Traffic Improvement of San Po Kong Business Area.

- Our third priority task is cost control for public works. We established the Project Cost Management Office (PCMO) in June 2016 to closely scrutinise the cost estimates of works projects in the planning and design stages, optimise project design based on the principles of “fitness for purpose” and “no frills”, and reduce unnecessary contractual requirements as far as possible, so as to make the projects more cost-effective. Since its establishment, the PCMO has saved some $27 billion in costs out of the 130-plus projects scrutinised totalling some $260 billion.

- Our fourth priority task is to foster the culture of “safety first”. For the construction industry, we will continue to adopt a multi-pronged approach to enhance site safety and improve site cleanliness and tidiness as well as the welfare of workers, so as to safeguard the health and safety of workers. Also, we will continue to improve our work on water supply, flood prevention
and slope safety, and make the safeguard of public safety our top priority.

• I would also like to brief Members on our work on two issues of public concern. The first is drinking water safety – we launched the Action Plan for Enhancing Drinking Water Safety in Hong Kong in September 2017 to restore public confidence. The Water Supplies Department has enhanced its water quality monitoring programme since December 2017 to collect random water samples from consumers’ taps directly for testing the six metals that could be present in the internal plumbing system, and to collect local water quality data for reviewing the drinking water standards of Hong Kong in compliance with the World Health Organization Guidelines. In addition, we set up the Drinking Water Safety Advisory Committee in January 2018, comprising academics, medical experts and other stakeholders from related fields, to give us advice on various drinking water safety issues.

• The other issue is the recent lift incident at Waterside Plaza in Tsuen Wan that has drawn a lot of public attention. The Electrical and Mechanical Services Department (EMSD) has requested all registered lift contractors currently responsible for the maintenance of about 380 lifts of the same brand to complete a special investigation within two weeks of the incident, so as to ensure the safe operation of the lifts and ease public concerns. The EMSD is also investigating the cause of the incident and expects to complete the investigation in two to three months.

• 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.
Mr. Chairman,

Education is the key to nurturing talent. The Government attaches importance to investment in education and is willing to increase resources in education as a long term investment.

2. The total expenditure on education in 2018-19 will significantly increase by 28.4% to $113.7 billion, accounting for 20.4% of the total government expenditure. Of this, the recurrent education expenditure will increase by 5.6% to $84.6 billion, accounting for 20.8% of the total government recurrent expenditure. Both the recurrent and total education expenditures will respectively take up the largest share in the government expenditure among all policy areas. The recurrent expenditure on education has, over the ten years from 2009-10 to 2018-19, increased by 67% with an average growth rate of 5.8% per annum. This demonstrates the Government’s long term commitment to invest in education.

3. In 2018-19, we will take forward the new measures announced in last year’s Policy Address and this year’s Budget, which include:

Kindergarten Education

- starting from the 2018/19 school year, adjusting the salary-related subsidies for teaching staff under the new kindergarten scheme according to the annual civil service pay adjustment, and extending the tide-over grant for three more years up to the 2021/22 school year so that kindergartens may retain their long serving teachers;
Primary, Secondary and Special Education

- setting up a $2.5 billion Student Activities Support Fund to support students with financial needs to participate in life-wide learning activities;

- reserving $2 billion to expedite installation of lifts for public sector schools without such facilities;

- providing recurrent air-conditioning grant for public sector schools to cover the daily expenses of air-conditioning systems installed and reserving resources for installation of air-conditioning systems in schools based on their needs;

- regularising the Pilot Scheme on Promoting Interflows between Sister Schools in Hong Kong and the Mainland from the 2018/19 school year with a grant of $150,000 per annum for each school;

- implementing the policy of “one school social worker for each school” in public sector primary schools and enhancing the provision of school social workers for special schools with a view to strengthening the social work and counselling services;

- enhancing the nursing support in special schools;

Post-secondary and Vocational and Professional Education

- setting up a $12 billion Hostel Development Fund for easing the shortfall in hostels of UGC-funded universities;

- injecting $3 billion into the Research Endowment Fund and deploying $70 million to provide studentship for local students admitted to UGC-funded research
post-graduate programmes as early as practicable in the 2018/19 academic year;

- besides continuing to implement the seventh round of Matching Grant Scheme, planning to launch the eighth round of Matching Grant Scheme of $2.5 billion for eligible publicly-funded post-secondary institutions to apply;

