

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 17 March 2021

**The Council met at
thirty-six minutes past Eleven o'clock**

MEMBERS PRESENT:

THE PRESIDENT

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

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

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

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

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

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

THE HONOURABLE CHAN HAK-KAN, B.B.S., J.P.

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

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

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

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

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

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

THE HONOURABLE STEVEN HO CHUN-YIN, B.B.S.

THE HONOURABLE FRANKIE YICK CHI-MING, S.B.S., J.P.

THE HONOURABLE YIU SI-WING, B.B.S.

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

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

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

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

THE HONOURABLE KWOK WAI-KEUNG, J.P.

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

THE HONOURABLE ELIZABETH QUAT, B.B.S., J.P.

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

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

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

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

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE JIMMY NG WING-KA, B.B.S., J.P.

DR THE HONOURABLE JUNIUS HO KWAN-YIU, J.P.

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-FAI, J.P.

THE HONOURABLE WILSON OR CHONG-SHING, M.H.

THE HONOURABLE YUNG HOI-YAN, J.P.

DR THE HONOURABLE PIERRE CHAN

THE HONOURABLE CHAN CHUN-YING, J.P.

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE LUK CHUNG-HUNG, J.P.

THE HONOURABLE LAU KWOK-FAN, M.H.

THE HONOURABLE KENNETH LAU IP-KEUNG, B.B.S., M.H., J.P.

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE VINCENT CHENG WING-SHUN, M.H., J.P.

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE TERESA CHENG YEUK-WAH, G.B.S., S.C., J.P.
SECRETARY FOR JUSTICE

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

DR THE HONOURABLE LAW CHI-KWONG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

THE HONOURABLE JOHN LEE KA-CHIU, S.B.S., P.D.S.M., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE FRANK CHAN FAN, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

THE HONOURABLE EDWARD YAU TANG-WAH, G.B.S., J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE MICHAEL WONG WAI-LUN, J.P.
SECRETARY FOR DEVELOPMENT

THE HONOURABLE ERICK TSANG KWOK-WAI, I.D.S.M., J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE CHRISTOPHER HUI CHING-YU, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

MR LIU CHUN-SAN, J.P.
UNDER SECRETARY FOR DEVELOPMENT

CLERKS IN ATTENDANCE:

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

MS DORA WAI, DEPUTY SECRETARY GENERAL

MS ANITA SIT, ASSISTANT SECRETARY GENERAL

MS MIRANDA HON, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): The regular Council meeting now commences.

LAYING OF PAPERS ON THE TABLE OF THE COUNCIL

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

Subsidiary Legislation	<i>Legal Notice No.</i>
Public Revenue Protection (Revenue) Order 2021.....	31 of 2021
Rating (Exemption) Order 2021	33 of 2021
Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2021	34 of 2021
Statutes of the University of Hong Kong (Amendment) Statute 2021	35 of 2021

Other Papers

Estimates

for the year ending 31 March 2022

General Revenue Account

- Consolidated Summary of Estimates
- General Revenue Account—Summary
- Revenue Analysis by Head

Correctional Services Department Welfare Fund

Report by the Commissioner of Correctional Services of Hong Kong Incorporated on the Administration of the Fund, Financial Statements and Report of the Director of Audit for the year ended 31 March 2020

Hong Kong Arts Development Council

Annual Report 2019/20 (including Financial Report and Independent Auditor's Report)

The Hong Kong Academy for Performing Arts
Annual Report 2019/20, Consolidated Financial Statements and
Independent Auditor's Report for the year ended 30th June 2020

The Lord Wilson Heritage Trust
Annual Report 2019-2020 (including Financial Report and Honorary
Auditor's Report)

Report No. 13/20-21 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

Report of the Bills Committee on Stamp Duty (Amendment) Bill 2020

Report of the Bills Committee on Sex Discrimination (Amendment) Bill
2020

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Supporting employers and employees affected by the epidemic

1. **MR JIMMY NG** (in Cantonese): *President, as the Coronavirus Disease 2019 epidemic has dealt a heavy blow to the economy of Hong Kong, the Government has launched one after another two tranches of the Employment Support Scheme ("ESS") to provide financial support for eligible employers to assist them in paying employees' wages from June to August and from September to November last year respectively, thereby retaining those employees who may otherwise be made redundant. Regarding the Government's support for those employers and employees affected by the epidemic, will the Government inform this Council:*

- (1) *as some employers have relayed that the application procedure and the vetting and approval process of the second tranche of ESS were obviously more complicated and lengthy than those of the first tranche, resulting in their not receiving the wage subsidies under the second tranche of ESS for a prolonged period of time, of the reasons for that;*

- (2) *of the respective numbers of complaints and reports of abuse received about ESS so far, together with a breakdown by the type of issues involved as well as the follow-up actions taken and their outcomes; and*
- (3) *as the Government has made it clear that it will not launch a third tranche of ESS but the epidemic has not subsided, and some members of the public are worried about the onset of waves of enterprises closing down and unemployment, whether the Government has plans to set up a "loan fund for occupation switching for the unemployed", so as to support unemployed persons for self-enhancement and occupation switching; if so, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, in consultation with relevant bureaux and departments, my consolidated reply to the Member's question is as follows:

- (1) The objective of the Employment Support Scheme ("ESS") is to preserve employment during the pandemic by providing time-limited financial assistance to employers to retain employees who may otherwise be made redundant. We have endeavoured to streamline and simplify the administrative arrangements in designing the Scheme, with a view to disbursing wage subsidies as soon as practicable so as to assist as many businesses and employees as possible within a short period of time. The ESS Secretariat ("the Secretariat") has been processing all applications in an expeditious manner. Actual figures have indeed reflected that most employers received wage subsidies within a short period of time.

Within three weeks upon closure of application for the first tranche of ESS, the Secretariat has disbursed wage subsidies to about 110 000 employers, which accounts for about 70% of the total number of employers who have successfully applied for the first tranche. Leveraging on the experiences in the first tranche, the Secretariat has been more efficient in processing applications in the second tranche. Within three weeks upon closure of application for the second tranche, the Secretariat has disbursed wage subsidies to

about 125 000 employers, which accounts for about 80% of the total number of employers who have successfully applied for the second tranche, as higher than the 70% disbursement rate in the first tranche.

As regards the remaining 20% of employer applications in the second tranche, they required a longer processing time since some of which involve cases with reduction in second tranche wage subsidies due to incompliance with the terms and conditions under the first tranche; or these employers have been participating in the other retirement protection schemes which are outside the context of the Mandatory Provident Fund ("MPF") Scheme; and any omission of information relating to the application.

- (2) As at 9 March 2021, the Secretariat has received a total of 1 105 complaint cases, 51% of which involves unreasonable reduction in the number of employees and/or redundancy; 16% of which requests employees to take continuous no-paid leave; 10% of which did not promptly disburse wage to employees or reduction in wages; and 2% of suspected cases of winding down of the company or change of business operators.

The Secretariat and the Processing Agent have been proactively and seriously following up any reported cases. The Policy Innovation and Co-ordination Office who is responsible for implementing ESS has established a review panel to review the investigation report and relevant MPF scheme records of employers for each reported cases, with a view to determining if the employers concerned have complied with the relevant terms and conditions as entailed with the Scheme as well as informing the complainants of the results upon conclusion of the investigations. Of the 1 105 reported cases, the Secretariat has, as at 9 March 2021, completed the investigation of 1 069 cases and replied to the complainants.

Of the 1 069 cases which have been concluded with investigations, the Secretariat has thus far confirmed that there are 608 employers who have not been complying with the terms and conditions entailed with ESS. The Secretariat will, in accordance with the terms and conditions of ESS, request relevant employers to return to the Government the unspent balance of wage subsidies and/or pay a

penalty to the Government in respect of their failure to maintain the "committed headcount of paid employees". Moreover, the Secretariat has referred 274 cases concerning the Employment Ordinance or complaints on labour disputes relating to employment terms to the Labour Department for follow-up; and referred two cases to the Customs and Excise Department, as well as one report or complaint case respectively to the Immigration Department and the Inland Revenue Department. In addition, the Secretariat has referred 23 complaint cases to the MPF Schemes Authority concerning MPF contributions made by employers.

- (3) In view of the continuous fluctuations of the epidemic which has seriously affected Hong Kong's economy and labour market, the HKSAR Government ("the Government") has been keeping in view changes of the actual circumstances and striving to exploring ways to strengthen assistance for the unemployed and their families. Over the past year, in light of the tremendous challenges brought about by the epidemic to Hong Kong's employment situation and overall economy, the Government has implemented a host of measures to create and stabilize job opportunities, and also provided suitable relief to sectors and individuals hard-hit by the epidemic or affected by the anti-epidemic and social distancing measures. Coupled with the Government's injection into the Anti-epidemic Fund ("AEF") and the Budget last year, the Government has increased government expenditure substantially to combat the epidemic and roll out relief measures totalling over \$300 billion. It is anticipated that the consolidated deficit for the financial year of 2020-2021 will surge to about \$250 billion. The Government will having regard to the development of the epidemic and the situation of different sectors, review the effectiveness of the relief measures and introduce enhancements if needed.

In view of the gloomy job market under the epidemic and the tremendous challenges to Hong Kong's employment situation and overall economy, the Government has implemented various measures to promote jobs creation, employment and re-employment, and also support to individuals and families with financial difficulties. The relevant measures include the provision of 2 000 employment places under the Greater Bay Area Youth Employment

Scheme; the third tranche of the Love Upgrading Special Scheme launched by the Employees Retraining Board in January this year providing a doubled quota for 20 000 trainees followed by the fourth tranche of the Scheme to be launched in July; uplift of the ceiling of on-the-job training allowance payable to employers under the Labour Department's Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme together with payment of a retention allowance on a pilot basis to eligible employees engaged under these employment programmes; and also two rounds of the "One-off Living Subsidy for Low-income Households Not Living in Public Housing and Not Receiving Comprehensive Social Security Assistance ('CSSA')" Programme and one round of the "One-off Allowance for New Arrivals from Low-income Families" Programme launched by the Community Care Fund.

In addition, the Government has launched the time-limited "Special Scheme of Assistance to the Unemployed" under the CSSA Scheme to temporarily relax the asset limits for able-bodied persons by 100% for 12 months from June 2020 to May 2021. The Government will also implement another time-limited new arrangement under the special scheme during the six months of April to September 2021. Specifically, the cash value of insurance policies of able-bodied CSSA applicants will not be counted as assets during the grace period of one year. The Financial Secretary will also allocate \$6.6 billion to create another 30 000 time-limited jobs.

We will continue to listen to views of members of the public and provide more assistance for the unemployed and their families in the light of the development and needs.

MR JIMMY NG (in Cantonese): *President, it seems that whenever we talk about the support for enterprises and employees, the Secretary will surely spell out item by item that the Government has launched many schemes and completed plenty of work. But then, apart from getting to know how much the Government has done, we are more eager to know how effective such work is. It has been mentioned in this year's Budget that the measures launched under AEF and the relief measures put forward in the last Budget involve a total of over \$300 billion,*

providing an expected support effect of 5% of Gross Domestic Product. Certainly, when the Government is willing to put big money to support enterprises and safeguard jobs, it will anyway produce some macro effects. However, please do not forget that the current unemployment rate in Hong Kong has risen instead of fallen, reaching a level as high as 7.2% at present, which is the highest in 17 years. Many enterprises are unable to carry on their business, whereas those employees who have become unemployed are also complaining about their plight. In view of this, may I ask whether the Government has conducted a comprehensive review of the effectiveness of the various support measures? Should improvement be made if the measures are ineffective? Should additional resources be injected if the measures are not strong enough?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, each of our measures will go through a review process. Take ESS that Members have asked about just now as an example, it is because some of the work has yet to be completed, and we will conduct a comprehensive review later on when the relevant work has been largely completed. Of course, we may not need to wait until the measure has come to an end before conducting a review. For instance, we will keep a close watch on certain statistics to gauge the impact of different measures on the relevant sectors and employees.

Having said that, we can see from the macro figures that, from June to November last year, ESS did have reduced the pressure on the labour market brought about by the epidemic. It can even be said that as compared with the situation in the previous few months, the number of employed persons in Hong Kong have gone up by 50 000 during the third wave of the epidemic in July last year. It is obvious that the overall situation has improved. Certainly, we will conduct a comprehensive review after completing each project, and then give a detailed account to the Legislative Council.

MR CHRISTOPHER CHEUNG (in Cantonese): *President, the epidemic has lasted for a whole year, and it has dealt a great blow to many sectors, especially the tourism, retail and catering sectors. The Government should proactively provide relief for various sectors. In fact, small and medium securities dealers in the financial services sector have also been hard hit. One may think that the sector has not been affected as the stock market is vibrant. But I can tell you that it is only superficial glory. Despite a daily turnover of two to three hundred*

billion, brisk trading of derivatives, and enthusiastic subscriptions for new shares, all these businesses have been undertaken by large firms. Small and medium securities dealers are unable to benefit from it, and they are still struggling with their operation. Some brokers and supporting staff are still taking unpaid leave up to this moment.

The sector is greatly affected under the competition in the form of zero commission. But then, most of the support measures introduced by the Government are targeted at the unemployed. They are of no help to employees who are required to take a pay cut or unpaid leave, as well as the self-employed. I would like to ask whether the Government will consider introducing new measures targeting at people whose income has been affected, especially practitioners of the financial sector, so as to help them tide over their difficulties; or whether it will relax some loan schemes so that practitioners of the financial sector whose income has been affected, the unemployed and self-employed are eligible to apply as well?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I believe that colleagues from the Financial Services and the Treasury Bureau are particularly concerned about the situation of the financial sector. We are also aware that Mr CHEUNG will reflect the relevant views. Having heard such views today, I will relay the matters raised by Mr CHEUNG to the relevant bureaux as well. Yet, we must understand that under the epidemic, as a result of the business situation, basically many employers cannot carry on their operation without reducing the original number of employees, that is, to keep all employees continue to work. Therefore, unpaid leave reflects to a certain extent that the market has changed. In the past, some people would generally refer to such a change as "job sharing". To put it simply, the so-called "job sharing" means those who used to work five days a week will now work four days a week instead, but if people are not allowed to share the work, the employers can actually sack 20% of their employees. This practice also reflects the flexibility of the market, and how we can adapt to the changing business environment with mutual understanding. Taking unpaid leave will of course affect one's income, but it is always better than laying off 20% or even 40% of employees. So, in this regard, I hope all of us—whether employers or employees—can join hands to face this economic situation.

MR CHUNG KWOK-PAN (in Cantonese): *President, you went to Beijing to attend meetings of the National People's Congress ("NPC") and the Chinese People's Political Consultative Conference two weeks ago. I remember that Premier LI Keqiang hosted a press conference after the NPC meeting. The first question was raised by a foreign media, and he asked Premier LI Keqiang, "Premier, China has controlled the epidemic so well and the economic rebound has been so strong, what is the main approach adopted to achieve this?" And the Premier answered: "One of the most important approaches is to safeguard the survival of enterprises; employment will naturally be preserved if enterprises can sustain, so the unemployment rate will not rise." A moment ago, the Secretary has also made it clear that the first two tranches of ESS can actually lower the unemployment rate. The unemployment rate is as high as 7.2% nowadays, and the Secretary has also indicated that the unemployment problem may further deteriorate. Our Premier has stated clearly that jobs will naturally be preserved if enterprises are maintained, whereas the Secretary has also admitted that ESS can support enterprises and safeguard jobs. So why can we not launch the third tranche of ESS to control the current unemployment rate? Why do they not do so? The Government is simply apathetic when witnessing members of the public losing their jobs and the rising unemployment rate, and they just leave members of the public fend for themselves. Why do they not do so?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, both the Chief Executive and the Financial Secretary have responded to Members' questions on this issue before. However, we all understand that when we were considering the design of ESS last year, we really had no idea how long the epidemic would last—In fact, we still do not know how long the epidemic will last up to this moment—but our consideration back then was whether we can launch ESS for a period of three or six months. An important point is that we must be able to kick-start the relevant application procedures within a few weeks. Therefore, the design of the entire scheme is very simple. Members debated this issue at the special meeting of the Finance Committee: Should we make the scheme very sophisticated so that it would take six months to complete the design, or whether we wanted to make the scheme simpler and faster so that we could accept and process applications within a few weeks? The total funding for the entire ESS amounts to about \$90 billion, that is, \$45 billion is involved in each tranche. Certainly, Members would ask whether we can make it more precise. We have also done some calculations, if we have to be more precise,*

such as requiring large enterprises to prove that they have suffered a loss before making an application, we can only save about \$10 billion. That is to say, we still have to spend \$35 billion in order to complete each tranche of ESS, and the Government has much reservation about this taking into account the overall fiscal position at present. Therefore, we all understand this—and we have also discussed it before—we have already made a response in the past regarding whether the third tranche of ESS could be launched, or even whether the fourth tranche can be launched if the third tranche is to be launched.

PRESIDENT (in Cantonese): Mr CHUNG Kwok-pan, which part of your supplementary question has not been answered?

MR CHUNG KWOK-PAN (in Cantonese): *The Secretary did not answer my question at all. Just now I urged him to safeguard jobs and tackle unemployment. I did not ask the Secretary to explain the entire operation process, I just asked him whether he would launch it again.*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have answered it just now, this is due to financial considerations.

MR YIU SI-WING (in Cantonese): *It has just been announced that the unemployment rate in Hong Kong has risen to 7.2% over the past three months, whereas the unemployment rate of consumption and tourism-related industries has even reached 11%. Our tourism industry has been in a frozen state for more than a year. Worse still, we have no idea when recovery will take place. May I ask the Secretary under what circumstances or when will he review how he can help these particularly hard-hit industries? What the Secretary said just now has not closed the door, so under what circumstances will he conduct a review in order to lend a helping hand to the employers and employees of some particularly hard-hit industries?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, different Policy Bureaux are deeply concerned about the employees in different sectors, and all of us hope that we can do as much as we can within our capabilities and with the resources currently available. As a matter of fact, if one has paid attention, some measures under AEF will be extended recently, or some relevant measures will be further fine-tuned. Yet, we are still working within our existing fiscal capacity. In fact, various sectors may also have to face a long adjustment process. In this connection, we will consider from all aspects how to assist the relevant employees and persons engaged in employment, such as how we can help them if they have to switch occupation. We hope that the work of the Employees Retraining Board, especially the Love Upgrading Special Scheme, can help employees tide over the difficult times.

PRESIDENT (in Cantonese): Mr YIU Si-wing, which part of your supplementary question has not been answered?

MR YIU SI-WING (in Cantonese): *I asked him under what circumstances would he lend a helping hand to the particularly hard-hit industries, but it seems that he has not mentioned it.*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have pointed out in my reply earlier that first, it depends on the situation. Second, we have to consider how much work we are allowed to do given our fiscal position.

MR SHIU KA-FAI (in Cantonese): *President, some trades have actually been unable to operate for more than 200 days amid the epidemic. During this wave of the epidemic—Mr Tommy CHEUNG has also mentioned this just now—some clubs, bars, karaokes or other premises that have been required to suspend operation are still not allowed to operate after more than three months from 2 December to the present. Yet, in fact, they still have to continue to pay the rents, and while some employees are taking unpaid leave, some employers still pay wages to their staff as usual.*

A few days ago, some members of the trade associations representing clubs approached us for discussion. In fact, they are debt-ridden now. Although the Government has provided some support, just imagine how can they continue to survive when not being allowed to operate for more than three months in a row? Therefore, Secretary, if ESS fails to cover so many trades, can the authorities open a gap only for those premises that are required to suspend operation at present which I have mentioned just now, in order to save them from closing down?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I can reflect Members' views on different trades and discuss with relevant Policy Bureaux and departments.

IR DR LO WAI-KWOK (in Cantonese): *President, the first and second tranches of ESS have in fact protected wage earners from losing their jobs during the epidemic, and have also assisted enterprises in paying wages in times of difficulty. This is of course a good thing. That said, although the second tranche of ESS has already ended for some time, I have still received requests for help from individual enterprises which claimed that when they applied for the second tranche of ESS, they could not obtain approval after a long time, perhaps due to problems in timing or communication, or because they were unable to get in touch with the relevant organizations. Some of them even learned that their applications were rejected only at a very late time and missed the chance to make further explanation. I am not trying to cite specific cases, but I hope the Secretary can be more lenient in handling this matter, because our aim is to safeguard jobs, so I hope a lenient approach instead of a stringent one will be adopted.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, as I have mentioned in my main reply, we have basically completed the relevant work in respect of the applications under the second tranche of ESS. But we are still processing some cases that may not meet the relevant terms of application, those on which a fine has to be imposed, or those in which the enterprises have failed to use up the subsidies provided by us to pay wages, etc. We are following up on these cases, but we have largely processed all eligible applications.

PRESIDENT (in Cantonese): Second question.

Promoting a post-epidemic green recovery of the economy

2. **MR MARTIN LIAO** (in Cantonese): *President, since last year, a number of international organizations such as the United Nations, the International Monetary Fund and the World Bank have, one after another and on a number of occasions, called on the governments of various countries to promote a post-epidemic "green recovery" of their economies, and to steer their economic revitalization measures along the direction of green and low-carbon transformation and sustainable development. China has also called on various countries to seize the historic opportunities presented by the new round of scientific and technological revolution and industrial transformation, and promote a post-epidemic green recovery of the world economy. The Hong Kong SAR Government has also stated that it will support a green recovery of the economy. In this connection, will the Government inform this Council:*

- (1) *of the plans and measures to promote a post-epidemic green recovery of Hong Kong's economy; in respect of each measure, the anticipated manpower and expenditure involved, economic benefits to be generated and implementation timetable, as well as how the measure will help Hong Kong reach its latest target of achieving carbon neutrality before 2050;*
- (2) *of the plans and measures to support Hong Kong's various sectors in seizing the green economic opportunities in the short, medium and long terms in areas such as green finance, green innovation and technology, as well as green industries; and*
- (3) *whether it has assessed the respective green employment opportunities to be brought by the aforesaid measures for Hong Kong; whether it has set new targets (including those on aspects of economic benefits and employment opportunities) for the future development of Hong Kong's environmental industry; if so, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, as the pandemic has dealt a blow to our economy, all departments of the Hong Kong SAR Government are committed to boosting the economy and creating job opportunities. In terms of environmental protection, the Environment Bureau has adopted a number of new measures on the promotion of cleaner energy and renewable energy, energy efficiency and green building, green transportation, waste reduction and recycling, green infrastructure, and green innovative technologies. These measures will not only create green economic and employment opportunities and promote a green recovery, but will also continuously improve the environment and help Hong Kong move towards the goal of achieving carbon neutrality before 2050.

To promote cleaner energy, the two power companies will continue to renew their gas-fired generating units to replace the coal-fired ones and develop an offshore liquefied natural gas terminal. On renewable energy, the Government launched the Feed-in Tariff in 2018 and "Solar Harvest" to install solar energy generation systems for schools and welfare organizations. Together with other facilitation measures, more than 180 million kWh of renewable energy can be produced. It is expected that the above mentioned measures will create more than 5 000 jobs in relevant industries.

The Government also set aside a total of \$3 billion to install small-scale renewable energy systems on government premises. It is expected that about 27 million kWh of electricity will be generated per annum. To help various sectors save energy and reduce carbon emissions, the Government introduced the \$600 odd million "Green Schools 2.0-Energy Smart" programme and the \$150 million "Green Welfare NGOs" programme to conduct energy audits and install energy-saving devices for primary and secondary schools and social welfare organizations. It is estimated that the programme will achieve an electricity saving of 45 million kWh per annum. The Government will also construct an additional district cooling system in the Kai Tak Development Area, and new district cooling systems in Tung Chung New Town Extension (East) and Kwu Tung North New Development Area respectively. The three projects with a total construction cost of about \$14 billion can save about 130 million kWh of electricity per annum. The above mentioned Government allocations and projects can create more than 1 600 job opportunities.

In order to promote green transportation, the Government set aside more than \$10 billion last year to launch a series of measures, including the \$2 billion EV-charging at Home Subsidy Scheme and the \$7.1 billion ex-gratia payment scheme to phase out about 40 000 Euro IV diesel commercial vehicles. These measures can provide more than 700 employment opportunities.

On waste management, more than 700 job opportunities will be created by various measures on waste reduction and recycling, including collection and recycling services for waste paper, food waste and waste plastic, GREEN@COMMUNITY's recycling network including Recycling Stations, Recycling Stores and Recycling Spots, and the reverse vending machine pilot scheme for plastic beverage containers.

The Government will commence a number of green infrastructure projects in the coming three years, including construction and upgrading of sewerage treatment works, improvement and expansion of sewerage systems, rehabilitation of ageing sewers, installation of dry weather flow interceptors and retrofitting of noise barriers or enclosures at suitable existing road sections. The above green infrastructure projects are estimated to involve a total expenditure of about \$14 billion and create about 1 700 employment opportunities.

To capitalize on the enormous green finance opportunities, the Government plans to expand the scale of the Government Green Bond Programme and arrange for the regular issuance of green bonds totalling \$175.5 billion within the next five years, having regard to the market situation. We will also launch the Green and Sustainable Finance Grant Scheme to provide subsidy for eligible entities to cover their expenses on bond issuance and external review services, which will enhance Hong Kong's position as a green finance hub in the region.

In addition, the Government has set up a \$200 million Green Tech Fund to provide better and more focused funding support to research and development projects which can help Hong Kong decarbonize and enhance environmental protection. It will promote the application of innovative technologies and create hundreds of job opportunities.

As a whole, the above mentioned resources devoted by the Government can create more than 5 000 employment opportunities in the coming few years. The Government's policy on carbon reduction in electricity generation will also

drive investment in the private sector, creating another 5 000 employment opportunities. In total, more than 10 000 job opportunities will be created to support a green recovery.

Looking to the medium and long terms, Hong Kong will continue to promote green economic opportunities in various aspects in the course of striving towards carbon neutrality. For examples, the Government announced the "Waste Blueprint for Hong Kong 2035" in February this year, setting out the vision of "Waste Reduction • Resources Circulation • Zero Landfill", and outlining the strategies, goals and measures to meet the challenges of waste management up to 2035. Besides, we will allocate another \$1 billion to the Recycling Fund to further support the upgrading and transformation of the recycling trade. This will benefit more than 1 000 recycling enterprises, provide thousands of employment opportunities, and help develop a circular economy.

Hong Kong's first Roadmap on the Popularization of Electric Vehicles to be announced today will set out target and related measures to cease the new registration of fuel-propelled private cars in or before 2035, and provide new development opportunities for electric vehicles and the relevant trades in the medium and long terms. Later this year, we will update "A Clean Air Plan for Hong Kong" to formulate new targets and measures to further improve air quality. We will also update the "Hong Kong's Climate Action Plan" to set out long-term strategies for achieving carbon neutrality. These policy blueprints will establish new targets which are closely related to green finance, green innovative technology and green industry, and will continuously promote the development of green economy in Hong Kong in the medium and long terms and create more green employment opportunities in the future.

MR MARTIN LIAO (in Cantonese): *President, be it green recovery or low-carbon economy, the scope involved is very extensive. The Secretary was also right in saying that these green opportunities are inter-related. For instance, green finance may facilitate the financing and development of green innovative technology projects. It will also give rise to demand for services such as professional consultancy and insurance. However, it seems that the main reply simply served to enumerate the Government's environmental protection policies and measures instead of presenting a relevant big picture from a holistic perspective. Currently, the Census and Statistics Department only compiles*

some statistics on the development of the environmental industry, such as sewage treatment, waste treatment and environmental protection works. President, may I ask whether the Administration will present and track the development of green economy in Hong Kong in a consolidated manner with the use of more comprehensive data and analysis.

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, first of all, I thank Mr Martin LIAO for his concern about environmental protection in Hong Kong and the green economic and employment opportunities that it brings about. Looking forward, as I have mentioned just now, the blueprints released and to be released by the Government can illustrate our direction and goals. In the process, many green industries and employment opportunities will also be created at the same time. How can we look forward in the process and be more specific in data analysis and collection? I believe we can look forward. I will listen to Mr LIAO's opinion. As a matter of fact, we will further update the Hong Kong's Climate Action Plan, which is a more comprehensive and long-term strategy. Can it present the future direction of the Hong Kong Government and reflect the economic and employment opportunities with more specific data? I will listen to Members' opinions and consider how to better analyse and integrate the relevant data in the future blueprint.

MRS REGINA IP (in Cantonese): *President, some green industries are "crying up wine and selling vinegar", hence the English term "greenwashing", which means putting on a show. In fact, the international community now attaches great importance to ESG, that is, whether an enterprise meets environmental, social and corporate governance standards. There are already many rating and assessment institutions, such as Thomson Reuters, Bloomberg and Standard & Poor's. Will the Secretary advise the Secretary for Financial Services and the Treasury to, for example, encourage capital ... As Mr Martin LIAO has said, since the Government encourages investments, it should encourage banks to provide low interest rate to investments in green economy; or request the Hong Kong Exchange to make public the green ratings of listed companies, thereby discouraging investors from purchasing shares of companies that are not good, do not meet the standards or have low ratings. Will the Secretary give consideration to these measures?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I thank Mrs Regina IP for her suggestions in this regard. Here, I would like to stress two points: first, in order to achieve carbon neutrality, relevant Policy Bureaux and government departments have to work together. Therefore, we work with the Financial Services and the Treasury Bureau to support the Government Green Bond Programme. Meanwhile, we hold discussions with the business sector on ways to promote ESG accreditation in respect of environment protection. Therefore, our work is inter-departmental.

Second, we have strengthened communication with the relevant industries. In recent years, some platforms have been established through which government and industry representatives can pool their ideas on how to make the accreditation and evaluation more objective and scientific, as well as how to take forward the work in this area through various policies. Hence, we will strengthen cooperation and take forward the work in this regard.

MR MA FUNG-KWOK (in Cantonese): *In the past, the environmental industry was once regarded as a priority industry. It is also a labour intensive industry that can create a lot of employment opportunities. Yet, not much progress has been made over the years. We can see that from time to time, there are green research projects in foreign countries which can be put into production quite quickly. For instance, according to newspaper reports, companies in Europe and North American are already producing products by recycling the massive amount of discarded masks and other protective equipment arising from the coronavirus epidemic. Why is Hong Kong always slower than other places in developing a circular economy? May I ask if the SAR Government has launched any preparatory work or research in this regard? In particular, is it possible to recycle anti-epidemic products? Recycling facilities for these products or discarded items are nowhere to be found at present. Moreover, the Secretary has mentioned on public occasions the tendering and construction of a plant in EcoPark to turn waste paper into recycled paper for export purpose. I would like to ask the Government whether there are any concrete results.*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I would like to thank Mr MA. Talking about EcoPark, we will invite tender for the construction of a pulping facility there. The facility will turn waste paper into pulp for exporting to various places (including the Mainland), turning waste into resources. We are actively preparing for this tendering exercise which will commence officially in the second quarter of this year.

Overall, there have been policy changes in several aspects. First, according to the latest Waste Blueprint for Hong Kong 2035, our approach in supporting the local recycling industry is different from that in the past. In the past, we mainly adopted a "big market, small government" policy because recycled materials were relatively marketable at good prices. However, following the changes in this regard in the Mainland and around the world, our current policy is that if the private sector is basically unable to recover materials such as waste paper, waste plastics and food waste on its own, we will intervene and provide support through different policies. Therefore, the recovery of waste plastics, waste paper and food waste will be better handled in the future. To put it simply, we will enhance the development of these industries by various means, probably in the form of subsidies or logistic support in material collection which is the most costly. This is my simple reply.

MR CHAN CHUN-YING (in Cantonese): *President, the progress of a number of green projects mentioned by the Secretary in the main reply only illustrates that many green economic activities are taking place in Hong Kong, but the completion of some green infrastructure projects has been delayed. I would like to follow up on Mr MA Fung-kwok's question just now. The waste paper recycling and manufacturing plant was expected to process 300 000 tonnes of waste paper a year. The Environmental Protection Department invited tenders in 2018. The plant was expected to commence design and construction in 2019 and be put into operation in 2023. However, as the operator withdrew the tender, the site has been left to bask in the sun for two years. Just now, the Secretary said that tenders will be invited afresh this year for a modern pulping facility. I would like to further ask the Secretary whether the Government has made any claims against the successful bidder as its withdrawal caused the original project to fall through. Is the replacement pulping facility also an environmental infrastructure?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I thank Member for the question. This involves two aspects. As the case has been referred to the court, I think it is inappropriate to say too much here. We will certainly follow up with the relevant company in accordance with the contract terms.

Second, I think this incident can be taken as an opportunity because in the early years, the more conventional process adopted by waste paper recycling plants required more space, electricity and water. With the tightening of policy in the Mainland, the technology of turning waste paper into pulp has undergone some breakthroughs in the last couple of years around the world. We hope to turn the crisis into an opportunity through this incident and make good use of Hong Kong's limited resources because water and electricity are relatively expensive here. Hence, we take this opportunity to convert the waste paper plant into a pulping plant through a tender exercise to take advantage of the new pulp recycling technology and turn waste into resources for handling local waste paper. So, we are handling this incident in this approach. Nevertheless, we will speed up the relevant tender procedures. The pulping technology is relatively new and simple. We hope it can be put on the market as soon as possible.

Another advantage of the pulping plant is that, in addition to general mainstream recyclable waste paper (i.e. cartons, newspapers and office paper), our local pulping plant may also be able to turn some miscellaneous, previously less recycled and non-exportable waste paper into resources, thus further reducing the pressure on landfills.

MR VINCENT CHENG (in Cantonese): *President, indeed, it is mentioned in the main question that we have set the target of achieving carbon neutrality by 2050. Meanwhile, as the Chairman of the Panel on Environmental Affairs, I can see that the Environment Bureau has formulated various environmental blueprints in the past two years. Some projects have already been implemented, including Green@Community, EV-charging at Hong Subsidy Scheme and some green infrastructure projects. We believe this is the right direction to go. However, it seems to us that the major difficulty is the lack of other participants and stakeholders and insufficient training. Solely relying on the effort of the Environment Bureau is definitely not enough.*

I saw earlier that the Environment Bureau conducted water sample tests in collaboration with a university. I find it a very good project that can actually be implemented. Therefore, my supplementary question is: Regarding the subsequent collaboration with universities or the Innovation and Technology Bureau, as well as the group of talents recruited earlier to work in the Environment Bureau, will there be any plans to take forward these projects in a more extensive and in-depth manner ?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I would like to thank Mr CHENG. We are talking about three aspects here. First, we have launched a new initiative, namely the Green Tech Fund, at the end of last year to support innovative technology projects, in the hope of supporting relevant industries to develop more innovative environmental technologies. At the same time, we also encourage universities and tertiary institutions to collaborate with the industries so that projects can be more "down to earth" and relevant to the situation in Hong Kong. Let me talk about the figures. We have just closed the first round of applications in February and the response has been very positive, with about 190 applications received. We are in the process of vetting and approving the first batch of applications which will be completed, hopefully, by the middle of this year, so that support can be provided for their implementing.

Second, in dealing with climate change, for example, inter-departmental efforts between, say, the Development Bureau or other departments, are needed. Hence, when the Hong Kong's Climate Action Plan is updated later on, inter-departmental efforts are required to manifest the unity of the whole community. At the same time, the industry is also very important as we need the cooperation of the industry and the entire Hong Kong public in all respects. We will lend our support through various policies and hope that Members will continue to support us to step up publicity on carbon reduction and waste reduction

PRESIDENT (in Cantonese): Third question.

Ancillary transport and accommodation facilities of the Kai Tak Cruise Terminal

3. **MRS REGINA IP** (in Cantonese): *President, due to the rampant epidemic, it has been months since cruise vessels last berthed at the Kai Tak Cruise Terminal ("KTCT"). The KTCT operator has pointed out that in the past, most of the cruise passengers experienced great inconvenience as they had to queue up for a long time, while carrying bulky luggage, for taxis to travel to and from KTCT and hotels, the airport or their homes. On the other hand, in respect of six sites near KTCT originally reserved for hotel use, the Government has rezoned four of them for building residential flats, and is studying the rezoning of the remaining two sites for residential use as well. Some members of the tourism industry consider that the Government should expeditiously improve the*

ancillary transport and accommodation facilities of KTCT, so as to offer a better travel experience for the cruise passengers who will return after the epidemic has come to an end. In this connection, will the Government inform this Council:

- (1) whether it has plans in the coming three years to provide car parks on the idle sites near KTCT, so that local residents going on a cruise trip may choose to travel to and from KTCT by private cars, thereby shortening the queue for taxis; if so, of the details; if not, the reasons for that;*
- (2) whether it has plans in the coming three years to introduce water taxi service plying between KTCT and the Kwun Tong Public Pier for use by cruise passengers, thereby shortening the queue for taxis and alleviating the traffic load on roads; if so, of the details; if not, the reasons for that; and*
- (3) whether it will keep the aforesaid two sites for hotel use, so as to address the accommodation needs of cruise passengers in future; if not, of the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, thank you for Mrs Regina IP's question. Having consulted the Development Bureau ("DEVB") and the Transport and Housing Bureau, I provide a consolidated reply as follows:

Having regard to the overall development at Kai Tak, the Transport Department ("TD") has all along been enhancing public transport services thereat so as to meet the development needs and the transport demand of cruise passengers. At present, there are daily franchised bus and green minibus routes serving the Kai Tak Cruise Terminal ("KTCT"), Kwun Tong and Kowloon City, as well as ferry service connecting North Point, Kwun Tong and Kai Tak Runway Park during weekends and public holidays.

When there are ship calls at KTCT, the terminal operator will also arrange shuttle bus services for cruise passengers and provide ship call information to the taxi trade in order to cater for the extra transport demand during the ship call. According to TD's survey conducted in early 2020 before the epidemic, the waiting time for taxis at KTCT was about five minutes in general.

In addition, the Civil Engineering and Development Department has already completed the road improvement works connecting KTCT and Kowloon Bay. It expects that construction works for the Road D3 (Metro Park Section) located at the north of the former runway would be substantially completed by 2022, providing a direct vehicular linkage between KTCT and MTR Kai Tak Station.

On the basis of the existing road and railway infrastructure as well as public transport services at Kai Tak, the Government also proposes to implement a "multi-modal" Environmentally Friendly Linkage System that consists of electric bus/minibus services, travellers network, pedestrian and cycling paths, water taxis, etc. so as to connect the railway stations, business districts and public transport interchanges at Kai Tak, Kwun Tong, Ngau Tau Kok and Kowloon Bay. This would enhance the connectivity in the area and at the same time, facilitate cruise passengers.

In response to the three parts of the question raised by Mrs Regina IP, my specific reply is as follows:

- (1) Immigration services at KTCT are currently suspended due to the epidemic. When we resume receiving cruise ships, the public transport services (including taxis and shuttle buses) that I mentioned just now should be sufficient to meet cruise passengers' demand. The Government also encourages cruise passengers to use public transport to travel to and from KTCT. The Government has not planned to provide a substantial number of parking spaces in the vicinity of KTCT for use by cruise passengers. In fact, KTCT already provides about 120 public parking spaces for private cars, and the adjacent Kai Tak Tourism Node also reserves another some 100 public parking spaces for private cars.
- (2) In respect of waterborne transport, as mentioned earlier on, there is ferry service plying between Kwun Tong and Kai Tak during weekends and public holidays, and TD would discuss with the operator for service enhancement if necessary. TD is also working with the relevant operator on the water taxi service connecting Kai Tak, Hung Hom, Tsim Sha Tsui Promenade, West Kowloon Cultural District and Central, and part of the trial service is expected to be launched in the second half of 2021.

- (3) Taking into account the latest economic situation and market response, DEVB is examining the feasibility of rezoning five commercial sites (including hotel use) in Kowloon East for residential use, three of which are located next to KTCT. For the Kai Tak Tourism Node adjacent to KTCT, the successful tenderer will be required to provide a minimum of 15% of the total gross floor area for hotel use.

In general, cruise passengers' demand for hotel accommodation near KTCT is not high given that non-local cruise passengers normally have their accommodation arranged on-board and they would travel to different places in Hong Kong upon arrival at KTCT for sightseeing at tourist attractions, shopping or other accommodation experience instead of just staying around KTCT. In any event, we will closely monitor the hotel demand of cruise passengers, and continue to review the overall hotel supply in Hong Kong in consultation with relevant bureaux and departments.

MRS REGINA IP (in Cantonese): *President, as Hong Kong is the home port for many cruise lines, a large number of passengers may, therefore, come to Hong Kong two days before boarding. They may stay in a hotel first and board the ship after spending a day or two sightseeing, or they may, stay in Hong Kong for a few more days after disembarking. If these visitors travel with family and have luggage with them, it is indeed not very convenient for them to take water taxis or minibuses.*

Besides, as the Secretary should know, despite the epidemic, cruises to nowhere have been relaunched in Europe, Singapore or Japan. These trips have been as well-received as the staycation packages offered by local hotels. It is inconvenient for these passengers travelling with their family and carrying luggage with them to take minibuses or water taxis. This is why some members of the industry have suggested that some space be set aside for passengers to drive there and then "park and cruise", though this is an arrangement in the longer term.

My question is: Will the Secretary help expediting the launch of cruises to nowhere? It is because a number of cruise companies are said to have

expressed the wish to introduce cruises to nowhere which they consider as conducive to boosting the economy and are hence very helpful to the tourism industry.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mrs Regina IP for her views. I appreciate the first part of her views but insofar as Hong Kong is concerned, the overall hotel facilities are sufficient for the time being, especially as it may take some time before there will be a large number of inbound visitors after the epidemic.

As for the transport arrangement for passengers, I understand that now there is luggage space on public transport, such as the two bus routes, for the convenience of passengers, and on the arrival of a cruise ship in Hong Kong, normally the company will arrange its own special shuttle bus services.

Regarding the second part of Mrs Regina IP's views, like Members, we have contacted some tourism sectors, including cruise companies, during this period of time. As Mrs Regina IP has said, some of them saw this development opportunity in Hong Kong some years ago and have home ported in Hong Kong. Given the current circumstances, the full resumption of cruise travel is actually quite difficult for the whole world because as a matter of fact, there had been cases of virus spread on cruise ships in the past. This had also happened in Hong Kong before even though we managed to deal with it early.

Therefore, the tourism industry has to settle for the next best option by proposing to launch cruises to nowhere or staycation packages as referred to by Mrs Regina IP. We will discuss it with the industry and keep in view the relevant developments. The first condition is that they must comply with a number of quarantine requirements because as Members may recall, initially when we made arrangements for hotels to be used as quarantine facilities, the health authorities had a lot of concerns. While hotels are currently used as quarantine facilities, they have to be clearly inspected by colleagues in the Department of Health in respect of air change, management, and so on. Therefore, this would be a pre-requisite.

The second condition is whether the people have confidence in resuming this kind of large-scale tourism activity at this time because quite a large number of people will get together after all. We have had discussions with the industry

and also with the health authorities. If the epidemic situation will improve gradually, we will be in a position to take it into consideration. We will not rule out these options but we will continue to discuss them with the industry.

MS YUNG HOI-YAN (in Cantonese): *President, I noticed that in part (3) of the main reply, it is pointed out that DEVB is examining the feasibility of rezoning five commercial sites in Kowloon East for residential use. Have the authorities assessed whether the rezoning of these sites from hotel use to residential use will create a heavier traffic load in the district? It is because if the existing transport services are already inadequate, coupled with insufficient taxis, minibuses or buses and even the absence of water taxi service, will the rezoning to residential use further add to the burden on the district?*

PRESIDENT (in Cantonese): Which official will answer this supplementary question?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, this question involves planning and transport issues. Before referring it to the Under Secretary for Development for a reply later, I wish to reiterate that currently, special arrangements are made when a cruise ship arrived in Hong Kong. The cruise company will communicate with, for instance, the taxi trade, to arrange for more taxis to go there.

Second, it has been the current practice of many cruise companies to arrange shuttle bus service to take the cruise passengers to a few places nearby. Cruise passengers who are local residents certainly know the most convenient way but this service will facilitate access to different places, such as shopping malls in Kowloon East or Diamond Hill by tourists for shopping. Therefore, this can help reduce the transport demands in the future development of the district, but in respect of planning, I wonder if DEVB would like to add anything.

PRESIDENT (in Cantonese): Under Secretary for Development, please reply.

UNDER SECRETARY FOR DEVELOPMENT (in Cantonese): President, I thank Ms YUNG for her supplementary question. In 2017, four of the six commercial sites located at the former runway in Kai Tak were rezoned for residential use by the Government, whereas the remaining two sites were kept for commercial use. Taking into account the latest economic situation and market response as well as the persistent demand for housing sites in Hong Kong, the Government is studying the feasibility of rezoning five commercial sites in the Kai Tak Development Area for residential use. The results of the study are expected to be available this year and subject to the results, we plan to start the statutory town planning procedures this year and propose the rezoning of suitable commercial sites for residential use. Initially it is estimated that about 5 800 private housing units can be provided. The suitability of the sites concerned for rezoning for residential use depends on the conditions of individual sites. Therefore, we need to conduct all the necessary technical assessments in various aspects, including the load on traffic, environment and infrastructure. We will start the statutory procedures for rezoning only when all the necessary assessments have established its feasibility.

MR FRANKIE YICK (in Cantonese): *President, in the third paragraph of the main reply the Secretary said that the waiting time for taxis at KTCT was about five minutes in general. This information is provided by TD. I wonder if the Secretary has ever boarded a ship or disembark at KTCT. I have been there twice, boarding a ship for a short-haul trip and a long-haul one respectively, and the time that I spent on waiting for a taxi was absolutely not five minutes. Secretary, whenever there is a ship call, my mobile phone would ring, for I would have to call some taxis to KTCT to help disperse the crowds. So, this figure is very questionable.*

Mrs Regina IP mentioned the problem of parking spaces. From what we have seen, it is obvious that when KTCT was designed at the outset, the idea was to develop it as a port of call, rather than a home port. There are only 120 parking spaces, which are not enough even if they are used exclusively by the restaurants, not to mention that they are supposed to be shared with KTCT. As the KTCT operator is doing a good job now, the number of ship calls and that of passengers boarding a ship and disembarking there have far exceeded the original estimates of the Government. But when the operator has done a good job, problems have arisen because KTCT has been transformed from a port of call to a home port. Many local residents wish to drive to KTCT and join a

short-haul trip for two or three days. They are bringing their family members and luggage along with them, and if they have to take MTR first and then change to another mode of transport, Secretary, it would be very difficult for them.

Therefore, KTCT must provide sufficient parking spaces, and this is what I wish to follow up. What exactly can be done to make improvement? There is now a vacant site near KTCT which is reserved for the development of Kai Tak Fantasy. Since this development has yet to be finalized, is there still room to increase the provision of parking spaces there to resolve the difficulties faced by KTCT?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mr Frankie YICK for his views and supplementary question. The information that I have just cited is provided by TD, and I think we will further collect information on a regular basis and review the actual situation with the operator. As Mr YICK also mentioned, actually we have had very close contacts with operators of transport services, including the taxi trade, because business opportunities are certainly welcomed by all, and passengers can also be served at the same time.

Regarding the problem of parking spaces, as I said in my main reply earlier on, parking spaces are provided from two sources now, including 100-odd parking spaces at KTCT and another around 100 parking spaces at the Kai Tak Tourism Node. I understand that other business districts in Kowloon East, including the Kai Tak Sports Park to be completed in future, can also provide quite a large number of parking spaces, such as some 800 parking spaces at the Kai Tak Sports Park. Moreover, the road infrastructure in Kai Tak have not been fully connected yet. For example, the linkage with MTR stations still has room for improvement. Therefore, upon completion of all the supporting road facilities, I believe there will be better transport arrangements.

Besides, I also wish to make one point on behalf of TD. On the suggestion that we should fully meet the needs of the public to drive to KTCT to board a cruise ship, as Hong Kong is a small place with dense population, this may not be the best arrangement. Therefore, in respect of public transport, just now I also said that some buses going to KTCT provide luggage space and I hope that this can help. We will examine the situation, and we hope that after the epidemic, we can satisfy the different transport needs of the passengers as far as possible.

MR LUK CHUNG-HUNG (in Cantonese): *KTCT provides services not only to tourists but also to local residents in Hong Kong. We very much support the provision of water taxi services as early as possible.*

Speaking of transport, I naturally think of DEVB giving up the Kai Tak Environmentally Friendly Linkage System some time ago, a project long expected by the residents. Now there is a turning point because as stated in part (3) of the main reply, the Government is going to rezone five commercial sites, three of which will be designated for residential use. According to media reports, these several sites will provide 5 800 units with a market value exceeding \$50 billion. Under Secretary for Development, Mr LIU Chun-san, is in the Chamber now. May I ask the Government whether there will be a chance of reviving the Kai Tak Environmentally Friendly Linkage System? Is there a chance for it to be redesigned by, among others, taking into consideration a simpler proposal put forward by the Hong Kong Federation of Trade Unions of constructing only the section linking KTCT with Kai Tak station? This should be simpler and more feasible as the population will increase in future and there will be proceeds generated by land sale. Is this proposal feasible?

UNDER SECRETARY FOR DEVELOPMENT (in Cantonese): President, I thank the Member for this supplementary question.

Some time ago the Government already announced that the feasibility study on the Environmentally Friendly Linkage System for Kowloon East has largely been completed. We considered that even if the several commercial sites will be rezoned for residential use, the implications on transport demand actually will not be too great, and in conducting the detailed feasibility study on the linkage system concerned, all the future development projects in Kai Tak were already taken into account. Our conclusion is that it is not quite feasible whether technically or financially.

On the point raised by Mr LUK on whether it is possible to develop only part of the linkage system, such as linking Kai Tak Station with the last section of the runway, actually we have explored this proposal and for the same reasons, we considered it not quite feasible financially. Therefore, we have proposed a multi-modal system which includes deploying electric vehicles to run new bus/green minibus bus routes in the area, developing a travellers network that links up the former runway of Kai Tak, the Kowloon Bay Action Area and the

Kwun Tong Action Area, and providing a GreenWay network that runs through promenades and open spaces in the Kai Tak Development Area for shared use by pedestrians and cyclists, as well as constructing an elevated landscaped deck to connect the MTR Kwun Tong Station. These measures will help to improve the traffic and accessibility of the district. Therefore, even if only part of the elevated linkage system would be developed, we do not see much need for it.

MR YIU SI-WING (in Cantonese): *President, the public and the industry are at present more concerned about when KTCT and cruise travel can reopen. As Mrs Regina IP also mentioned earlier, some countries and places, including Taiwan, Singapore and certain European countries, have opened for cruise travel. May I ask the Secretary under what circumstances or to what extent the epidemic situation has improved that the Bureau will proactively discuss with the industry how to open KTCT and also discuss with cruise operators on how anti-epidemic measures can be adopted in accordance with the requirements of the Government in order for cruises to nowhere to be opened expeditiously?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mr YIU Si-wing for his supplementary question.

First, in order to resume immigration arrangements for cruise travel, I think two requirements must be met. The first is that the epidemic situation in Hong Kong can improve and secondly, the anti-epidemic measures at the cruise destinations must inspire confidence in us. I recall that at the early stage there were some cases of serious infection happening on cruise ships in Europe and Japan, and an enormous amount of work was even involved in handling these cases in their aftermath. Much panic was caused unnecessarily, resulting in great difficulties for the entire industry. So this really will hinge on the epidemic situation.

Having said that, we are not just waiting and doing nothing. We have had discussions with the industry, and the industry itself has also made some efforts to provide assistance. For instance, the industry has proposed that the crew and passengers be required to take the virus test. This, I think, is necessary for travelling and should be acceptable to Hong Kong people. Or, in respect of whether improvement can be made to the facilities of cruise ships, their ventilation and disinfection work, and even management on board, such as the

catering arrangements, passenger volumes, the number of passengers entering or leaving public places, and even isolation facilities in the infirmaries, and so on, we have had discussions with the industry all the time. Our objective is that when circumstances permit and everyone feels assured, and when all cities or countries along the cruise lines have adopted anti-epidemic measures properly, we can conduct discussions on these arrangements and make preparations accordingly.

As Mrs Regina IP mentioned earlier, can we allow such activities as cruises to nowhere that do not involve another place? We will make some preparations for that, but ultimately it has to depend on the anti-epidemic efforts, and better still, if the public can receive vaccination early, I believe it can be of certain help too.

PRESIDENT (in Cantonese): Fourth question.

Development of the lands surrounding various boundary crossings

4. **MR LAU KWOK-FAN** (in Cantonese): *President, there are views that the Government should optimize the use of the lands surrounding various boundary crossings in the New Territories in order to develop port economy and increase housing supply. However, the Government has not made holistic considerations in respect of the development of such lands, resulting in large tracts of agricultural land and fish ponds having been left deserted for a long time. In this connection, will the Government inform this Council:*

- (1) *whether it has compiled statistics on the current total area of the deserted agricultural lands and fish ponds surrounding various boundary crossings in the New Territories; of the plans in place to unleash their development potential; whether it will conduct an overall planning for the deserted lands, including rezoning such lands for the development of new development areas or new towns, thereby increasing housing supply;*
- (2) *of its new thinking on putting the lands surrounding various boundary crossings in the New Territories to optimal use, e.g. whether it will construct office buildings for relevant*

government departments and develop a centre for innovative industries on such lands so as to develop a port economic zone, thereby better seizing the opportunities brought by the development of the Guangdong-Hong Kong-Macao Greater Bay Area; if so, of the details; if not, the reasons for that; and

- (3) *whether it will consider setting up an ad hoc committee to study the implementation of, and conduct holistic planning for, the development projects on the lands surrounding various boundary crossings in the New Territories, as well as co-ordinate the implementation of the relevant projects; if so, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, at present, apart from Shenzhen Bay Port, there are six land boundary control points at Hong Kong and Shenzhen boundary, including Lok Ma Chau, Lok Ma Chau Spur Line, Lo Wu, Man Kam To, Heung Yuen Wai and Sha Tau Kok. In planning the spatial layout of Hong Kong, consideration has been given to how to leverage the geographical advantages of the land near the boundary crossings with a view to meeting the demand for land in Hong Kong and facilitating economic developments. The "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" study has recommended to develop a Northern Economic Belt in the northern part of the New Territories. The economic belt, extending from Lok Ma Chau in the west to Heung Yuen Wai, is not only for increasing housing land but also for research and development, modern logistics, warehousing and other emerging industries. The Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop and the New Development Area ("NDA") in the New Territories North ("NTN") fall on this development axis. These developments can fully leverage the geographical advantages and development potential of the area.

Regarding the various parts of the question, after consulting the relevant Policy Bureaux and departments, I reply as follows:

- (1) According to the information of the Agriculture, Fisheries and Conservation Department, currently the total area of agricultural land in Hong Kong is about 4 200 hectares, of which about 20% is under active farming; and the total area of fish ponds is about

1 100 hectares, of which about 70% is used for fish culture. These pieces of agricultural land and fish ponds are mainly located in the Northwest New Territories, with some near boundary control points. In the course of land use planning for the areas concerned, including planning for NDAs, full consideration is given to how the geographical advantages of the area can be leveraged. However, when considering the suitability of the land for development, whether the land is currently derelict is not of main consideration. Instead, the area, shape and topography of the land, surrounding developments, any constraints on ecology and the environment, and provision of infrastructure are more important.

- (2) At present, we have included the areas in the vicinity of Lok Ma Chau, Lok Ma Chau Spur Line, Man Kam To and Heung Yuen Wai Boundary Control Points into NTN NDA under planning.

NTN NDA covers over 1 400 hectares of land, comprising three Potential Development Areas, i.e. the San Tin/Lok Ma Chau Development Node, NTN New Town (covering Heung Yuen Wai, Ping Che, Ta Kwu Ling, Hung Lung Hang and Queen's Hill) and Man Kam To Logistics Corridor. Our main planning concept is to build the new towns, infrastructure and ancillary facilities through comprehensive planning and making optimal use of land including brownfield sites and agricultural land to meet the long-term social and economic developments of Hong Kong. NTN NDA has easy access to and from Shenzhen and Eastern Guangdong, and possesses the geographical advantages for research and development, modern logistics, warehousing as well as emerging industries. Synergy can therefore be achieved with the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop and the scientific research and technology developments in the adjacent Shenzhen, thus capitalizing the development opportunities in the Mainland. This is in line with the development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"), under which the Central Government strongly supports the cooperation between Hong Kong and Shenzhen in developing an international innovation and technology hub.

Concerning the San Tin/Lok Ma Chau Development Node, a study was commenced in September 2019. According to preliminary assessment, the Development Node covers about 320 hectares of land. In conjunction with the Northern Link under planning, it will have the potential for medium- to high-density developments with a capacity of producing about 31 000 residential flats, among which about 70% will be for public housing, that can accommodate around 84 000 residents and generate around 64 000 job opportunities. Of the said area of land, about 50 hectares, i.e. about 18%, will be designated for "Enterprise and Technology Park" for corporate offices and information and technology uses. This will tie in with the adjoining development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop and achieve synergy. In view of the fact that the Hong Kong and Shenzhen Governments have agreed on and obtained the Central Government's support for the implementation of the co-location arrangement at the redeveloped Huanggang Port, thereby releasing over 20 hectares of land at the existing Lok Ma Chau Boundary Control Point for other uses, we will consider from a holistic point of view how to utilize such released land when planning for the Development Node.

The Man Kam To Logistics Corridor and NTN New Town, respectively in the proximity of the Man Kam To Boundary Control Point and Heung Yuen Wai Boundary Control Point, cover an even larger area totalling about 1 140 hectares and are preliminarily expected to accommodate not less than 200 000 residents and provide about 134 000 job opportunities. We will explore how these areas can tie in with the development trend of the Greater Bay Area and formulate plans for new industries and new job opportunities in the area with a view to boosting Hong Kong's economic vibrancy and creating job opportunities in these areas, thereby easing the problem of over-concentration of jobs in the urban areas. For example, we have reserved 56 hectares of land in the proximity of Heung Yuen Wai Boundary Control Point for the development of a science park/industrial estate. The Hong Kong Science and Technology Parks Corporation has completed a visionary study for developing the land as a new industrial estate, and set out the mode and direction of development, and will commence the engineering and technical feasibility study in the second quarter in 2021.

In the course of planning NTN NDA, we will reserve land for government, institution and community facilities, including government offices, as appropriate. In fact, there are plans to move out in an orderly manner large government offices from core business areas to various locations for more effective use of land. In other NDAs, such as Hung Shui Kiu/Ha Tsuen NDA, land is also reserved for large-scale government complex facilities to serve the local community.

To take forward the three projects of NTN NDA, the Government intends to submit the funding application to the Legislative Council in the first half of this year. The funding will cover the investigation and detailed design for the San Tin/Lok Ma Chau Development Node, as well as the planning and engineering study for the NTN New Town and Man Kam To Logistics Corridor in advance.

- (3) The Government has set up appropriate steering and coordinating mechanisms at different levels to take forward land development. Under the Development Bureau, there is a team led by a directorate officer responsible for coordinating with relevant departments to offer holistic and comprehensive considerations at the land and project planning stage for the various NDAs in the New Territories and developments in the vicinity of the boundary crossings. There are also teams led by directorate officers under the Civil Engineering and Development Department to liaise closely with the relevant departments during the process of implementing the projects, so that the works of site formation, infrastructure and various public facilities are carried out in a timely and orderly manner. Currently, President, we do not have any plan to set up any ad hoc committee specifically for developments in proximity to boundary crossings.

MR LAU KWOK-FAN (in Cantonese): *President, just now I heard the Secretary say that consideration has all along been given to optimizing the use of the land near boundary crossings. Yet regrettably, let us look at the reality. The land in the vicinity of boundary crossings has remained derelict. We can take a look at Shenzhen, where the proximity of all the boundary crossings are newly developed centres. The Secretary stated in the main reply that according*

to the present information, some 3 000 hectares of agricultural land are not under active farming, and fish ponds covering several hundred hectares are unused. I have checked the earlier information. The land released from the Frontier Closed Area covers 2 435 hectares. As the Secretary replied just now, the main consideration in determining the development of the land is not whether the land is derelict. Rather, it is the size and shape of the land, as well as the presence of any infrastructural, ecological or the environmental constraints. Frankly, the provision of infrastructure actually hinges on human effort. If the Government has the will to do it, infrastructure will be put in place. If such a large area of land covering several thousand hectares is still left deserted when members of the public in need of housing supply are currently waiting for allocation of public housing, I do not think it can be justified in any way. The Secretary mentioned in the main reply that the main consideration includes ecological or environmental constraints. May I ask whether the Government or the Secretary will adopt a bold or new mindset to break through these ecological or environmental constraints to release these several thousand hectares of deserted land? For example, the plot ratio of wetland buffer areas which have been granted approval for rezoning can be relaxed such that the land can be used to increase the housing supply and foster economic development.

SECRETARY FOR DEVELOPMENT (in Cantonese): I thank Mr LAU for his supplementary question. Perhaps let me give a brief and concise response to Mr LAU in two parts. First, regarding land development in the New Territories, we can never work in a piecemeal manner. We do not have any notion or approach for developing each site separately. This is not the way of working in Hong Kong. Hong Kong adopts compact development. That is to say, be they residential, industrial or commercial sites, through relatively high-density development, even though Hong Kong is comparatively small with an area of only 1 111 sq km, there can still be a lot of open space, green belts and country parks. This is a balance. Previously, in a seminar held by Our Hong Kong Foundation, Mr Gordon WU has hit the nail on the head. He said it is useless to develop individual pieces of land here and there because we need complementary transport infrastructure. Hence, regarding the land in the border areas, especially that in proximity to boundary crossings, as I have mentioned in the main reply, actually in the vicinity of various boundary crossings such as Heung Yuen Wai, Man Kam To and Lok Ma Chau Spur Line, there are sites suitable for development to cater for Hong Kong's future needs. We are working hard on that.

Mr LAU also asked about wetland buffer areas. In this connection, there are two points to note. First of all, is it not possible to use them for development at all? No. We need to take into account the circumstances of the site per se. Some buffer areas can be used for low-density development. As regards whether, on the present basis, wetland buffer areas can have further and appropriate development with increased density on the premise that ecology will not be affected or there will be not be any unacceptable impact on ecology, it is under our consideration.

MR KENNETH LAU (in Cantonese): *President, last week the National People's Congress ("NPC") adopted the Outline of the 14th Five-Year Plan, expressing support for high-quality development, and there are also quite a number of projects in the Greater Bay Area. However, it seems the Government has failed to keep pace with the country. In planning the use of land in the border areas in the New Territories, it still uses such land as landfills, large cemeteries, facilities for polluting industries, etc. Here I would like to remind the Government again that in the light of the Greater Bay Area and the 14th Five-Year Plan, the periphery of the New Territories has become a core area between Shenzhen and Hong Kong. If Hong Kong wishes to secure the bridgehead for integration into the national development, the Government should review afresh the development blueprint for the New Territories to release land to promote Hong Kong's participation in the development of the Greater Bay Area. I have repeatedly asked whether the Government will open up the Sha Tau Kok Frontier Closed Area. Over the years, the Government has all along refused on the ground of security. After all, is it unable or unwilling to do so? The Government has forced through the reclamation in Lung Kwu Tan, moving polluting industries into Tuen Mun, which is separated from Qianhai only by the sea. Can this be the best way to optimize the use of land resources in the New Territories for integration into the development of the Greater Bay Area? Moreover, does the Government's insistence on the large-scale integrated funeral facilities at Sandy Ridge near Lo Wu Control Point not run counter to the Government's objective of fully participating in the development of the Greater Bay Area?*

President, I declare that I am an indigenous inhabitant representative of Lung Kwu Tan Village and I also own land in the New Territories.

SECRETARY FOR DEVELOPMENT (in Cantonese): I thank Mr LAU for his question. In December last year, the Government responded as to why the Northeast New Territories was selected as the location for some sewerage or funeral facilities. As far as sewerage facilities are concerned, it is because these facilities are needed to dovetail with the future development of NDAs in the Northeast New Territories, i.e. Kwu Tung North, Fanling North, etc. These facilities are not unique to NTN. They are needed in other districts too. As for funeral facilities, the Government has pointed out that only the proposed columbarium, crematorium and funeral parlour will be built in the existing area of Sandy Ridge Cemetery. When handling these facilities, the Government has conducted full assessment with regard to such aspects as the environment, ecology, planning and transport.

Mr LAU also asked about the situation in Sha Tau Kok. Let me give a brief reply here. The situation in Sha Tau Kok is different from that in other districts in Hong Kong. In Chung Ying Street, both people and goods may travel between the two places in the absence of an official port facility. For this reason, security considerations will be more complicated. In the Government's view, if Sha Tau Kok is to be further opened up, various considerations must be handled with great care. As regards Lung Kwu Tan, as mentioned by the Government earlier, the Government's preliminary view is that the place has potential for further development to cater for Hong Kong's needs for, amongst others, logistics sites in the future. Now the Government is conducting a study on Tuen Mun South, considering the feasibility of connecting Tun Mun South Extension to the River Trade Terminal. At present, the utilization rate of the River Trade Terminal is low. If there is any suitable development project, Lung Kwu Tan can complement the development of Tuen Mun West. We hope that a study can be commenced later. Then we will come to seek further support from the Legislative Council.

MS YUNG HOI-YAN (in Cantonese): *President, the Secretary mentioned in the main reply that a Northern Economic Belt would be developed with a view to increasing land for housing production, as well as serving such purposes as research and development, modern logistics and warehousing. The entire site would cover almost 1 400 hectares. Similar to the East Lantau Metropolis, which has been under discussion in the Legislative Council for a long time, this is a future development project. I would like to ask whether the Secretary will consider building a New Territories North Metropolis and developing a core business district ("CBD") there. The Secretary said that 84 000 residents would*

be accommodated in the San Tin/Lok Ma Chau Development Node while 200 000 residents would live in the Man Kam To Logistics Corridor. In fact, there will be a large number of people. If the land there is only used for research and development or logistics, will such use be too narrow? Will consideration be given to expanding business opportunities by building a New Territories North Metropolis? I hope that the area can also be developed for commercial, recreational and tourism purposes. Will the Secretary consider that?

SECRETARY FOR DEVELOPMENT (in Cantonese): I thank Ms YUNG for her supplementary question. I think I can share my view on this with Members from two angles. First, we see that in NTN, as Ms YUNG mentioned just now, the population will increase by 200 000-odd to 300 000-odd. There will also be quite a number of job opportunities. However, from the Government's perspective, we think it has a fundamental difference from Kau Yi Chau because the locations of the two are different. Hence, if Hong Kong is to identify a site to establish the third CBD, that means a large number of international headquarters, financial institutions, as well as new innovative technology and high value-added industries, may be set up there. The possibility of such establishment in Kau Yi Chau will actually be much greater. Why? Because after the construction of roads and the railway in the future, it will take less than 10 minutes to drive from Kau Yi Chau to Central because the distance between the two places is only 10 km. The distance from Kau Yi Chau to the airport in the west is also only some 10 km.

In comparison, NTN is closer to the Mainland. They thus have different advantages. For the time being, we do not find it feasible for NTN to become the fourth CBD. However, when it comes to innovation and technology, we think industries having plenty of opportunities to work with Shenzhen will enjoy bright prospects. That is why we expect that there will actually be tremendous job opportunities, totalling some 100 000, in the NTN development areas in the future.

Let me mention in passing that the Hung Shui Kiu/Ha Tsuen development area in the west will provide another 100 000-odd job opportunities. We hope that through various developments, the existing imbalance in employment and housing in Hong Kong will be improved in the future. Take Hung Shui Kiu/Ha Tsuen as an example. We do not think it can become the fourth CBD, but since it is rather convenient to travel to Qianhai from there, development in logistics and retail should be viable.

MR MICHAEL TIEN (in Cantonese): *I would like to ask the Secretary about the replanning of Lo Wu Control Point. I have just returned from Beijing after attending the NPC session. I have raised the relevant question because Shenzhen had indicated previously that Lo Wu Control Point would undergo replanning to connect directly to the Shenzhen Metro for the implementation of the co-location arrangement. That is, the land there would be leased to the Hong Kong Government at a very low rent to facilitate the implementation of the co-location arrangement, as in the case of Shenzhen Bay. The Government said it would conduct a study after looking at the proposal. Now as we know, when we cross the border, we need to walk a long distance, going past the Commercial City without any transport links. It is completely losing out to Lok Ma Chau. Now they say that this is under consideration. My point is, if, after it is connected, the Commercial City is demolished and the site together with the surrounding land is used for housing production at the ratio of 7:3, like the present approach in Sheung Shui, a lot of public housing units can be built. First, I wish to ask whether this is the future plan, that is, the site can be released with 70% used for the production of public housing. Second, how is the discussion on the present plan going? Can the Secretary tell us the progress? Because Hong Kong is short of land, and visitors really have to take much trouble to cross the border, feeling at a loss as to what to do while carrying the luggage.*

SECRETARY FOR DEVELOPMENT (in Cantonese): I thank Mr TIEN for his supplementary question. Regarding alteration to the present layout of boundary crossings, actually apart from Lo Wu, there are Lok Ma Chau and Huanggang, which Mr TIEN also knows very well. Basically, we have discussed the implementation of the co-location arrangement at Huanggang. In comparison, Lok Ma Chau and Huanggang have reached a more advanced stage. Both parties are conducting a study on the implementation of the proposal. In the case of Lo Wu, on the Government's part, we are aware of the Mainland's proposition and have commenced communication with them in this regard. When there is further progress which is more concrete later, we will make it public in a timely manner.

If land can indeed be released from Lo Wu, what will be done next? The Development Bureau will take forward the study accordingly. Nevertheless, here I wish to raise a point to Mr TIEN. Does it really have enormous potential for development? Not necessarily, because the size of the land is relatively

small. There are 20 hectares of land at Lok Ma Chau Control Point, whereas at Lo Wu, there are currently only about 4 hectares. Moreover, in the future, there will be a railway and the railway will stay there, stretching across the place. Hence, for instance, residential development also warrants due consideration of the noise problem. Basically, such is the present situation.

PRESIDENT (in Cantonese): Fifth question.

News reporting of RTHK

5. **MR LUK CHUNG-HUNG** (in Cantonese): *From the 23rd to the 24th of January this year, the Government set up a "restricted area" in Jordan, arranged for persons within the area to take a test for the Coronavirus Disease 2019 and distributed to each of them a food pack which contained four cans of canned food of different types (three of which were cans with easy-to-open covers). Those persons staying in the guesthouses within the area (including journalists) were also distributed food packs. A news report of Radio Television Hong Kong ("RTHK") pointed out that "no can opener nor cooking implement is provided in the guesthouse", and attached a photo of a food pack in which none of the cans showed the side with a ring pull. Some members of the public have criticized that the photo, by wilfully hiding the ring pulls of the cans, misled readers into thinking that all the cans could only be opened with a can opener. RTHK issued a statement, countering the criticisms as smear accusations which it severely condemned, and insisting that the news report had stated the facts. However, a newspaper which had published a similar photo subsequently issued a statement, in which it stated that the photo concerned had been removed as the photo was misleading, admitted its oversight and made an apology. In this connection, will the Government inform this Council:*

- (1) *whether it has requested RTHK to conduct a review and submit a report on the practices adopted in the news report; if so, of the progress of the review, and whether it will submit the report to this Council; and*
- (2) *whether RTHK issued the aforesaid statement after obtaining the approval of the then Director of Broadcasting ("D of B"); if so, whether the Secretary for Commerce and Economic Development*

has requested an explanation from D of B; if so, of the justifications for giving the approval; if no approval had been obtained, whether RTHK has reviewed if the contents of the statement were appropriate; if it has, of the review outcome; if it has not, the reasons for that?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, on 23 January this year, Radio Television Hong Kong ("RTHK") reported on the setting up of a "restricted area" in Jordan by the Government in response to the epidemic. The news report mentioned the time of condoning off, arrangements for compulsory testing, and the types and quantity of supplies distributed to people inside the condoned area. It was also stated that neither can openers nor cooking utensils were provided in the guesthouse. A photo attached to the report showed only the bottom of four cans along with other goods, without mentioning whether any such cans were equipped with pull-open tabs.

The report has aroused public concern and there were views that the public would be misled by the news report into believing that some supplies distributed could not be used. With prior agreement of the then Director of Broadcasting, RTHK issued a statement on 25 January that it strongly condemned such smearing views, and reiterated that the news report had stated the facts. As at end-February, RTHK received a total of 548 complaints about the report.

I would like to give the following reply to Mr LUK's question. In view of widespread public concern over the report, the Commerce and Economic Development Bureau ("CEDB") has sought to gain an understanding from RTHK and requested it to handle the complaints seriously, including a review of the causes of the concern, the possibility of providing readers with more information and a more comprehensive coverage of facts at that time, so as to avoid misunderstanding and bias, or even queries about the objectivity of the report.

As a public service broadcaster and a government department, RTHK will always be accountable to society. While it is natural that there are different views on its news reports, RTHK should respond to public criticisms in a more positive and proactive manner. In order to uphold the highest professional standards of journalism as pledged in the Charter of RTHK, RTHK should first look into complaints objectively and on the basis of facts, make timely

clarifications to the public, listen humbly to different views and try to better itself where there is room for improvement. RTHK should learn from experience gained in the handling of this case.

Over the past half year, CEDB has conducted an in-depth review of and made recommendations on the governance and management of RTHK. A Review Report was released in February. The Review Report pointed out that there are major deficiencies in RTHK's mechanisms for editorial management and complaints handling. RTHK will seriously follow up the recommendations of the Review Report. In the process, RTHK should seek advice from the RTHK Board of Advisors and other stakeholders. CEDB will monitor RTHK's follow-up work.

MR LUK CHUNG-HUNG (in Cantonese): *President, the Secretary kept referring to the major principles in his reply while seeking to brush aside important issues and dwell on the trivial. In my view, his reply is simply mediocre. The only thing that is commendable is his indication in the main reply that the complaints will be seriously handled. We definitely do not want RTHK, like BBC World Service, takes pride in reporting fake news or uses the defamation of China and Hong Kong as its political objective. That being said, why did things of this kind happen in the past? It was due to the connivance of the former Director of Broadcasting LEUNG Ka-wing. It is such a relief that the new Director of Broadcasting Patrick LI has assumed office and I have expectations of him. As the Secretary said in the main reply that the complaints will be seriously handled, how seriously will they be handled? Will the reporter concerned be held accountable or investigated to ascertain whether he had intentionally made such a meticulously crafted and insinuating report? Does RTHK still insist on the so-called balanced and impartial reporting? Does the Secretary have anything to add?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, as for how the incident has been handled, I have just offered an explanation in the main reply, and I will not repeat it. Regarding Mr LUK's question, RTHK has to meet certain requirements when dealing with news reports of this kind. Apart from impartiality that we often quote from the Charter of Radio Television Hong Kong ("the Charter of RTHK"), various chapters of the Producers' Guidelines of RTHK state that the overall editorial

principle is that its programmes must be accurate. Section 3.1 of the Producers' Guidelines of RTHK specifically states that RTHK programmes, which certainly include news programmes, must be accurate and strive to establish the truth. There is a paragraph in the Producers' Guidelines which specifically mentions that as regards the production of news programmes, news must be presented with due accuracy and impartiality and in context. As I have explained just now, as far as incidents of this kind are concerned, RTHK must adhere to the Charter of RTHK or the Producers' Guidelines of RTHK. It must, on the basis of facts, positively and proactively handle complaints it has received. As Members must remember, we specifically stated in the Governance and Management of RTHK Review Report that the department must seriously handle complaints and respond to community aspirations.

PRESIDENT (in Cantonese): Mr LUK Chung-hung, which part of your supplementary question has not been answered?

MR LUK CHUNG-HUNG (in Cantonese): *He has not answered whether he still considers this piece of news to be balanced and impartial reporting. My question is as simple as this.*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I have offered a detailed explanation in my reply just now. I will not repeat what I have said.

MR CHAN HAN-PAN (in Cantonese): *President, this report on the "restricted area" in Jordan has disgraced RTHK and caused serious consequences. In the end, RTHK went so far as to issue a statement to obstinately defend its position, displaying a scene that was eye-opening. In fact, this report has made us do some self-reflection. In the past, RTHK often talked about editorial independence, but they have failed to respect the Charter of RTHK, report the facts and follow the professional guidelines. This was therefore a very serious incident. The Government pointed out in the main reply that there were 548*

complaints about this incident. I know that the Government or RTHK will conduct an investigation, but what will happen after that? Earlier, seven complaints against RTHK were found substantiated and one of them even resulted in a serious warning. What then? In view of such a large number of complaints and the fact that some of them were substantiated, has RTHK adopted any measures to punish those persons who were the subjects of substantiated complaints, or taken follow-up actions, or even transferred the person concerned to other posts, so that they will cause no further harm to RTHK, Secretary?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, the complaints Mr CHAN Han-pan has just mentioned can actually be classified into two categories, one of which is those handled by the Communications Authority. RTHK, like other broadcasters, must abide by the rules or regulations of the Communications Authority which govern the broadcasting sector. Of the complaints referred to by Mr CHAN just now, six were found substantiated by the Communications Authority, which held that RTHK had inadequacies and issued serious warnings or warnings to it. In response, RTHK adopted certain measures, including taking off its programmes from the shelf, issuing apology statements and apologizing to the parties affected. We have also requested RTHK to review the editorial principles, standards and quality of its production.

In addition, apart from complaints lodged with the Communications Authority, there are also complaints that are lodged against RTHK directly from time to time. As in the case of other government departments, RTHK should have a mechanism for handling complaints. And the Governance and Management of RTHK Review Report also highlights that as a government department, RTHK has inadequacies in terms of handling complaints, and it is not on a par with other government departments in this regard. As such, this is an area in which we have specifically requested RTHK to make improvements after following up the Review Report.