- regularising the Study Subsidy Scheme for Designated Professions/Sectors from the 2018/19 academic year and increasing the number of subsidised places from about 1 000 per cohort to 3 000 per cohort;

- making injection of $800 million into the HKSAR Government Scholarship Fund;

- regularising the Hong Kong Scholarship for Excellence Scheme from the 2019/20 academic year;

- reserving resources to regularise the Pilot Training and Support Scheme;

**Others**

- inviting the Quality Education Fund Steering Committee to consider allocating $3 billion for application by kindergartens and schools through simplified procedures in order to implement measures relating to school-based curriculum development and student support measures, as well as the relevant school improvement works and procurement of supplies, with a view to enhancing learning from different perspectives;

- making injection of $800 million into the Gifted Education Fund for deploying diversified strategies to enhance support to gifted education;
• providing a one-off support grant of $2,000 to each of the students who are eligible for receiving means-tested student financial assistance in the 2018/19 school year; and

• paying the examination fees for school candidates sitting for the 2019 Hong Kong Diploma of Secondary Education Examination (HKDSE) as a one-off measure.

4. Besides, the Financial Secretary has reserved $2 billion for recurrent education expenditure. Together with the $1.4 billion earmarked by the current-term Government upon taking office, there will be a total of $3.4 billion recurrent funding reserved for continued implementation of quality education. We will discuss with the education sector, and take into account the suggestions of the task forces set up to review various policy aspects of education, in considering the way forward for improvement of education policies and the best use of the additional resources, including enhancing the professional development of teachers, strengthening support for kindergartens, reviewing and improving integrated education, and supporting schools in enhancing promotion of life-wide learning.

5. Regarding the non-recurrent funding of $18.7 billion reserved by the Financial Secretary, $3 billion is used for injection into the Research Endowment Fund. We will also utilise $500 million to implement the work plan of the Committee on Professional Development of Teachers and Principals. We will continue to explore the optimal use of the remaining $15.2 billion reserved funding to further support the academic and research development in the higher education sector.

6. Mr. Chairman, my colleagues and I will be happy to answer further questions from Members.

Education Bureau
20 April 2018
Chairman,

- In the draft Estimates for the new financial year, the two policy areas under Security Bureau’s responsibility will account for $46.2 billion, representing 8.3% of the total government expenditure.

**Enhancing Hong Kong's Counter-Terrorism Capability and Preparedness**

- Starting from 2018-19, the Government will provide an additional allocation amounting to a full-year provision of $265 million for enhancing Hong Kong’s CT capability and preparedness, which include setting up an Inter-departmental Counter-terrorism Unit (“ICTU”) and strengthening respective departments’ efforts in this aspect.

- The Security Bureau will establish the ICTU on 23 April. It will comprise 43 officers from the six Disciplined Services under the Security Bureau, providing an inter-departmental CT platform on top of the existing CT framework. ICTU will be dedicated to monitoring the global terrorism trend and CT measures, strengthening intelligence gathering and exchange, reviewing and improving CT strategies in Hong Kong, developing specialised training on CT, optimising various emergency response plans, etc.

- Effective CT efforts require a comprehensive CT enforcement network webbed by different posts, which do not only involve specialised teams but also cover multi-faceted law enforcement of the disciplined services. To this end, more than 400 headcounts will be created in various disciplined services to strengthen the work on CT and multi-faceted law enforcement capabilities,
including strengthening manpower of the Special Duties Unit, increasing the capability on intelligence gathering on CT, terrorist financing and money-laundering, setting up a response team under the Police Railway District, strengthening the monitoring and guarding of suspected persons at control points, enhancing the gatekeeping of airfreight and postal articles by monitoring and intercepting items such as weapons, reinforcing public education on self-rescue and self-protection in emergency and unexpected situations (including terrorist attacks and major disasters), increasing the capability to support drills and CT training.

Law and Order

- The major operational targets of the Hong Kong Police Force for 2018 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 ensure public safety and step up counter-terrorism work.

- A total of 1,057 additional posts will be created in the Hong Kong Police Force in 2018-19. These new posts are for strengthening Hong Kong's counter-terrorism (CT) capability and preparedness, enhancing the capability of emergency response and handling major incidents, providing manpower support to projects such as the Hong Kong-Zhuhai-Macao Bridge (HZMB), Guangzhou-Shenzhen-Hong Kong Express Rail Link West Kowloon Terminal (XRL), Liantang/Heung Yuen Wai Boundary Control Point (LT/HYW), etc.