In response to the question of Mr CHAN just now, whether it is a complaint received by the Communications Authority or RTHK itself, if it is found after investigation that the report is inaccurate and if there is any misconduct on the part of individuals or staff members, it will certainly be handled in accordance with the established practice of the department.

PRESIDENT (in Cantonese): Mr CHAN Han-pan, which part of your supplementary question has not been answered?

MR CHAN HAN-PAN (in Cantonese): *The Secretary has not answered my supplementary question. Regarding the seven previous complaints I referred to just now, or supposing this complaint is substantiated, will disciplinary actions be taken or punishments meted out against those who have caused harm to RTHK? The Secretary only said that he will follow it up, but how will he follow it up?*

PRESIDENT (in Cantonese): Mr CHAN Han-pan, you have already pointed out the part of your supplementary question which has not been answered. Please sit down.

Secretary, do you have anything to add?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, as I have said in my reply just now, regardless of whether they are the complaints that were substantiated in the past or complaints to be received in the future, RTHK must put in place a mechanism for handling complaints, so as to identify the causes and respond accordingly. Follow-up actions must be taken as and when necessary, including arrangements in relation to staff management, in accordance with the practice of handling complaints in the department.

MR HOLDEN CHOW (in Cantonese): *President, as RTHK programmes have breached the Charter of RTHK time and again, my colleagues have raised questions today about the enforcement mechanism or how to strictly enforce the Charter of RTHK. May I ask whether there is any arrangement for suspension from duties? According to a news report today, a prosecutor from the Department of Justice, who not only encouraged others to participate in the 4 June vigil but also smeared the Hong Kong National Security Law, has been suspended from his duties as he no longer fits for the job given his political inclinations. If such standards apply to RTHK as a public body, Secretary, will a staff member who has breached the Charter of RTHK be suspended from duties? My supplementary question is as simple as this.*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, regarding Mr Holden CHOW's supplementary question, RTHK, as a government department, is subject to the same standards as other departments. As regards irregularities or misconduct in work, the arrangements for dealing with civil servants will be based on the same standards and will not be different from those of other government departments.

MS ALICE MAK (in Cantonese): *President, as indicated by the Secretary in the main reply, RTHK is a public service broadcaster and a government department. In theory, a public service broadcaster should play a positive role in society, and enjoy credibility in the community and among members of the public, so that people will believe in RTHK's reports. Regrettably, however, as society is increasingly polarized these years, RTHK often gives people the impression that it favours one side or pick on certain people, thus undermining the credibility of its news reports or programmes.*

As indicated by the Secretary in the main reply, CEDB will monitor RTHK's follow-up work. May I ask the Secretary what mechanism or approach CEDB has adopted to monitor the situation? How can he ensure that RTHK can rebuild its image as a public service broadcaster and restore public confidence in its balanced and impartial reporting? What monitoring mechanism has CEDB put in place for conducting this task? Is there a timetable?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I would like to thank the Honourable Member for raising her supplementary question. First, over the past period of time, there were a lot of criticisms and complaints against RTHK. Many complaints were found substantiated, and some of them were even very serious. For example, the conclusions made by the Communications Authority in the six complaint cases were very serious. As such, we have spent half a year to conduct an in-depth study on the management and governance of RTHK through a dedicated team, so as to identify its inadequacies and make them public.

Certainly, the most important thing is still to ensure that RTHK abides by the Charter of RTHK, complies with its own guidelines and meets public expectations. In this connection, several aspects remain important. First, in

terms of its management, staffing arrangements and resource allocation, RTHK is accountable to CEDB for its management, staffing and resources, including the implementation of policies and the areas in which policies must be implemented according to the Review Report I have just mentioned. Second, if any programme of RTHK receives similar complaints, it will still be subject to oversight by the Communications Authority.

Third, we have highlighted in the report that the Charter of RTHK mentions a Board of Advisors. Although the Board of Advisors will not be involved in the day-to-day production or editorial work of RTHK, it may advise on matters pertaining to general editorial principles, programming standards and quality of programming. And we have found that in the past, the Board of Advisors might not be able to fully perform its function of giving advice. As such, these three areas represent the general direction of our future work concerning RTHK and our follow-up work concerning the Review Report.

MR SHIU KA-FAI (in Cantonese): *President, in recent years many people have expressed a lot of views on the editorial practices of RTHK, particularly its biased representation of the Police. I also consider the contents of some dramas I have watched in the past absurd. According to the latest information submitted by the Secretary to the Legislative Council, at least seven complaints have been found substantiated, involving RTHK programming or its failure to guard against biased editorial practices. I hope that the Bureau will step up its work in this regard and provide editorial direction to RTHK because many Hong Kong people are indeed outraged.*

However, let me say a few words in all fairness. Are all RTHK programmes like this? Not really. Some general programmes that are not related to politics are very good. In the last couple of days, some staff members of RTHK have called me, saying that they are very worried as they know that they are now besieged by the entire city. They simply want to do their job, and they will be able to do so as long as there are clear guidelines from the top. Certainly, some of them are concerned that if RTHK is to be dissolved, all of them will lose their jobs. Given the long-established hardware and software of RTHK, I certainly hope that RTHK will be retained, only that we have to put things right.

Will the Secretary tell us whether your direction is to retain RTHK or to dissolve it? If you want to retain it, how can you make its staff understand better the guidelines, so that they can put things right and build a good media organization for Hong Kong?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I would like to thank Mr SHIU Ka-fai for his views and comments. RTHK certainly has its value of existence. If RTHK, as a government department and a public service broadcaster, can fulfil the Charter of RTHK and the objectives and missions set by it, it certainly has its value of existence. Nowadays there are areas in which RTHK is faring well. It has many praiseworthy programmes, and many staff members work hard every day. However, over the past period of time, not only have some of its programmes given rise to controversies in society, but some complaint cases have also substantiated its breach of the common standards that apply to the broadcasting sector. For example, the contents of certain programmes are not in line with the facts. Some programmes have failed to verify even the basic information, which is the most fundamental problem.

The work that we need to do next is to facilitate cooperation among the entire department. The Director of Broadcasting, as the chief editor, and the management, as part of those who are responsible for editorial work, must join hands and work with frontline staff. As we have indicated in the Review Report, some problems have occurred not because of political stance or political issues, and all programmes should be objective, fair and impartial. Only when RTHK, as it has said, adheres to the highest standards to ensure the quality of programming can it perform its functions under the Charter of RTHK.

As far as its functions are concerned, RTHK, as a public service broadcaster, is duty-bound to promote a sense of citizenship and the understanding of "one country, two systems" in Hong Kong society on the one hand. On the other, the Charter of RTHK states that RTHK must provide a platform for the free exchange of views without fear or favour. As such, this is not really a question of stance. As long as RTHK can perform well in all aspects and be monitored by the public, I think RTHK, as our public service broadcaster, is still a useful public platform.

PRESIDENT (in Cantonese): Last oral question. Dr Junius HO has informed me in advance that Dr Priscilla LEUNG will ask the question for him. I now call upon Dr Priscilla LEUNG to ask the question.

Enacting legislation pursuant to Article 23 of the Basic Law

6. **DR PRISCILLA LEUNG** (in Cantonese): *President, Article 7 of the National Security Law for Hong Kong, which has been implemented since 30 June last year, stipulates that "[t]he Hong Kong Special Administrative Region shall complete, as early as possible, legislation for safeguarding national security as stipulated in the Basic Law of the Hong Kong Special Administrative Region and shall refine relevant laws". In other words, the Hong Kong SAR should, pursuant to Article 23 of the Basic Law, enact laws on its own to prohibit acts endangering national security. The Government has also repeatedly indicated that the Hong Kong SAR has a constitutional obligation to enact legislation on Article 23 of the Basic Law. In this connection, will the Government inform this Council:*

- (1) *of the latest progress of the work to enact legislation pursuant to Article 23 of the Basic Law; and*
- (2) *whether, according to the Government's assessment, the relevant legislative work can be completed within the current term of the Legislative Council; if the assessment outcome is in the affirmative, of the legislative timetable; if it is in the negative, the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): President, my consolidated reply to the question by Dr Junius HO (Dr Priscilla LEUNG to ask on his behalf) is as follows:

Being an inalienable part of the People's Republic of China, the Hong Kong Special Administrative Region ("HKSAR") has the duty to safeguard national security. HKSAR has the constitutional responsibility for enacting legislation on Article 23 of the Basic Law ("BL23") to prohibit any act of treason, secession, sedition, subversion against the Central People's Government ("CPG"), or theft of state secrets; to prohibit foreign political organizations or bodies from conducting political activities in HKSAR; and to prohibit political organizations

or bodies of HKSAR from establishing ties with foreign political organizations or bodies. Article 7 of the Hong Kong National Security Law clearly stipulates that "the Hong Kong Special Administrative Region shall complete, as early as possible, legislation for safeguarding national security as stipulated in the Basic Law of the Hong Kong Special Administrative Region and shall refine relevant laws".

The HKSAR Government has been carrying out relevant work in respect of the enactment of legislation on BL23. Such work includes examining the bill submitted by the HKSAR Government to the Legislative Council in 2003 and conducting legal research related to national security. Regarding taking forward the relevant work, I would like to point out the following:

Firstly, there have been drastic changes in Hong Kong's national security risks since the unsuccessful attempt to enact legislation in 2003. This period saw acts and activities which seriously undermined the rule of law and public order and endangered national security, including illegal Occupy Central in 2014, the Mong Kok riot in 2016, the establishment of the Hong Kong National Party which was banned in 2018 for advocating "Hong Kong independence"; and in particular, there was a spate of violence and riots perpetrated by rioters since June 2019, which lasted for more than 10 months: during the period, rioters wantonly blocked roads, seriously vandalized shops, MTR stations and other public facilities, hurled a large number of petrol bombs, set fires, violently stormed and trashed the Legislative Council building, damaged government premises, as well as wilfully assaulted people holding different views. Moreover, local terrorism started to breed, as marked by seizure of large quantities of explosives, firearms and bullets. Illegal acts advocating "Hong Kong independence" were rampant and interference from foreign forces was severe with shameless individuals colluding with foreign forces and willingly serving as puppets and foreign proxies, begging foreign countries for sanctions against China and HKSAR. Scores of saboteurs attempted "mutual destruction", with the intention of "jumping off the cliff" with Hong Kong and pushing Hong Kong residents into the abyss. Some even plotted subversion against State power, posing grave threat to national security. The implementation of the Hong Kong National Security Law has delivered immediate results: Hong Kong has emerged from chaos into stability, with a significant reduction in violent acts; activists endangering national security have either fled or announced their withdrawal; advocacy of "Hong Kong independence" has subsided substantially; the community has largely returned normal, and people's lawful rights are protected. Our economy and people's livelihood could revive. This fully testifies why

legislation for safeguarding national security is important and necessary. However, law-abiding awareness among the public has been greatly weakened, and advocates of "Hong Kong independence" have not given up entirely; as such, national security risks remain and we must remain highly vigilant. Hence, the legislation on BL23 to be enacted must enable comprehensive and effective tackling of various serious and extreme circumstances which may arise and endanger national security.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

Secondly, the Hong Kong National Security Law has stipulated four categories of offences, namely secession, subversion, terrorist activities, and collusion with a foreign country or with external elements to endanger national security; thus, two of the seven categories of offences or activities stipulated by BL23 (i.e. secession and subversion against CPG) are already covered by the Law. When examining the enactment of legislation on BL23, we have to determine whether it is no longer necessary for HKSAR to legislate on secession and subversion against CPG, or we have to review if there are other acts involving these two categories of offences which are not prohibited under the Hong Kong National Security Law, and would need to be dealt with in the legislation on BL23. At the same time, we have to ensure that the relevant details of the legislation must not conflict with the Decision of the National People's Congress on Establishing and Improving the Legal System and Enforcement Mechanisms for the Hong Kong Special Administrative Region to Safeguard National Security and the Hong Kong National Security Law.

Besides, the Police have arrested 100 persons suspected of having committed offences endangering national security since the Hong Kong National Security Law took effect. The Department of Justice has also instituted prosecution against five cases for offences under the Hong Kong National Security Law, including "secession", "inciting secession", "terrorist activities", "collusion with a foreign country or with external elements to endanger national security" and "conspiracy to commit subversion". Court hearings are also underway, and the implementation process, in particular court decisions, interpretation of legal provisions and their application, the procedures and experience of which could provide valuable references for the legislation on BL23.

Thirdly, safeguarding national security is of the top priority in every country, and hence different countries have in place effective laws to safeguard national security. The relevant laws of these countries and their experience in implementing such laws are also worthy of our reference. Considerable efforts are involved in these tasks, which include examining the content of the relevant laws, measures adopted and approaches used. The expanse of the scope and complexity of such work should not be underestimated.

Fourthly, looking back on the past experience of introducing the legislative proposal on BL23 in 2003, the Government at that time prepared a detailed consultation paper and conducted a three-month public consultation during which diverse views were received. Some considered certain provisions too stringent, whereas others considered that the provisions should have greater deterrent effect. I believe that the scenario of diverse public views will arise again. Hence, apart from the need to draw up effective and pragmatic proposals and provisions, the HKSAR Government also has to conduct public consultation properly, formulate appropriate publicity and explanation strategies, as well as communicate more with members of the public, with a view to explaining clearly the legislative principles and details and avoiding misunderstanding. We also have to guard against "demonization" and malicious smear of BL23 by people with ulterior motives again.

Although work on various fronts for the legislation on BL23 is already underway, we will not underestimate the complexity involved. As for the legislative timetable mentioned in the main question, we have to make objective judgment on the legislative work in a pragmatic manner. In light of the work and scope involved which I have described just now, the relevant considerations and complexity, and the requirements under the Basic Law and the Hong Kong National Security Law, the HKSAR Government will complete the legislation on BL23 as early as possible, but it would be difficult to complete in the remaining term of the current Legislative Council.

DR PRISCILLA LEUNG (in Cantonese): *I very much agree that the promulgation of the Hong Kong National Security Law has delivered immediate results and Hong Kong has transitioned from chaos to governance.*

Regarding the enactment of laws on its own pursuant to Article 23 of the Basic Law as mentioned by the Secretary in the second last paragraph of his main reply, it had aroused great controversy in society back then. Yet, after the direct promulgation of the Hong Kong National Security Law, I believe the

society of Hong Kong has a relatively rational understanding in this respect. Certainly, it is best for Hong Kong to accomplish or fulfil the responsibility of safeguarding national security on its own. May I ask the Secretary, as we will soon be working on the amendments of the relevant election laws according to the Decision of the National People's Congress on Improving the Electoral System of the Hong Kong Special Administrative Region, how the authorities will consider the several offences not covered by the Hong Kong National Security Law, such as theft of state secrets? In fact, the authorities must take into account the overall planning of the relevant election laws, including the eligibility vetting, when enacting legislation. Secretary, what are your proposals in this respect? Since this task cannot be completed within the current term and it is highly likely that we have to deal with the relevant legislative amendments, how will the authorities handle this?

SECRETARY FOR SECURITY (in Cantonese): Dr LEUNG mentioned just now that the controversy aroused during the enactment of legislation on Article 23 in 2003 might differ from the current situation. I understand that there will be such views. But I must say, as I have said so in the main reply, we should not take it lightly. Why?

As I have pointed out just now, acts advocating "Hong Kong independence" and endangering national security have subsided, but it does not mean that they have been wiped out. I have also mentioned that the law-abiding awareness in Hong Kong has been weakened and the potential national security risks are real. Moreover, I have pointed out on various occasions that we most need to guard against local terrorism which is still budding in Hong Kong.

Hence, in discussing enacting legislation on Article 23, my judgment is that there is still a great deal of controversy in society. Certainly, after the "black-clad violence" and riots in 2019, the public have become more rational. Yet, we can see that certain sectors and people are still advocating and encouraging "Hong Kong independence" or those ideologies mentioned earlier. As such, on the one hand, we have to implement the Hong Kong National Security Law and enhance the governance of the Government in other aspects. On the other hand, we should remain vigilant in handling the enactment of legislation on Article 23. This is the first point.

The second point is that Dr LEUNG asked earlier whether there will be matters involving national security to be considered in the amendments to the relevant election laws. I can see that under the existing laws of Hong Kong, the

election laws have to take into account the requirements of upholding the Basic Law, pledging allegiance to HKSAR and refraining from acts that endanger national security. The decision of the National People's Congress ("NPC") on the whole emphasizes the element of "patriots administering Hong Kong", and of course, there is also mention of eligibility, which we have to vet and handle carefully.

The existing Hong Kong National Security Law mentions the Police Force of SAR, which is responsible for conducting national security review as stipulated in the law. This is the requirement under the Hong Kong National Security Law. Certainly, on the whole, in judging how the relevant election laws should be amended, we will refer to the decision of NPC ultimately before deciding how to handle this. However, I agree with Dr LEUNG that all amendments should be considered from the perspective of national security. In fact, I think the existing laws can adequately guard against the risks in this regard, and the most important thing is to ensure that enforcement or operation is in place.

MR CHEUNG KWOK-KWAN (in Cantonese): *Deputy President, some of the contents of the Hong Kong National Security Law are quite similar to the scope of the legislation on Article 23 of the Basic Law, including secession, subversion of State power or establishing ties with foreign political bodies, as well as the details of enforcement, such as the defendant's grounds of application for admission to bail to be considered by judges, and so on. In view of this, how can the authorities ensure that the enactment of legislation on Article 23 of the Basic Law will not conflict with the Hong Kong National Security Law, and will the direct adoption of the relevant provisions of the Hong Kong National Security Law be one of the solutions?*

SECRETARY FOR SECURITY (in Cantonese): Mr CHEUNG's supplementary question hits the nail on the head. Since both the decision of NPC and the text of the Hong Kong National Security Law stipulate that legislation enacted in Hong Kong should neither contravene the decision of NPC nor the Hong Kong National Security Law, we must ensure this in the enactment of legislation on Article 23. I have explained this point in my main reply earlier. Regarding Mr CHEUNG's question on whether some wordings of the existing provisions in the Hong Kong National Security Law will be directly adopted in the enactment of local legislation, this is one of the considerations. However, as I mentioned in the main reply earlier, I hope we can at least cover several aspects. Apart from making reference to our national laws on safeguarding national

security and some provisions and wordings in the Hong Kong National Security Law, I also wish to draw reference from the practices of other countries, particularly when the enactment of local legislation in Hong Kong is based on the common law. As such, it is good to know how the provisions are applied and which provisions in the existing Hong Kong National Security Law will be used, so as to obviate the need to make new explanation in interpretation in future.

It is precisely for this reason that, as I have mentioned in the main reply earlier, we wish to draw reference from some of the current judgments made by the Court, including the interpretation on granting bail under the Hong Kong National Security Law as mentioned by Mr CHEUNG just now. Judgments in this regard are certainly useful reference and offer good guidance in the enactment of legislation on Article 23 in future. I am grateful for this view. We will be careful to ensure that the provisions to be submitted to the Legislative Council for scrutiny in future will not conflict with the decision of NPC and the Hong Kong National Security Law.

MR VINCENT CHENG (in Cantonese): *I agree with the Secretary's earlier remarks that the promulgation of the Hong Kong National Security Law has brought stability. Many members of the public have told us that this has put their minds at ease. Hence, this is necessary. Yet, at the same time, we understand that it is our responsibility to enact legislation on Article 23, so my supplementary question seeks to gain a better understanding. The Hong Kong National Security Law stipulates that the Committee for Safeguarding National Security of the Hong Kong Special Administrative Region ("the National Security Committee") is responsible for assessing developments in relation to safeguarding national security in Hong Kong and planning and formulating policies for safeguarding national security, whereas the formulation of the legislation on Article 23 of the Basic Law and the contents of the specific provisions therein must take into account the national security situation in Hong Kong and the implementation of the national security policies of the State. In this connection, will the authorities inform us how the enactment of legislation on Article 23 can truly realize the functions and guiding role of the National Security Committee at present?*

SECRETARY FOR SECURITY (in Cantonese): Deputy President, the functions of the National Security Committee mentioned by Mr CHENG are clearly set out in Article 14 of the Hong Kong National Security Law. What Mr CHENG has said is very correct. Article 14 stipulates that the National Security

Committee shall be "analysing and assessing developments in relation to safeguarding national security in the Hong Kong Special Administrative Region, making work plans, and formulating policies for safeguarding national security in the Region". Moreover, the second paragraph of Article 14 also clearly stipulates that information relating to the work of the National Security Committee shall not be subject to disclosure. As such, I certainly cannot directly explain here the overall role of the National Security Committee in the enactment of legislation on Article 23. Yet, the provisions I mentioned just now have clearly state that the National Security Committee plays a leading role in policy formulation. In describing the work of the National Security Committee, I can only go so far because information relating to the National Security Committee shall not be disclosed either.

Nonetheless, despite the establishment of the National Security Committee, it is the responsibility of the SAR Government to enact legislation on Article 23. We will certainly conduct thorough discussion, including discussion with all the relevant departments of the SAR Government and all Secretaries of Departments and Directors of Bureaux concerned. I will certainly report all these matters to the Chief Executive and there will surely be extensive and thorough discussion. Hence, in the formulation of policies, it will not be left to the Security Bureau solely to conduct legal studies or draw up proposals and then submit to the Legislative Council directly. We will definitely conduct thorough internal discussion to examine issues we should consider and draw on collective wisdom to take forward the legislative work in a prudent manner.

MR SHIU KA-FAI (in Cantonese): *Deputy President, first of all, I have to thank Secretary John LEE for his effort made in the past year or so during the "black-clad violence" in 2019 to defend the dignity of the country, Hong Kong and the Police Force even though he has been under constant attacks by the opposition camp, be it verbal challenges or challenges at the legislature. Upon the implementation of the Hong Kong National Security Law, he has started to achieve results in defending the city and has made great contribution to Hong Kong. I have to thank him again.*

After the implementation of the Hong Kong National Security Law, I heard from the Secretary just now that though it seems peace has been restored on the surface, I agree with the Secretary that some people still do not quite understand it at heart and have some other thoughts. Therefore, the enactment of legislation on Article 23 is a must in order to enable Hong Kong to take up a better position in the country in defending our land.

Nonetheless, since the current session will end soon, the Secretary has also stated that it may not be possible to deal with the issue within the current term, which I can understand. Yet, in this process, regarding the enactment of legislation on Article 23, the deficiency in the Hong Kong National Security Law, how to enhance the understanding of the people of Hong Kong and how to step up external promotion, can the current-term SAR Government do more in the remaining time so that the public will have a better understanding?

SECRETARY FOR SECURITY (in Cantonese): Deputy President, I thank Mr SHIU for his encouragement. I must point out that for the year 2019, we must seriously thank the Police Force for performing their duties fearlessly and steadfastly, so that we can deal with "black-clad violence" and other related problems.

I fully agree with Mr SHIU that from now till the enactment of the legislation on Article 23, we should maintain stability in Hong Kong. In addition to our promotion and education efforts in relation to the Hong Kong National Security Law, I think there are several aspects which we still have to work hard on. These include fostering law-abiding awareness in Hong Kong, which has been greatly weakened by "black-clad violence" as I mentioned earlier. Secondly, we have to do more explanation to make the public understand what is prohibited under the Hong Kong National Security Law. We also wish to do more precautionary work, for the Hong Kong National Security Law does not merely provide for punishment but also require SAR to do precautionary and deterrent work properly. Precaution is most important and we will explain this to various sectors. In addition, as I mentioned in my replies to the questions of various Members earlier, we have to explain to them the current situation in Hong Kong, pointing out the many undercurrents below the superficial peace at present. We have to understand that national security risks still exist, as some people have not yet given in and they are still advocating and promoting messages that endanger national security.

We must work together in this regard. I think the most important thing is that correct values must be instilled in society. We should be aware of the need to abide by the law observance and to act for the wellbeing of everyone and in the interest of society as a whole. I am optimistic that in this way, Hong Kong will be able to move forward and shine.

DEPUTY PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Supporting the manufacturing industry and promoting re-industrialization**

7. **MR ABRAHAM SHEK** (in Chinese): *President, to cope with the Coronavirus Disease 2019 epidemic, in March last year, the Government launched the Local Mask Production Subsidy Scheme to subsidize manufacturers to produce face masks ("masks") locally, and introduced a special call under the Public Sector Trial Scheme to support product development and application of technologies for the prevention and control of the epidemic in Hong Kong. On supporting the manufacturing industry and promoting re-industrialization, will the Government inform this Council:*

- (1) *among the masks procured by the Government since January last year, of the number and percentage of those which were locally produced; given that at present, locally produced masks can satisfy local demand, whether the Government will in future give priority to procuring locally produced masks so as to support the development of the manufacturing industry; if not, of the reasons for that;*
- (2) *of the number of cases, since the outbreak of the epidemic, in which government departments used products and technologies for epidemic prevention and control which were researched and developed locally, as well as other details of such cases; whether it has assessed the opportunities that may be created by such products and technologies for Hong Kong's re-industrialization and promotion of the "Made in Hong Kong" brand (especially in areas such as biomedical sciences and testing); and*
- (3) *whether, under the existing policy, government departments and subvented organizations are required to give priority consideration to local products in their procurement (especially those innovation and technology products researched and developed locally) so as to support the development of the local manufacturing industry and promote re-industrialization; if so, of the details; if not, the reasons for that?*

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Chinese):
President, having consulted the Financial Services and the Treasury Bureau, the reply to the question is as follows:

- (1) Amongst the masks (both regular-sized and small-sized ones) procured by and delivered to the Government Logistics Department ("GLD") as well as those received by GLD from the Local Mask Production Subsidy Scheme ("the Scheme") for the period from 1 January 2020 to 28 February 2021, around 350 million (or about 53% of the total number of masks) masks were produced locally. Since the production lines under the Scheme started to supply masks to the Government in June 2020, GLD has been supplied with locally produced masks including those manufactured by the Correctional Services Department as well as those received from the Scheme. Except for small-sized masks, GLD has not procured other regular-sized masks in addition.
- (2) Technology products and applications researched and developed locally have played an important supporting role in the fight against the epidemic.

The Government has developed the "StayHomeSafe" system and electronic wristband in the early stage of the epidemic in order to support the mandatory home quarantine measure implemented in early February 2020. The system makes use of a Bluetooth Low Energy electronic wristband and a monitoring solution developed by the Logistics and Supply Chain MultiTech R&D Centre ("LSCM"), coupled with the "StayHomeSafe" mobile app developed by a local technology start-up that adopts geo-fencing technology, to detect electronic signals around the dwelling places of persons under quarantine, and by means of artificial intelligence analyse changes in various signal strength to effectively monitor whether persons under quarantine are staying at their designated premises. To date, about 470 000 persons under quarantine have used electronic wristbands.

In addition, the Government launched the "LeaveHomeSafe" mobile app in November 2020. Currently, the number of downloads of the "LeaveHomeSafe" mobile app exceeds 3.47 million, and about

82 000 public and private venues have displayed the venue QR code for members of the public to scan and record their visits. The mobile app will notify a user if he or she is later identified to have visited the same venue that a confirmed patient had visited at about the same time or hired the same taxi that a confirmed patient has taken on the same day. In the unfortunate event of infection, the user's visit records can assist the Centre for Health Protection in epidemiological investigations.

Locally developed masks also played a role in the anti-epidemic efforts. Adopting its nanofiber technology, the Nano and Advanced Materials Institute has developed the world's first nanofiber N99 face mask—NASK, in collaboration with a manufacturer. NASK is manufactured in Hong Kong and compliant with the EN149 standard of the European Union. NASK has also been adopted by the Hospital Authority. In addition, the Government has distributed over 10 million CuMask+™ developed by the Hong Kong Research Institute of Textiles and Apparel to Hong Kong residents for free. Two layers of the CuMask+™ are specially made with small quantities of copper, capable of immobilizing bacteria, common viruses and other harmful substances. The mask complies with the American Society for Testing Materials F2100 Level 1 standard, and is effective for 60 washes.

LSCM has developed a stringent system for the Universal Community Testing Programme launched earlier, which integrates QR code/barcode identifiers, electronic seal, bluetooth and global positioning system into a control network for real-time tracking of all the specimen boxes and delivery vehicles to ensure that the specimens arrive at the laboratories safely. When the Government implemented the COVID-19 Vaccination Programme in February 2021, LSCM made use of locally researched and developed e-Lock technology and mobile technology in applied logistics and inventory management to develop relevant systems for vaccine procurement, consignment monitoring and handling, so as to render assistance to the relevant government departments in managing the supply, delivery and use of vaccines.

To support locally researched and developed anti-epidemic technologies, the Electrical and Mechanical Services Department ("EMSD") launched a thematic page on the E&M InnoPortal in February 2020, where nine innovation and technology ("I&T") wishes for anti-epidemic application have been published successively, including self-disinfecting substances, coatings or devices and using robotic technology for fever screening, indoor disinfection and delivery of objects, etc. EMSD has received over 200 I&T solutions from I&T strategic partners in Hong Kong and the Greater Bay Area. EMSD has been actively collaborating with several government departments to conduct field trials for more than 40 anti-epidemic I&T solutions. Furthermore, the Innovation and Technology Commission launched in March 2020 a special call under the Public Sector Trial Scheme to support product development and application of technologies for the prevention and control of the epidemic. The Public Sector Trial Scheme received 332 applications, of which 63 were approved. Approved projects include diagnostic/testing methods, face masks and other protective equipment, air purification devices, body temperature detection systems, disinfection equipment and products, virus transmission tracking devices, etc., involving trials at 57 public sector organizations with a view to helping the public prevent and control the epidemic in different locations and settings.

At the same time, many technology enterprises in the Hong Kong Science Park ("the Science Park") proactively developed anti-epidemic technology solutions, unleashing the potential of the local I&T industry to turn the current crises into opportunities. The Hong Kong Science and Technology Parks Corporation has offered assistance to companies in the Science Park by matching them with the industry, enabling the application of many of their technology products and solutions in the fight against the epidemic by the Government and different sectors of the society, including food delivery robot and devices that prevent the wake effect, etc. Cyberport has also launched the "Braving the Epidemic" movement to rally its start-ups to proactively provide different solutions. For example, start-ups partnered with the Department of Health to launch delivery services for saliva specimens and robots were deployed to conduct ultraviolet disinfection at venues with high risks.

- (3) It is the Government's procurement policy to encourage more interested bidders to participate in procurement of the stores and services required under fair, open and competitive procedures. Hong Kong is a party to the Agreement on Government Procurement of the World Trade Organization ("WTO GPA"). When conducting procurement, the Government abides by the principle under WTO GPA in order to ensure that Hong Kong and overseas suppliers and contractors, regardless of scale, can participate in biddings in an open and fair manner.

The Government introduced the pro-innovation government procurement policy in April 2019 under which procuring departments have to raise the weighting of technical marks and goods quality in tender assessment. In addition, a certain portion of marks have to be reserved for assessing innovative suggestions, including innovative suggestions related to, for example, application of technology, environmental protection and social care, etc.

Cathay Pacific's lay-off exercise

8. **MR MICHAEL TIEN** (in Chinese): *President, the Government decided in June last year to invest in Cathay Pacific Airways Limited ("CX") to help it tide over the predicament it was facing amid the epidemic. On the other hand, CX announced in October last year a business restructuring plan under which some 8 500 positions were to be cut. In this connection, will the Government inform this Council:*

- (1) *whether it knows the respective numbers and percentages of local and non-local pilots dismissed in the aforesaid lay-off exercise, as well as the relative ratios of these two types of pilots before and after the lay-off exercise;*
- (2) *whether it has studied if CX's lay-off exercise is consistent with the Government's policy of safeguarding priority employment of Hong Kong people; and*

- (3) *whether it has required CX, when conducting a lay-off exercise again in the future, to accord, on the premise of ensuring that its manpower resources are equipped with the necessary skills, knowledge and working experience, priority to retaining local pilots and other local employees; if not, of the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, having consulted the Security Bureau and the Labour and Welfare Bureau, our reply is as follows:

- (1) The Cathay Pacific Group announced corporate restructuring in October 2020, reducing approximately 8 500 positions. Taking into account factors including natural attrition, the actual number of employees being made redundant was around 5 900, including around 5 300 Hong Kong-based employees. Another 600 employees based outside of Hong Kong may also be affected, subject to local regulatory requirements.
- (2) and (3)

The Transport and Housing Bureau has already requested the Cathay Pacific Group, in adjusting its operation mode and scale, to fully consider the potential impact on Hong Kong's status as an international aviation hub and the aviation network. The Cathay Pacific Group should also maintain its core team and suitable talents, in order to ensure that the Group is well equipped to start off again after the epidemic and to provide impetus for the relaunch of the local aviation industry as well as Hong Kong's overall economy.

As far as airline operation is concerned, depending on the aircraft types, services and maintenance requirements, different companies require talents with different professional qualifications and experiences. Most of these talents can be hired in Hong Kong, while some of them have to be hired from abroad in order to fulfil the operational needs of and the regulatory requirements applicable to the companies concerned.

Overall, all local airlines have to comply with, among others, local laws and regulatory requirements in respect of employment. When formulating its employment policy and considering any adjustments to its operation mode and scale, the Cathay Pacific Group should balance the need to groom and retain local talents, with due regard to relevant laws and regulatory requirements.

National security education

9. **MR CHEUNG KWOK-KWAN** (in Chinese): *President, the Education Bureau ("EDB") issued circulars to schools across the territory on the 4th of last month to provide guidelines on school administration and education in respect of safeguarding national security. In addition, EDB has compiled the Curriculum Framework of National Security Education in Hong Kong ("the Framework") to assist schools in implementing national security education. In this connection, will the Government inform this Council:*

- (1) *given that EDB has added a three-hour "Supplement: National Security" on top of the existing 15-hour standalone module on "Constitution and the Basic Law" at the junior secondary level in order to support schools to implement national security education, whether EDB will review, in a timely manner, the effectiveness of such arrangement and the need to increase relevant lesson time;*
- (2) *whether it will, by drawing reference from the practice of disbursing to schools the Moral and National Education Support Grant, disburse to schools a "national security education support grant", so that schools can have more resources to implement national security education;*
- (3) *as the Framework provides that the learning elements at the junior primary level include letting students know the names of the four offences regulated by the National Security Law for Hong Kong, how EDB assists junior primary students in comprehending the complicated concepts involved in the offences concerned, and assesses their learning effectiveness;*

- (4) *of the measures in place to ensure that teachers receive adequate training on the knowledge needed for teaching the National Security Law for Hong Kong; and*
- (5) *whether it has plans to arrange for Mainland teachers to come, after the epidemic has subsided, to Hong Kong to share their experience of teaching knowledge about national security?*

SECRETARY FOR EDUCATION (in Chinese): President, upon the enactment of the National Security Law ("NSL"), the Education Bureau ("EDB") issued EDB Circular No. 3/2021 "National Security: Maintaining a Safe Learning Environment Nurturing Good Citizens" and No. 2/2021 "National Security Education in School Curriculum—Implementation Mode and Learning and Teaching Resources" on 4 February 2021 to provide guidelines on school administration and education in relation to safeguarding national security, as well as details about the mode of implementation and learning and teaching resources for national security education in the school curriculum, with a view to facilitating schools to put in place measures to maintain a safe and orderly learning environment in schools and promote national security education.

It is the responsibility of schools to implement national security education through the school curriculum. National security education is inseparable from national education. EDB has been adopting a "multi-pronged and coordinated" approach and supporting schools (via individual subjects, cross-curricular moral and civic education topics and life-wide learning activities, etc.) in promoting national education within and beyond the school curriculum through updating the curriculum, developing learning and teaching resources, providing training for teachers, as well as organizing student activities, Mainland exchanges and the Sister Schools Scheme. The purposes are to enable students to gain an all-round understanding of our country, develop a sense of belonging towards the country, and have a correct understanding of the constitutional order established by the Constitution and the Basic Law as well as important concepts such as the roles and responsibilities as nationals. This will help nurture students into good citizens who have a sense of national identity, show respect for the rule of law and abide by the law, hence safeguarding national security.

Our reply to the question raised by Mr CHEUNG Kwok-kwan is as follows:

(1) to (3)

The number of lesson hours is not the main point in implementing national security education in schools. Instead, schools should adopt a whole-school approach in promoting national security education within and beyond the classroom. At the primary and secondary school level, the fundamentals of national security education are to develop in students a sense of belonging to the country, an affection for the Chinese people, a sense of national identity, as well as an awareness of and a sense of responsibility for safeguarding national security. It should enable students to become good citizens who have a sense of national identity, show respect for the rule of law and abide by the law. National security education is not confined to learning the provisions of NSL. It should cover its legislative background and rationale, and enable students to understand different aspects of national security such as ecological security, economic security and cybersecurity. Providing opportunities for students to understand the history and culture of the country, the Constitution and the Basic Law (including national security) in a progressive manner from a young age are the responsibilities of school education. These learning elements are relevant to students of all ages, but their depth and breadth could be adjusted to align with the cognitive development of students at different stages.

EDB has added "Supplement: National Security" to the updated stand-alone module on "Constitution and the Basic Law" at the junior secondary level to enable junior secondary students to understand the concept of national security through learning more about the close relationship between the Central Authorities and the Hong Kong Special Administrative Region. Apart from this Supplement, related topics, teaching foci and learning elements on national security are already covered in the existing primary and secondary school curricula. By making reference to the Curriculum

Framework of National Security Education in Hong Kong ("the Framework") and the national security education curriculum frameworks for various subjects, schools can enhance coordination and planning at a whole-school curriculum level so that concepts related to national security education can be connected naturally and integrated organically through subject teaching and various activities.

For lower primary students (usually aged six to nine), schools may outline topics related to national education, such as the national flag, national anthem, law enforcement agencies, law-abiding concepts and names of crimes under NSL, by making reference to the Framework provided by EDB, so as to strengthen students' knowledge of the rule of law and develop their sense of national identity in a progressive manner. We would like to stress that our teachers are professionals who should know how to simplify or translate relatively complex concepts by means of simple and interesting pedagogies appropriate to the age groups of the students. Teachers may deliver national security education through fun and interesting activities, daily life examples relevant to primary students, and most importantly, their role modelling. To cater for the learning needs of younger students, EDB has recently produced an audio picture book entitled "Let's Learn about National Security" http://emm.edcity.hk/media/1_tjh0ht5c for primary students to learn about the basic concepts of national security through an animated story, without delving into details of NSL. More interesting resources for young students will be produced by EDB in the future to support the implementation of national security education by schools.

EDB has been providing schools with various grants, including the Operating Expenses Block Grant or the Expanded Operating Expenses Block Grant, as well as the Life-wide Learning Grant at \$900 million per year for flexible use by public sector and Direct Subsidy Scheme schools to organize diversified learning activities on national education and national security education since the 2019-2020 school year. If necessary, schools may apply to the

Quality Education Fund for additional resources. Furthermore, schools and parent-teacher associations can also apply for the Home-School Co-operation Grant to organize activities for promoting home-school cooperation and parent education.

EDB will understand the implementation of national security education inside and outside classroom in schools and the learning effectiveness of students via different channels such as inspections and school visits, during which we will identify good practices for recommendations and sharing, and offer advice to schools as appropriate in order to enhance the related work and the effectiveness in planning and delivering national security education by schools.

(4) and (5)

Starting from the 2020-2021 school year, EDB has set out more specific training requirements for newly-joined teachers, serving teachers and teachers aspiring for promotion. The core training, which includes contents about Constitution, Basic Law and national security education, aims at enhancing teachers' understanding of "one country, two systems", national security and national development. Apart from these, the core training for newly-joined teachers and teachers aspiring for promotion also includes Mainland study tours, which provide teachers with first-hand experience to learn about the development of education on the Mainland and the achievements of the country, and enable them to inspire students to think of the opportunities for Hong Kong brought about by the national development and the contributions Hong Kong can make. Relevant training programmes have been rolled out in phases since November 2020. Meanwhile, EDB is actively liaising and working with expert organizations to enhance teachers' training on Constitution, Basic Law and national security education through diversified modes such as talks and seminars. In this regard, we have arranged a series of training courses for teachers under the theme of "Respecting the Law, Reinforcing the Rule of Law" in November 2020 and March 2021. On the other hand, EDB is

strengthening its liaison with teacher education institutions for incorporating contents of Constitution, Basic Law and national security education in the pre-service teacher training programmes.

In alignment with the curriculum, EDB has also provided relevant professional development programmes for teachers, including knowledge enrichment, curriculum planning, learning and teaching strategies, etc. For example, activities such as National Security Education Knowledge Enrichment Seminar Series, online courses and school leaders' workshops have been organized for primary and secondary school teachers. Teachers' networks and learning circles are also established for sharing experience. If possible, we will consider inviting Mainland experts and academics to explain the Constitution or national security to our teachers.

In the future, EDB will continue to strengthen support measures for schools and maintain communication and collaboration with various stakeholders and experts in a joint effort to promote national security education.

Providing opportunities for policy discussion for young people

10. **MR CHUNG KWOK-PAN** (in Chinese): *President, the Government launched in 2017 the Member Self-recommendation Scheme for Youth ("MSSY") to provide opportunities for young people for policy discussion and enable them to understand government operation. Under MSSY, persons aged between 18 and 35 may self-nominate to become members of 10 specified advisory and statutory bodies. The Government has implemented three phases of MSSY so far, and will raise the number of participating bodies to 15 starting from Phase IV. In this connection, will the Government inform this Council:*

- (1) *regarding each phase of MSSY, (i) the number of applicants, (ii) the percentage of applicants appointed, (iii) the profile of the appointees, such as their age distribution and qualifications, and (iv) the details relating to the appointees' participation in the work of the relevant bodies (including the number of meetings attended, and the number of cases in which their views were adopted and implemented);*

- (2) *as the findings of a survey conducted in the middle of last year showed that 73% of the 524 young respondents aged between 18 and 35 had indicated that they would not consider making applications under MSSY, and the reasons cited included: they perceived themselves to be lacking the qualifications, had no interest in the specified bodies, and did not believe that such bodies could exert influence, what measures the Government has put in place to incentivize young people to apply for participating in MSSY;*
- (3) *whether the Government will include more advisory and statutory bodies of different policy areas in MSSY and elevate the role and positioning of the young people appointed under MSSY in the relevant bodies, so as to enable them to serve their full functions and recruit more young people of different backgrounds to participate in MSSY; and*
- (4) *whether the Government will introduce other policy initiatives to attract young people to participate in public affairs and policy discussions, thereby contributing to society; if so, of the details?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Government's reply to Mr CHUNG Kwok-pan's question is as follows:

- (1) In October 2017, the Government launched the Pilot Member Self-recommendation Scheme for Youth ("Pilot Scheme") whereby five government advisory committees were identified for recruiting self-recommended young members aged between 18 and 35 to fill 11 seats. Having regard to the positive feedback, we have regularized the Scheme. The first three phases of the regularized Member Self-recommendation Scheme for Youth ("MSSY") covered 30 committees with 60 seats offered in total. Over 5 300 applications have been received since the launch of the Pilot Scheme. The numbers of applications received in various phases are tabulated below:

	<i>Pilot Scheme</i>	<i>MSSY Phase I</i>	<i>MSSY Phase II</i>	<i>MSSY Phase III</i>
Number of committees	5	10	10	10
Number of seats offered	11	20	20	20
Number of eligible applications (Number of ineligible applications*)	1 121 (58)	1 511 (19)	1 409 (19)	1 266 (16)

Note:

- * Examples are applicants falling outside the specified age range (i.e. 18 to 35), applications without contact information, and duplicated applications (only one of the duplicated applications will be processed).

Young people appointed directly through MSSY are aged between 18 and 35, with an average of around 28. Most of them are bachelor's degree holders from various sectors, including social welfare, education, medical care, legal, finance, engineering, aviation and information technology while some are university undergraduates and master's or doctor's degree holders.

In addition to the seats open for recruitment under MSSY, the Government has invited applicants attending interviews to authorize the Home Affairs Bureau to include their personal particulars in the Central Personality Index database so that relevant bureaux/departments may retrieve the information for reference during selection of candidates for appointment as members to other advisory and statutory bodies under their purview. So far, around 400 posts are currently held by young people who have been appointed to advisory and statutory bodies directly or indirectly through MSSY.

We do not keep statistics on meeting attendance of youth members who have joined government advisory committees through MSSY. However, according to the relevant committee secretariats, young members have been actively participating in their committees' work and activities since appointment. From our observation, many applicants were indeed very well prepared for the interviews and could suggest innovative and practical ideas on policy areas of their interest.

(2) and (3)

To attract more young people who are passionate about serving the community to apply for MSSY, we have been offering seats of committees on policy areas of greater interests and concerns to them in each phase for self-recommended participation. A list of participating committees under the Pilot Scheme and previous phases of MSSY is at Annex.

In the upcoming MSSY Phase IV, we will increase the number of participating committees from 10 to 15, covering a wider spectrum of policy areas including conservation, innovation and technology, education, environmental protection, business and transportation. Two seats will be offered for appointment in each committee.

We have also released promotional videos, including videos to introduce the work of former appointed youth members in their committees, so as to enhance understanding of young people on MSSY and government committees. Looking ahead, we will step up publicity of MSSY Phase IV by producing a series of new promotional videos and materials of greater appeal to young people, and widen our publicity channels.

(4) To provide more opportunities for young people to participate in policy discussion and debate, the Government has set a target of increasing the overall ratio of youth members aged between 18 and 35 to 15% within its current term. Apart from reaching out through MSSY to young people who have strong commitment to serve the community, various bureaux and departments are recruiting young people to join advisory and statutory bodies under their purview by other means as well. The overall ratio of youth members in these bodies has increased from 7.8% in 2017 to 13.7% at present, gradually reaching the target of 15% set by the current-term Government. The Government will continue to create an environment conducive to youth participation in public affairs, enabling them to advise the Government on different policy areas with their creativity and innovation.

List of Participating Committees under the Pilot Scheme and MSSY

<i>Pilot Scheme</i>	<i>MSSY Phase I</i>	<i>MSSY Phase II</i>	<i>MSSY Phase III</i>
(1) Youth Development Commission	(1) Lantau Development Advisory Committee	(1) Ping Wo Fund Advisory Committee	(1) Advisory Committee on Mental Health
(2) Committee on the Promotion of Civic Education	(2) Council for Sustainable Development	(2) Commission on Poverty	(2) Fight Crime Committee
(3) Environmental Campaign Committee	(3) Advisory Committee on Enhancing Self-Reliance Through District Partnership Programme	(3) Committee on the Promotion of Racial Harmony	(3) Public Libraries Advisory Committee
(4) Committee on Innovation, Technology and Re-industrialisation	(4) Transport Advisory Committee	(4) Hong Kong Advisory Council on AIDS	(4) Advisory Committee on Enhancing Employment of People with Disabilities
(5) Action Committee Against Narcotics	(5) Community Investment and Inclusion Fund Committee	(5) Aviation Development and Three-runway System Advisory Committee	(5) Country and Marine Parks Board
	(6) Committee on Community Support for Rehabilitated Offenders	(6) Committee on Home-School Co-operation	(6) Panel on Manpower Development, the Hong Kong Council for Testing and Certification
	(7) Community Sports Committee	(7) Animal Welfare Advisory Group	(7) Hong Kong Film Development Council
	(8) Joint Committee on Student Finance	(8) Museum Advisory Committee	(8) Culture and Promotion Working Group, the Chinese Temples Committee
	(9) Food Wise Hong Kong Steering Committee	(9) Advisory Committee on Gifted Education	(9) Telecommunications Users and Consumers Advisory Committee
	(10) Advisory Committee of the Partnership Fund for the Disadvantaged	(10) Working Group on Green Burial and Related Matters	(10) Board of Management of the Chinese Permanent Cemeteries

Search and rescue and patrol work in the countryside

11. **MR JEFFREY LAM** (in Chinese): *President, it has been reported that since the number of people visiting the countryside for recreation and amenity ("hikers") increased sharply last year as compared with those of the previous years, the number of mountain search and rescue ("S&R") calls received by the relevant government departments in the same period rose correspondingly. In addition, quite a number of hikers committed unlawful acts during their visits to the countryside, such as littering and improper disposal of cigarette butts, causing damage to trees and recreational facilities, as well as barbecuing or cooking outside designated places. Regarding S&R and patrol work in the countryside, will the Government inform this Council:*

- (1) *of the number of mountain S&R operations in which the Government Flying Service ("GFS") participated, and the average number of officers, fuel cost and total expenditure involved in each of such operations, in each of the past three years;*
- (2) *of the number of mountain S&R calls received by the Fire Services Department ("FSD"), and the casualties of the relevant incidents, in each of the past three years; whether the Government will consider making public the relevant figures and details on a monthly basis so as to remind hikers to pay attention to safety;*
- (3) *whether it has assessed, among the cases of the calls mentioned in (2), the respective numbers of those belonging to (i) misuse of the service and (ii) incidents arising from the reckless acts of the persons seeking assistance (e.g. taking photographs at spots located at precipitous terrains or hiking under inclement weather), as well as the impacts of these two types of cases on other emergency rescue services; whether the Government will step up publicity efforts to remind hikers to pay more attention to safety and make reasonable use of emergency call services;*
- (4) *of the number of occasions on which hikers activated the GPS Hiker Tracking Service on the Government's mobile applications, and the number of S&R operations in which the location of the persons seeking assistance was ascertained through such service, in each of the past three years;*

- (5) *given that the number of mountain S&R calls increased in recent years, whether the Government has allocated additional resources to the relevant government departments (i.e. FSD, GFS and the Civil Aid Service) so as to enhance their equipment, manpower and training in respect of S&R;*
- (6) *whether it will make good use of technologies to carry out mountain S&R operations, e.g. using unmanned aircraft systems to search for persons seeking assistance as well as deliver relief materials to them, providing QR codes on the distance posts along hiking trails to facilitate persons seeking assistance to provide their accurate locations, and erecting luminous warning signs powered by solar photovoltaic or wind power generation systems; and*
- (7) *of the approaches currently adopted by the relevant government departments for patrolling hiking trails to combat hikers' unlawful acts and how much manpower is involved in such work, as well as how such departments get to know that there are damaged trails or recreational facilities; the time normally taken to complete the restoration of damaged trails and recreational facilities?*

SECRETARY FOR SECURITY (in Chinese): President, different government departments have been striving to publicize and promote the importance of mountaineering safety among the public through various channels to prevent danger. The departments concerned are also constantly reviewing their capabilities for conducting emergency rescue operations in mountaineering accidents. If necessary, the Government will allocate additional resources to maintain the quality and efficiency of related emergency services and rescue operations.

Having consulted the relevant bureau and departments, our consolidated reply to Mr Jeffrey LAM's question is as follows:

- (1) Every Government Flying Service ("GFS") helicopter on a call-out is normally manned by two pilots and at least two air crewman officers. Depending on operational needs and the condition of the injured in each mountain search and rescue operation, GFS may also arrange

their Air Medical Officer and Air Medical Nursing Officers, officers of the Fire Services Department ("FSD") and the Civil Aid Service ("CAS"), etc. to join the call-outs to provide support.

The numbers of helicopter flights conducted by GFS in mountain search and rescue operations in the past three years are tabulated below:

	2018	2019	2020
Number of flights	435	421	885

In the past three years, on average, each mountain search and rescue operation takes about one hour. The average direct operating costs of helicopter call-outs (i.e. maintenance cost and fuel cost) are tabulated below:

	2018 (\$)	2019 (\$)	2020 (\$)
AS-322 L2 Super Puma	28,950 (3,883)	25,830 (3,672)	21,470 (3,532)
EC 155B1	21,960 (3,164)	22,610 (2,992)	22,300 (2,878)
H 175	26,310 (3,595)	22,290 (3,400)	20,590 (3,270)

Note:

The figures in brackets represent the fuel cost.

- (2) According to FSD's record, the statistics on mountain rescue incidents handled by the Department in the past three years are tabulated below:

	2018	2019	2020
Number of mountain rescue call-outs	242	215	602
Number of casualties in the incidents	129 (9)	121 (13)	323 (11)

Note:

The figures in brackets represent the number of deaths.

Currently, FSD has no plans to publish the relevant figures and details on a regular basis. However, it has uploaded information on mountaineering safety to its website and official Facebook page to remind hikers to stay safe.

- (3) FSD does not maintain relevant statistics on the abuse of emergency services and accidents due to recklessness of hikers among the emergency call cases as mentioned in part (2).

Various government departments have been publicizing and promoting mountaineering safety through different means, including the following:

- (i) FSD's website and official Facebook page provide information on mountaineering safety for public access, including tips on pre-trip preparation, points to note on safety during hiking, as well as ways to seek help and self-rescue in case of danger.
 - (ii) The Agriculture, Fisheries and Conservation Department ("AFCD") has all along been encouraging hikers to use hiking trails maintained by the department to avoid accidents. To assist hikers to plan suitable routes, AFCD promotes and provides integrated information on hiking trails including Long Distance Trails, Country Trails, Family Walks and Nature Trails through the "Enjoy Hiking" website. Moreover, AFCD has set up information boards and directory signs at suitable locations in country parks to provide trail information and remind hikers about safety. AFCD has also erected warning signs at locations with higher risks within country parks to alert hikers to avoid these sites.
 - (iii) CAS regularly organizes the Mountaineering Safety Promotion Day as well as mountaineering safety talks for secondary school students to enhance the public's mountaineering knowledge and safety awareness.
- (4) The Security Bureau's "Safeguard HK" mobile application and the AFCD's "Enjoy Hiking" mobile application both provide "Hiker Tracking Service", through which hikers could store their location

records at the service centre of the Communications Association of Hong Kong. In case of accidents, the rescue team could trace the location of the missing persons with their mobile numbers, thereby enhancing the efficiency of mountain rescue operations. In the past three years, there were nine search and rescue cases in which the location of the missing hikers was tracked through this service.

(5) The Government has been allocating additional resources to the departments concerned as necessary to enhance their emergency rescue capabilities in mountaineering accidents, including the following:

- (i) FSD set up a Mountain Search and Rescue Team ("MSRT") in October 2016, currently with 200 members deployed to fire stations near popular mountain activity spots. All MSRT members have to receive specialized training on advanced mountain search and rescue techniques, which include orienteering, rope rescue, large-area mountain search and rescue strategies, as well as performing rescue missions under extreme weather, etc.

MSRT members are all equipped with personal protective equipment, and each mountain search and rescue unit is equipped with professional rescue tools and emergency survival equipment to assist members in performing mountain rescue work. Besides, a Mountain Search and Rescue Support Team, comprising instructors from the Fire and Ambulance Services Academy with rich experience in mountain search and rescue, was also established to provide incident commanders in mountain rescue incident with technical and strategic support by, for example, analysing information and clues about missing persons, assisting in formulating search and rescue strategy, and liaising with relevant government departments, etc.

FSD also analyses trends of mountain accidents and reviews the search and rescue strategy from time to time with a view to strengthening the capability of handling incidents. For example, the number of mountain accidents in Lantau Island

area has been increasing in recent years. To better cope with the mountain accidents in Lantau Island, the seventh MSRT was established in Tai O Fire Station in February 2021.

- (ii) GFS's seven new H175 helicopters have been fully operational since Q3 2019. In addition to improving flight safety, they have also enhanced the search and rescue capability, endurance and the loading capacity of the helicopter fleet.

Furthermore, GFS is preparing for the establishment of a Flight Simulator Training Centre ("FSTC") at the GFS Headquarters, which is expected to come into operation in Q4 2022. FSTC will provide the GFS pilots with the necessary flight simulation training, which will be conducive to enhancing their training efficiency and technical competency, increasing the pilots' availability for deployment in conducting emergency flying missions, thereby enabling GFS to meet service needs more effectively. In addition, the GFS Kai Tak Division is expected to be in full operation in Q3 this year, enabling GFS to maintain effective and efficient emergency services round the clock.

- (iii) CAS is upgrading the training facilities at Yuen Tun Camp and enhancing the related training to strengthen the rescue capabilities of its members in response to mountaineering accidents. With respect to equipment, CAS plans to procure a brand new digital radio communications system to replace the existing system, thereby further promoting its operational efficiency.
- (6) FSD provides MSRT with special equipment including GPS tracking device, Unmanned Aircraft Systems, Night Vision Systems, infrared telescope and communications equipment required for setting up temporary command posts in the countryside. CAS has also procured two drones with night vision capabilities to further boost its search and rescue efficiency.

AFCD will consider the feasibility of introducing the proposed technology according to the actual site conditions of hiking trails with a view to reducing hiking accidents and assisting relevant departments in conducting search and rescue operations.

- (7) The AFCD staff conducts regular patrols in country parks and special areas to monitor the conditions of country parks and visitors' usage of relevant facilities. Appropriate enforcement action would be taken against illegal activities if detected. In view of the large number of people visiting country parks recently, AFCD has stepped up patrol, publicity and enforcement action at popular hiking locations to raise visitors' awareness on caring for the countryside. At present, AFCD has about 150 staff members responsible for the daily patrol and law enforcement work in country parks and special areas throughout the territory.

The repair and maintenance of hiking trails in country parks are part of AFCD's regular management work for country parks. The department arranges staff to carry out regular inspection of the conditions of hiking trails and prioritizes trail maintenance work according to the degree of wear and risk level of the hiking trails. The time required for the repair work will depend on the degree of wear and the surrounding environment of the trails and visitor facilities.

Unemployment problem

12. **MR YIU SI-WING** (in Chinese): *President, the Government launched the Employment Support Scheme ("ESS") under the Anti-epidemic Fund last year to provide wage subsidies to eligible employers in two tranches for paying the wages of their employees from June to August and from September to November last year. As the Government has not provided wage subsidies any longer since December last year, and Hong Kong's economy has not shown any improvement, quite a number of employers have one after another laid off their employees to cut expenses. On the other hand, the latest seasonally adjusted unemployment rate is 7%, hitting a record high in 17 years, with the number of unemployed persons reaching as high as 250 000. In this connection, will the Government inform this Council:*

- (1) *of the up-to-date expenditure and the current balance of ESS;*
- (2) *whether it has reviewed if ESS is cost effective in retaining jobs in the long run; if it has reviewed and the outcome is in the affirmative, whether it will launch ESS again; if so, of the details; if not, the reasons for that; and*
- (3) *of the extent to which the unemployment problem has worsened not until which will the Government launch new short-term measures to assist the unemployed?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, in consultation with relevant bureaux and departments, my reply to the Member's question is as follows:

- (1) The first and second tranche of the Employment Support Scheme ("ESS") respectively covers June to August 2020 and September to November 2020. There are respectively 151 800 and 152 100 employers who have successfully applied for wage subsidies in the two tranches, covering about 1.95 million employees. In respect of expenses relating to wage subsidies, a total of about \$45.2 billion and \$45 billion have been respectively disbursed under the two tranches. Among the total approved allocation for ESS, the amount reserved for subsidy disbursement has been fully disbursed. Overall speaking, the vetting and subsidy disbursement work under ESS have been largely completed. The Secretariat is currently working on follow-ups of ESS, which include investigating reported cases and clawing back wage subsidies from employers who have not fully complied with the terms and conditions of the Scheme.
- (2) Under the two tranches of ESS, there is respectively about 80% of employers who could maintain their total number of paid employees not less than the "committed headcount of paid employees" (meaning the total number of paid or unpaid staff in March 2020). As regards the remaining 20% of employers, about three quarters of them have slightly reduced one to two employees.

Separately, economic recession has been accelerated in the light of the COVID-19 pandemic since the beginning of last year. The unemployment rate in the second quarter of last year has already exceeded 6%. Nonetheless, since the announcement and implementation of ESS in April and May respectively, the labour market has shown signs of stabilization towards the end of second quarter of 2020, and the unemployment rate largely remained stable with no substantial increase during the subsidy period.

As reflected in the above figures, the Government considers that ESS has largely achieved its policy objective which is to assist employers to retain employees who will otherwise be made redundant, which preserves employment for employees and in turn prevents the further worsening in the labour market.

In the long run, having considered factors including the capability of the public finance, a more prudent approach vis-à-vis implementing new round of ESS is to put in place supportive measures in a targeted manner, with a view to directly offering assistance to people in need and assisting businesses to restart. The Government will continue to closely monitor the impact of the epidemic on various industries and review as appropriate, so that we could preserve our capacity until the epidemic stabilizes.

- (3) In view of the continuous fluctuations of the epidemic which has seriously affected Hong Kong's economy and labour market, the Hong Kong Special Administrative Region Government has been keeping in view changes of the actual circumstances and striving to exploring ways to strengthen assistance for the unemployed and their families. Over the past year, in light of the tremendous challenges brought about by the epidemic to Hong Kong's employment situation and overall economy, the Government has implemented a host of measures to create and stabilize job opportunities, and also provided suitable relief to sectors and individuals hard-hit by the epidemic or affected by the anti-epidemic and social distancing measures. Coupled with the Government's injection into the Anti-Epidemic Fund and the Budget last year, the Government has increased government expenditure substantially to combat the epidemic and roll out relief measures totalling over \$300 billion. It is anticipated that the consolidated deficit for the financial year of 2020-2021 will

surge to about \$250 billion. The Government will, having regard to the development of the epidemic and the situation of different sectors, review the effectiveness of the relief measures and introduce enhancements if needed.

In view of the gloomy job market under the epidemic and the tremendous challenges to Hong Kong's employment situation and overall economy, the Government has implemented various measures to promote jobs creation, employment and re-employment, and also support to individuals and families with financial difficulties. The relevant measures include the provision of 2 000 employment places under the Greater Bay Area Youth Employment Scheme; the third tranche of the Love Upgrading Special Scheme launched by the Employees Retraining Board in January this year providing a doubled quota for 20 000 trainees followed by the fourth tranche of the Scheme to be launched in July; uplift of the ceiling of on-the-job training allowance payable to employers under the Labour Department's Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme together with payment of a retention allowance on a pilot basis to eligible employees engaged under these employment programmes; and also two rounds of the "One-off Living Subsidy for Low-income Households Not Living in Public Housing and Not Receiving Comprehensive Social Security Assistance ('CSSA') Programme and one round of the "One-off Allowance for New Arrivals from Low-income Families" Programme launched by the Community Care Fund.

In addition, the Government has launched the time-limited Special Scheme of Assistance to the Unemployed under CSSA Scheme to temporarily relax the asset limits for able-bodied persons by 100% for 12 months from June 2020 to May 2021. The Government will also implement another time-limited new arrangement under the special scheme during the six months of April to September 2021. Specifically, the cash value of insurance policies of able-bodied CSSA applicants will not be counted as assets during the grace period of one year. The Financial Secretary will also allocate \$6.6 billion to create another 30 000 time-limited jobs.

The Government will continue to listen to views of members of the public and provide more assistance for the unemployed and their families in the light of the development and needs.

Provision of assistance for industries affected by the epidemic

13. **MS STARRY LEE** (in Chinese): *President, to cope with the Coronavirus Disease 2019 ("COVID-19") epidemic, the Government has invoked, on a number of occasions since March last year, the Prevention and Control of Disease (Requirement and Directions) (Business and Premises) Regulation (Cap. 599F) to direct various types of scheduled premises to suspend operation on specified dates, with the period of suspension ranging from 44 to 200-odd days in total. Some operators of such premises have indicated that as they still need to meet expenses such as rent despite suffering substantial reduction of income, they are now at the end of their tether and on the brink of closing down. They have also pointed out that the Government did not make decisions on whether the scheduled premises were required to suspend operation on the basis of objective criteria. For instance, cinemas, where only passive activities are involved and customers can wear a face mask at all times, have been required to suspend operation for a greater number of days than swimming pools, where active activities are involved and customers can hardly wear a face mask. In this connection, will the Government inform this Council:*

- (1) *whether it will revise its current practice and make decisions as to whether the various types of scheduled premises are required to suspend operation on the basis of the risk of epidemic spreading; if so, of the details; if not, the reasons for that;*
- (2) *whether it will discuss separately with the operators of various types of scheduled premises to tailor-make appropriate epidemic prevention arrangements (e.g. arranging for staff to undergo COVID-19 testing, cleaning up and disinfecting venues, registering customer information) on the basis of the characteristics of the activities conducted on the scheduled premises, so that such premises will not be required to suspend operation for epidemic prevention reasons; if so, of the details; if not, the reasons for that;*

- (3) *as the Singapore Government has enacted legislation on temporary measures to stipulate that a tenant of a non-residential property who is unable to pay rent mainly due to the COVID-19 epidemic may suspend rent payment upon serving a notification on its landlord, and the landlord may not, on account of this, commence legal proceedings or terminate the lease, whether the Government will study (i) introducing a similar scheme of "rent holidays" for the scheduled premises, or (ii) encouraging, through provision of financial incentives, the landlords to grant rent cuts, so as to relieve the financial pressure on the operators concerned; if so, of the details; if not, the reasons for that; and*
- (4) *given that the scheduled premises have suffered substantial income loss due to suspension of operation or reduction of business hours pursuant to the relevant directions, whether the Government will provide further financial support for the operators concerned so as to relieve their financial pressure; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, in consultation with the Commerce and Economic Development Bureau, Financial Services and the Treasury Bureau and Human Resources Planning and Poverty Co-ordination Unit of the Chief Secretary for Administration's Private Office, my consolidated reply to the various parts of the question raised by Ms Starry LEE is as follows:

- (1) and (2)

Social distancing measures can effectively prevent the spread of the virus in the community and are an integral part of infection control measures. The implementation of stringent and decisive social distancing measures was the key to the Government's success in containing the third wave of the epidemic. In particular, the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F) regulates the mode of operation of catering business and 15 types of scheduled premises. The Government has all along been adjusting our social distancing measures in a decisive and prompt manner, after balancing factors such as the protection of public health, impact on the economy and

social acceptance having regard to the development of the epidemic situation. At the peaks of the previous waves of the epidemic, in order to control the epidemic situation decisively, the Government's major considerations when tightening social distancing measures (including requiring scheduled premises to close) were the latest overall situation of the epidemic and risk assessments, with a view to reducing social contacts and cutting the transmission chain at an early stage as soon as possible.

The Government understands that some premises under Cap. 599F have already suspended operation for a period of time and are facing considerable difficulties and the unemployment situation of many sectors is deteriorating. At the same time, having been engaged in the efforts to fight the epidemic for months, public adherence to social distancing measures has notably declined. Despite the severe epidemic situation earlier, there were still a large number of people out and about, and many continued to participate in cross-family gatherings. In light of the above, and having considered factors including economic situation and social acceptance, the Government has already announced that we would adopt a more precise approach in adjusting the social distancing measures, with a view to allowing resumption of normal life as soon as possible while minimizing the impact on economic activities and the sectors involved.

The fourth wave of the epidemic has been gradually subsiding earlier. Having regard to the developments of the epidemic situation and risk assessments at the time, the Government had started to gradually relax social distancing measures with conditions since 18 February by reopening seven types of scheduled premises (viz. amusement game centre, fitness centre, place of amusement, place of public entertainment, beauty parlour, massage establishment and sports premises), as well as extending the period during which catering businesses may provide dine-in services to end at 10:00 pm and increasing the number of persons per table to up to four. Compared with the relaxation of social distancing measures when the third wave of the epidemic came under control, the Government has already relaxed the relevant measures to a greater extent this time in order to resume social and economic activities as soon as possible while the epidemic situation permits.

The above relaxation of social distancing measures was based on the ongoing close communications that the Government had with the catering businesses and sectors relevant to the scheduled premises, where we understood that they were willing to proactively comply with the Government's anti-epidemic measures. In order to reduce the risks of virus transmission at the relevant premises after the relaxation of the social distancing measures, the responsible persons of the premises must adopt two new infection control measures as follows:

Measure (a): ensure that users scan the "LeaveHomeSafe" venue QR code using the "LeaveHomeSafe" mobile application on their mobile phones or register their names, contact numbers and the dates and times of their visits before they are allowed to enter the premises, with records to be kept for 31 days; and

Measure (b): arrange for all staff involved in the operation of the premises to undergo a polymerase chain reaction-based nucleic acid test for COVID-19 once every 14 days and ensure that the staff keep records of every SMS notification containing the result of the test for 31 days.

Taking into account the risks of catering business and scheduled premises, the Government has expanded the priority groups under the COVID-19 Vaccination Programme to cover staff of these premises since 8 March. We appeal to the operators and staff of these premises to get vaccinated as soon as possible in order to protect themselves and others. If the overall uptake rate of the COVID-19 vaccine is satisfactory, together with the general public working together to strictly observe other anti-epidemic measures (such as wearing of masks, using the "LeaveHomeSafe" mobile application, etc.), the restrictions on restaurants and other commercial premises can be considered to be further relaxed, and the currently closed premises can be considered to resume business. The greater the number of people getting vaccinated, the better the protection effect for society as a whole and for high-risk persons. There will also be greater room for resuming normal social and economic activities.

In addition, the Government has also required individual premises to adopt different infection control measures having regard to their respective operating characteristics. For instance, in view of the recent cluster in eateries, in order to step up infection control measures of eateries, the Government has required, starting from 4 March, all catering business to arrange, if practicable, dedicated staff for clearing used utensils and cleaning and disinfecting used tables and partitions or suitably adopt hand hygiene measures. In view of the recent large-scale cluster outbreak in a fitness centre, we have tightened the infection control measures in fitness centres with immediate effect from 12 March, reinstating the mask-on requirement, in order to contain the epidemic.

The Government will continue to closely monitor the latest development of the epidemic situation as well as the progress of the vaccination programme and its effect on disease prevention and control, review from time to time and suitably adjust the social distancing measures. We will, having regard to the development of the epidemic situation and subject to the epidemic situation coming under control and continuing to subside, continue to relax social distancing measures in a gradual and orderly manner by phases in a more precise approach. The Government will also continue to maintain close communication with the relevant trades, listen to their views and suggestions on the implementation of anti-epidemic measures at the relevant premises, as well as provide more details on the implementation of the measures.

- (3) To support enterprises, the Government continues to grant the 75% rental or fee concession currently applicable to eligible tenants of government properties and eligible short-term tenancies and waivers under the Lands Department for six months starting from April 2021. During the period, tenants who have to close their properties at the request of the Government will continue to receive full rental waiver for the duration of the closure. The Government appeals to public bodies to follow suit and provide rental concession to their tenants.
- (4) Having regard to the fact that scheduled premises and catering outlets were ordered to close or reduce their operating hours, the Government introduced different measures under the second-, third-

and fourth-round Anti-epidemic Fund ("AEF") to provide financial relief to these premises and catering outlets, with a total financial commitment of over \$15 billion.

In the past year, the Government increased government expenditure substantially to combat the epidemic and roll out relief measures, with measures launched under AEF and last year's Budget exceeding \$300 billion in total. The Government forecast a budget deficit of some \$250 billion for 2020-2021. The Government will closely monitor the development of the epidemic situation and continue with the anti-epidemic efforts to suppress the epidemic so that our economic activities and daily lives could resume normal as soon as possible. Meanwhile, the AEF Steering Committee will continue to optimize the remaining balance of AEF based on the proposals put forth by the relevant bureaux/departments, having regard to the development of the pandemic, views from various industry stakeholders and their actual business situation.

On the other hand, to assist small and medium enterprises ("SMEs") hard hit by the COVID-19 epidemic in coping with cash flow problems, the Government launched on 20 April 2020 the Special 100% Guarantee Product under the SME Financing Guarantee Scheme to provide low-interest concessionary loans. As at end February 2021, \$45.33 billion of loans were approved, benefiting over 21 000 enterprises, involving over 268 000 employees. As the epidemic has been lingering on for over one year, to continue to relieve the cash flow pressure of SMEs, the Financial Secretary announced in the 2021-2022 Budget that the Government would extend the application period of the Special 100% Guarantee Product to 31 December 2021; further increase the maximum loan amount per enterprise from the total amount of employee wages and rents for 12 months to that for 18 months, with the ceiling increasing from \$5 million to \$6 million; extend the maximum repayment period from five years to eight years; and extend the maximum duration of principal moratorium from 12 months to 18 months.

Measures to support the sustained development of the retail industry

14. **MR SHIU KA-FAI** (in Chinese): *President, the Government allocated \$130 million in 2014 for the implementation of three measures related to the manpower development of the retail industry, including implementing an Earn and Learn Pilot Scheme for Retail Industry, raising the retail industry's image and setting up a Retail Technologies Adoption Fund for Manpower Demand Management. Regarding the measures to support the sustained development of the retail industry, will the Government inform this Council:*

- (1) *whether it has assessed the effects of the aforesaid three measures on the retail industry over the years; if so, of the details;*
- (2) *of the latest implementation situation of the three measures, and the balance of the allocation;*
- (3) *given that the Coronavirus Disease 2019 epidemic has accelerated the development of online shopping and the operation of the retail industry under an integrated online-to-offline model, thus leading to a surge in the industry's demand for the relevant talents, and that the Government has decided to cease accepting new applications under the aforesaid measures starting from this year, whether the Government will consider the following proposal of some members of the industry: continuing to use the balance of the allocation for enhancing training on technology application and digital skills for the practitioners of the retail industry, and at the same time for promoting the new image of the retail industry so as to attract new blood, thereby helping the industry meet the talent challenges brought by the digitalization of the retail industry; if so, of the details; if not, the reasons for that; and*
- (4) *as some members of the industry have indicated that in their work to transform their retail business, quite a number of retailers currently lack support on aspects like funding, mastery of the relevant technologies, and effective online sales channels and promotion platforms, what targeted measures, other than those for talent development, the Government has put in place to help the industry resolve the current difficulties so as to support the sustained development of the industry?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, in response to the question raised by Mr SHIU Ka-fai, my consolidated reply is as follows:

The Government launched three retail manpower development measures in 2014, including the Earn and Learn Pilot Scheme for Retail Industry ("the Pilot Scheme"), the Retail Technology Adoption Assistance Scheme for Manpower Demand Management ("ReTAAS") and the related promotion activities.

The Pilot Scheme was implemented by the Vocational Training Council ("VTC") in partnership with the Hong Kong Retail Management Association. It allows Secondary Six graduates to attend classes on campus while acquiring working experience, and aims at providing training for aspiring youngsters to join the retail workforce. The first cohort of the Diploma of Foundation Studies ("DFS") programme under the Pilot Scheme commenced in September 2014, with an intake of 255 student-workers. A total of 615 student-workers have enrolled in seven cohorts of DFS and the three cohorts of the Higher Diploma ("HD") programmes under the Scheme so far. However, the number of student-workers joining the Pilot Scheme has dropped significantly in recent years. The DFS programme in 2020-2021 academic year had an intake of only four student-workers and no students were enrolled in the HD programme in the last two academic years.

On the contrary, VTC began offering two full-time Government subsidized retail courses (i.e. Higher Diploma in Retail Innovation and Management and Diploma of Foundation Studies—Retail) in the 2020-2021 academic year. These courses are similar in nature to the Pilot Scheme, but full-time courses are more popular with students. In the 2020-2021 academic year, about 120 students were enrolled in these courses. Considering that the student demand for the programmes under the Pilot Scheme has dropped significantly, the Government will stop accepting new applications for the Pilot Scheme from the 2021-2022 academic year onwards. Student-workers already enrolled under the Pilot Scheme will not be affected and could complete the programmes as originally planned. The two full-time Government subsidized retail courses offered by VTC could continue to support the manpower development of the retail industry.

ReTAAS was launched by the Government in partnership with the Hong Kong Productivity Council, and aims to support the retail industry to adopt technologies for manpower management and enhancing productivity. As of February 2021, 467 applications with a total funding of around \$17.2 million were approved.

However, the number of ReTAAS applications from retail enterprises has dropped significantly in recent years. Eligible applications received have decreased by 69% from about 13 per month in 2016-2017 to four in 2019-2020. On the other hand, the Innovation and Technology Commission ("ITC") launched the Technology Voucher Programme ("TVP") in 2016, which aims to support local enterprises/organizations (including retail enterprises) in adopting technology services and solutions to improve productivity, or upgrade or transform their business processes. As of end February 2021, TVP received 2 552 applications from the wholesale and retail industry, of which 973 were approved with a total funding of about \$149.4 million. As the number of applications for ReTAAS has dropped significantly and there are Government funding schemes with a similar nature but more popular with the trade, the Government will stop accepting new applications for ReTAAS from 1 April 2021 onwards, but applications submitted and projects approved before the deadline will not be affected.

Since the launch of the above Pilot Scheme and ReTAAS, the Government also began a related retail promotion campaign to enhance the positive image of the retail industry, which includes television and radio Announcements in the Public Interest, online animation videos, a thematic website, social media pages and advertisements, bus seatback and restaurant table stickers and advertisements in recruitment magazines. As the Pilot Scheme and ReTAAS will stop accepting new applications, the relevant retail promotion campaign will also cease.

The accumulated expenditure and funding approved for the above retail manpower development measures is about \$44.46 million thus far. Although the measures concerned will be discontinued, the Government will continue to support the retail sector in manpower development and adoption of information technology services through VTC's full-time Government subsidized retail courses and TVP.

In addition, the Government has also supported the retail industry through various channels. For example, under the first round of the Anti-epidemic Fund, the Retail Sector Subsidy Scheme was launched to support retailers seriously affected by the pandemic, with about 69 000 applications and about \$5.5 billion approved. Moreover, the Distance Business Programme also approved about 6 800 applications from the retail sector with a total funding of about \$393 million⁽¹⁾ to support the sector to continue operation and service by adopting information technology solutions (including online business, online order taking and delivery, digital payment, etc.) during the pandemic.

In terms of technology adoption and training, the Reindustrialization and Technology Training Programme under ITC aims to subsidize technology training for staff of local enterprises on a 2 (Government): 1 (Enterprise) matching basis. Enterprises receiving funding under the programme include retail enterprises.