Control Points

- Three new control points are expected to come into operation in 2018-19, namely XRL, HZMB and LT/HYW. To this end, new posts, including 1,058 posts in ImmD, 976 posts in C&ED, 303 posts in HKPF and 39 posts in FSD will be created.
Handling Non-refoulement Claims

- Since the commencement of the comprehensive review of the strategy of handling non-refoulement claims in early 2016, various measures have yielded some results. Last year, the number of non-ethnic Chinese illegal immigrants (NECIIs) found dropped by 85% over the peak. The number of non-refoulement claims also dropped by 63% as compared to the peak.

- At present, the number of claims pending ImmD’s screening has dropped to about 4,300 from the peak of over 11,000.

- The Government will continue with various measures, and will ensure that sufficient resources are available to handle these claims promptly and to speed up the removal of the rejected claimants from Hong Kong.

- Separately, we are actively studying the amendment of the Immigration Ordinance, such as specifying the screening procedures, tightening timeframes, prohibiting delay tactics and strengthening ImmD’s detention power. Our target is to introduce the Amendment Bill into the Legislative Council in the next legislative year.

Territory-wide identity card replacement exercise

- ImmD will launch the territory-wide identity card replacement exercise from end-2018 to 2022. ImmD will recruit 956 additional staff members, including 353 time-limited civil service posts and 603 contract staff members for the project, involving an expenditure of $250 million in 2018-19.

Fire and Ambulance Services

- FSD will have an increase of 383 posts in the new financial year, including staff for the fire, control and ambulance streams as well as civilian and technical staff. Their scope of duties includes stepping up public education to raise the public’s resilience in case of emergencies, providing fire and ambulance services at the new
boundary control points, operating ambulance shifts, conducting inspections and acceptance tests of fire service installations and equipment, and approving building plans for major infrastructure projects, etc.

**Fire Safety Improvement Works Subsidy Scheme**

- In addition, the Government will, in collaboration with the Urban Renewal Authority (URA), devote $2 billion to launch the Fire Safety Improvement Works Subsidy Scheme for subsidising owners of old composite buildings to comply with the requirements under the Fire Safety (Buildings) Ordinance (Cap. 572) as soon as possible. The amount of subsidy can be up to a maximum of 60% of the costs of the fire safety improvement works and consultancy fees.

- The Scheme will be rolled out in mid-2018. The URA, together with FSD and Buildings Department, has held ten briefing sessions to encourage the owners to start the preparatory work as soon as possible.

**Custody and Rehabilitation**

- CSD will continue to improve ageing correctional facilities, including installing electric locks systems in Stanley Prison and Tai Lam Centre for Women, and replacing and enhancing the closed-circuit television systems in seven correctional facilities including Stanley Prison and Pik Uk Prison, etc.

- CSD will continue to provide diversified vocational training to persons in custody having regard to the overall situation and demand of the employment market. For example, new courses on timber flooring of interior renovation and computer-aided renovation drawings will be introduced.
Chairman, the representatives from Departments and I are pleased to answer questions from Members on the Appropriation Bill relating to the policy area of Security.

Thank you, Chairman.

Security Bureau  
April 2018
Chairman and Honourable Members,

In 2018-19, government recurrent spending on social welfare and women’s interests is estimated to be $79.8 billion, accounting for 19.6% of the total recurrent government expenditure of the year, second only to education. Compared with the revised estimate for 2017-18 of $65.8 billion, there is an increase of $14 billion (i.e. 21.3%). 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 elderly, children, 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 these substantial resources.

**Elderly Care**

2. The recurrent government expenditure on elderly services in 2018-19 is estimated to reach about $9.1 billion, representing an increase of about 18% over the revised estimate in 2017-18. The Government will allocate additional resources to implement various initiatives on elderly services put forth in the 2017 Policy Address, involving a total recurrent provision of about $1,263 million and non-recurrent expenditure of about $2,229 million. The key initiatives include providing an additional 1,000 vouchers under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly, bringing the total to 6,000; enhancing dementia care and the support for needy carers of elderly persons; setting up a $1 billion...
Innovation and Technology Fund for Application in Elderly and Rehabilitation Care; providing professional outreach services and visiting medical practitioner services for residents in private residential care homes for the elderly; and increasing the salaries of front-line care staff of subsidised elderly service units. In addition, the Government will provide speech therapy services for elderly service units to assist elderly persons with swallowing difficulties or speech impairment.

**Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities**

3. The Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme) provides fare concession to the elderly and eligible persons with disabilities in taking Mass Transit Railway, franchised buses, ferries and green minibuses. With the steady increase in Hong Kong’s elderly population, the Government’s reimbursement of revenue forgone to the operators under the Scheme will increase to around $1.3 billion in 2018-19 from around $1.1 billion in 2017-18. The Government will conduct a review of the Scheme in 2018-19, taking into full consideration suggestions made by the public in such areas as the effectiveness and mode of operation of the Scheme, the public’s feedback and views on other transport fare subsidy schemes, the Government’s financial commitment as well as the effectiveness of the measures for monitoring the Scheme, etc.

**Support for the Disadvantaged**

Rehabilitation Services

4. The Hong Kong Rehabilitation Programme Plan (HKRPP) sets out strategic directions as well as short-, medium- and long-term measures to address various service needs of persons with disabilities. To keep our rehabilitation services updated with changing needs, the

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1 Elderly people refer to those aged 65 or above.

2 Eligible persons with disabilities means recipients under the Comprehensive Social Security Assistance (CSSA) Scheme aged below 65 with 100% disabilities and recipients of Disability Allowance (DA) in the same age group.
Government has invited the Rehabilitation Advisory Committee (RAC) to commence formulating a new HKRPP. It is expected that the RAC will submit a report to the Government by the end of 2019.

5. The Government will continue to improve our rehabilitation services pending the completion of the report. The annual recurrent expenditure will increase by about $450 million to provide 2,469 additional subvented rehabilitation service places.

Strengthening Care for Persons with Disabilities

6. The Social Welfare Department (SWD) will allocate annual recurrent funding of about $9 million for forming four district-based speech therapy teams. These teams will provide speech therapy services in hostels for moderately mentally handicapped persons, hostels for severely mentally handicapped persons, hostels for severely physically handicapped persons with mental handicap, and care and attention homes for severely disabled persons, so as to assist ageing service users with intellectual disabilities in dealing with swallowing problems.

7. The Government will earmark $50 million for setting up a dedicated office towards the end of this year to provide “special needs trust” services for parents of children with special needs. In addition, the Government will increase the annual recurrent funding by about $40 million for increasing the number of parents/relatives resource centres progressively from 6 to 19 to step up support for parents and relatives/carers of persons with disabilities.

8. Besides, SWD will, starting from October 2018, regularise the Pilot Project on Strengthening Support for Persons with Autism and their Parents/Carers with an estimated increase of service places from about 160 to about 240 per annum. The annual recurrent expenditure involved is about $15 million.
Community Mental Health Services

9. SWD will allocate an additional annual recurrent funding of about $27 million to the integrated community centres for mental wellness for creating 12 clinical psychologist posts to step up professional support for ex-mentally ill persons and persons suspected to be with mental health problems; and providing 24 additional Assistant Social Work Officers to provide counselling, therapeutic groups and activities etc. for children of ex-mentally ill persons.

Promoting Employment of Persons with Disabilities

10. To promote the employment of persons with disabilities, one of the Government’s measures is to extend the work adaptation period under the Work Orientation and Placement Scheme from two months to three months, and to increase the maximum amount of allowance payable to employers from $35,000 to $51,000.

Children and Youth Services

11. On the support to children, to facilitate early identification of and provide assistance to those children and their families having welfare needs, the Government will launch a three-year pilot project in the 2018/19 school year, through an allocation of about $504 million from the Lotteries Fund, to provide social work service in phases for about 150,000 children and their families in all aided standalone child care centres, subsidised/aided kindergartens and kindergarten-cum-child care centres.

12. The Government will provide subvention to non-governmental organisations (NGOs) for setting up five cyber youth support teams to reach out to high-risk or hidden youths to provide early intervention and support. This initiative involves recurrent expenditure of $20.5 million.
13. To better cater for the developmental needs of deprived children and youths at the district level, the Government will raise the ceiling of cash allowance under the District Support Scheme for Children and Youth Development from $1,500 to $2,000 per person per year, and increase the number of annual quotas from 6,000 to 10,000. The recurrent expenditure involved is $11 million.