The SME Export Marketing Fund ("EMF") under the Trade and Industry Department ("TID") provides funding support to local enterprises (including retail enterprises) to expand their markets outside Hong Kong, e.g. subsidizing enterprises to set up or enhance company websites or implement export promotion activities through electronic platforms or media. To assist enterprises (including retail enterprises) in local market promotion under the pandemic, the Government plans to expand the funding scope of EMF with conditions for two years from April 2021 onwards at the earliest to cover exhibitions and virtual exhibitions targeting the local market. The eligibility criteria will also be relaxed to cover non-SMEs.

The Government also helps local enterprises (including retail enterprises) enhance their competitiveness and develop the Mainland and other Free Trade Agreement ("FTA") markets through the Dedicated Fund on Branding, Upgrading and Domestic Sales under TID. Fundable items include designing and establishing online sales platform, establishing or enhancing company website and mobile applications, recruiting additional manpower for upgrading, and setting up new entities in the Mainland or FTA markets, etc.

(1) Excluding approved applications not accepting funding and cases where relevant information was not provided after approval.

Employment market

15. **IR DR LO WAI-KWOK** (in Chinese): *President, it has been reported that while quite a number of enterprises have frozen or reduced their headcount because they have been affected by the Coronavirus Disease 2019 epidemic, certain information technology-related industries have been unable to recruit adequate manpower to take up newly created posts. Such a situation reflects that there is a mismatch in the employment market. In this connection, will the Government inform this Council:*

- (1) *whether it has assessed the short-term and long-term impacts of the epidemic on the local employment market; if so, of the details; if not, the reasons for that;*
- (2) *whether it will improve its work on the projection of manpower supply and requirements, including conducting projections more frequently and taking into consideration short-term political and economic factors, so as to enhance the accuracy of projection findings; if so, of the details; if not, the reasons for that;*
- (3) *whether it has enhanced the communication with representatives of the industrial and commercial sectors, so as to grasp the market demand for talents who have received education on subjects related to Science, Technology, Engineering and Mathematics ("STEM"), as well as allocate additional resources to tertiary institutions for offering more STEM-related courses and places; if so, of the details; if not, the reasons for that; and*
- (4) *whether it will introduce more facilitation measures to attract innovation and technology talents to come to Hong Kong for career development, so as to meet the market demand for such talents and build a talent pool; if so, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): *President, having consulted the Innovation and Technology Bureau ("ITB"), the Education Bureau ("EDB"), the Census and Statistics Department ("C&SD") and the Office of the Government Economist, our consolidated reply to Member's question is set out below:*

- (1) The COVID-19 epidemic has significant impact on the economy and labour market in 2020. According to C&SD's statistics, total employment decreased by 5.1% to 3 653 200 in 2020, while the labour force decreased by 2.2% to 3 880 300. In the whole year of 2020, the unemployment rate averaged 5.9%, an increase of 3.0 percentage points over 2019. Analysed by sector, the epidemic has particularly impacted sectors relating to consumption and tourism (viz. retail, accommodation and food services sectors). The unemployment rate of these sectors as a whole was 10.0% on average in 2020. The unemployment rates of other major sectors also increased in 2020.

Due to the fourth wave of local epidemic, the unemployment rate (not seasonally adjusted) increased by 0.2 percentage point over the fourth quarter of 2020 to 6.5% in November 2020-January 2021, and after seasonal adjustment it increased by 0.4 percentage point to 7.0%. The unemployment rate (not seasonally adjusted) of sectors relating to consumption and tourism as a whole increased to 11.3%.

It is anticipated that the labour market would remain under pressure in the short term. If the epidemic is brought under control with the launch of the COVID-19 Vaccination Programme, the labour market may gradually recover in the second half of 2021. In the longer run, changes in consumption behaviours or business models caused by the COVID-19 epidemic may affect the local labour market. The epidemic may expedite adoption of innovation and technology ("I&T") in daily lives and business operations, such as online shopping, remote work and distance business, which may lead to changes in demand for talents for different jobs. The Government will monitor relevant developments closely and provide additional support and assistance as necessary, including enhancements in training, re-training, and job-matching.

- (2) The Government's labour force projections and manpower projections focus mainly on the medium to long-term trends of the Hong Kong labour force; short-term fluctuations in individual years that may not constitute a trend will affect the projection results. The Government will closely monitor the impact of the COVID-19 epidemic on supply and requirements of the labour force and update the projections where needed.

- (3) The Government has been maintaining dialogue with post-secondary education institutions and providing information on manpower trends of different industries to facilitate planning by the institutions. In addition, through the Study Subsidy Scheme for Designated Professions/Sectors, the Government encourages the self-financing post-secondary education sector to offer designated programmes in disciplines including architecture and engineering, computer science and financial technology to nurture talent in support of specific industries with keen demand for talents. In the 2020-2021 academic year, there are more than 36 000 student enrolments in Science, Technology, Engineering and Mathematics ("STEM")-related programmes funded by the University Grants Committee ("UGC"), an increase of 11% over five years. As regards vocational and professional training and education, the Vocational Training Council ("VTC") has signed Memoranda of Understanding with over 20 local major enterprises and institutions under the Industry Partner Collaboration Scheme in recent years. Through this platform, VTC has undertaken a number of inter-disciplinary collaborative projects with industry partners, and invited industry veterans to serve as STEM ambassadors to share their extensive industry knowledge and latest updates on technological development with students to enhance their knowledge on relevant industries and nurture more professionals. In addition, VTC will review relevant programmes from time to time, taking into account various factors including social situation, industry needs and resource availability.
- (4) In addition to further enhancing the local I&T ecosystem and helping overseas talent recognize the full range of opportunities offered by Hong Kong, as well as the continuous implementation of the Technology Talent Admission Scheme, the Government will launch the Global STEM Professorship Scheme to strengthen our support for the universities to attract world-renowned I&T scholars as well as their teams to work in Hong Kong, thereby enabling local universities to strengthen their STEM teaching and research. Subject to nominations by UGC-funded universities and endorsement by the Assessment Panel, each overseas STEM scholar relocating to Hong Kong will receive subsidy for up to five years.

Up to 100 professorships can be awarded. Up to four members of the research teams who work for the above scholars can also receive subsidy for up to three years. ITB and EDB are finalizing the implementation details. We aim to invite universities to submit nominations to the Assessment Panel within the first half of this year. Moreover, to enlarge the pool of I&T talent in Hong Kong, the Government has recently extended the eligibility of the Research Talent Hub, allowing holders of a bachelor or master degree in a STEM-related discipline awarded by a well-recognized non-local institution to join the Hub.

Impacts of Government's budget deficits on pension payments

16. **DR CHIANG LAI-WAN** (in Chinese): *President, according to the forecast in the Budget published last month, the Government will record deficits in the coming five financial years. Under the situation that the fiscal reserves will continue to dwindle, quite a number of retired and serving civil servants and judicial officers who are entitled to pensions are worried whether the Government is able to continuously fulfill its obligation to make pension payments. In this connection, will the Government inform this Council:*

- (1) *of the respective numbers, as at 31 December last year, of (a) civil servants and (b) judicial officers who are (i) retired and receiving pensions and (ii) serving under pensionable appointment terms;*
- (2) *of the total amount of pension payments (including lump sum and monthly payments) made by the Government in each of the past 10 years, and its year-on-year rate of change;*
- (3) *on the premise that there is no appropriation from the General Revenue Account ("GRA"), how many months of pension expenditure that the current balance of the Civil Service Pension Reserve Fund represents; and*
- (4) *whether it has devised a contingency plan for the situation that appropriations from GRA to the said Fund are inadequate?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): President, pension arrangement for civil servants are governed by relevant pension legislation (including Pensions Ordinance (Cap. 89), Pension Benefits Ordinance (Cap. 99) and Pension Benefits (Judicial Officers) Ordinance (Cap. 401)). It is stipulated in relevant pension legislation that pensions shall be charged on and paid out of the general revenue; and that for civil servants appointed on pensionable terms, their entitlement to pension benefits shall be a right. The Government established the Civil Service Pension Reserve Fund ("the Fund") in 1995 to provide a reserve to meet payment of civil service pensions in the event that the Government cannot meet its obligations for such payment from the General Revenue Account (unlikely though it will be). It is the Government's intention to maintain the balance of the Fund in any year at a level not less than the estimated pension expenditure for that year. No payment has been (or is expected to be) made by the Government since the Fund was set up in 1995.

The Government will honour its commitment of paying pensions to retired civil servants and judicial officers in accordance with their respective terms of appointment.

My reply to the questions of Dr CHIANG is as follows:

- (1) As at 31 December 2020, there are about 146 000 public and judicial services pensioners; and about 67 000 serving public and judicial service officers appointed on pensionable terms.
- (2) The recurrent expenditure of pension payments (including lump sum pension gratuity and monthly pension) in each of the past 10 years, and its year-on-year rate of change are as follows:

<i>Financial year</i>	<i>Total amount</i>	<i>Variation</i>	
	<i>\$ million</i>	<i>\$ million</i>	<i>Rate of change (%)</i>
2011-2012	18,934.7	-	-
2012-2013	20,917.5	+1,982.8	+10.47
2013-2014	22,992.6	+2,075.1	+9.92
2014-2015	25,455.0	+2,462.4	+10.71
2015-2016	28,318.1	+2,863.1	+11.25
2016-2017	30,843.4	+2,525.3	+8.92

<i>Financial year</i>	<i>Total amount</i>	<i>Variation</i>	
	<i>\$ million</i>	<i>\$ million</i>	<i>Rate of change (%)</i>
2017-2018	33,191.0	+2,347.6	+7.61
2018-2019	35,510.0	+2,319.0	+6.99
2019-2020	37,385.7	+1,875.7	+5.28
2020-2021 (Revised Estimate)	41,688.9	+4,303.2	+11.51

(3) and (4)

The opening balance of the Fund for 2021-2022 is \$42.77 billion and investment income for the year is estimated to be \$3.04 billion. It is expected that the Government will transfer \$3.02 billion from the General Revenue Account to the Fund in 2021-2022 in order to bring the closing balance of the Fund for 2021-2022 to \$48.83 billion, at a level not lower than the estimated pension expenditure of \$45.79 billion for the year.

Collection of rates

17. **MR WONG KWOK-KIN** (in Chinese): *President, will the Government inform this Council:*

- (1) *of the total amount of revenue collected by the Government from rates and its year-on-year rate of change, in each of the past five years;*
- (2) *of the (i) number of units and (ii) total amount of annual rates payable (set out in tables of the same format as the table below), in respect of each type of buildings (i.e. private residential, public rental housing, office, commercial and industrial buildings) in each of the past five years, broken down by the range (as set out in the table below) to which the amounts of annual rates payable (before concession) for the units belonged;*

Year: _____

Type of buildings: _____

<i>Amount of annual rates payable for the units (\$)</i>	<i>Number of units</i>	<i>Total amount of annual rates payable</i>
<i>Below 2,500</i>		
<i>2,500 to 5,000</i>		
<i>5,001 to 7,500</i>		
<i>7,501 to 10,000</i>		
<i>10,001 to 15,000</i>		
<i>15,001 to 20,000</i>		
<i>20,001 to 30,000</i>		
<i>Above 30,000</i>		
<i>Total</i>		

- (3) *of the respective numbers of (i) "proposals" to alter an entry in a new Valuation List, and (ii) "notices of objection" against a/an correction, deletion or addition to an existing Valuation List, received by the Rating and Valuation Department ("RVD") in each of the past five years; among those cases, the respective numbers of cases in which the rateable values were reduced eventually;*
- (4) *given that in assessing the rateable value of a certain property, the authorities will make reference to the open market rents agreed on or around the date of valuation, for similar properties in the same district, with due adjustments made to reflect differences in sizes, locations, facilities, and standards of finish and management, of the details of the calculation criteria and adjustment ratios concerned;*
- (5) *as some residents of the subsidized housing in Kowloon East (including Hong Pak Court and Hong Nga Court) have pointed out that the housing court in which they reside is similar to an adjacent housing court in terms of the completion time, location, number of storeys and building conditions, etc., but there is a great discrepancy between the rateable values of the units in the two adjacent housing courts, of the reasons for that; and*
- (6) *of the current staffing establishment in RVD for handling the work of assessment and review of property rates, and the work process of the annual revaluation of the rateable values of properties?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President,

- (1) The annual rates revenue collected by the Government and the year-on-year rate of change in the past five years are as follows:

<i>Financial year</i>	<i>Rates revenue (after deducting rates concessions) (\$ million)</i>	<i>Year-on-year rate of change</i>
2015-2016	22,733	+2.1%
2016-2017	21,250	-6.5%
2017-2018	22,203	+4.5%
2018-2019	17,167	-22.7%
2019-2020	20,981	+22.2%

- (2) The Rating and Valuation Department ("RVD") does not compile statistics by the amount of rates payable and property types. The number of assessed properties on the Valuation List of each of the past five years, sorted by rateable value, is tabulated below:

<i>Rateable value (\$)</i>	<i>Number of properties on the Valuation List as at 1 April of that year^{Note}</i>				
	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
3,001-49,999	429 115	426 201	409 414	396 002	403 632
50,000-99,999	673 839	645 185	551 188	474 372	493 819
100,000-159,999	651 259	695 262	733 876	755 456	769 660
160,000-199,999	213 395	219 545	255 052	291 961	292 490
200,000-299,999	221 347	221 675	263 121	297 900	296 323
300,000-399,999	82 602	85 049	95 527	106 027	104 616
400,000-599,999	74 037	74 944	80 278	86 490	86 198
600,000 or above	108 856	109 723	116 132	123 138	122 260
Total	2 454 450	2 477 584	2 504 588	2 531 346	2 568 998

Note:

The numbers include properties assessed on a block-assessment basis.

- (3) Proposals for alteration of Valuation List and notices of objection to alteration of an entry on the Valuation List received by RVD in the past five years are as follows:

<i>Year</i>	<i>Proposal for Alteration of Valuation List</i>		<i>Notice of Objection to an Interim Valuation, a deletion or a correction of an entry on the Valuation List</i>	
	<i>Number of Cases Processed</i>	<i>Number of Cases with rateable value reduced after review</i>	<i>Number of Cases Processed</i>	<i>Number of Cases with rateable value reduced after review</i>
2015-2016	50 304	1 417	3 383	289
2016-2017	48 688	1 386	4 975	97
2017-2018	40 190	1 685	3 727	382
2018-2019	40 566	1 544	3 423	86
2019-2020	39 092	1 644	6 878	177

(4) and (5)

In assessing the rateable value of a tenement, RVD will make reference to and analyse the rents of similar tenements in the same district as transacted in the open market, and make appropriate adjustments through the application of valuation principles and professional expertise and having regard to the actual conditions of the tenement (taking into account factors such as size, floor level, view, location, environmental conditions, building quality, property management level, maintenance, facilities, etc.) in order to determine the rateable value of the tenement concerned. Although neighbouring housing estates situated in the same district may be similar in terms of building type and age, other factors affecting the rental values of individual properties, such as building design, floor layout, natural lighting of a unit, etc., may differ. As such, it is not abnormal for their levels of rateable value to be different.

(6) RVD has an establishment of 600 posts dedicated to statutory valuation and assessments in 2021-2022. Apart from the assessment and annual revaluation of the rateable values of properties liable to rates and/or Government rent as well as the

review of objection and appeal cases, the staff concerned are also responsible for carrying out other relevant statutory duties such as processing rates and/or Government rent exemption, etc.

RVD will carry out an annual revaluation of rateable values of all properties on the Valuation List. RVD will issue the Requisition for Particulars of Tenements to ratepayers in order to collect rental information of various properties. Having analysed the rental information collected, RVD will reassess the rateable values of the tenements on the Valuation List according to the prevailing market rents as at the valuation reference date (generally on 1 October of the year before the new Valuation List comes into force). Upon completion of the revaluation work, RVD will declare the new Valuation List for public inspection.

Special work arrangements for government employees

18. **MR WILSON OR** (in Chinese): *President, to cope with the Coronavirus Disease 2019 epidemic, the Government implemented, on several occasions since early last year, special work arrangements ("special arrangements") under which all government employees, save for those involved in the provision of emergency and essential public services, worked from home. In this connection, will the Government inform this Council:*

- (1) *whether it has assessed the impacts of the special arrangements on public services (including service efficiency and additional administrative costs incurred); if it has assessed, of the details; if not, the reasons for that;*
- (2) *as some members of the public have relayed that during the periods when the special arrangements were implemented, they could hardly access those public services urgently needed and had no way to contact the relevant government officers, whether the Government will issue standard guidelines to various government departments on matters such as staff rosters, work approaches and external liaison under the special arrangements, with a view to reducing the impacts of the special arrangements on members of the public; if not, of the reasons for that; and*

- (3) *as I have learnt that during the periods when the special arrangements were implemented, some government employees were not assigned any work while staying at home, whether the Government will formulate plans so that when the special arrangements are implemented again in future due to an epidemic, such idle manpower may be deployed to support the anti-epidemic work of the Department of Health?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): President, my consolidated reply to the various parts of Mr Wilson OR's question is as follows:

In order to reduce the risk of the virus spreading in the community and to break the chain of infection, the Government implements rigorous social distancing measures having regard to the epidemic situation, these include special work arrangements for government employees. The measure helps to significantly reduce the flow of people in the community and serves to encourage employers to allow their staff members to work from home to further reduce the social contact. In implementing the arrangement, the Government requests individual bureaux and departments to deploy staff to suit their own modes of operation and make appropriate adjustments having regard to developing needs, such that in fighting the epidemic and safeguarding the safety of staff, the needs for the functioning of society are taken into account and public services are maintained. We reiterate that even under the epidemic, the Government has all along been maintaining emergency services and essential public services.

During the implementation of the special work arrangements for government employees, bureaux and departments kept the demand for public services under review and made flexible adjustments with reference to experience gained under previous rounds of special work arrangements and views from the public. For example, during the fourth wave of the epidemic, the Integrated Family Service Centres and Social Security Field Units of the Social Welfare Department have remained open to the public. The Licensing Offices of the Transport Department and the Hongkong Post have maintained services albeit on a limited scale. Job Centres of the Labour Department and the Working Family and Student Financial Assistance Agency have provided enquiry and employment services by telephone and continued to process applications submitted by post, drop-in boxes or online respectively in view of the severity of the epidemic situation. To strike a better balance between fighting the epidemic and meeting the needs of a functioning society, the departments adjusted service arrangements

and resumed counter services from 21 January 2021 onwards. Besides, we have all along been encouraging members of the public to use alternative means, such as the post, drop-in boxes or online channels to receive the services they need. Individual bureaux and departments have also made announcements on the latest arrangements of their services accordingly.

Government employees under the special work arrangements are not on vacation leave. Save for those involved in the provision of emergency services and essential public services, all other government employees must continue to work from home to minimize the risk of infection. Bureaux and departments have widely adopted information technology and provided appropriate facilities to enhance communication between staff. To support government employees to work from home, departments have procured additional computers and other mobile devices and equipment, computer software, and enhanced the capacities of their communications, networks, and databases according to their operational and staffing demands. As of end October 2020, about 7 900 additional members of staff (about 112%) were provided with notebook computers for accessing departmental intranets and servers, and the number of staff authorized for using virtual private networks for working remotely increased by about 9 700 (about 147%).

Over the past 13 months, bureaux and departments have demonstrated unprecedented collegiality and resilience in joining the anti-epidemic effort on different fronts. The various large-scale targeted measures introduced by the Government at different stages of the epidemic called for extensive manpower. These measures include the Universal Community Testing Programme, close contact tracing, enforcement of compulsory testing in specified "restricted areas", Community Vaccination Programme, etc. The planning and organization of these measures were completed within a short period of time with the manpower required deployed by various departments. Civil service colleagues are not only required to adopt flexible and innovative ways to respond to the needs of different service targets, but also to shoulder additional responsibilities which are outside the purview of their departments. As of early March 2021, more than 70 000 staff, including civil servants, contract staff and retired civil servants, have been engaged in the implementation of various anti-epidemic programmes and operations. The Government will, depending on the development of the epidemic situation and actual needs, continue to flexibly deploy manpower to support the anti-epidemic effort, and do our best to enable the lives of all people and our economic activities to return to normalcy at the soonest.

Virtual asset trading platforms

19. **MR LEUNG CHE-CHEUNG** (in Chinese): *President, the Securities and Futures Commission ("SFC") issued a statement on virtual asset trading platforms ("VATPs") in November 2018, setting out a conceptual framework ("the framework") that aims to explore a pathway for compliance for VATP operators who are willing to be supervised by SFC. Under the framework, SFC will, in its Regulatory Sandbox, explore whether VATPs are suitable for regulation, and will observe the operation in the Sandbox environment of those VATP operators who are interested in engaging in the relevant business, and whether they are able to comply with the proposed regulatory requirements; if SFC is of the view, at the end of that stage, that it is appropriate to regulate the VATP operators concerned, it will consider granting licences. SFC announced in December 2020 that it had granted the first licence to a VATP in Hong Kong. In this connection, will the Government inform this Council if it knows:*

- (1) *the respective up-to-date numbers of applications received by SFC for inclusion of VATPs in the Regulatory Sandbox and for granting of licences to VATPs;*
- (2) *the criteria adopted by SFC for vetting and approving licence applications;*
- (3) *the measures put in place by SFC to assist those VATP operators whose operation in the Sandbox environment has been unsatisfactory in applying for licences;*
- (4) *the number of licences that SFC has planned to grant, and whether SFC has set a limit on the number of licence to be granted; the validity period of the licences in general; and*
- (5) *whether SFC will relax the licensing condition that VATP operators may provide services to professional investors only, so that they may provide services to retail investors at the same time?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): *President, having consulted the Securities and Futures Commission ("SFC"), our consolidated response to the question is as follows.*

In view of the development of virtual assets ("VA"), SFC announced a conceptual framework in November 2018 for the regulation of VA trading platforms in Hong Kong. Following exploratory discussion with market operators on regulatory requirements, SFC issued a position paper in November 2019 setting out a licensing framework for platforms which offer trading of securities-type VAs or tokens ("voluntary opt-in regime"). The voluntary opt-in regime only applies to those platforms which offer trading services involving at least one VA with securities features. Platforms solely trading non-securities VAs are not covered.

Under the voluntary opt-in regime, any platform operator who is interested in applying for a licence may submit an application to SFC. In vetting applications, SFC will consider factors including the business model of the applicant, whether the applicant can meet the "fit-and-proper test" and whether the applicant is capable of meeting the regulatory requirements that are comparable with those applicable to licensed securities brokers and automated trading venues. In addition, having regard to the nature and risks of VAs, SFC will also consider an applicant's competence in areas including custody of assets, cybersecurity, customer due diligence, anti-money laundering, prevention of market manipulation and abuse, and product due diligence. The relevant factors of consideration are set out in the "Terms and Conditions for Virtual Asset Trading Platform Operators" attached to the position paper.

A licensed platform operator will be subject to the supervision of SFC and required to observe the licensing conditions. Key licensing conditions include requirements that the platform operator can only offer services to professional investors, must impose stringent criteria for the inclusion of VAs to be traded on its platform, and that the platform operator can only provide services to clients with sufficient knowledge of VAs. Same as other licences granted by SFC, a licence granted under the voluntary opt-in regime does not have a specified term and remains valid until it is revoked.

As the VA industry is an emerging sector involving higher risks than conventional financial products, a licensed platform operator will only be allowed to offer services to professional investors. Such a requirement is necessary to ensure a proper degree of protection for investors. SFC will closely monitor market development and review the relevant requirement as appropriate having regard to the maturity of the market.

Since the launch of the voluntary opt-in regime, SFC has officially accepted four applications for review. SFC granted the first licence to a platform operator in December 2020, and is currently considering the other applications. SFC does not set any limit on the number of licences.

Residential care homes for the elderly

20. **MR CHAN HAN-PAN** (in Chinese): *President, quite a number of members of the public have relayed that the waiting time for admission to subsidized residential care homes for the elderly ("RCHEs") has become longer and longer due to the persistent shortage of the places therein, and carers taking care of elderly persons single-handedly at home bear tremendous pressure. In this connection, will the Government inform this Council:*

- (1) *of the number of elderly persons currently waiting for admission to subsidized RCHEs and the average waiting time; the new measures to be put in place in the coming three years to shorten the waiting time;*
- (2) *given that where developers are willing to incorporate certain lease conditions in their real estate development projects to ensure the provision of eligible RCHE premises, they may apply for exemption from payment of premiums for the premises concerned under the "Scheme to Encourage Provision of RCHE Premises in New Private Developments", of the respective numbers of relevant applications received, approved and rejected by the Government since the Scheme was launched in 2003; if there were rejected applications, of the reasons for that; whether it will consider relaxing the eligibility criteria and streamlining the application procedure, so as to encourage developers to participate in the Scheme;*
- (3) *of the total number of applications received by the Government in the past 10 years for exemption from payment of premiums in respect of the construction of private RCHEs that meet the requirements of the Social Welfare Department; and*

- (4) *given that in order to protect the safety of elderly residents in the event of emergencies, it is stipulated in section 20 of the Residential Care Homes (Elderly Persons) Regulation (Cap. 459A) that all parts of a residential care home shall be situated at a height not more than 24 metres above the ground floor, but the Director of Social Welfare may authorize any part of the residential care home to be exempted from complying with such height restriction, of the respective numbers of exemption applications received and approved by the Director in the past 10 years, which had been made for the following purpose: to accommodate non-domestic portions such as the laundry room, kitchen and storeroom at a height more than 24 metres above the ground floor, so as to release more space on the lower floors for the provision of places for the elderly?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to the Member's question is as follows:

- (1) As at end December 2020, the waiting time and number of people waitlisted for subsidized care and attention ("C&A") places and nursing home ("NH") places are as follows:

<i>Service type</i>	<i>Average waiting time (in months) (Average of the previous three months)⁽¹⁾</i>	<i>Number of people waitlisted</i>
C&A places	21	31 426 ⁽²⁾
NH places	26	6 099 ⁽³⁾

Notes:

- (1) It is the average number of months taken (from the waitlist date to the admission date) for normal cases to be admitted to subsidized Residential Care Homes for the Elderly ("RCHEs") in the past three months. Cases accorded priority in allocation of places, cases with inactive history admitted in the past three months, and cases transferred from homes for the aged places to the converted C&A places providing a continuum of care in the same RCHE have been excluded in the calculation because their waiting time may be extraordinarily long or short in comparison with that of normal cases.

- (2) The figure includes the elderly persons using subsidized community care services ("CCS") while waiting for subsidized C&A places, but does not include the elderly persons classified as "inactive" cases on the Central Waiting List ("CWL").
- (3) The figure includes the elderly persons using subsidized CCS while waiting for subsidized NH places, but does not include the elderly persons classified as "inactive" cases on CWL.

The Government will continue to take a multi-pronged approach to increase elderly service places through long-, medium- and short-term strategies. As a long-term strategy, the Government has reinstated the population-based planning ratio in the Hong Kong Planning Standards and Guidelines in respect of elderly facilities in late 2018, specifying a ratio of 21.3 subsidized RCHE places to 1 000 elderly persons aged 65 or above. This is to set a clear service provision target for future planning work. As regards the medium-term strategy, the Government is taking forward 66 development projects which will provide about 8 800 RCHE places (including subsidized and non-subsidized places) and about 2 800 subsidized day care service place in the coming few years. Besides, in accordance with the 2020 Policy Address, the Government has invited the Hong Kong Housing Authority and the Hong Kong Housing Society to explore reserving about 5% of the total domestic gross floor area in future public housing development projects exclusively for welfare uses, which include the much-needed RCHEs, without affecting the public housing supply and other ancillary facilities. In respect of short-term strategies, the Pilot Scheme on Residential Care Service Voucher ("RCSV") for the Elderly has been implemented since March 2017 in order to issue a maximum of 3 000 RCSVs in batches, offering elderly persons in need of residential care service an additional choice. In addition, the Social Welfare Department ("SWD") will purchase an additional 5 000 EA1 places in private RCHEs under the Enhanced Bought Place Scheme over five years starting from 2019-2020 to increase the supply of subsidized RCHE places and enhance the overall service quality of private RCHEs.

Apart from the aforesaid measures, the Labour and Welfare Bureau will continue to implement the Special Scheme on Privately Owned Sites for Welfare Uses ("Special Sites Scheme") with a view to encouraging non-governmental organizations to better utilize their own sites through expansion, redevelopment or new development to provide diversified subvented and self-financing services. According to the latest proposals from applicant organizations in Phase 1 of the Special Sites Scheme, it is anticipated that about 7 500 RCHE places (including subsidized and non-subsidized places) could be provided subject to the smooth implementation of all the proposed projects relating to elderly services. The Government also launched a new phase of the Special Sites Scheme in April 2019. SWD is discussing with the applicant organizations to finalize details of their proposals such as service type, number of places, development parameters and project cost, with a view to implementing the projects as soon as possible.

(2) and (3)

The Government implemented in July 2003 a scheme to encourage provision of RCHE premises in new private developments ("the Scheme"). The Scheme provides that eligible RCHE premises will be exempted from payment of premium under different types of land transactions including lease modification, land exchange and private treaty grant, if the developers are willing to accept incorporation of certain lease conditions to ensure the provision of RCHE premises. Premium exemption will be granted with the support of relevant departments (including SWD). The developers will have to bear the construction cost of the RCHE premises which, once built, will become the properties of the developers. The Government will allow the developers to lease, sell or operate the premises themselves or through agencies as long as the premises remain as RCHEs. The developers/operators are free to set their own fees having regard to the market trend.

Since the implementation of the Scheme, one project in Tuen Mun has received premium exemption. Construction and furnishing of the RCHE premises have been completed, while the application for RCHE licence is in progress. SWD has also received other preliminary proposals submitted by interested developers/applicants referred by the Lands Department or the Planning Department. Whether the projects can be realized is subject to various considerations and factors to be taken into account by individual developers/applicants in the course of land transaction.

- (4) RCHEs are regulated under the Residential Care Homes (Elderly Persons) Regulation ("the Regulation"). According to section 20(1) of the Regulation, subject to section 20(2), no part of an RCHE shall be situated at a height more than 24 m above the ground floor. This requirement is a safety consideration for elderly residents as many of them are wheelchair-bound or even bed-ridden. In the event of fire or other emergencies, they need extensive assistance to evacuate. The difficulty of fire personnel and other rescue teams in evacuating a large number of frail elderly persons with mobility problems to the ground floor cannot be neglected. Therefore, stipulating a height restriction for RCHEs helps protecting the safety of elderly residents in the event of fire or other emergencies as well as effectively shortening the time for fire personnel to rescue or evacuate residents.

Currently, under section 20(2) of the Regulation, the Director of Social Welfare may, by notice in writing served on an operator, authorize that any part of such RCHE may be situated at a height more than 24 m above the ground floor as may be indicated in the notice. In the past 10 years, SWD has not received any applications made pursuant to the above provision.

Over-the-counter trading of virtual currencies

21. **MR CHAN CHUN-YING** (in Chinese): *President, it has been reported that the price of bitcoins, one of the virtual currencies, has surged recently, arousing investors' interest in trading virtual currencies. At present, investors may conduct, in cash and without using any trading platform, over-the-counter*

("OTC") trading of virtual currencies. Taking advantage of the anonymity inherent in virtual currencies and the absence of regulation of such tradings by the authorities, some lawbreakers, posing as a trading counterparty, deceived and even robbed investors who traded virtual currencies with them. In this connection, will the Government inform this Council:

- (1) whether it has grasped the current situation of OTC trading of virtual currencies in Hong Kong (including the average daily turnover); if so, of the details, and whether it will release the relevant information; if it will not release such information, the reasons for that;*
- (2) whether it has plans to regulate OTC trading of virtual currencies; if so, of the details; if not, the reasons for that; and*
- (3) whether it will take measures to raise public vigilance about the risks involved in conducting OTC trading of virtual currencies; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, in consultation with the Securities and Futures Commission ("SFC") and the Security Bureau, our reply to Mr CHAN's questions is as follows:

- (1) and (2)

Virtual currencies are not legal tender and not recognized as a means of payment in Hong Kong. In response to the Financial Action Task Force's regulatory suggestion on virtual asset services providers' anti-money laundering and counter-terrorist financing ("AML/CTF") measures, the Government launched a three-month public consultation in November 2020, proposing the introduction of, under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), a licensing regime for operators of centralized virtual asset trading platforms and the requirement for licensees to offer services only to professional investors in order to ensure market stability and protect investors.

Currently, virtual asset activities outside virtual asset exchanges are not common in Hong Kong. Over-the-counter trading activities often involve interface with financial institutions (for conversion into fiat currencies), and the relevant money flow can be traced through the financial institutions' AML/CTF measures. We will closely monitor the development of such trading activities, and consider the appropriate regulation.

- (3) The Financial Services and the Treasury Bureau and the Investor Education Centre ("IEC"), a subsidiary of SFC, have launched a public education campaign since 2018 on the risks associated with initial coin offerings and cryptocurrencies. The financial education platform of IEC, the Chin Family, has also developed a dedicated series of relevant educational articles and infographics at its website <<https://www.ifec.org.hk/web/en/financial-products/fintech/ico-bitcoin/index.page>>.

The Police also closely monitor the crime trend relating to virtual assets, and have taken corresponding enforcement actions and enhanced crime prevention promotion and education. The Police's Cyber Security and Technology Crime Bureau and the Anti-Deception Coordination Centre have put in place a mechanism to help track the relevant funds, make stop-payment requests and intercept payment to fraudsters systematically upon receiving suspected fraud complaints, thus minimizing victims' losses.

Members of the public should pay special attention to the risk when trading or engaging in related investment activities. If they come across any property known or suspected to be crime proceeds, or suspect that they have fallen victim to fraudulent acts, they should contact the Police immediately. The financial regulators and law enforcement agencies will continue to promote and raise public awareness.

Cycling safety

22. **DR PRISCILLA LEUNG** (in Chinese): *President, it has been reported that there was an increase in the number of people cycling for leisure and delivering takeaway food amid the rampant Coronavirus Disease 2019 epidemic in Hong Kong last year. There are often takeaway food couriers cycling in urban areas on roads in the opposite direction of the traffic or on pavements, causing dangerous situations frequently. As shown in the information of the Transport Department, the number of traffic accidents involving bicycles rose from 1 942 and 1 839 in 2018 and 2019 respectively to 2 947 in 2020. In this connection, will the Government inform this Council:*

- (1) *of the casualties caused by traffic accidents involving bicycles in each of the past three years and since January this year; among such accidents, the respective numbers of those which (i) occurred on cycle tracks and (ii) involved cycle takeaway food couriers;*
- (2) *of the number of summonses (with a breakdown by the type of contraventions) issued by the Government in each of the past three years and since January this year to cyclists who had violated the Road Traffic Ordinance (Cap. 374) and, among them, the number of those issued during territory-wide safe cycling enforcement operations;*
- (3) *whether the Police stepped up efforts last year to combat unlawful acts of cycling on pavements in urban areas; if so, of the number of prosecutions instituted; if not, the reasons for that; and*
- (4) *of the work on promoting cycling safety carried out by the Government since 2018, and its details (including the number of promotional activities, the number of participants and the expenditure); whether, in response to the increase in the number of people cycling, it has formulated new strategies for promoting cycling safety (e.g. collaborating with takeaway food delivery platforms to strengthen efforts to publicize cycling safety among takeaway food couriers, and stepping up, on holidays at popular cycling locations, publicity on cycling safety among members of the public); if so, of the details?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Government attaches great importance to cycling safety and has been closely monitoring the relevant situation. Our reply to the various parts of the question is as follows:

- (1) The numbers of casualties of traffic accidents involving cycling⁽¹⁾ were 1 869, 1 799, 2 822 and 525 respectively in 2018, 2019, 2020 and 2021 (January and February). Among them, 728, 687, 1 264 and 228 were involved in accidents occurring on cycle tracks respectively. The Government does not have breakdown figures of cycling accidents on cycle takeaway food couriers.

- (2) and (3)

The numbers of enforcement cases undertaken by the Hong Kong Police Force ("HKPF") against cycling contraventions were 5 631, 2 350 and 4 018 in 2018, 2019 and 2020 respectively. The enforcement figures since January 2021 are still under compilation. The Government does not have breakdown figures as requested in the question.

- (4) The Government adopts an inter-departmental and multi-agency collaboration approach to enhance safety for cyclists and road users. Under this approach, efforts are made in three areas, namely effective enforcement, public engagement (including publicity and education) and enhancement of ancillary facilities for existing cycle tracks.

On effective enforcement, cycling safety is one of HKPF's Selected Traffic Enforcement Priorities. Besides stepping up law enforcement against cycling contraventions, HKPF will review its relevant strategies from time to time, striving to raise public awareness of cycling safety and reduce traffic accidents.

(1) The number of casualties for January and February 2021 was a provisional figure.

On public engagement, the Transport Department ("TD") has been working with the Road Safety Council and HKPF to organize diversified publicity and education activities on road safety. In view of the increase in cycling accidents last year, HKPF held a cycling safety press conference in collaboration with TD, the Auxiliary Medical Service ("AMS") and the Cycling Association of Hong Kong, China at the end of last year. In the press conference, the findings of a focus study conducted by HKPF on cycling accidents involving fatalities and serious injuries in the first three quarters of last year, the data on cycling accidents and the first aid services provided by AMS on cycle tracks were released to the public. The public were also reminded not to overstretch themselves, and that they should take sufficient safety measures when riding bicycles and maintain an "attentive, patient and law-abiding" attitude at all time. In addition, HKPF will continue to visit various community centres, fast food shops, bicycle rental shops, cycling clubs, automobile associations and driving centres, etc. to promote the message of safe cycling and remind drivers to pay attention to cyclists on the road while driving.

On enhancement of ancillary facilities for cycle tracks, when it comes to the planning and design of cycle tracks, the Government makes reference to relevant guidelines and duly considers the factors of curvature, gradient, width, sightline and continuity, etc. to minimize the need for cyclists to dismount while crossing road junctions and vehicular accesses, and provides appropriate traffic signs, road markings and facilities for ensuring cycling safety. Moreover, the Government has been replacing metal speed reducing bollards with plastic ones at appropriate locations of cycle tracks throughout the territory to minimize accidental injuries to cyclists, and providing new bicycle parking areas at appropriate places.

GOVERNMENT BILLS**First Reading and Second Reading of Government Bills****First Reading of Government Bills**

DEPUTY PRESIDENT (in Cantonese): Government Bills: First Reading.

EMPLOYMENT (AMENDMENT) BILL 2021**REVENUE (FIRST REGISTRATION TAX AND LICENCE FEES FOR MOTOR VEHICLES) BILL 2021****PUBLIC OFFICES (CANDIDACY AND TAKING UP OFFICES) (MISCELLANEOUS AMENDMENTS) BILL 2021****REVENUE (STAMP DUTY) BILL 2021****REVENUE (TAX CONCESSIONS) BILL 2021**

CLERK (in Cantonese): Employment (Amendment) Bill 2021

Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Bill 2021

Public Offices (Candidacy and Taking Up Offices) (Miscellaneous Amendments) Bill 2021

Revenue (Stamp Duty) Bill 2021

Revenue (Tax Concessions) Bill 2021.

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

Second Reading of Government Bills

DEPUTY PRESIDENT (in Cantonese): Government Bills: Second Reading.

EMPLOYMENT (AMENDMENT) BILL 2021

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I move the Second Reading of the Employment (Amendment) Bill 2021 ("the Bill"). The Bill aims to increase progressively the number of statutory holidays ("SHs") under the Employment Ordinance (Cap. 57) ("EO") from existing 12 days to 17 days on a par with the number of general holidays other than Sundays ("GHs").

The proposal to bring the number of SHs on a par with that of GHs was put forward by the Chief Executive in early 2020. The Bill proposes that EO should be amended in one legislative exercise to increase progressively the number of SHs with one additional day every two years until it reaches 17 days on a par with the number of GHs. The five additional days of SHs should fall on GHs that are currently not SHs and be increased in the following sequence: the Birthday of the Buddha, the first weekday after Christmas Day, Easter Monday, Good Friday, and the day following Good Friday. The other provisions governing SHs under EO will remain unchanged.

In formulating the aforementioned proposal, the Government has fully considered the interests of both employees and employers as well as the economic situation which has been hard hit by the epidemic. SHs are a statutory employment benefit under EO and apply across the board to all employers and eligible employees, including some 370 000 foreign domestic helpers ("FDHs") working in Hong Kong and their employers. To ensure the smooth completion of the alignment exercise, the pace is of utmost importance. Our proposal to increase the number of SHs in a progressive manner can provide employers with sufficient time for preparations and adjustments so that the alignment will not put undue pressure on the manpower and operating costs of employers—in particular micro, small and medium-sized enterprises and those sectors with a relatively high proportion of employees who are granted SHs only. Apart from businesses, households employing FDHs will also need time to make necessary arrangements to adapt to the change while their FDHs are on holiday.

We propose that the first additional SH should be the Birthday of the Buddha which will fall in May 2022. Since the Birthday of the Buddha is a stand-alone holiday that does not fall within the peak travel seasons nor long school holidays, designating that day as the first additional SH should be more manageable for businesses, employers and households with FDHs.

We recommend amending EO in one legislative exercise instead of multiple exercises, such that there will be a clear roadmap and time frame of aligning the number of SHs with that of GHs.

We consulted the Labour Advisory Board ("LAB") on the proposal. While no consensus could be reached within LAB on the pace of implementing the proposal, there was no objection to the progressive increase in the number of SHs until it is on a par with that of GHs and the presentation of an enabling bill to the Legislative Council for scrutiny. We also consulted the Panel on Manpower of the Legislative Council in January this year. Although divergent views were expressed by different Members on the pace of implementing the proposal, there was no objection that the Government should present the Bill to the Legislative Council.

We understand that employees and employers hold different views on the pace of implementing the proposal. While some have suggested continuing the discussion on the pace issue at LAB until a consensus is reached between the employer members and the employee members, there is little prospect that a consensus can be reached in the foreseeable future. Deferring action until a consensus is reached within LAB would mean that employees who are currently entitled to SHs only—especially the grass roots—would have to wait further to enjoy better employment benefits. According to crude estimation, among all employees in Hong Kong—excluding government employees and live-in domestic helpers—about 1.2 million or close to 40% will benefit from the proposal in the Bill. It is incumbent upon the Government to take into account the different views of employer and employee sides and strike a balance for the interest of our society as a whole.

I implore Members to support the Bill so that over a million eligible employees in Hong Kong can benefit early. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Employment (Amendment) Bill 2021 be read the Second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Bill is referred to the House Committee.

REVENUE (FIRST REGISTRATION TAX AND LICENCE FEES FOR MOTOR VEHICLES) BILL 2021

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, I move the Second Reading of the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Bill 2021 ("the Bill").

The Bill seeks to give effect to the proposals put forth by the Government in the 2021-2022 Budget to increase the rates of first registration tax for private cars by 15% and the annual licence fees for private cars and electrically powered passenger vehicles by 30% respectively, with a view to curbing the growth of private cars and alleviating traffic congestion.

It is known to all that the road space of Hong Kong is extremely limited. Over the years, the Government has adopted a multi-pronged strategy to alleviate traffic congestion, including improving transport infrastructure, expanding and enhancing transport systems and managing road use.

In respect of improving transport infrastructure, the commissioning of the Central-Wan Chai Bypass and the Tuen Mun-Chek Lap Kok Link has effectively diverted traffic flow. We will take forward in due course major road projects, such as Central Kowloon Route, Trunk Road T2, Tseung Kwan O-Lam Tin Tunnel and Cross Bay Link, Tseung Kwan O. At the same time, we will make continual effort to improve transport infrastructure and take forward road and railway infrastructure projects and studies so as to create capacity through according priority to infrastructure to tie in with the overall development of Hong Kong.

As regards expanding and enhancing public transport systems, the Government's transport policy always adopts public transport as the core, with railway as the backbone. Currently, about 90% of our passenger trips are made on public transport every day, the usage of which is one of the highest in the world. Apart from the continual expansion of the coverage of public transport services and enhancement of public transport services, we will make good use of technology in releasing real-time arrival information of MTR, buses and green minibuses to facilitate the public to travel around. Take green minibuses as an example. The Transport Department ("TD") will release the real-time arrival information of about 70 green-minibus routes via "HKeMobility" and the Public

Sector Information Portal <data.gov.hk> by the end of this month, aiming to expand the coverage to about 600 green-minibus routes in total by the end of 2022. To further alleviate the burden of transport expenses of the public, the subsidy rate of the non-means tested Public Transport Fare Subsidy Scheme has been increased from one fourth to one third since 2020, whereas the subsidy cap has also been raised from \$300 to \$400 per month temporarily. To enable more members of the public to benefit from the Scheme during the epidemic, we have lowered the threshold of public transport expenses under the Scheme from \$400 to \$200 since 1 July 2020. In view of the continual impact of the epidemic on Hong Kong's economy, we have decided to extend the relevant arrangements by six months to 31 December this year and raise the subsidy cap under the Scheme from \$400 to \$500 per month temporarily, benefiting an average of around 3.8 million people per month according to estimate.

As for management of roads, TD will continue the studies on "Congestion Charging" and the Electronic Road Pricing Pilot Scheme in Central with a view to controlling and managing the use of vehicles. On the other hand, the Government is pursuing a host of measures to increase car parking spaces as appropriate, which include designating suitable on-street locations as night-time parking spaces and following the principle of "single site, multiple uses" to provide public car parking spaces in suitable "Government, Institution or Community" facilities and public open space projects. Moreover, TD is proactively taking forward six automated parking system pilot projects with a view to promoting such application in government and privately operated public car parks in future.

Though the Government is working on various aspects to alleviate traffic congestion, many measures take time to implement and the limited land resource in Hong Kong remains a profound challenge. We also noticed that the number of vehicles had kept growing in the past decade. The number of private cars, accounting for over 70% of the total vehicle fleet size, has increased significantly from around 420 000 to over 570 000, an increase of about 38%, over the past decade. The increase is exerting heavy pressure on road traffic, increasing commuting time of the public, aggravating air pollution and affecting the economy, air quality and liveability of Hong Kong. The constant increase in private cars has increased road traffic to a level far exceeding the capacity of road networks, which will further aggravate traffic congestion and air pollution.

It is evident from past experience that fiscal measures are somewhat effective in controlling the growth of private cars. The concurrent increase in the first registration tax and vehicle licence fees will deliver complimentary effect in curbing the increase of private cars and may even bring down the overall number of private cars. In fact, the first registration tax and vehicle licence fees for private cars have not been adjusted for many years since 2011 and 1991 respectively, and the significant increase in price inflation during this period has greatly undermined their effectiveness in controlling the growth of private cars. To achieve the relevant transport policy objectives while taking into account relevant factors such as public acceptability, we propose increasing the first registration tax and vehicle licence fees by 15% and 30% respectively.

On the other hand, taking into account that some people may not have anticipated the increase in the first registration tax and vehicle licence fees imposed by the Government before they place orders for private cars or renew their licences, we have stipulated in the Bill that the old rates and fees will continue to apply under specified circumstances. Before the above proposals come into force at 11:00 am on 24 February 2021, if the buyer has ordered the private car from a registered local distributor or importer or if the owner has arranged for the private car to be imported into Hong Kong for personal use, the old rates of the first registration tax may still be applicable to that private car even if it has not yet been first registered, provided that the person concerned can prove to the satisfaction of the Commissioner for Transport as required by law.

As regards the vehicle licence fees for private cars, all vehicles eligible for renewal on or before 24 February 2021 may be renewed at the original fee level at any time on or before 23 June 2021. In other words, the arrangement will cover vehicle licences with the last effective date on or before 23 June 2021 for either a four-month or one-year licence period.

To protect public revenue, proposals in the Bill have already come into force at 11:00 am on 24 February 2021, at the time the Budget was announced, under the Public Revenue Protection (Revenue) Order 2021 signed by the Chief Executive earlier. The Order gives legal effect to the proposals in the Bill for a maximum period of four months. If the Bill is not passed by the Legislative Council by 24 June this year, the relevant proposals will cease to have effect on that day.

The problem traffic congestion in Hong Kong has persisted for many years and has been deteriorating. We should be more decisive in tackling the problem at root. The Government will continue to spare no efforts in improving the traffic conditions through a multi-pronged approach including giving priority to infrastructure, adopting public transport as core and optimal use of road space. I hope Honourable Members will support the proposals in the Bill to control more effectively the growth of private cars, thereby alleviating traffic congestion and enhancing commuting convenience of the public.

Deputy President, I so submit.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Bill 2021 be read the Second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Bill is referred to the House Committee.

**PUBLIC OFFICES (CANDIDACY AND TAKING UP OFFICES)
(MISCELLANEOUS AMENDMENTS) BILL 2021**

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Deputy President, I move the Second Reading of the Public Offices (Candidacy and Taking Up Offices) (Miscellaneous Amendments) Bill 2021 ("the Bill").

Article 104 of the Basic Law specifically states that five categories of public officers, i.e. the Chief Executive, principal officials, members of the Executive Council and of the Legislative Council, judges of the courts at all levels and other members of the judiciary in the Hong Kong Special Administrative Region ("HKSAR") must, in accordance with law, "swear to uphold the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China and swear allegiance to the Hong Kong Special Administrative Region of the People's Republic of China" ("upholding the Basic Law and bearing allegiance to HKSAR") when assuming office.

The Standing Committee of the National People's Congress ("NPCSC") endorsed the Interpretation of Article 104 of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China ("the Interpretation") on 7 November 2016, which explains that oath-taking is the legal prerequisite and required procedure for public officers specified in Article 104 of the Basic Law to assume office, and must comply with the legal requirements in respect of its form and content. The Interpretation also makes it clear that an oath taker who makes a false oath, or, who, after taking the oath, engages in conduct in breach of the oath, shall bear legal responsibility in accordance with the law.

Since NPCSC endorsed the Interpretation, the SAR Government has been actively examining proposals to rationalize local legislations in a bid to reflect the specific requirements regarding public officers' oath-taking in the Interpretation and to accurately fulfil its relevant constitutional duty. Apart from the five categories of public officers specified in Article 104 of the Basic Law, Article 6 of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("the National Security Law") also stipulates that a resident of HKSAR who stands for election or assumes public office shall confirm in writing or take an oath to uphold the Basic Law and swear allegiance to HKSAR in accordance with the law.

"Upholding the Basic Law and bearing allegiance to HKSAR" are the fundamental requirements on those who administrate Hong Kong and public officers. This is their fundamental obligation and duty. It also serves as an important basis for establishing the principle of "patriots administering Hong Kong". The legislative principles of the Bill are very clear and that is, to accurately implement Article 104 of the Basic Law and the relevant Interpretation, as well as the legislative purpose and original intent of the regulations on oath-taking by public officers stipulated in the National Security Law, so as to ensure that these public officers clearly understand their constitutional duties and requirements, and to safeguard that only those who meet the basic requirements of "upholding the Basic Law and bearing allegiance to HKSAR" can hold the relevant public offices.

Since the Interpretation was promulgated in 2016, there have been voices in society and the Legislative Council urging us to complete the relevant legislative amendment exercise as soon as possible. After thorough study and

drafting, we present the Bill to Honourable Members for scrutiny by formally proceeding with its First Reading and Second Reading in the Legislative Council today.

The Bill consists of nine parts with a total of 31 amendments, mainly covering six key areas.

First, explain the meaning of the reference "upholding the Basic Law and bearing allegiance to HKSAR" in the legislation. The Bill amends the Interpretation and General Clauses Ordinance (Cap. 1) with reference to the requirements in the Interpretation, the National Security Law and the "Decision on Issues Relating to the Qualification of the Members of the Legislative Council of the Hong Kong Special Administrative Region". In addition, six behaviours in the positive list and nine behaviours in the negative list have been sorted out by drawing reference from court judgments in the past and the experience of Returning Officers in handling nominations. It aims to render the legal requirements and conditions on "upholding the Basic Law and bearing allegiance to HKSAR" more lucid.

Second, introduce the oath-taking requirement for District Council members. "Upholding the Basic Law and bearing allegiance to HKSAR" are the basic duties of District Council members, which is also stipulated in Article 6 of the National Security Law. The Bill proposes that District Council members should comply with the same oath-taking requirements as other specified public officers under Article 104 of the Basic Law.

Third, make clear the requirements for oath-taking. To reflect the requirements of the Interpretation, the Bill adds specific oath-taking requirements to the Oaths and Declarations Ordinance (Cap. 11) ("ODO"), including that the oath-taking should comply with the oath-taking procedure and ceremony; an oath taker who intentionally reads out words which do not accord with the wording of the oath prescribed by law, or takes the oath in a manner which is not sincere or not solemn, shall be treated as declining to take the oath. The oath so taken is invalid. Unless the oath administrator is satisfied that the person did not intentionally decline or neglect to take the oath, the person should be disqualified from assuming office, or must vacate it if the person has already assumed office.

Fourth, standardize the oath administering arrangements. Currently, ODO designates different persons to be oath administrators for different categories of public officers. To reflect the importance of the role of the oath administrator, the Bill proposes to standardize the arrangement for the Chief Executive or a person authorized by the Chief Executive to administer the oaths for Executive Council Members, Legislative Council Members, judges at all levels of courts and other judicial officers, and District Council members.

Fifth, provide for the enhanced mechanism for dealing with breaches of oaths. The Bill amends the Legislative Council Ordinance (Cap. 542) and the District Councils Ordinance (Cap. 547) to stipulate that a person who has breached an oath, or failed to fulfil the legal requirements and conditions of "upholding the Basic Law and bearing allegiance to HKSAR" will be disqualified from holding office; and provides for the enhanced mechanism for handling such cases.

We also propose to remove the time limit in the existing legislation for the Secretary for Justice to initiate relevant legal proceedings, so that the Secretary for Justice may bring legal proceedings anytime to seek a court declaration that the Member concerned has lost his/her seat. Once the relevant legal proceedings have commenced, the Member concerned will be automatically suspended from office until the Court has made a final decision. With reference to the existing election petition mechanism, a leap-frog appeal mechanism will be introduced for the relevant legal proceedings: A party who is not satisfied with a decision at first instance made by the Court of First Instance of the High Court may lodge an appeal to the Court of Final Appeal direct instead of lodging an intermediate appeal to the Court of Appeal of the High Court.

Sixth, introduce relevant restrictions on candidacy. We propose to introduce restrictions to the elections of the Chief Executive, Legislative Council and District Council such that persons who have been disqualified from taking up the relevant public office for declining or neglecting to take an oath, breached an oath or failed to fulfil the legal requirements and conditions of "upholding the Basic Law and bearing allegiance to HKSAR", will be disqualified from being nominated or elected in the relevant elections held within five years to reflect the solemnity of the oath.

Deputy President, although the Bill consists of a number of clauses, there is only one fundamental principle and that is, to accurately implement the oath-taking requirements for public officers, so as to fulfil the constitutional duties of the SAR Government and adhere to the principle of "patriots administering Hong Kong" to ensure the steadfast and successful implementation of "one country, two systems".

We hope that Honourable Members will support the early passage of the Bill. With these remarks, I so submit. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Public Offices (Candidacy and Taking Up Offices) (Miscellaneous Amendments) Bill 2021 be read the Second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Bill is referred to the House Committee.

REVENUE (STAMP DUTY) BILL 2021

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I move the Second Reading of the Revenue (Stamp Duty) Bill 2021 ("the Bill").

The object of the Bill is to give effect to the proposal in the 2021-2022 Budget to increase the rate of Stamp Duty on Stock Transfers from the current 0.1% to 0.13% for both buyers and sellers.

As a result of the pandemic and economic downturn, coupled with the launch of the counter-cyclical measures to support the public and businesses and the need to sustain recurrent expenditure, we have already recorded fiscal deficit for two consecutive financial years in 2019-2020 and 2020-2021. The latest Medium Range Forecast also projects a deficit for three consecutive years from 2021-2022 in the Operating Account.

This mounting pressure on public finance necessitates measures to contain government expenditure and increase government revenue. In terms of increasing government revenue, the Government must maintain the growth and vibrancy of our economy and, at the same time, identify new areas of economic growth. Moreover, we need to consider new revenue sources or tax rate adjustments, and gradually narrow the scope of one-off relief measures.

Having comprehensively considered various factors, including the impact on the securities market and our international competitiveness, we propose to increase the rate of Stamp Duty on Stock Transfers to 0.13%, i.e. an extra \$30 of stamp duty per \$100,000 transaction. Our proposed increase of the rate of Stamp Duty on Stock Transfers, which will take effect on 1 August this year, is expected to bring in an additional revenue of \$8 billion in the financial year 2021-2022. The full-year financial implications will be \$12 billion in each subsequent year.

Deputy President, we understand that some market practitioners are concerned whether increasing the tax rate will undermine the competitiveness of Hong Kong's securities market. As a matter of fact, the competitiveness of Hong Kong's securities market is founded on our robust systems, including a mature financial infrastructure, good asset quality and our increasingly close economic ties with the Mainland market, which bring about massive development opportunities for us. These, together with Hong Kong's free flow of capital, Rule of law and judicial system, as well as our internationally compatible regulatory regime, are our unique and irreplaceable advantages.

With the continuous growth of Hong Kong's securities market, the number of listed companies has increased from 1 413 in 2010 to 2 538 in 2020, representing a growth of 80%. Moreover, the total market capitalization of listed companies has jumped from \$21 trillion to \$48 trillion at present over a decade, representing a 129% increase. Given the successive implementation of various mutual market access programmes and the new listing regime bringing more quality listed companies to our market, the average daily turnover of the Hong Kong stock market rose from \$69 billion in 2010 to \$130 billion in 2020, and scaled new heights again in the first two months of this year with the average daily turnover reaching \$240 billion. It is evident that the growth of the Hong Kong's stock market has ascended to the next level.

In deciding to increase the rate of Stamp Duty on Stock Transfers, we have struck a balance between the need to raise government revenue and promoting the development of the financial market. We believe that, in an environment where various measures for market development have been consistently rolled out and with the existing advantages of the securities market, the proposed increase will not affect the competitiveness of the market.

The competitiveness of the stock market is contingent on a number of factors, among which transaction costs is only one. Stock markets around the world have transaction costs of different structures. Some markets impose dividend taxes and capital gain taxes on investors. Hong Kong does not levy such kind of taxes. We consider that the increase in the Stamp Duty on Stock Transfers in Hong Kong alone may not be directly related to the competitiveness of our overall market. We also believe that such an increase will not undermine the attractiveness and competitiveness of Hong Kong as a whole.

We will continue to rigorously develop our financial market. The Outline of the 14th Five-Year Plan has confirmed the important function and position of Hong Kong in the overall development of the country. The Financial Secretary has also stated in the Budget that the Government will continue to spare no efforts in introducing measures to facilitate the development of the securities market, including the continuous and orderly expansion of mutual market access programmes, the review of the secondary listing regime, the development of asset and wealth management and the real estate investment trusts, etc., which will further promote the development of Hong Kong's financial industry and help enhance the competitiveness of Hong Kong's stock market.

I implore Members to support the Bill.

Deputy President, I so submit.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Revenue (Stamp Duty) Bill 2021 be read the Second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Bill is referred to the House Committee.

REVENUE (TAX CONCESSIONS) BILL 2021

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I move the Second Reading of the Revenue (Tax Concessions) Bill 2021 ("the Bill").

The object of the Bill is to give effect to the tax concession measures proposed in the 2021-2022 Budget.

The Bill provides for the 100% reductions of the salaries tax, tax under personal assessment and profits tax payable for the year of assessment 2020-2021, subject to a ceiling of \$10,000 in each case. The reductions will be reflected in taxpayers' final tax payable for the year of assessment concerned. The measure will benefit 18.7 million taxpayers of salaries tax and tax under personal assessment, as well as 128 000 enterprises. The revenue forgone by Government in 2021-2022 amounts to \$12.45 billion.

Deputy President, we issued a paper to the Legislative Council on 3 March to explain the details of the Bill. The proposed tax concessions can alleviate taxpayers' tax burden and help mitigate the impact of the epidemic on the economy and people's livelihood. I hope all Honourable Members will support the Bill so that taxpayers can benefit early.

I so submit. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Revenue (Tax Concessions) Bill 2021 be read the Second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Bill is referred to the House Committee.

Resumption of Second Reading Debate on Government Bill

DEPUTY PRESIDENT (in Cantonese): This Council resumes the Second Reading debate on the Arbitration (Amendment) Bill 2021.

ARBITRATION (AMENDMENT) BILL 2021**Resumption of debate on Second Reading which was moved on 24 February 2021**

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the Arbitration (Amendment) Bill 2021 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

CLERK (in Cantonese): Arbitration (Amendment) Bill 2021.

Council became committee of the whole Council.

Consideration by Committee of the Whole Council

DEPUTY CHAIRMAN (in Cantonese): This Council now becomes committee of the whole Council to consider the Arbitration (Amendment) Bill 2021.

ARBITRATION (AMENDMENT) BILL 2021

DEPUTY CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1 to 7.

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

(No Member indicated a wish to speak)

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That the clauses read out by the Clerk stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

DEPUTY CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

DEPUTY PRESIDENT (in Cantonese): All the proceedings on the Arbitration (Amendment) Bill 2021 have been concluded in committee of the whole Council. Council now resumes.

Council then resumed.

SECRETARY FOR JUSTICE (in Cantonese): Deputy President, I now report to the Council: That the

Arbitration (Amendment) Bill 2021

has been passed by committee of the whole Council without amendment. I move the motion that "This Council adopts the report".

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Justice be passed.

In accordance with the Rules of Procedure, this motion shall be voted on without amendment or debate.

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

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

Third Reading of Government Bill

DEPUTY PRESIDENT (in Cantonese): Government Bill: Third Reading.

ARBITRATION (AMENDMENT) BILL 2021

SECRETARY FOR JUSTICE (in Cantonese): Deputy President, I move that the

Arbitration (Amendment) Bill 2021

be read the Third time and do pass.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Arbitration (Amendment) Bill 2021 be read the Third time and do pass.

Does any Member wish to speak?

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

CLERK (in Cantonese): Arbitration (Amendment) Bill 2021.

Resumption of Second Reading Debate on Government Bill

DEPUTY PRESIDENT (in Cantonese): This Council resumes the Second Reading debate on the Stamp Duty (Amendment) Bill 2020.

STAMP DUTY (AMENDMENT) BILL 2020**Resumption of debate on Second Reading which was moved on 2 December 2020**

DEPUTY PRESIDENT (in Cantonese): Mr Jeffrey LAM, Chairman of the Bills Committee on the Bill, will first address the Council on the Bills Committee's Report.

MR JEFFREY LAM (in Cantonese): Deputy President, in my capacity as Chairman of the Bills Committee on Stamp Duty (Amendment) Bill 2020 ("the Bills Committee"), I now report to the Council on the salient points of the deliberations of the Bills Committee.

The Stamp Duty (Amendment) Bill 2020 ("the Bill") seeks to amend the Stamp Duty Ordinance to decrease the stamp duty on certain instruments dealing with non-residential properties, reverting such stamp duty to the levels before 23 February 2013.

As explained by the Administration, the Doubled Ad Valorem Stamp Duty ("DSD") was introduced in 2013 to dampen the then local demand for residential and non-residential properties and to narrow the supply-demand gap, thereby contributing to the stable development of the property market. In this connection, the Bills Committee has studied the transaction figures and stamp duty receipts in respect of residential and non-residential properties respectively since the introduction of the demand-side management measures on the property market in 2010, and examined the extent to which the Administration has achieved its purported objective of introducing DSD back then.

The Administration has reiterated that DSD on residential and non-residential property transactions was introduced in 2013 in response to the then overheated residential and non-residential property markets. The imposition of DSD on non-residential property transactions had an immediate

dampening effect on the market, with the transaction volume by and large returning to the 2009-2010 level. The volume of transactions had remained stable thereafter until 2019-2020, when it dropped to below 20 000. In view of the said decline in transaction volume as well as falling prices, the Administration considers that the basis for implementing DSD in the non-residential property market is no longer evident in the prevailing economic climate and has decided to abolish DSD for transactions involving such properties.

During the course of deliberations, the Bills Committee has looked into the demand-side management measures implemented by the Government in the residential property market. Members consider it evident that the demand-side management measures have had a hard hit on the second-hand property market by raising the transaction cost, thereby shrinking the supply of second-hand residential properties. The demand-side management measures have also distorted the residential property market, as evidenced in the disproportionate transaction volumes between first-hand and second-hand property units due to the strong demand for first-hand property units and the shrinking second-hand property market. Members urge the Administration to abolish the demand-side management measures in respect of residential property transactions. Abolishing such measures, in members' view, will facilitate the selling of residential properties by business owners who are encountering financial predicaments or liquidity needs amidst the economic downturn.

The Administration has explained that recent adjustments in price and transaction volume in the residential property market have not been as obvious as those in the non-residential property market. As such, the Chief Executive announced in the 2020 Policy Address that the Government had no plan to adjust any of the stamp duty rates concerning residential properties. In considering whether demand-side management measures in respect of residential property transactions should be adjusted, the Government has to take into account a basket of factors, including property prices, transaction volumes and the affordability of residential properties for the general public. The Government will continue to monitor the development of the property market to ensure that the measures currently in place are necessary for the stable development of the market.

Members of the Bills Committee generally support the amendments proposed in the Bill.

Deputy President, the following is my personal view on the Bill.

Deputy President, after we have strived for years, finally there is a downward adjustment to one of the "curb" measures, which has by no means come by easily. This time I wish to commend the Government for its decisive action, giving immediate legislative effect to the measure through the Public Revenue Protection (Stamp Duty) Order 2020 made by the Chief Executive before the passage of the Bill. The procedure for relaxing the "curb" measure is quite convenient. The Secretary can simply set out the adjusted rates in the Schedule. I hope the Government will consider adopting this approach for other "curb" measures too.

The "curb" measures have been introduced for 10 years. Initially, the "curb" measures were only temporary, but now they have formed a complicated long-term regime. I believe if we ask members of the public what "SSD", "BSD" or "DSD" is, many of them may not quite understand it. In recent years, as we have seen, when property prices rose, the Government rolled out measures; when property prices fell, the policy remained unchanged. In times of a thriving economy, it said the property market was overheated; yet in times of economic recession, it said there was no condition for relaxing the "curb" measures. Actually, what are the purposes of the so-called demand-side management measures? What effects are they expected to achieve? The "curb" measures have been implemented for 10 years. In reality, we see that property prices keep going up. Home acquisition has become increasingly difficult. The turnover of properties has slowed down. Those who wish to replace their properties with new ones fail to do so. The number of households who cannot afford to buy any property and thus switch to live in rental properties has drastically increased by 250 000 in the past decade.

Deputy President, the upper end of the price range for residential properties with the largest number of transactions has risen from \$4 million to \$6 million. If it rises further, it may soon go up to nearly \$8 million. The restrictions imposed by the Hong Kong Monetary Authority ("HKMA") on the loan-to-value ("LTV") ratios for mortgage loans have made home acquisition difficult. The housing problem in Hong Kong really needs to be resolved urgently. This is precisely the plight faced by members of the public since the "curb" measures were rolled out in Hong Kong.

Earlier on, the Legislative Council Secretariat has compiled a research paper which mentioned that among about 1.2 million property holders, 65% had cleared their mortgage loans. They could afford to buy another property for

lease to accumulate wealth. When society is divided into those with properties and those without, hard work cannot give people any hope of upward mobility, and the wealth gap widens, it is indeed very worrying.

Deputy President, the situation of non-residential properties is in fact even more serious. Industrial or commercial properties and offices are susceptible to greater price fluctuations with stricter mortgage terms of the banks. Since the imposition of restrictions on LTV ratios, very often the purchaser of factory or shop premises needs to pay more than half of the property price as down payment. But if the business operator does not buy any fixed property, he will face uncertainties. If the landlord suddenly increases the rent, cost calculation will be difficult or even impossible. In the worst case, the landlord may refuse to renew the lease. Then the operator will have to move out immediately. Hence, when the business is on track, many companies may wish to buy properties for their own use. However, since the introduction of the "curb" measures, only companies which are large enough and have sufficient cash can afford to acquire properties. As a matter of fact, it is rather difficult for ordinary small and medium enterprises to buy any property even if they wish to do so.

To those companies which already hold properties, the "curb" measures are also quite vexing. This is exactly the reason why we have recently endeavoured to strive for the Government's relaxation of "curb" measures in respect of non-residential properties. I am grateful that the Government has listened to our views and decided to relax the "curb" measures. Since 2019, Hong Kong has been plagued by political turmoil and the epidemic. As a matter of fact, economic recession is obvious. The unemployment rate stands high, now reaching 7.2%. Business operation is not only difficult. It is on the verge of closure. Some people intend to mortgage their properties to raise loans from the banks or even consider selling the properties in exchange for cash to keep their businesses afloat. In the past, HKMA had capped the LTV ratio for non-residential properties at 40%. Actually, many mortgage loans could not be made at the ratio of 40%. I saw that in many cases, the ratio was only 30%. Such a figure was indeed too low. In the middle of last year, the cap was relaxed to 50%, which was really of a small help. However, if it can be raised further, it will really help those in need. Nevertheless, this can hardly be a means to relieve their financial pressure.

Deputy President, this time the Bill is the first step to put the property market back on the right track by reverting the ad valorem stamp duty for non-residential properties to the levels before the introduction of the "curb" measures. We remain of the view that property transactions should be driven by market demand. As we can see, since the Government's relaxation of the "curb" measures, the number of transactions of non-residential properties has increased from about 1 000 every month in the previous year to about 1 500. There have been more transactions, but the change is not drastic. However, in these transactions, the properties might be sold for the sake of survival because if the properties were not sold, the business might not have enough money to ease the cash flow, resulting in closure of the companies.

Deputy President, under the impact of the epidemic, the prices of some commercial or industrial properties and offices have fallen recently. Considering that the prices may continue to adjust downward, some people have sold their properties, whereas some others who may have confidence in the future have taken this opportunity to acquire properties at low prices. Of course, some companies have actual operational needs. After reduction of the stamp duty, the cost has lowered. Therefore, they have bought properties for self-use. No drastic increase or decrease in transaction price was seen because asset prices have to follow the overall economic climate in society. In making a decision on purchase or sale, everyone has his own consideration. Take parking spaces as an example. After the resumption of Scale 1 rates, for a parking space valued at \$2 million or less, the stamp duty payable is only \$100, but there has not been any great fluctuation in the recent prices of parking spaces. On the contrary, after the Financial Secretary increased the vehicle registration tax and licence fee, the demand for parking spaces will possibly decrease. Hence, asset prices are affected by many factors, such as quantitative easing in the United States, the fact that lots of people are making profits in the stock market, as well as the most crucial factor of demand and supply. The Government's "curb" measures may not be the causes.

Regarding the Bill today, the Government often refers to the concern about sending a wrong message to the market. Many people may not agree. We are not asking the Government to act in a broad-brush manner. For instance, in the light of the epidemic, the United Kingdom has stopped charging stamp duty for a period and may charge it again later. Or perhaps the tax rates can be lowered and be made more flexible. Can this approach help members of the public? We think it is feasible.

Deputy President, property prices have remained high for years. In the past, a starter home for the poor cost one or two million dollars. Now it takes several million dollars at every turn, amounting to five or six million dollars. It seems that for some time in future, there will not be any big changes in quantitative easing in the United States and land supply situation in Hong Kong. Property prices may continue to go up. We believe that "curb" measures are not completely unchangeable. Relaxation of "curb" measures and mortgage restrictions can increase the mobility in the property market. The availability of more choices in the market is something good to buyers.

Deputy President, the passage of the Bill today indicates that relaxation of "curb" measures for non-residential properties is actually no big deal. I hope the Government can cast aside its preconception and adopt a new mindset in land development. There is a lot of land in Hong Kong, but less than 7% of the overall land area in Hong Kong is used for housing production. Why not adopt a new mindset in the creation of land? The policy on stamp duty also needs to throw off the shackles. In fact, the Government can suspend some of the "curb" measures for six months or even a year, flexibly lower the rates or lift the three-year restriction on SSD. The Government can take one more step, keep an eye on the changes in the market and observe how the market reacts. I believe that an appropriate relaxation of "curb" measures will have positive effects on Hong Kong's housing problem and the healthy development of the property market. I hope the Secretary will give it consideration.

Deputy President, I so submit.

MR TONY TSE (in Cantonese): Deputy President, since February 2013, the Government has imposed the Doubled Ad Valorem Stamp Duty on industrial and commercial properties, commonly known as the "harsh measure", to curb speculation in the market. Following the triple blow of the riots, suppression by the United States and the persistent pandemic, the rents, transaction prices and transaction volume of industrial and commercial properties have all plummeted since last year.

In response to the changes in the market, the Chief Executive announced in the Policy Address last year the abolition of the Doubled Ad Valorem Stamp Duty on non-residential property transactions, which took effect on the day after the announcement, i.e. 26 November last year. The Government pointed out at

the time that an overheating non-residential property market with hectic trading activities and rapidly increasing prices were no longer evident in the prevailing economic climate. With a view to providing liquidity to businesses during the economic downturn, the Government proposed reverting the ad valorem stamp duty chargeable on certain instruments dealing with non-residential properties to the Scale 2 rates applicable before 23 February 2013.

Without a doubt, the social gathering restrictions and the drop in the number of Mainland visitors under the Individual Visit Scheme, coupled with measures such as the dine-in ban, have caused restaurants and the retail sector to suffer drastic decline in business. There have been calls in the market from time to time for landlords to lower rents. Even some of the more famous chain stores have defaulted rental payments and faced difficulties in operation, resulting in the closure of many traditional, long-established businesses. There are many vacant shop premises in busy areas. Therefore, the withdrawal of the harsh measure has a positive effect on the market of industrial and commercial shop premises. It is also the case in reality. After the withdrawal of the harsh measure, the transaction volume of shop premises has risen while the fall in prices has also slowed down. Therefore, I support the Second Reading and subsequent passage of the Stamp Duty (Amendment) Bill 2020 ("the Bill").

The withdrawal of the harsh measure can help owners of shop premises facing financial pressure to cash out their properties. But I personally consider that the lessened harsh measure should also cover the market of parking spaces which are likewise categorized as non-residential properties. I note that the transaction prices of parking spaces have not significantly dropped but there have recently been many transactions at high prices. Taking the parking spaces of a luxury residential development in Ho Man Ting as an example, among a number of parking space transactions, the transaction price of one was a staggering \$5.5 million and that of another one even reached \$6.5 million. It is not the highest price of residential parking spaces in Hong Kong but is still the second highest price.

Indeed, we are aware that the threshold for parking space ownership can be high or low. Will lessening the harsh measure boost the transactions of parking spaces? However, the stamp duty payable for the transaction of a parking space with a selling price below \$2 million is only \$100. Will a reduction in the cost of transaction attract more short-term speculation? I note that a parking space changed hands in just one month and the seller earned a profit of \$100,000 on the

book. Moreover, an investor said when being interviewed by the media that he or she traded parking spaces 700 times in the past six or seven years and earned \$10 million. Therefore, I hope that the Government will address this situation squarely and find out if there are ways to deal with the profit-seeking speculation of parking spaces fuelled by the lessening of the harsh measure.

Furthermore, I also note that there have repeatedly been transactions of high-priced luxury apartments in the recent months. Earlier, the transaction price of a newly built unit in a luxury residential development on Borrett Road, Mid-levels was over \$120,000 per square foot, and it became the priciest property having the highest transaction price in Asia. I see that the transaction prices of other luxury apartments have time and again set new records. Therefore, when submitting my proposal for the 2021-2022 Budget, I stressed that, in the current economic climate where the budget deficit remains huge, the Government should adopt the "affordable users pay" principle to increase tax revenue and impose a higher stamp duty on property transactions in the luxury property market. As regards transactions of super luxury apartments with prices over \$50 million or even \$100 million, increasing the stamp duty can, on one hand, raise revenue for the Treasury and, at the same time, ameliorate the uneven distribution of wealth.

An additional 2% or 4% stamp duty on transactions of luxury apartments priced at \$50 million or even over \$100 million is actually not too much. Taking the apartment on Borrett Road which is the priciest property in Asia as an example, one single transaction can add \$18 million in tax revenue to the Treasury. Such a sum can help many people but is a drop in the ocean for the rich. Therefore, I really hope the Government can give it some consideration. We hope that the transactions of higher-priced properties should be charged higher stamp duty whereas, for affordable properties for first-time homebuyers among the grass roots, can the Government consider lowering the stamp duty?

With these remarks, Deputy President, I support the Bill.

MR WONG TING-KWONG (in Cantonese): Deputy President, the legislative intent of the Stamp Duty (Amendment) Bill 2020 ("the Bill") is to give effect to the proposal made by Chief Executive Carrie LAM in the 2020 Policy Address of abolishing the Doubled Ad Valorem Stamp Duty ("DSD") for all non-residential properties, so that the ad valorem stamp duty imposed on the sale and purchase of all non-residential properties will be reverted to the levels before 23 February 2013.

Over the past year, the Hong Kong economy has been hard hit by the COVID-19 epidemic. Exchanges with people overseas have almost come to a standstill, and foreign visitors have completely vanished in Hong Kong. A large number of industries are forced to suspend their business or operate under restrictions due to the anti-epidemic measures. Even those industries that are not subject to the restrictions of the anti-epidemic measures have faced enormous difficulties in their operation.

The industrial and commercial sectors are caught in severe hardships now. As the stamp duty for non-residential properties will revert to the levels before 23 February 2013, the stamp duty rates will be lowered. For example, the stamp duty rate for a non-residential property sold at \$25 million will be reduced from 8.5% to 4.25%, and the amount will be reduced from \$2,125,000 to \$1,062,500. With the stamp duty for non-residential properties reverting to the levels before February 2013, the transaction cost of non-residential properties will be lowered than that for the past eight years. This will be helpful to enterprises facing operational difficulties in various industries as they can sell their non-residential properties to save themselves from the crises they face now.