Enhancement on Child Protection Services

14. To enhance the handling of child abuse and suspected child abuse cases, the Government will strengthen the manpower of the Family and Child Protective Services Units of the SWD for strengthening child protection and family support services, including outreach services and counselling and groups. On the other hand, the Educational Programme on Stopping Domestic Violence will also be enhanced. The Educational Programme supports children witnessing or exposed to domestic violence, and help perpetrators and individuals with the risk of using violence to stop their violence and protect children from harm. The recurrent expenditure involved will amount to some $43 million.

Supporting Families

Supporting the Families in Need

15. To further meet the caring needs of children and youths receiving residential care services, we will allocate an additional annual recurrent expenditure of about $92 million to strengthen the manpower of various types of residential child care services, and will make use of the Lotteries Fund to improve the environment of small group homes.

16. To enhance the co-parenting support for separated/divorced parents and their children, we will allocate an additional annual recurrent expenditure of about $56 million for setting up five one-stop co-parenting support centres over the territory to be operated by non-governmental organisations. Services to be provided by these centres include co-parenting counselling, parenting coordination and children contact etc. We will also provide additional manpower
resources to the Integrated Family Service Centres operated by the SWD and the 11 Family and Child Protective Services Units, so as to enable early identification and more effective intervention for families at risk of separation or divorce.

Helping Women Balance Family and Work Commitments

17. To further enhance day child care services, the Government will provide an additional recurrent allocation of about $10 million to increase, in phases from 2018-19, about 300 places in aided standalone child care centres in the North District, Kwun Tong District, Kwai Tsing District and Sha Tin District.

Poverty Alleviation, Social Security and Retirement Protection

Working Family Allowance

18. In May 2016, the Government launched the Low-income Working Family Allowance (LIFA) Scheme to encourage self-reliance through employment amongst low-income families who are not receiving Comprehensive Social Security Assistance (CSSA). The LIFA Scheme focuses on supporting families with children and youths to ease intergenerational poverty. A series of improvement measures to the LIFA Scheme was announced in the Chief Executive’s 2017 Policy Address, which include extending the Scheme to cover singleton households, allowing all household members to aggregate their working hours, relaxing the income limit, raising all the rates of allowances, etc., as well as renaming the Scheme as the Working Family Allowance (WFA) Scheme. The improvement measures have been implemented on 1 April 2018. We hope the Scheme would benefit more working households.

Social Security and Retirement Protection

19. For social security, we will continue to provide financial assistance to those in need through the CSSA Scheme and the Social Security Allowance Scheme. Excluding the one-off extra payments announced in the 2018-19 Budget, the estimated total recurrent
expenditure of these two Schemes in 2018-19 is about $52.2 billion, which is 21.6% higher than the revised estimate of $42.9 billion last year. This represents 65.4% of the Government’s recurrent social welfare expenditure ($79.8 billion) and 12.8% of the recurrent government expenditure ($406.5 billion).

20. To strengthen the retirement protection for elderly persons, the Government will introduce the Higher Old Age Living Allowance (OALA) (currently at $3,485 per month) for elderly persons with more financial needs on 1 June 2018, with retrospective effect from 1 May 2017. Eligible elderly persons may receive a lump-sum retrospective payment counting from 1 May 2017 at the earliest.

21. Separately, the Government has implemented the Fujian (FJ) Scheme on 1 April 2018 to provide Old Age Allowance (OAA) to eligible elderly persons who choose to reside in FJ. A special one-off arrangement has been put in place in the first year of implementation of the FJ Scheme (i.e. from 1 April 2018 to 31 March 2019) to allow applicants who have resided in FJ continuously for at least one year before application to benefit from the FJ Scheme. They will not be required to comply with the requirement of having resided in Hong Kong continuously for at least one year before applying to join the FJ Scheme.