Moreover, after the riots in 2019, the prices and numbers of transactions of various types of non-residential properties have dropped significantly. According to the price index for non-residential properties as at September last year, the prices of offices, shop space and factories have dropped 19%, 17% and 13% respectively, and the number of transactions of non-residential properties has dropped nearly 50%.

Therefore, the abolition of DSD for non-residential properties by the Government now can reduce the transaction cost of non-residential properties. It is also helpful to enterprises with operational difficulties as well as owners with liquidity needs. These enterprises and owners can sell their non-residential properties to unlock their equity and increase cash flow, in order to ride out the current difficulties. I think this will not trigger speculation on non-residential properties again to the detriment of society and the people's livelihood. The Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") and I agree to and support this decision of the authorities.

Certainly, the abolition of DSD for non-residential properties aside, many members of the Bills Committee have also called on the Government to further relax the stamp duty for residential properties, so that more owners in need can

cash out by selling their residential properties to overcome their financial crises now. However, taking the view that the prices of residential properties have remained on the high side and are far beyond the affordability of the general public, the Bureau is concerned that relaxing the stamp duty for residential properties may further fuel speculation on residential properties.

I appreciate the concern of the Government. Having said that, the Government has introduced and implemented for quite a long time a diversity of stamp duty for residential properties and yet, the prices of residential properties have remained severely unaffordable to the general public, and there is no hope for many young people to buy their own property. Should we adopt a new mindset to resolve this problem?

To address the problem of property prices far exceeding public affordability, the most powerful solution is definitely to increase supply. The introduction of various types of stamp duty can certainly help curb speculation in the short term but it may not produce a significant result in suppressing property prices. As property prices are currently on the high side, the stamp duty payable becomes high accordingly. Even for first-time buyers who are not required to pay DSD, the basic stamp duty alone will cost them over \$100,000 and this is an extremely heavy burden on members of the public.

In this connection, under its "Reform Hong Kong" campaign, DAB advocates a fairer tax policy which includes introducing a capital gains tax for property sales whereby the amount of the increase in property value is taxable. Comparing with the levying of stamp duty merely from the sale and purchase of properties, will the general public consider this proposal fairer in terms of the distribution of social resources? That said, this is just a direction of thinking, and I hope that the Bureau can consider it in detail.

Lastly, let me reiterate that DAB and I support the Bill proposed to abolish DSD for non-residential properties but meanwhile, we hope that the Government can consider adopting a new mindset and carrying out a tax reform to further resolve the problem of residential property prices far exceeding public affordability.

Thank you, Deputy President. I so submit.

IR DR LO WAI-KWOK (in Cantonese): Deputy President, the Stamp Duty (Amendment) Bill 2020 ("the Bill") aims to amend the Stamp Duty Ordinance (Cap. 117) to revert the ad valorem stamp duty ("AVD") rates applicable to non-residential property transactions from the Doubled Ad Valorem Stamp Duty ("DSD") rates to the Scale 2 rates, with effect from 26 November 2020, and is subject to negative vetting. I think it is both necessary and urgent for this Council to scrutinize and pass the Bill expeditiously.

With hindsight, the SAR Government's decision back then to introduce DSD inevitably makes people sigh that it has become obsolete. Originally, before the roll-out of successive rounds of demand-side management measures on the property market since 2010, sale of immovable property in Hong Kong was subject to stamp duty at a single scale on an ad valorem basis only. The previous single scale of rates is now commonly known as Scale 2 rates, and is currently applicable to acquisition of residential property by a Hong Kong permanent resident who is acting on his or her own behalf and is not a beneficial owner of any other residential property in Hong Kong at the time of acquisition, and other specific property transactions. The authorities introduced DSD in 2013 with the objective of dampening local demand for residential and non-residential properties and narrowing the supply-demand gap, and in particular, the apparent overheating non-residential property market as evidenced by soaring prices throughout 2012 along with hectic trading activities in respect of office, retail and flatted factory space. Against this backdrop, DSD was introduced by the authorities in 2013, whereby transactions of residential and non-residential properties are subject to increased AVD at the Scale 1 rates (which were initially prescribed as the double of the Scale 2 rates). DSD rates range between 1.5% and 8.5% depending on the amount of consideration or value of the property concerned. DSD is applicable to transactions of various types of properties undertaken on or after 23 February 2013, only subject to certain exemptions. However, since November 2016, the Scale 1 rates have been further split into two parts by the authorities. Part 1 relates to residential property transactions which are subject to a flat rate of 15% of consideration, known as the New Residential Stamp Duty; and Part 2 relates to non-residential property transactions which are subject to DSD rates.

But every day is not Sunday. Given the drastic changes in the global and local political and economic situation in recent years, including the outbreak of the China-United States trade war, local anti-extradition amendment bill riots, and the raging coronavirus pandemic, various trades and industries in Hong Kong

have been hard hit and put in dire straits. The transaction volumes and prices of three types of non-residential properties in Hong Kong—office, retail and flatted factory space—have been falling continuously. In the first half of 2020, transactions of these three types of non-residential properties fell to lows of 270, 480 and 790 respectively, whereas in the second half of 2012 (the half-year period before the introduction of DSD), their transactions reached 1 910, 4 140 and 6 060 respectively. It can be said that the difference is huge. As for the price indexes of office, retail and flatted factory space, they also dropped by 19%, 17% and 13% respectively in September 2020 from their respective peaks in 2018 and 2019.

Deputy President, while it may be somewhat legitimate for the SAR Government to introduce DSD in the first place in the hope of narrowing the supply-demand gap, it may have inevitably interfered with free market operation. What is more noteworthy is that since times have changed, even well-intentioned policy measures, if not adjusted in a timely manner, may cause adverse side-effects. In particular, the coronavirus pandemic has been plaguing Hong Kong for over a year. Despite the introduction of various relief measures under the 2020-2021 Budget and three rounds of injections into the Anti-epidemic Fund, they can at best meet some of the imminent needs of hard-hit businesses only. As a result, there have been growing calls in society for abolishing DSD imposed on non-residential property transactions, so as to facilitate selling of non-residential properties by business operators that are encountering financial predicament or liquidity needs to ease the liquidity pressure on businesses.

In view of this, the Executive Council, at its meeting on 25 November 2020, advised and the Chief Executive ordered that the Bill should be presented to the Legislative Council, in response to the demand of society, so to speak. The Public Revenue Protection (Stamp Duty) Order 2020 ("the Order") was also made at the same meeting to give full force and effect of law to all the provisions of the Bill for a four-month period starting from the effective date. In other words, the Government aims to have the Bill passed by the Legislative Council before the Order ceases to have effect from 26 March 2021. For this reason, I say it is both necessary and urgent for this Council to scrutinize and pass the Bill expeditiously.

Deputy President, when the Chief Executive, Ms Carrie LAM, talked about abolishing DSD imposed on non-residential property transactions in paragraph 71 of this year's Policy Address, apart from stating that she would continue to

monitor the developments of the non-residential property market and resort to appropriate measures again as and when necessary, she also stressed that: "Given the tight housing supply and that residential property prices remain beyond the reach of the average households, the Government has no plan to adjust any of the stamp duty rates concerning residential properties." However, as stated in the proposals submitted by the Business and Professionals Alliance for Hong Kong to the Chief Executive and the Financial Secretary, Mr Paul CHAN, separately, we urge the authorities to withdraw in due course all "harsh" measures that are more in name than in reality and suppress residential property transactions, and to change the principle of paying AVD at 15% first and getting a refund later by allowing owners to pay the duty only if they fail to sell their original properties within the property replacement period, so as to ease the cash flow burden on businesses and revitalize the private property market.

Deputy President, with these remarks, I support the passage of the Bill.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak? Mr Abraham SHEK, please speak.

MR ABRAHAM SHEK (in Cantonese): Deputy President, I rise to speak today in support of the abolishment of the Doubled Ad Valorem Stamp Duty ("DSD") imposed on non-residential property transactions. Unfortunately, this is a "late spring", but it is anyway better than spring never comes. Secretary, are you aware of the economic environment before us now? After 2019 and 2020, even as we enter 2021, the economic recession is obvious to all of us. Yet, it is not just the economy, but also the prices—be they shop premises or residential properties—the overall economy has been affected. The unemployment rate now stands at a level as high as 7.2%, whereas the underemployment rate is 7.6%. Bearing this in mind, if we still do not abolish the "harsh measure" of imposing DSD on non-residential properties, it will not only give rise to problems with the prices but also affect the overall economy. We can see shops closing down one after another nowadays, who will suffer a loss? Apart from the landlords, the merchants will also suffer, the resultant impact is indeed tremendous.

Therefore, this time around, the authorities are willing to listen to the long-standing request by the Business and Professionals Alliance for Hong Kong to abolish the "harsh measures". Although this is only the very first step, it is still better than not considering it at all.

Secretary, I wish to tell you that since the delivery of the policy address, the transaction volume of non-residential properties rose from 420 cases in November last year to 490 cases in December. The figure for this month alone reflects that your policy has created a very strong incentive so that the market responded immediately. Whilst the prices have not risen, it is already pretty good that they have not kept falling, and the transaction volume in January this year has even increased to 581 cases. Therefore, the market will respond when the Government introduces some appropriate policies, but will the prices soar? No, because it depends on supply and demand as well. However, the authorities should not suppress the market by means of policies, the market cannot be suppressed. Just like the case when the "harsh measures" were introduced in 2010—I am referring to the "harsh measures" on residential properties—the transaction volume of second-hand residential properties was about 120 000 cases every year, and that of first-hand properties was about 15 000 cases. Secretary, you should not look at the figure for first-hand properties, since the number of transactions for first-hand properties is more or less the same every year. Yet, after the introduction of "harsh measures" on second-hand residential properties in 2010, the entire market was turned upside down, with the transaction volume dropping from 120 000 cases to 80 000 cases and then to 60 000 cases each year. The transaction volume of second-hand residential properties was only 50 000 cases in the previous year. It can be seen that that the picture has changed from having 120 000 transactions to many prospective homeowners being unable to buy a flat. This is not due to increase in property prices, but because the "harsh measures" have affected the overall prices. The original intention of introducing the "harsh measures" is not to increase tax revenue as suggested by Mr Tony TSE. This is not the case. The "harsh measures" are originally meant to be demand-side management measures. But then, demand-side management should only be carried out within a short period of time, which should also be complemented by land supply. Even if the authorities are unable to supply sufficient land, they should not restrain and suppress the second-hand property market, thereby resulting in the collapse of the entire second-hand residential property market.

I hope that the authorities will consider extending the abolition of DSD on non-residential properties to residential properties as well. I certainly understand that it will be difficult for the authorities to abolish all "harsh measures" on residential properties across the board. However, while I wonder if Mr Tony TSE was speaking on behalf of the surveying sector just now, he was being hostile to the rich, thinking that enhanced "harsh measures" should be imposed on luxury properties. The Government should not increase taxes just

because the buyers can afford luxury properties. The supply and demand of the luxury property market has been growing steadily. The Government should not impose heavier taxes on the buyers simply because they can afford luxury housing. This is not the original intention of the "harsh measures". Therefore, Secretary, if you accept Mr TSE's suggestion, reckoning that he is representing certain sectors—in fact, he is not representing the surveying sector—I think the authorities should consider how to relax the "harsh measures" on the whole. The "harsh measures" on properties priced below \$8 million should not be relaxed for the time being. The "harsh measures" on properties priced above \$8 million should actually be relaxed, i.e. those properties on which enhanced "harsh measures" should be imposed as suggested by Mr TSE some time ago. It is hoped that this will bring about economic benefits. We have to create wealth instead of imposing heavier taxes on the rich, as it cannot solve social problems.

Therefore, I hope the Government will consider relaxing partially the "harsh measures" on residential properties priced above \$8 million, with a view to attracting more people to invest in Hong Kong, thereby creating job opportunities and enabling more people to engage in employment. Secretary, do you know in the construction sector to which I belong—I am the Member representing the real estate and construction sector—the unemployment rate is as high as 11%? Deputy President, this is a very serious problem. Therefore, we have to take a step forward for Hong Kong and for Hong Kong's economic development. We will be on the decline if the Hong Kong economy comes to a standstill. Even if our politics is brought back on the right track, with the National Security Law being in place and the introduction of a new electoral system, we must also deal with matters concerning people's livelihood and social development. This being so, it is impossible to resolve problems in the market by means of taxes. We should allow the market to develop and encourage market development in order to build up wealth in Hong Kong, just like what we have done in the past.

Secretary, I hope you can give consideration to two issues. First, to relax partially the "harsh measures" by lowering the ad valorem stamp duty applicable to residential properties priced above \$8 million. Second, I hope you can urge the Hong Kong Monetary Authority to relax the loan-to-equity ratio and raise the loan-to-value ratio, thereby bringing a ray of hope for the second-hand residential property market.

Thank you, Deputy President.

MR HOLDEN CHOW (in Cantonese): Deputy President, I speak in support of the Stamp Duty (Amendment) Bill 2020 ("the Bill"). The original intent of the Bill is crystal clear, that is, to abolish the Doubled Ad Valorem Stamp Duty ("DSD") on non-residential properties. Looking back, as many colleagues have mentioned today, DSD was levied on non-residential properties, including shops, retail premises or offices, because the property market was overheated at the time. To properly rein in the market, the authorities introduced DSD arrangement in the non-residential property market.

Nonetheless, after the "black-clad violence" in 2019 and the epidemic in the past period, we see that Hong Kong's economy has suffered a serious setback. According to the statistics compiled by the Legislative Council Secretariat, in the first half of 2020, the transaction volume of non-residential properties, including offices, retail premises and flatted factory space, was 270, 480 and 790 cases respectively. Obviously, the present situation in the non-residential property market is totally different from the time when DSD was introduced. Today, the non-residential property market is no longer as overheated as it used to be. Transaction prices are no longer exorbitant. We have seen a significant drop in demand in the non-residential property market.

Regarding the present arrangement to abolish DSD, I understand that the Government has taken into account the need to provide some incentives for owners of non-residential property to cash out, so that they can resolve the liquidity or financial difficulties they may be facing. The main purpose is to remove the barriers for them and it is hoped that the economy of Hong Kong as a whole will be relieved. I think this approach has its merits.

Yet, Deputy President, upon the passage of the Bill, I hope the Government will do some follow-up work. After the abolition of DSD, I hope the Government will conduct a relatively systematic survey on non-residential properties, particularly shops and retail premises, over a period of time to keep track of the overall rental movements. It should particularly observe the rental movements of non-residential properties in different areas, such as shops, commercial and industrial premises and flatted space at certain prices. In fact, if the original intent of the Government is to enable owners to cash out, then we hope that the shop rental will be adjusted downward in future after a change in ownership so that a large number of small and medium enterprises ("SMEs") may resume operation.

Actually, we notice that many shops or businesses run by SMEs were unable to afford the exorbitant rent in the past. Deputy President, we are told by many SMEs that rental remains on the high side even though the market has been hit by the epidemic for an entire year. Some landlords still "stand firm" and refuse to ride out the storm together with them. How will the authorities help enterprises to survive? In view of this, after the Government abolishes DSD, I hope the authorities will conduct an effective survey on rental movements with a view to observing the effectiveness of the arrangement in terms of rental adjustments.

Moreover, as we have often said in the past, as far as rental movements are concerned, is it possible for the Government to provide certain tax incentives to bring down the rents? Will the authorities offer these incentives? In fact, this has been repeated time and again that the small businesses run by SMEs do not make much profit. Their efforts are merely enough to pay the rent. We do not want to see this. I think the Government should change its mindset. The Government has a role to play in intervening. It should not just follow the free market principles strictly in all aspects and stand aloof. In the face of the major economic difficulties arising from the epidemic, I think this mindset really needs to be adjusted.

The request I made here is that: With the passage of the Bill, I hope the Government will effectively grasp and collate statistics on the overall rental movements of non-residential properties in various sectors, so as to plan the next step effectively. It should examine whether it can offer some incentives to bring down the rents, so that more enterprises can return to the market and do more business. This is an important move that will give the Hong Kong economy a chance to revive.

Deputy President, I so submit.

MR WILSON OR (in Cantonese): Deputy President, the Stamp Duty (Amendment) Bill 2020 ("the Bill") seeks to abolish the Doubled Ad Valorem Stamp Duty ("DSD") imposed on non-residential property transactions (including industrial and commercial properties), reverting the maximum rate from 8% to 4.25% of the property price. The Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") and I strongly support the proposal for a simple

reason. As everyone can imagine, the prolonged epidemic has dealt a devastating blow to the industrial and commercial sectors, as well as the market last year. Confidence in doing business has dropped to a new low. Both the sale and leasing of industrial and commercial properties were hard hit, so making a profit through property speculation is out of the question. I think it is time to amend the restriction measures previously adopted for the purpose of preventing speculation.

Deputy President, DSD on industrial and commercial property transactions has been imposed since 2013 due to an overheating office and flatted factories market in 2012. As I mentioned earlier, given the current sluggish market conditions, the Hong Kong economy and business environment, as well as the significant drop in the valuation of industrial and commercial properties, I personally find the stamp duty on commercial properties outdated.

Deputy President, many friends from the industrial and business sectors asked me for help, saying that the Government should abolish DSD if it really listened to their opinions. Only in this way can it help businesses. I agree with this view because the business environment in Hong Kong needs various support measures to produce a positive leverage effect. In times of economic downturn, some owners have to cash out their properties to resolve liquidity problems. DSD indeed creates a heavy burden on small and medium enterprises ("SMEs") intending to purchase commercial properties.

Let me give a simple example. A company, such as a travel agency, which has apparently shrunk its size significantly during the epidemic, is planning to sell half of its property to pull through this crisis. However, as DSD is somewhat a punitive tax, the company are at a loss as to what to do, let alone selling its property to support itself during the crisis. I believe it is indeed the best opportunity to abolish DSD at this stage to help our friends in the SME sector tide over the difficulties. Reverting the stamp duty to a reasonable rate help them remove the barriers so that they can cash out their properties to meet their urgent needs.

Deputy President, as for reviving Hong Kong's economy, I believe there are divergent views, but I think the authorities will have to face some crucial issues in the future. The abolition of some harsh measures, such as DSD, is one of the pragmatic, proactive and responsible moves. As the epidemic bounces

back time and again, the Government has repeatedly imposed gathering restrictions to limit industrial and commercial activities. While these anti-epidemic restrictions are understandable, I believe the industrial and commercial sectors are virtually helpless. Worse still, the industrial and commercial sectors or the Hong Kong public cannot see the future. What will the future be like? How should we move forward? What is the roadmap? Where does our hope lie? In fact, many small enterprises from the industrial and commercial sectors are suffering without any way out. Hence, I think that under these circumstances, if the Government can play a more facilitating and leveraging role, just like this time, it can really help SMEs or the Hong Kong public to tide over the difficulties caused by the epidemic.

The latest unemployment rate released yesterday reached a record high of 7.2%. I expect that it will definitely continue to rise in the next few months. Therefore, we wish to save as many people as possible for as long as possible. I hope the Government can adopt this mindset to think about how to support the public and various industries and help them tide over the difficulties during the epidemic. The Chief Executive has made it very clear this morning that she has no plan or intention at this stage to continue to provide support to various sectors through the Anti-epidemic Fund. Hence, the abolition of DSD this time can indeed help SMEs tide over the difficulties. As an elected representative and a Legislative Council Member, I think we should support it.

Deputy President, if you have noticed, after the relaxation of the ratio caps for mortgage loans on non-residential properties from 40% to 50% in August last year, the Land Registry has recorded a rise in the number of registrations of non-residential property transactions. Similarly, I believe the abolition of DSD will be conducive to the circulation of properties and stimulating market sentiment. I also believe there will be a significant increase in the number of transactions, hence bringing about positive results.

In the past financial year, the revenue from stamp duty on non-residential properties amounted to \$5.1 billion. The abolition of DSD may lead to a reduction of revenue for the Treasury, but we should not think in this way because the fiscal revenue can be compensated when the market becomes more active and the number of transactions increases. Hence, according to my observations, this measure will not pose a significant and direct impact on government revenue in general.

Deputy President, although the abolition of DSD will do all good but no harm under the current market conditions, I do have a concern—Deputy President, I believe the brothers and sisters of DAB, and even other Members, all share the same concern—The Labour and Welfare Bureau ("LWB") has mentioned at previous Legislative Council meetings or on different occasions that it would spend \$20 billion on purchasing suitable properties to improve and add value to welfare facilities. However, when asked at meetings of the Panel on Welfare Services or on other occasions, LWB officials merely prevaricated. I think the abolition this time will also help the Government better spend the \$20 billion. However, my expectation and hope is that LWB, after the abolition of this duty, will speed up its work, address people's pressing needs, think what people think and purchase properties at full speed so as to improve and enhance some welfare facilities in the community which have not yet been fully dealt with. I think LWB should really seize this opportunity and must not let it slip away.

So, regarding this, I wish to make use of today's debate to tell Secretary Dr LAW Chi-kwong, who has an exceptionally high IQ, through Secretary HUI that this opportunity will not come twice and that the \$20 billion should be spent on purchasing welfare facilities expeditiously so that the public can receive the necessary support.

Deputy President, lastly, I want to say that my arguments just now explain my support for the Bill, but the core issue is that I hope the SAR Government can change its mindset and this is a good example. If the Government can adopt this approach in other policies or aspects, I am convinced that Hong Kong people will surely restore their confidence in the SAR Government and we can then focus on addressing deep-seated livelihood issues.

Deputy President, once again, I express my support for this Bill and hope that local businesses can be relieved of their plight early and "zero infection" can be achieved as soon as possible. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak? Mr SHIU Ka-fai, please speak.

MR SHIU KA-FAI (in Cantonese): Deputy President, the Government has introduced since 2010 various so-called "demand-side management measures for the property market", commonly referred to as "harsh measures", which include the Doubled Ad Valorem Stamp Duty ("DSD") introduced in 2013 to, as claimed by it, dampen the then local demand for residential and non-residential properties and to narrow the supply-demand gap, and hence contribute to the stable development of the property market.

When delivering the 2020 Policy Address on 25 November last year, the Chief Executive indicated that "Some Members ... have proposed that the Government should abolish the Doubled Ad Valorem Stamp Duty (DSD) imposed on non-residential property transactions, so as to facilitate enterprises to cash out by selling non-residential properties to address their financial predicament or liquidity needs because of the economic downturn", and that "prices and demand for non-residential properties have been dropping ... The Government considers now the right time to abolish the DSD imposed on non-residential properties."

In fact, as Hong Kong people all know, the social incidents in the second half of 2019 triggered "black terror" and conflicts between the Mainland and Hong Kong. This, coupled with the pandemic over the past one year or so, has dealt a serious blow to many frontline sectors in Hong Kong, such as the catering and retail sectors. Many shops in busy districts have been left vacant. According to some unofficial statistics, the vacancy rates of shops in busy districts range between 10% and 20%. The reason why these shops have been left vacant is certainly that they cannot be leased out. If shops cannot be leased out, the property value will naturally drop. As Hong Kong people can read from many newspapers, the rents of some street-level shops can dropped from a range between \$1 million and \$2 million to a range between \$400,000 and \$500,000, representing a drop of 50% or even more. If rents drop substantially, property value will likewise drop substantially.

(THE PRESIDENT resumed the Chair)

Over the past one or two years, the wholesale and retail sector, which I represent, has been facing a harsh winter. In addition to the fact that the number of inbound tourists is nearly zero, many sectors are facing hardships when the

Government orders the suspension of business activities in premises in response to each epidemic outbreak and business is immediately brought to a standstill. This is one of the major reasons why, as I have said just now, the rental value and property value of shops have dropped substantially.

In the past, many members of the sector told me that to facilitate business operation and avoid rent increase by landlords, they often purchased shops for self-use. They had hoped to steadily run a business for the long haul. If the value of their property was high enough, they would mortgage their property to banks for loans in order to finance their business operations. However, as I have said just now, over the past one year so on, the value of their property has dropped by some 50%, and they are no longer able to secure a top-up mortgage and get more cash. Rather, some banks are requiring them to pay the shortfall amount, and they are thus facing cash flow problems.

If they sell their property at this moment, they will even need to pay DSD. This will add to their burden and make them even more miserable. The Liberal Party has long held that DSD introduced by the Government is not conducive to property supply, and it will only bring about an even more unbalanced market. We have therefore long been calling on the Government to abolish DSD. For this reason, the decision of the Government to abolish it this time around is certainly welcomed by the Liberal Party. Despite the substantial drop in the value of their property, we hope that property owners will be able to sell their property without having to pay DSD, so that they will obtain cash for maintaining their businesses and retaining their staff.

The resumption of the Second Reading debate on the Stamp Duty (Amendment) Bill 2020 today is to, as the Chief Executive has said, abolish DSD imposed on non-residential property transactions from 26 November 2020. Ever since the Government introduced the first round of "harsh measures" in 2010, the Liberal Party has been opposed to all of them, be they DSD, the Special Stamp Duty or the Buyer's Stamp Duty. As far as the property market is concerned, we hold that "harsh measures" are unable to fundamentally address the housing needs of the public, and they are just nibbling at the edges. Worse still, they have given rise to a distorted market, a significant increase in transaction costs and a shrinking supply of second-hand properties, thus making property prices even higher.

This proposition of ours has been proved in the property market over the past decade. In 2010, the Liberal Party constantly stated in public that tax increase would not help people achieve home ownership, but instead would only make it more difficult for them to get on the housing ladder. In addition, property value would only keep rising with a low level of turnover, as few property owners would be willing to either pay the tax or sell their property. The chaining up of properties leads to limited supply, and limited supply results in a low level of turnover, which in turn brings about higher property prices. Why have property prices risen to such a level? In fact, taxes such as DSD are, I believe, one of the culprits that make Hong Kong people unable to get on the housing ladder.

We have always said that a free market will adjust itself. Property prices will go up during an economic upturn and go down during an economic downturn. While the value of certain shops has dropped significantly nowadays, many people were jealous or envious of owners of street-level shops several years ago, saying that they had reaped huge profits. At that time, I already raised the following question. If the value of their shops dropped, who would take pity on them? I am not talking about big landlords but just the small property owners or those who have just started investing in shops. They have purchased their shops for avoiding rent increase by landlords, but when the property value has plummeted by several dozen percentage points these years, who will take pity on them? As such, the free Hong Kong market has its precious aspect, where property value can fluctuate freely. As property value has dropped substantially, the Government has decided to abolish the tax in an effort to save property owners, but the value of some properties has dropped by a whopping 60%. Well, better late than never.

Not only do "harsh measures" imposed on non-residential properties easily deter companies from purchasing shops or office buildings for investment or business operation due to substantially increased costs, but they also prevent owners of companies or small and medium enterprises from cashing out by selling their shops or commercial properties. Now the Government is only willing to abolish such a "harsh measure" as DSD imposed on non-residential properties rather than all types of properties, but half a loaf is better than none. I believe this will help business operators who are commercial property owners to cash out by selling their properties, so that they can improve their cash flow and relieve their financial predicament these days.

I hope that the Government will later consider abolishing DSD imposed on residential properties because some owners of micro, small and medium enterprises have not purchased any shop premises, and only have a self-occupied residential property. Some of them who now face a shortage of funding want to cash out by selling their property and save their company, but they will suffer losses if they are less inclined to sell their property. As such, they are not that willing to sell their self-occupied residential property and thus facing difficulties in terms of cash flow.

In fact, the trade war between China and the United States, the disturbances arising from the opposition to the proposed legislative amendments and the pandemic have one after another dealt a serious blow to the industries, particularly the 13 types of premises ordered to suspend operation, of which some remain closed today, including bathhouses, bars, karaoke establishments, nightclubs, mahjong parlors, clubs and party rooms. They have been required to suspend operation for three times, and the total number of days of their business suspension have exceeded 200 days or, in certain cases, even 240 days. The authorities announced yesterday the extension of the relevant measures for another 14 days to 31 March, while business operators live hand to mouth and many of them can barely scrape along.

I know that Secretary HUI is only in charge of financial affairs, but I would still like to express my views to him, and I hope he will convey my views to other Directors of Bureaux or the Chief Executive when attending meetings of the Executive Council. As regards the 13 types of premises that have yet to resume operation, three months have passed since they were ordered to suspend operation on 2 December. While some of them have received a government subsidy of \$100,000, how can club premises with an area of 4 000 sq ft to 5 000 sq ft continue to survive? Not only were they ordered to suspend operation this time around, but they had been ordered to do so for two or three times before that over the past one year or so. Worse still, they have suspended operation for over three months this time around. Now the expiry date of their business suspension has been further extended to 31 March, when April is just around the corner. From December to April, they are prohibited from running their business, but their landlords keep asking them to pay rents. Should they pay salaries to their staff? If they ask their staff to take no-pay leave, the staff will not be paid. As the Government no longer provides financial support under the Employment Support Scheme, what should they do? If the Government continues to force them to suspend operation, they will only be forced to close down their business.

Secretary, we understand that the impacts of the pandemic on the community must be considered, but the economy is equally important. The Executive Council considers which premises need to suspend operation when convening its meetings. For the sake of public health, it is understandable that certain premises are required to make sacrifices and suspend operation. However, when requiring them to suspend operation for the sake of public interest and safety, the Government should also provide them with a lifeline. It should not merely require them to suspend operation for the sake of others while providing no lifeline, or else how can they pay their rents? Their landlords keep asking them to pay rents every month ...

PRESIDENT (in Cantonese): Mr SHIU Ka-fai, please return to the subject of this debate.

MR SHIU KA-FAI (in Cantonese): President, I have got it, but please allow me to finish this sentence. What should the staff of those premises do? As a result of all these factors, premises are being closed down, shops are unable to be leased out and property value is dropping. And all these explain why market conditions are poor. As for how to tighten or relax business restrictions imposed on premises, I hope that the Secretary will relay my views to the officials concerned. I earnestly call upon the Government to provide more resources to premises on which business restrictions imposed have yet to be relaxed, so that they will be able to pay rents. They are on the brink of business closure as the subsidy for their four-month business suspension is the same as that for their previous one-month business suspension.

As for the statistics on compulsory winding-up and bankruptcy, last year there were 8 693 bankruptcy petitions, an annual increase of 6.6%, and 449 compulsory winding-up petitions, an annual increase of 7.2%. Both figures are record highs. The latest unemployment rate announced by the Government yesterday reached 7.2%, the highest since 2004. Analysed by sector, the unemployment rate of the consumption- and tourism-related sectors (viz. retail, accommodation and food services sectors) combined stayed elevated at 11.1%. Among these sectors, the unemployment rate of the retail sector, which I represent, rose to 9.1%. The situation was dire. The figures have reflected that following the conclusion in last November of the Employment Support Scheme, which had been effectively implemented, many firms from various trades and industries can no longer scrape along and have to lay off workers. As such, if

the Government can roll out the third tranche of the Employment Support Scheme, everybody will be happy. However, as the Government keeps saying that it lacks funding, we are at a loss as to what to do.

The GDP of Hong Kong fell by 6.1% in 2020. The Government has kicked off vaccination for members of the public, but we are doing it at a slow pace, lagging behind other places of the world where vaccination is being conducted. I hope that the Government will take every possible means to encourage people to get vaccinated. I hereby call upon people from various industries to get vaccinated for themselves, their families, their companies and Hong Kong as a whole. As there are no problems with the vaccines, I hope that people who are neither chronically ill nor too old to get vaccinated as soon as possible. They should encourage their friends to get vaccinated as well. If the vaccination rate of Hong Kong fails to reach 70%, we will find it difficult to open up our market, welcome tourists to Hong Kong and revitalize the Hong Kong economy. To get vaccinated is to save Hong Kong.

I urge members of the public to refrain from the thought of waiting for others to get vaccinated first, or else no one will get vaccinated in the end. The Government has kept expanding the priority groups for vaccination. Yesterday, it opened registration for people aged 30 or above because few people want to get vaccinated. Will Hong Kong people move a step forward for the sake of Hong Kong? I myself have got vaccinated. Is it painful to receive the jab? Not really. As the experts have indicated that the death cases were not directly associated with the vaccination, one should not use specious information to scare others from getting vaccinated, or else Hong Kong will only come to a dismal end. For this reason, I again call upon all people to get vaccinated as soon as possible if they wish Hong Kong well. We should encourage our friends to get vaccinated as well, so that the pandemic will disappear and Hong Kong will return to normal as soon as possible.

Thank you, President.

PRESIDENT (in Cantonese): Mr SHIU Ka-fai, you should not raise specious arguments that are not related to the Bill in your speech either.

Does any other Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Financial Services and the Treasury to reply. Then, the debate will come to a close.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, the purpose of the Stamp Duty (Amendment) Bill 2020 ("the Bill") is to give effect to the proposal in the 2020 Policy Address to abolish the Doubled Ad Valorem Stamp Duty ("DSD") rates applicable to non-residential property transactions with effect from 26 November last year, reverting the ad valorem stamp duty rates chargeable on non-residential properties to the Scale 2 rates.

We presented the Bill to the Legislative Council last December. I would like to thank Mr Jeffrey LAM, Chairman of the Bills Committee, who has just delivered his speech, and seven other Members for generally supporting the Bill, as well as other Members who joined the Bills Committee for completing the scrutiny of the Bill in January this year and supporting the resumption of the Second Reading debate.

The proposal to abolish DSD on non-residential property transactions put forward in the 2020 Policy Address is made in consideration of the fact that, as a result of the economic downturn and uncertainties surrounding the COVID-19 pandemic in Hong Kong, enterprises, particularly small and medium enterprises, have been facing operating difficulties, and prices and demand for non-residential properties have dropped noticeably over the past period of time. Price indices for private offices, retail premises and flatted factories have fallen by 12% to 20% from the peaks, and transaction volumes have also fallen by some 80% in comparison with those before the introduction of DSD.

We consider that it is the appropriate time to abolish this demand-side management measure in respect of non-residential property transactions, so as to facilitate the sale of non-residential property by businesses that are encountering financial predicaments or liquidity needs because of the economic downturn, mitigating the impact of the pandemic on Hong Kong's economy and business activities.

From 26 November last year until the end of February this year, the abolition of DSD on non-residential property transactions had allowed the stamp duty payers of about 5 000 property transactions to save a total of some \$870 million. We will keep reviewing our measures to ensure the stable development of the non-residential property market.

As we have noted, some Members have just expressed the view that the Government should relax or abolish the demand-side management measures in respect of residential property transactions. Maintaining the healthy development of the private property market is one of the important housing policy objectives of the Government. At present, the supply of residential properties is still tight. Over the past year, while there has been a slight retreat in residential property prices due to global and local factors, the overall residential property prices remain at a level beyond the affordability of the general public. Any move to relax the demand-side management measures in respect of residential property transactions may be taken by the market as a signal for adjustments to the Government's policies on the residential property market. It may also stimulate demand for local residential properties from some citizens. We consider that we are not in a position to abolish the "harsh measures" for residential properties at this stage. As always, however, we will keep watch on the residential property market conditions and take timely and appropriate measures in response to market changes by making reference to relevant indicators such as property prices and transaction volumes.

Some Members have just expressed their concerns about the impacts of the abolition of DSD on parking space transactions. Having collated the data and analysis of market information, we have observed that the trend of parking space transactions over a period of time in the past has been largely in line with that of other non-residential property transactions. Furthermore, the sale of non-residential properties such as parking spaces can also facilitate businesses to meet their liquidity needs in times of economic downturn. For this reason, we consider that we should treat all non-residential properties equally in abolishing DSD.

President, to allow the relevant property owners to benefit from the proposed abolition of DSD as soon as possible, the Chief Executive has made the Public Revenue Protection (Stamp Duty) Order 2020 ("the Order") by exercising her statutory powers to give full force and effect of law to the Bill so long as the Order remains in force. The Order will remain in force for four months at most, i.e. until 25 March this year or next Thursday. I urge Members to support the passage of the Bill today, so as to put in place this measure to facilitate business operations and benefit the people.

I so submit. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Stamp Duty (Amendment) Bill 2020 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

CLERK (in Cantonese): Stamp Duty (Amendment) Bill 2020.

Council became committee of the whole Council.

Consideration by Committee of the Whole Council

CHAIRMAN (in Cantonese): This Council now becomes committee of the whole Council to consider the Stamp Duty (Amendment) Bill 2020.

STAMP DUTY (AMENDMENT) BILL 2020

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1 to 10.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the clauses read out by the Clerk stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

PRESIDENT (in Cantonese): All the proceedings on the Stamp Duty (Amendment) Bill 2020 have been concluded in committee of the whole Council. Council now resumes.

Council then resumed.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I now report to the Council: That the

Stamp Duty (Amendment) Bill 2020

has been passed by committee of the whole Council without amendment. I move the motion that "This Council adopts the report".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury be passed.

In accordance with the Rules of Procedure, this motion shall be voted on without amendment or debate.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

Third Reading of Government Bill

PRESIDENT (in Cantonese): Government Bill: Third Reading.

STAMP DUTY (AMENDMENT) BILL 2020

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I move that the

Stamp Duty (Amendment) Bill 2020

be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Stamp Duty (Amendment) Bill 2020 be read the Third time and do pass.

Does any Member wish to speak?

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

CLERK (in Cantonese): Stamp Duty (Amendment) Bill 2020.

Resumption of Second Reading Debate on Government Bill

PRESIDENT (in Cantonese): This Council resumes the Second Reading debate of the Sex Discrimination (Amendment) Bill 2020.

SEX DISCRIMINATION (AMENDMENT) BILL 2020**Resumption of debate on Second Reading which was moved on 9 December 2020**

PRESIDENT (in Cantonese): Ms Alice MAK, Chairman of the Bills Committee on the Bill, will first address the Council on the Bills Committee's Report.

MS ALICE MAK (in Cantonese): President, on behalf of the Bills Committee on the Sex Discrimination (Amendment) Bill 2020 ("the Bills Committee"), I would like to report on the deliberations of the Bills Committee.

The Sex Discrimination (Amendment) Bill 2020 ("the Bill") was introduced by the Administration in response to the request of the Bills Committee on the Discrimination Legislation (Miscellaneous Amendments) Bill 2018 to protect breastfeeding women from harassment. Its object is to amend the Sex Discrimination Ordinance ("SDO") (Cap. 480) to render harassment of breastfeeding women unlawful. The main concerns of members of the Bills Committee focus on three areas.

First of all, under the proposed new section 2A of SDO sought to be added by clause 5 of the Bill, a person would harass a breastfeeding woman if, on the ground that the woman is breastfeeding, the person commits the following two acts: (a) engaging in unwelcome conduct, in circumstances in which a reasonable person, having regard to all the circumstances, would have anticipated that the woman would be offended, humiliated or intimidated by that conduct; or (b) alone or together with other persons, engaging in conduct that creates a hostile or intimidating environment for the woman. Members note that for the purposes of the proposed new section 2A, "conduct" would include making an oral or written statement to a woman. As the act of breastfeeding involves two people, i.e. the breastfeeding woman and the child being breastfed, members were concerned about whether a breastfed child, if bullied or harassed, would be protected under the Bill.