One-off Extra Payments and Caring and Sharing

22. Apart from the above recurrent measures, the Financial Secretary has proposed a series of measures in his 2018-19 Budget to share the fruits of our economic success with the community, which include providing an extra payment to social security recipients, equal to two months of the standard rate CSSA payments, OAA (including the Guangdong Scheme and FJ Scheme), OALA (including higher and normal allowances) or Disability Allowance. This proposal will involve an additional expenditure of about $7 billion. About 1.27 million recipients are expected to benefit from the extra allowance. The Government also proposes to make similar arrangements for recipients of LIFA/WFA and Work Incentive Transport Subsidy (WITS). It is estimated that about 70 000 households in receipt of
LIFA/WFA and about 44,000 recipients of WITS will benefit, involving additional expenditure of about $326 million and about $53 million respectively.

23. In addition, the Financial Secretary has proposed to provide a one-off grant of $2,000 to each student in need (including those who are receiving CSSA) to support learning. Under the CSSA Scheme, it is estimated that about 70,000 children would benefit from the measure, involving an estimated expenditure of around $142 million.

24. On 23 March, the Financial Secretary announced the Caring and Sharing Scheme under the 2018-19 Budget to enable each eligible citizen to receive $4,000. However, as social security recipients (i.e. those who would receive the above-mentioned two-month extra allowance) are not eligible under the Caring and Sharing Scheme, the Government will disburse the difference to make up to $4,000 if the extra two months of social security payment is less than this amount. According to our rough estimation, an extra $435 million will be needed for the purpose. The Government will move an amendment to the Appropriation Bill in due course to obtain the necessary funds to effect this arrangement.

**Women’s Development**

25. To facilitate the development of women, all bureaux and departments have been adopting gender mainstreaming and applied the gender mainstreaming checklist (the Checklist) developed by Women’s Commission (WoC) when formulating major government policies and initiatives since April 2015. LWB and WoC have also introduced a pilot scheme to encourage NGOs in the social welfare sector to apply the Checklist. To further promote the concept of gender mainstreaming and raise the awareness of gender-related issues in the business community, the Government has established a Gender Focal Point (GFP) network among listed companies at end 2016, following the setting up of such a network among Government bureaux/departments, District Councils (DCs) and NGOs in the social

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3 If recipients of LIFA/WFA and WITS meet the relevant eligibility criteria for the Caring and Sharing Scheme, they may make an application under that Scheme.
welfare sector. So far, some 160 listed companies have set up GFPs. Besides, the Government will continue to facilitate more women to participate in the work of Government advisory and statutory bodies with a view to attaining the 35% gender benchmark.

26. In 2018-19, we have earmarked around $33 million to promote women’s interests and support the work of WoC. These include the provision for assisting WoC in implementing the “Capacity Building Mileage Programme”, and implementing the Funding Scheme for Women’s Development under the theme of “Women Employment”, under which 18 DCs and women’s groups may implement different women’s employment programmes.

27. Chairman, this concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

– End –
Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2018-19 is estimated to be $2,085 million, representing an increase of $222 million (or 11.9%) over the revised estimate of $1,863 million last year. It accounts for 0.5% of the total recurrent government expenditure. I will briefly introduce the measures mentioned in the Budget Speech and then highlight the key areas of work in respect of labour and manpower development in the coming year.

**Measures Mentioned in the Budget Speech**

**Promoting the Employment of the Elderly, Young People and Persons with Disabilities**

2. To encourage employers to hire elderly persons and provide them with on-the-job training, LD will enhance the Employment Programme for the Middle-aged. An on-the-job training allowance of up to $4,000 per month for a period of six to 12 months will be provided to employers engaging elderly job seekers aged 60 or above who have left the workforce or are unemployed. In addition, LD will continue to, through various promotional activities, encourage employers to adopt friendly employment practices for elderly persons.

3. Besides, the training allowance granted to employers who engage young trainees of the Youth Employment and Training Programme in on-the-job training posts will be increased by $1,000 to a total of $4,000 per month for a period of six to 12 months. As for the
Work Orientation and Placement Scheme, the work adaptation period will be extended from two months to three months and the amount of allowance payable to employers will be raised by $16,000 to a maximum of $51,000.

Providing One-off Extra Payment under the Work Incentive Transport Subsidy Scheme

4. In 2018-19, the Government proposes to provide a one-off extra payment to eligible recipients of the Work Incentive Transport Subsidy (WITS) Scheme. The extra payment is equal to twice the average monthly amount of WITS payable to the recipients in their most recently approved applications.

Enhancing Protection of Non-skilled Employees Engaged by Government Service Contractors

5. The Government is very concerned about the employment rights and benefits of non-skilled employees engaged by government service contractors. I am convening the inter-bureaux/departmental working group to explore feasible options to improve the government outsourcing system with a view to enhancing the protection of reasonable employment terms and conditions as well as labour benefits for these workers. As the matter has to be considered in the context of the overall Government policy, it warrants careful study and assessment of the additional resources involved. We target to complete the review before the third quarter of this year.

Continuing Education Fund

6. To encourage members of the public to pursue continuing education and self enhancement, the Government will raise the subsidy ceiling of Continuing Education Fund (CEF) from the current level of $10,000 to $20,000 per applicant. Those who once opened a CEF account will also benefit from the initiative. We will implement in parallel a series of enhancement measures of CEF, including the relaxation of the upper age limit for applicants from 65 to 70, the expansion of the scope of CEF courses to all eligible courses registered in the Qualifications Register, lifting the restrictions on the validity
period and the number of claims, and enhancement of the quality assurance monitoring of CEF courses. To support the aforesaid enhancement measures and sustain the operation of CEF, the Government will seek the approval of the Legislative Council (LegCo) Finance Committee (FC) on a total funding injection of $10 billion into CEF at the meeting on 27 April 2018. It is expected that a total of about 610 000 learners will benefit. We consulted the LegCo Panel on Manpower last month, and obtained support from the Panel. Subject to the progress of seeking approval from FC for the funding injection, we expect that all enhancement measures would be implemented from 1 April 2019.

Talent List

7. The Government’s inter-departmental working group is finalising the work of the consultancy study of drawing up a Talent List. We expect that the work of drawing up the talent list would be completed in mid-2018.

Key Areas of Work in the Coming Year

Protecting Employees’ Rights and Benefits

8. As for the key areas of work in the coming year, LD will continue to adopt a multi-pronged approach in safeguarding the rights and benefits of employees, which includes launching a wide variety of educational and publicity activities targeted at employers and employees, reminding employers of the importance of timely payment of statutory benefits, and proactively assisting employees who suspect their rights and benefits being infringed to pursue their claims against employers.

9. LD will continue to strengthen intelligence gathering and evidence collection, conduct inspections to detect wage offences, and sustain stringent enforcement actions to tackle the problem at source by targeting company directors and responsible officers for committing wage offences. Where there are any suspected breaches, LD will launch thorough investigation. With sufficient evidence, LD will initiate prosecution. In 2017, LD secured a total of 766 convictions
against wage offences, including 249 summonses convicted against company directors and responsible officers.

10. To safeguard the employment opportunities of local workers, the Government will continue to take action against illegal employment. The departments concerned will maintain their close collaboration to share intelligence and take targeted actions to jointly combat illegal employment by surprise inspections. In 2017, LD mounted 220 joint operations together with the Police and the Immigration Department.

Promoting Labour Relations

11. LD will continue to closely monitor the labour relations scene and provide appropriate assistance to employers and employees in need. In 2017, the labour relations scene of Hong Kong remained generally stable. The number of labour disputes and employment claims handled by LD last year was 14,723, which was similar to the figure of 2016. During the year, over 70% of the cases were settled through conciliation.

12. Moreover, LD will continue to make extensive publicity efforts to enhance public understanding of the Employment Ordinance (EO) and promote good people management culture so as to foster harmonious labour relations. LD would also encourage employers to adopt family-friendly employment practices having regard to the specific circumstances of their enterprises and needs of their employees.

13. We will progressively enhance employment standards at a pace commensurate with Hong Kong’s socio-economic development and taking account of employees’ interests and employers’ affordability. In the coming year, we will review and amend labour legislation, including –

Amending the Reinstatement and Re-engagement Provisions of EO

14. To enhance employees’ protection in circumstances of unreasonable and unlawful dismissal, we introduced into the LegCo the Employment (Amendment) Bill 2017 (Bill) in May 2017 to amend the
reinstatement and re-engagement provisions of EO. A Member has submitted committee stage amendments (CSAs) to the Bill proposing substantial changes to the Government’s proposal as contained in the Bill. As the proposed amendments have never been discussed at the Bills Committee and represent a major departure from the consensus reached by the employer and employee representatives of the Labour Advisory Board (LAB), the Government is obliged to look into the implications of the proposed CSAs in greater detail. LAB has been consulted on the CSAs. The Government will consider the views of LAB and decide on the way forward.

Increasing Statutory Paternity Leave

15. To improve employees’ benefits, the Government recommends that statutory paternity leave be increased from the existing three days to five days and has secured the support of LAB and the LegCo Panel on Manpower. LD is now preparing the enabling legislation together with the Department of Justice.

Reviewing Statutory Maternity Leave

16. LD is now conducting a review on statutory maternity leave. We will take into account the needs of working women and the affordability of enterprises, and consult LAB on the review result.

Reviewing the Statutory Minimum Wage Rate

17. The increased Statutory Minimum Wage (SMW) rate at $34.5 per hour has been implemented smoothly from 1 May last year. The Minimum Wage Commission is working on a new round of review of the SMW rate with a view to submitting a report on its recommendation to the Chief Executive in Council by end-October this year.

Maintaining Hong Kong as a Favourable Place of Work for Foreign Domestic Helpers

18. The Government accords great importance to protecting the rights and benefits of foreign domestic helpers (FDHs). To address society’s concern on employment agencies (EAs), LD has issued a code
of practice for the industry and made legislative amendments. The Employment (Amendment) Ordinance 2018 came into effect on 9 February 2018. LD would increase its manpower this year and increase the annual inspection target from 1,800 to 2,000 in order to strengthen enforcement against the malpractices of EAs. In addition, LD will increase its manpower to step up publicity and education work to enhance FDHs’ and employers’ understanding of their respective rights and responsibilities, and will continue to maintain close collaboration with the consulates-general of the source countries of FDHs. We will also continue to explore new source countries of FDHs to meet the long-term demand of local families.

Enhancing Occupational Safety and Health

19. LD always keeps the occupational safety and health (OSH) enhancement strategies under review and adjusts the approach, focus and intensity of its work from time to time in light of the changes of work practices of different industries as well as the corresponding changes in OSH risks they face. This is to ensure that LD’s work evolves with the time and yields the biggest impact.

20. LD will further strengthen the protection of workers’ OSH. Since the number of fatal accidents and the accident rate of the construction industry are the highest of all industries, we have always been particularly concerned about the work safety of the construction industry. LD will continue to alleviate the work hazards of the construction industry through inspection and enforcement, publicity and promotion, as well as education and training.

21. LD has launched a series of initiatives to improve the OSH of the construction industry. They include –

(a) to conduct in-depth surprise inspections of construction sites involving high risk processes or with poor safety performance to scrutinise the duty holders’ safe systems of work and safety management systems;
(b) to step up participation in site safety management committee meetings of public work projects so that LD will be apprised of their latest risk situation, and give advice on work processes of higher risk and adjust the inspection strategy accordingly in a more focused manner;

(c) to further enhance the promotion of the complaint channel and encourage construction workers to report unsafe working condition so that LD can conduct prompt and targeted inspections;

(d) to promote the benefit of safety helmets with chin straps properly buckled in protecting workers from head injury in case of fall, and to revise the relevant guideline and take corresponding enforcement actions in order to enhance work-at-height safety; and

(e) to further enhance safety awareness of the construction industry by producing animation videos on “Work Safety Alert” to convey more vividly how accidents happened and the necessary safety measures to prevent such accidents.

22. On the other hand, LD is reviewing the penalty levels of OSH legislation in full swing with a view to strengthening the deterrent effect of the legislation, including studying whether it is appropriate to increase the maximum fines by pegging them with the financial means of the convicted. LD aims to come up with the direction for amending the relevant legislation within the current legislative session.

23. LD will continue to adopt the risk-based approach in formulating targeted measures to enhance the overall OSH performance of Hong Kong.
Employees Retraining Board

24. In 2018-19, the Employees Retraining Board will continue to focus on social groups with special needs and develop relevant courses and services for them, for example developing more new courses designed for women and homemakers, mature persons and ethnic minorities, as well as continuing to expand the “First-Hire-Then-Train” Pilot Scheme and meeting the need of individual sectors with manpower shortage, such as healthcare.

Vocational Training Council

25. In parallel, the Vocational Training Council (VTC) is planning to provide about 177,000 training places on vocational training in the 2018/19 academic year. In 2018-19, the Labour and Welfare Bureau's related recurrent subvention to the VTC will amount to $200 million.

26. This concludes my opening remarks. My colleagues and I will be happy to respond to questions from Members.

– End –