The Administration has advised that in proposing amendments to SDO through the Bill so as to prohibit harassment against breastfeeding women, the policy intent is to protect women who choose to provide child care through breastfeeding. Under the existing protection framework of SDO, the proposed

new provisions to prohibit harassment of breastfeeding women would only be applicable to the woman subject to harassment herself. The Administration considers that, as breastfeeding women would be afforded legal protection from harassment after passage of the Bill, this is naturally beneficial to breastfed children as well.

Moreover, members note that, under the Discrimination Legislation (Miscellaneous Amendments) Ordinance 2020 (i.e. Ord. No. 8 of 2020), the protection for women from sexual harassment also applies to the new prescribed areas, including harassment between persons working in a common workplace and harassment by the management of a club. Members have expressed concerns about whether the Administration would propose amendments to the Bill to amend the relevant new provisions of SDO (i.e. sections 23A (sexual harassment at workplace) and 39A (sexual harassment by clubs)) so that the relevant new sections in SDO amended through Ord. No. 8 of 2020 would apply to both sexual harassment and harassment of breastfeeding women.

The Administration has advised that its policy intent is that the protection for breastfeeding women from harassment shall also apply to the new prescribed areas introduced to SDO through Ord. No. 8 of 2020, including harassment between participants of a common workplace, as well as harassment by a club's management committee or its members against a member or applicant to that club. Hence, the Administration will propose amendments to the Bill to further amend SDO to replace references to "sexual harassment" and "sexually harass" by "harassment" and "harass" in the new provisions (i.e. sections 23A and 39A) added by Ord. No. 8 of 2020 such that relevant provisions of the amended SDO would apply to both sexual harassment and harassment of breastfeeding women. Members do not object to the Administration's proposed amendments.

Lastly, some members hope that the Administration would step up publicity and education to raise public awareness of the key contents of the Bill and Ord. No. 8 of 2020 so as to prevent inadvertent commission of offences relating to harassment and discrimination on the ground of breastfeeding within the relevant prescribed areas, particularly in a common workplace. The Administration has advised that the Equal Opportunity Commission has already stepped up its promotional and publicity efforts, including production of promotional leaflets and guidance, and would continue to organize workshops and seminars for business owners and employees in both public and private sectors, such that they can understand the scope and effect of the relevant legislative amendments.

President, the above is my report on the work of the Bills Committee. I will now express my personal views on the Bill.

President, women have been making increasingly important contributions to Hong Kong. Between 1997 and 2018, the overall workforce of Hong Kong has accumulatively increased by 567 000, 90% of which is women. Over the past 21 years, the labour force participation rate of women aged 25 to 54 has risen from 59.7% to 72.7%. However, in Hong Kong, motherhood comes with tremendous pressure. Women are willing to give, know how to take care of others and are also more meticulous at work. Therefore, while going out to work, mothers also have to handle all major and minor matters of the family, from senior family members down to children. They have to take care of their families and go to work at the same time. Women in Hong Kong are indeed very "tough".

Many mothers want to breastfeed their children for the sake of their children's health despite the trouble and inconvenience. In the past 20 years, society has attached great importance to breastfeeding because breast milk is nutritious and easy to digest; and it will not cause allergy and can strengthen the immunity of babies. Many mothers want to breastfeed their children but it is not easy to do so.

The World Health Organization recommends that ideally infants be breastfed exclusively for the first six months of life. In Hong Kong, 87.5% of babies were breastfed at the time of discharge from hospital, but the number dropped to 30% when it came to babies being exclusively breastfed one or two months after discharge. And after six months, only 26.3% of babies were exclusively breastfed. Babies who were not exclusively breastfed made up a higher proportion. The figure still stood at 76.6% one month after discharge but fell to 46.5% after six months. These were the figures in 2018 and those in the previous six years were roughly the same. Such figures reflect that mothers very much wish to breastfeed but they just cannot do so exclusively. Why can they not do so? The number of exclusive breastfeeding one or two months after discharge dropped drastically for a very obvious reason, that is, the maternity leave has ended and mothers have resumed work. It is not very convenient to collect breast milk in workplace. Breast milk collection facilities are generally absent in workplace in Hong Kong. It is also difficult to find a clean and hygienic place for breast milk collection.

The bill on prohibition of discrimination against breastfeeding at workplace was already passed last year. The amendment to be passed today focuses on protection of breastfeeding against harassment. The reason is that last year's bill could only deal with the part on discrimination. Subsequently, after the bills committee had made their strong case, the Government was willing accept the good advice of the bills committee and drafted another amendment bill to further protect breastfeeding mothers from harassment. That was a fairly desirable practice. I would like to thank the Administration for accepting the views made by the bills committee back then and introducing another amendment bill this time. I hope the Government can introduce more constructive bills of this kind that are beneficial to people and society, and build a constructive, interactive and cooperative relationship with the Legislative Council.

As Honourable colleagues may remember, it was actually an incident in 2016 that initially sparked off the controversy over discrimination against breastfeeding. A taxi driver uploaded a video footage of a breastfeeding mother onto the Internet. At the time, the controversy was whether the behaviour of the taxi driver towards the mother constituted harassment. But, as there was no legislation that could be invoked for prosecution at the time, the Department of Justice eventually applied to the court for prosecution offering no evidence. This time, the Bill provides for the definition of "harassment", which can be regarded as a response to the calls of society and further protects breastfeeding mothers from any form of discrimination or harassment.

As a matter of fact, over the years, the Department of Health has been promoting breastfeeding and encouraging mothers to carry on breastfeeding after being discharged from hospital. Nonetheless, this has not been complemented by any legislation. It is indeed futile to solely rely on the education and promotion by the Department of Health. The Government's failure to amend ordinances relating to discrimination over the years, the lack of space for breast milk collection and refrigeration at work, and complaints of bosses and colleagues' about mothers collecting breast milk during office hours are all reasons for them to find it very hard to stick to exclusive breastfeeding. Many mothers can only breastfeed in the morning before going to work and in the evening after going back home from work. This explains why the figures I quoted earlier reflect the fact that babies still being breastfed six months after discharge from hospital only accounted for 46.5%.

In Hong Kong, the difficulty of mothers to engage in exclusive breastfeeding is directly related to maternity leave. Singapore offers 16-week maternity leave with full pay. Germany has 14-week maternity leave with full pay and an additional one year of parental leave with 67% of salaries. The Mainland offers 98-day basic maternity leave and 30-day reward leave for family planning, meaning a maximum of 128 days of maternity leave with full pay; and most mothers are eligible for 128 days of maternity leave. In Korea, there is 90-day maternity leave, which is also fully paid. Yet, to date, the duration of maternity leave that we have been able to strive for is only 14 weeks, but it is not fully paid. Therefore, to provide support for working mothers and promote breastfeeding, a lot of different complementary legislation and policies are still needed.

President, I anticipate that, after the electoral system has been improved, there will be fewer political disputes in the future and the Council will be able to build a constructive, interactive and cooperative relationship with the Government, so that we can make joint efforts in improving people's life and livelihood. In this connection, apart from increasing land supply and housing production, it is also necessary to improve the labour policy. We have to make people and the working class feel a sense of gain, happiness and security in their life. I hope continuous improvements will be made to relevant policies in the future.

I have to thank again members of the Bills Committee and staff of the Secretariat for their support of the Bills Committee's work so that our work could be accomplished smoothly. President, I so submit.

MS ELIZABETH QUAT (in Cantonese): President, I speak in support of the Sex Discrimination (Amendment) Bill 2020 ("the Bill").

President, we have a Women's Affairs Committee in the Democratic Alliance for the Betterment and Progress of Hong Kong, and we have all along supported and promoted breastfeeding. Over the years we have pushed the Government to provide support by introducing relevant legislative amendments and policies, hoping that mothers who wish to breastfeed their children are given support and encouragement to do so. But in fact, we understand that the Government has, in recent years, introduced a host of policies to support breastfeeding mothers. For example, in the past many mothers who wanted to

breastfeed found it difficult to do so because the nurses in many hospitals would feed their babies with formula powder right after they were born but this situation has greatly improved in recent years, and many hospitals and supporting facilities of the Government, such as Maternal and Child Health Centres, have actually encouraged, guided and assisted women to make preparations for breastfeeding. But in spite of this, we understand that women still find it very difficult to breastfeed in reality, especially mothers who wish to go to work.

We all know that breastfeeding has a lot of merits. To infants, they will be healthier and this is supported by a lot of medical proofs. To mothers, they can develop a more intimate bond with their babies; and to Hong Kong, whether from the angle of encouraging women to take up employment or the overall economy and productivity, if women can be encouraged to go to work and at the same time given support to breastfeed, so that they do not have to give up their job for breastfeeding, it would benefit Hong Kong society as a whole. But in reality, this is indeed very difficult.

We have all along received complaints from many breastfeeding mothers about the nuisances faced by them, including discrimination, harassment, and the overall shortage of supporting facilities in society. In respect of discrimination, many mothers have often complained to us about being discriminated against while breastfeeding in public places, restaurants, shopping malls or on public transport. Discrimination against them is particularly serious at workplaces. For example, they have nowhere to go for expression of breast milk, no refrigerator is provided, and so on. Worse still, they may be discriminated against not only by males but by females too. In view of this, some time ago the Government introduced legislation to ban discrimination against breastfeeding and this is actually some kind of progress in society. However, back then when amendments were proposed to the scope of protection under the Sex Discrimination Ordinance, we also raised the question of how mothers could be protected from harassment. We cited a number of examples. For instance, if, in a public place or park, a woman who is breastfeeding is harassed by a passer-by, she will be terribly frightened. But as the circumstances amounting to harassment were outside the scope of the Discrimination Legislation (Miscellaneous Amendments) Bill 2018 back then, the Government heeded good advice and decided to introduce another bill and that is, this Bill today, to render harassment of breastfeeding women unlawful. This is why this Bill is tabled before us today.

The legislative amendments proposed this time around have clearly defined harassment towards breastfeeding women. The Bill explicitly provides that a person will commit harassment if he engages in unwelcome conduct and the woman will be anticipated to feel offended, humiliated or intimidated by that conduct, and such conduct made whether by a person alone or together with other persons and made even orally or in writing also constitutes harassment. We believe after the amendment of the legislation, more women will feel at ease in breastfeeding but more importantly, we hope that after the enactment of these two pieces of legislation against discrimination and harassment, the Government can vigorously conduct publicity to cultivate a more supportive atmosphere for breastfeeding in society at large.

Of course, is the mere introduction of legislative amendments adequate to address the problems relating to breastfeeding? We understand that there are still many problems due to the lack of supporting facilities. In the long term, we consider that the Government should promote breastfeeding on all fronts and encourage the implementation of breastfeeding-friendly measures. Despite the existing policies on the promotion of breastfeeding, actually they can be more comprehensive, and better requirements can also be made in respect of the facilities for breastfeeding, such as requiring the provision of lactation rooms and baby care rooms in new buildings or newly-completed premises. We wish to make it clear that the lactation and baby care rooms should be separate, standalone rooms, rather than being located in washrooms or a part of other rooms. As for old buildings, the Government can require that these facilities be retrofitted during renovations.

President, as you may be aware, lactation rooms are also provided in the Legislative Council but in the beginning, the supporting facilities were inadequate. Despite the provision of this facility, it was no more than a room and a chair. No other facilities were provided and worse still, ventilation was poor and inside the room there was not any partition or user-friendly charging facilities. Breastfeeding mothers in the Legislative Council were, therefore, deterred from using the lactation room because sometimes they would need to stay there for a long time. Given poor ventilation and the lack of charging facilities, it was indeed very difficult for them to put up with this and as a result, they were deterred from using it. In view of this, I had made improvement proposals to the Legislative Council Secretariat. After improvement of the lactation rooms, their usage has increased considerably.

This proves that the community may not have a good understanding of lactation room or the needs of breastfeeding women, thinking that a room with a chair will make a lactation room. I think the Government should enhance its understanding in this connection, and I hope that the Government can step up publicity and education in this regard in future, so that the community will know more about breastfeeding. Most importantly, private enterprises should be encouraged to provide breastfeeding-friendly workplaces and give support to more working mothers for continued breastfeeding. It is because apart from the figures of exclusive breastfeeding mentioned by Ms Alice MAK earlier, according to a breastfeeding survey conducted by the Department of Health in 2019, while there was improvement in the breastfeeding rates in Hong Kong, actually the rates were not high. Statistics showed that the exclusive breastfeeding rate of babies at four months was only 29.1%, and the rate of continued breastfeeding of babies at six months dropped to 26.3%. In fact, many mothers wish to breastfeed for at least six months because this is said to be the best according to a lot of views. But given the current social atmosphere and the lack of supporting facilities, many mothers are unable to achieve exclusively breastfeeding their babies for six months. I, therefore, very much hope that with the passage of this legislation and after the Government has enhanced all supporting facilities, breastfeeding mothers can be truly provided with support and protection against discrimination and harassment and there will be sufficient supporting measures to help them.

President, I wish to point out that protecting breastfeeding mothers from harassment and discrimination is part of the work on the protection of women. Breastfeeding mothers aside, other females have been victims of harassment too, especially sexual harassment in workplaces. I also wish to point out that apart from these two pieces of legislation, actually the Government has also undertaken to expeditiously review the Sex Discrimination Ordinance of the Equal Opportunities Commission ("EOC") in the hope that a bill on sexual harassment can be introduced as soon as possible. Now this still remains all words but no action as we have not seen the relevant proposals, though we understand that EOC has carried out work in this respect by setting up the Anti-Sexual Harassment Unit and an Anti-Sexual Harassment Hotline. I trust that these initiatives can take forward the work against sexual harassment in society. Having said that, it is certainly inadequate to just carry out such work. I very much hope that the Government can introduce amendments to the Sex Discrimination Ordinance expeditiously to render sexual harassment unlawful in order to further protect women.

Apart from the legislation against sexual harassment on which EOC is working, there are still many pieces of legislation that the Government has been talking about for a long time but have not yet been put forward. For example, the legislation on the offence of voyeurism has been discussed for a long time but the Government has not yet introduced it to the Legislative Council for the legislative process. Besides, there is another legal vacuum concerning the offence of upskirt photography. At present, upskirt photography in private premises is not a chargeable offence but it will cause great harm and nuisance to females.

President, I hope that after amendments are made to improve the electoral legislation, steps can be further taken to expeditiously table to the Legislative Council these bills that have been pending for a long time, so that through the provisions and amendments of the relevant legislation, we can provide further protection for females in Hong Kong. Thank you, President. I so submit.

DR CHENG CHUNG-TAI (in Cantonese): We are now discussing the Sex Discrimination (Amendment) Bill 2020 ("the Bill"), which has been amended twice in four years in relation to breastfeeding. I definitely welcome this amendment exercise. As for the whole background, as mentioned by other Members earlier, a taxi driver uploaded onto the Internet photos of a passenger breastfeeding in the taxi compartment taken by a car camera, which has aroused much discussion online. Regrettably, the authorities at the time pressed charges against the taxi driver for accessing computers with dishonest intent. The incident has also aroused our concern about protection for breastfeeding, as well as the loopholes and grey areas in the laws, leading to the relevant amendments today. Certainly, the present amendments seek to rectify the relatively narrow definition of "sexual harassment" under the Sex Discrimination Ordinance ("SDO") in respect of breastfeeding and introduce further enhancements by replacing the term "sexually harass" with "harass" to clarify the relevant concepts.

Just now, other Members have spoken a lot on the contents of the amendments, so I will not go into details of the more popular parts. I would like to express some views. First, I would like to draw Members' attention to the fact that though the present amendments are an improvement, it is relatively narrow in scope because the amendments focus on what constitutes harassment of breastfeeding women between persons working in a common workplace. In other words, we should not perceive this as being applicable to all places. That

is to say, as far as breastfeeding is concerned, we should not think that the legislative amendments will provide protection for the act of breastfeeding or the mothers.

In gist, despite the amendments, Hong Kong is still lagging behind. In fact, the present amendments mainly deal with two issues. First, whether persons working in a common workplace, including the management of clubs, will violate the restrictions on breastfeeding harassment or the relevant regulations in terms of their verbal comments, conduct and perhaps even the corresponding arrangements or measures. Regarding this part, frankly, I think this legislation merely protects women collecting breast milk in the workplace. As we all know, not many women can really bring their babies to work and that is why they only collect breast milk in the workplace or office—I guess Members understand what I mean—so the main purpose of this amendment legislation is to offer protection in this area. In other words, the protection for breastfeeding, especially for mothers and babies, as I said just now, will be confined to the protection in specific venues.

In this regard, will there be any disputes when the legislation is implemented in future? For instance, I wonder if Members have noticed that in the past six months, many clubs or large shopping malls have locked their baby care rooms or breastfeeding rooms on the pretext of epidemic prevention. This practice is quite common, particularly in large shopping malls. Certainly, the present amendment legislation does not include provisions covering these shopping malls. Yet, if the legislation is applied directly to large companies which may have provided breastfeeding rooms but have locked such rooms under the prevailing situation, mothers will have to ask for the keys when they want to use such rooms. In the course of the discussion of the relevant policies at the Bills Committee, members considered that such arrangement might not tantamount to harassment or involve the elements of humiliation or defamation. However, whether such an arrangement, which is so unfavourable towards women's collection of breast milk in the workplace, will involve some kind of "discrimination", quote and quote, as Ms Elizabeth QUAT said earlier, is in fact highly disputable.

Back to the setting of a workplace in reality, how many companies have their own toilets or provide a space specifically for female staff to collect breast milk or breastfeed? In reality, many offices do not even have toilets. For women or mothers who need to collect breast milk, there are many examples in

the past which showed that they might have to leave their office for a while and go to a nearby shopping mall or some secluded spots to do so. When the amendment legislation is implemented, it will lead to potential labour disputes. I hope the authorities, be they the Equal Opportunities Commission ("EOC") or the relevant departments, will step up education or promotion.

In other words, when a mother needs to collect breast milk in the office but the company fails to arrange a suitable venue for such purpose, making it necessary for the female employee to leave the office and go to other places, such as a nearby shopping mall, to collect breast milk, will this work arrangement be regarded as harassment under the amendment legislation? This is a grey area indeed. Will this make the management think that it is necessary to state in writing—this is of course a bit silly to do so—"If you need to breastfeed, please leave the office for an hour and go to a nearby shopping mall to collect breast milk". Under these circumstances, the authorities really need to further clarify the practical arrangements for individual working environment upon the implementation of the amendment legislation.

That is to say, although the Bill is about how to protect women from being treated unreasonably when they need to collect breast milk or breastfeed, the Bill at the same time has a direct impact on labour relations as we generally understand them, particularly in the premises of micro-enterprises and small and medium enterprises. Of course, the example I cited just now may be rather extreme or rare, that is, the absence of toilets or a suitable space for collection of breast milk, yet this is actually not that uncommon. When such arrangements are to be implemented in future, the Bureau needs to explain clearly how such enterprises can steer clear of the so-called harassment or malicious elements in the relevant legislation.

Nonetheless, some situations may not necessarily involve the act of collecting breast milk itself but the extension of such act. Take the case of a female employee collecting breast milk in a baby care room of the Legislative Council as an example. She is certainly allowed to store her breast milk in the refrigerator in the rest room for staff, otherwise the breast milk will spoil. We understand this. Yet, there are many cases in the past that ... Normally, most companies have refrigerators and they will not prohibit staff from storing breast milk in refrigerators—if they prohibit the storage of breast milk in refrigerators, such an arrangement obviously violates the present Bill, as this is an unreasonable treatment for women who need to breastfeed. Therefore, prohibiting the storage

of breast milk in refrigerators in the office may violate the legislation. However, there are some special cases. For instance, a company only allows female employees to store their breast milk in the two lowest compartments of the refrigerators. This can happen and there have been complaints from female employees about such an arrangement made by their companies. According to my understanding, upon the passage of the Bill, the above situations may violate the legislation because, in short, this is an unreasonable treatment.

Hence, upon the passage of the Bill, I hope EOC will visit the companies and give a clear explanation. In the prevailing economic climate, the authorities change the treatment in the workplace in response to the circumstances. While I think this is necessary, the lack of choice is where the problem lies. In my view, there is no need to deal with workplace relations through the relevant amendments to SDO. To put it simply, relations should be built on mutual respect but labour relations should not be understood from this perspective. I hope Members will understand what I mean just now.

These are some relatively specific cases. I would like to broaden the discussion slightly to see what harassment is. In fact, apart from the acts of collecting breast milk and breastfeeding mentioned just now, the extension acts after breastfeeding, and even the storage of breast milk, are all included, and I am referring to the workplace.

The last point is about the part which the Bill fails to address, and that is also why I said in the beginning that Hong Kong was still lagging behind in that to public venues or all places should be protected. Here I would like to simply point out the problem that Hong Kong is now being caught between two extremes in epidemic prevention. Members surely know that against the background of epidemic, many people are talking about the need for vaccination or similar issues—declaration of interest: I have not yet received vaccination. Recently, some mothers have encountered the following situations when breastfeeding. When they breastfeed in a public place hidden from view—this expression seems to be contradictory, yet to put it simply, it is when the baby needs to be breastfed—they may breastfeed in a little tuck-away corner in the food court or some restaurants. The harassment does not come from people being embarrassed by the acts of breastfeeding or considering that the act constitutes a nuisance but from people thinking that babies should wear masks. But since babies need to be breastfed, how can this be done? I have received a similar complaint. The mother was being harassed while breastfeeding in a food court,

and she was asked to stop breastfeeding there on the ground of epidemic prevention. This is really ridiculous. Yet, in such a perverse society like Hong Kong, people will accept these ridiculous arguments.

Hence, the several scenarios I mentioned just now cannot be covered by the present legislation. Baby care rooms and breastfeeding facilities in public places, shopping malls in particular, are locked during the fight against the epidemic. I am certain that these situations do exist. Second, regarding the workplace referred to in the Bill which involves workplace relations, the problems on labour relations will surface only after the actual implementation of the legislation. Finally, I have to add that the term "harass" instead of "sexually harass" is now used in the interpretation because we know that many female managers do not like their female employees to collect breast milk or breastfeed in the workplace, so we understand why the interpretation of the term "harass" is adopted. What is at stake is not gender relations but purely the basic respect among people in the workplace.

I so submit.

MR VINCENT CHENG (in Cantonese): President, the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") supports the passage of the Sex Discrimination (Amendment) Bill 2020 ("the Bill") and the amendments proposed by the Secretary for Constitutional and Mainland Affairs. The Bill seeks to further protect breastfeeding women from harassment in such venues as workplaces, public places and clubhouses. Simply put, it is unlawful to discriminate against or even harass a breastfeeding woman.

We expect this Bill, together with the Discrimination Legislation (Miscellaneous Amendments) Bill 2018 passed by the Legislative Council in June 2020, to come into effect on 19 June this year. Coupled with the massive publicity efforts of the Government and the Equal Opportunities Commission ("EOC"), the people of Hong Kong will then have a fundamental 180-degree change in their perception of breastfeeding (even in public places).

President, first of all, I declare that I am a member of EOC. We should facilitate breastfeeding in an accommodating atmosphere and in a social environment free from discrimination and harassment. This is an equal right and also the norm of behaviour reasonably expected in a civilized society.

President, some members of the public may not understand. Did the Legislative Council not pass the amendments to the Sex Discrimination Ordinance last year to protect breastfeeding women? Why is it necessary to make further amendments? Actually, this is because during the scrutiny of the Discrimination Legislation (Miscellaneous Amendments) Bill 2018 last year, the amendments to the Sex Discrimination Ordinance only proposed some explicit prohibitions of discrimination against women in breastfeeding. I also participated in the work of the relevant Bills Committee. At that time members generally opined that harassment towards breastfeeding women should be prohibited too. Since this issue was not covered in the Government's original proposed amendments, the Government had to introduce a separate bill to amend the Sex Discrimination Ordinance. After the passage of the Discrimination Legislation (Miscellaneous Amendments) Bill 2018 by the Legislative Council on 11 June last year, the provisions prohibiting discrimination against breastfeeding will not come into effect until 19 June this year to allow sufficient time for the Government and relevant organizations to institute breastfeeding-friendly measures.

Against this background, the Government introduced this Bill, which we are examining, into the Legislative Council for First Reading in December last year. This amendment exercise has drawn reference from similar legislation in overseas jurisdictions. In addition to discrimination, it also covers harassment, vilification and offensive behaviour against breastfeeding women, which are considered unlawful. Moreover, the Bureau's amendments today will also revise the wording in some provisions of the Sex Discrimination Ordinance by replacing "sexual harassment" and "sexually harass" with "harassment" and "harass" respectively to achieve consistency in the legislation. The concept of such harassment will also cover acts of sexual harassment. As to what constitutes an offence, where a person engages in unwelcome conduct of discrimination or harassment against a breastfeeding woman, which makes the woman feel offended, humiliated or intimidated, or creates a hostile or intimidating environment for the breastfeeding woman, the woman may make a claim.

In fact, anyone who harasses, vilifies or offends a breastfeeding woman in a public place may commit an offence under the Crimes Ordinance or the Public Order Ordinance or the offence of "outraging public decency" under the common law, and will be punished by law. The Bill on which the Second Reading is resumed today, if passed, will provide clearer protection for breastfeeding women.

President, the COVID-19 epidemic has persisted for quite a long period. I believe that given the prohibition on group gathering, now we rarely see women breastfeeding in public places. However, let us look at the figures of 2020 provided by the Government in November last year. Although the birth rate had dropped by 17%, the number of births still reached 46 000. When a mother returns to work after giving birth and needs to breastfeed or prepare breast milk, whether she is subjected to such acts as discrimination and harassment in the workplace is indeed a question which cannot be neglected.

The amendments proposed in this Bill are absolutely necessary. I would like to cite some obvious examples of behaviour amounting to harassment in the past. The one of which Members may have a deeper impression, and which some Honourable colleagues also mentioned just now, is the case where a taxi driver secretly took pictures of a breastfeeding passenger in the back seat and uploaded the photos onto the Internet. This case dragged on for a year. On 30 July 2019, the charge against the driver was finally dropped with mere confiscation of his mobile phone because the prosecution could only charge him with the offence of accessing a computer with dishonest intent, and at that time the Court of Final Appeal had already ruled in a precedent that such an offence did not apply to the offender's use of his own computer or mobile phone to commit the crime. The Department of Justice had no other suitable charges to institute prosecution then. For this reason, it eventually decided to offer no evidence. The breastfeeding woman was unfortunate enough to be secretly photographed, not to mention that the photos were posted on the Internet. It is imaginable how much harassment she suffered.

Another example which I believe Members will sometimes notice on the social media is that some men have made comments online with very insulting and contemptuous words about their female colleagues breastfeeding or storing breast milk in the refrigerator in the office. As a matter of fact, there are not many companies, only about a hundred or so, which provide breastfeeding-friendly space in the workplace. Some government departments provide baby care rooms. As far as I understand it, schools are sympathetic to teachers who need to breastfeed. Even if there is no baby care room, they will provide some space with privacy and indicate that it can be used by breastfeeding staff.

In fact, it is most important to respect breastfeeding women. I have heard people say that in Hong Kong, it is rather difficult to breastfeed outside home. Some people even say that it is better to ask them to breastfeed in a washroom.

Honestly, as Hong Kong is an international metropolis, does the relevant legislation and protection not sound lagging behind others? Is it not time to make a change? I hope that after the passage of this Bill today, the Government or EOC will not only talk about the law but also do more publicity work to let the community know that the law has been enacted and we must respect women in breastfeeding. They should not—I repeat, should not—be subjected to discrimination or harassment. An insulting remark or an environment that makes them feel humiliated or intimidated may already be in breach of the Sex Discrimination Ordinance.

Moreover, the authorities should enhance efforts to encourage enterprises to formulate breastfeeding-friendly measures in the workplace. In fact, more work should long have been done in this regard. I hope that after the passage of the Bill, breastfeeding mothers will receive more respect in our social environment.

President, I so submit. DAB supports the amendments proposed in this Bill and the Government's amendments.

MS YUNG HOI-YAN (in Cantonese): President, the Government has proposed amendments this time around to the Sex Discrimination Ordinance ("SDO") to prohibit harassment against breastfeeding women, protect women who choose to provide child care through breastfeeding, and protect them from harassment in workplaces and clubs. I would like to render my full support, as this can fix the inadequacies of the existing SDO, and provide additional safeguards and protection for breastfeeding women and breastfed children.

In fact, after reviewing the four existing anti-discrimination ordinances in 2016, the Equal Opportunities Commission made 73 recommendations to the Government, among which eight aimed to enhance protection from discrimination and harassment under the anti-discrimination ordinances. The Government thus proposed to amend SDO in 2018 to expressly prohibit direct and indirect discrimination against women on the ground of breastfeeding. The Bill concerned was passed by the Legislative Council on 11 June last year. However, to allow time for promotion and institution of breastfeeding-friendly measures, Part 2 of the enacted Ordinance, which relates to discrimination on the ground of breastfeeding, will only commence on 19 June this year.

I also joined the Bills Committee to scrutinize the 2018 Bill back then. Many members of the Bills Committee were concerned that the 2018 Bill only prohibited discrimination, but not harassment, on the ground of breastfeeding. Moreover, the current definition of "sexual harassment" under section 2(5) of SDO refers to "conduct of a sexual nature", which is obviously not broad enough to cover breastfeeding harassment because the relevant conduct complained of may not necessarily be of a sexual nature. It was really disappointing that the Government failed to immediately amend the relevant legislation at that time to extend the scope of the anti-discrimination laws. That being the case, I am grateful to the Government for heeding the concerns of members then and proposing the Sex Discrimination (Amendment) Bill 2020 ("the Bill") subsequently. I am grateful to the Government for making a prompt decision and commencing a study immediately.

The Bill to be passed today—better late than never—exactly aims to provide breastfeeding women legal protection from harassment. The Government has proposed amendments to the Bill to replace references to "sexual harassment" and "sexually harass" by "harassment" and "harass". As indicated by a number of Members just now, this is certainly a broader interpretation. In other words, harassment may not necessarily involve sex or conduct of a sexual nature; and certain comments or action, such as ridiculing one for breastfeeding, may likewise constitute harassment. The amendments seek to render the provisions on the protection for breastfeeding women from harassment applicable to harassment between participants of a common workplace, as well as harassment by a club's management committee (or its members) against a member or applicant to that club. The places covered are restricted to clubs and workplaces I have just mentioned, but half a loaf is better than none. We have at least raised our concerns, so that people will know that neither sexual harassment nor harassment should be allowed. I hope that in the future, Hong Kong can extend the legislation to cover more places instead of workplaces only. But it is a good thing to start with workplaces.

I think that this amendment exercise is very important. I have just heard quite a number of examples. For instance, there may be a refrigerator in a workplace for storing breast milk and some women may put the milk in the refrigerator after breastfeeding, but some men having bad motives may steal and drink the milk or carry the milk in front of the female colleagues and laugh at them. In fact, harassment of this kind is quite common in Hong Kong. I hope that the managers or administrators of workplaces will pay extra attention to women's breastfeeding needs and provide new facilities or new rooms for

breastfeeding by women. We certainly understand that as Hong Kong is a small and densely populated city with exorbitant rents, it may not be easy to identify suitable breastfeeding rooms, but we still hope that breastfeeding facilities in workplaces can be somewhat improved, so that breastfeeding women will get more respect.

The unpleasant experience I have just referred to naturally hurt breastfeeding mothers to a certain extent. Not only are they under stress during work, but also during breastfeeding. The President may not know that a breastfeeding woman possibly needs to use a breast pump in her office, and, if she is not in a soundproof room, she will be embarrassed as the pump makes noise and attracts the attention of others. As I have said just now, I hope that the managers of workplaces will pay extra attention to their needs in terms of facilities. The amendments proposed by the Government exactly serve to fix the inadequacies of the Bill by extending the scope of "harassment", and thus accord more comprehensive protection to breastfeeding women.

President, I fully support the Bill and the amendments. To implement it more effectively and promote a more in-depth understanding and awareness of anti-sex-discrimination legislation among the public, I suggest that the Government should step up the relevant publicity and education work, so as to prevent people from inadvertently committing offences related to harassment and discrimination on the ground of breastfeeding. At the same time, I also hope that discrimination and harassment on the ground of breastfeeding will disappear in the community as soon as possible. This, I believe, is conducive to creating a more favourable environment for breastfeeding women to continue to fully and equally participate in social and economic activities.

With these remarks, President, I support the Bill and the amendments.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Constitutional and Mainland Affairs to reply. Then, the debate will come to a close.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, first, I would like to take this opportunity to thank the Chairman of the Bills Committee on Sex Discrimination (Amendment) Bill 2020 ("the Bill"), Ms Alice MAK, and other members for the smooth completion of the scrutiny of the Bill and their support for the resumption of the Second Reading debate on the Bill in the report submitted to the House Committee on 26 February this year. Next, I am going to give a brief account of the contents of the Bill and the Committee stage amendments ("CSAs") to be proposed by the Government, and respond to the speeches given by Members just now.

The Bill seeks to amend the Sex Discrimination Ordinance (Cap. 480) ("SDO") to outlaw harassment of breastfeeding women. The Bill was formulated because during the scrutiny of the Discrimination Legislation (Miscellaneous Amendments) Bill 2018 ("the 2018 Bill"), the then Bills Committee suggested that the Government should further expand the scope of protection under SDO to address the issue of potential harassment of women because of breastfeeding. At that time, we advised that although this issue was not covered in the Discrimination Law Review ("DLW") undertaken by the Equal Opportunities Commission ("EOC"), we considered the suggestion worth pursuing. However, since the amendments relating to harassment of breastfeeding women were outside the scope of the 2018 Bill, they could not be proposed by way of CSAs according to the Rules of Procedure of the Legislative Council.

After studying the issue, we found it feasible to draw up a separate bill in parallel to expedite the legislative work and proposed specific amendments, including the wording of the provisions, to the Bills Committee of the 2018 Bill. Therefore, based on the discussion outcome back then, the Bill serves to prohibit any person from harassing breastfeeding women in the prescribed areas of protection currently applicable to sexual harassment under the existing framework of SDO.

To outlaw harassment of breastfeeding women, a new definition of "harass" will be added to SDO to incorporate both the existing definition of "sexual harassment" and the newly added definition of "harassment of breastfeeding women". "Harassment of breastfeeding women" refers to a situation where a person, on the ground that a woman is breastfeeding, (a) engages in unwelcome conduct, in circumstances in which a reasonable person, having regard to all the circumstances, would have anticipated that the woman would be offended, humiliated or intimidated by that conduct; or

(b) alone or together with other persons, engages in conduct that creates a hostile or intimidating environment for the woman. The wording of the definition above was supported by the Bills Committee of the Bill.

In addition, since the Bill was formulated before the passage of the 2018 Bill and its enactment as the Discrimination Legislation (Miscellaneous Amendments) Ordinance 2020 ("2020 Ordinance"), it is technically impossible to incorporate the prescribed areas of protection added by the 2020 Ordinance into the current text of the Bill. To address this technical issue arising from the successive passage of two related bills, we will propose CSAs later such that the new definition of "harass", which includes not only the existing definition of "sexual harassment" but also the definition of "harassment of breastfeeding women", will be applied in the expression of the two new prescribed areas of protection concerning a common workplace and the management of a club, so as to provide protection for breastfeeding women. This is purely a technical amendment which has been explained in detail in the Legislative Council Brief on the Bill submitted to the Legislative Council and was supported by the Bills Committee.

President, in the speeches given by Members just now, we notice some suggestions that entail amending the anti-discrimination laws but are not covered by the Bill. Upon the passage of the Bill, we will deal with the remaining 19 recommendations of higher priority as proposed by EOC in respect of DLR. We will also examine in-depth other suggestions made by Members during the scrutiny of the 2018 Bill by the Bills Committee for the elimination of discrimination, including how to address the issue of discrimination or vilification that people from the Mainland may encounter, and will examine whether the protection from sexual harassment under SDO is adequate. Our goal at the moment is to strive for mapping out the way forward for those proposals within the current term of the Government. I thank Members and all sectors of the society for their concern and support for our anti-discrimination efforts.

President, I move that the Second Reading of the Bill be resumed. I hope Members will support and pass the Bill and CSAs proposed by the Government, so that the amendments which seek to strengthen protection from harassment of breastfeeding women can take effect as soon as possible. Upon the passage of the Bill, EOC will step up publicity and education with a view to eliminating the aforementioned harassment.

I so submit. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Sex Discrimination (Amendment) Bill 2020 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

CLERK (in Cantonese): Sex Discrimination (Amendment) Bill 2020.

Council became committee of the whole Council.

Consideration by Committee of the Whole Council

CHAIRMAN (in Cantonese): This Council now becomes committee of the whole Council to consider the Sex Discrimination (Amendment) Bill 2020.

Members may refer to the Appendix to the Script for the debate and voting arrangements for the Bill.

SEX DISCRIMINATION (AMENDMENT) BILL 2020

CHAIRMAN (in Cantonese): Members have been informed that the committee will conduct a joint debate on the clauses and amendments (i.e. the new clauses).

I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1 to 11.

CHAIRMAN (in Cantonese): The Secretary for Constitutional and Mainland Affairs will move amendments which seek to add new clauses 6A and 7A.

Members may refer to the Appendix to the Script for details of the amendments.

CHAIRMAN (in Cantonese): Members may now proceed to a joint debate on the clauses and amendments.

I will first call upon the Secretary to speak, but he is not required to move his amendments at this stage. Then I will call upon Members to speak.

Upon the conclusion of the joint debate, the committee will first vote on the clauses with no amendment standing part of the Bill, and then deal with the new clauses.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Chairman, I will move amendments to the Sex Discrimination (Amendment) Bill 2020 ("the Bill"), which seek to add new clauses 6A and 7A to the Bill to amend the headings and the texts of sections 23A and 39A of the Sex Discrimination Ordinance (Cap. 480) ("SDO") respectively by substituting the term "sexual harassment" with "harassment".

Sections 23A and 39A of SDO are new areas of protection introduced through the Discrimination Legislation (Miscellaneous Amendments) Ordinance 2020, that is, prohibition of sexual harassment between persons working in a common workplace and prohibition of sexual harassment of a member of a club or an applicant by the management of a club. The technical amendments being proposed now aim to extend the above two new areas of protection to cover harassment of breastfeeding women as well. In other words, both harassment of a breastfeeding woman between persons working in a common workplace and harassment of a breastfeeding woman by the management of a club will become

unlawful. The above amendments have been deliberated during the scrutiny by the Bills Committee and were supported by its members. I implore Members to support the amendments moved by me.

Thank you, Chairman.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): The committee now first votes on the clauses with no amendment standing part of the Bill.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That clauses 1 to 11 stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

CHAIRMAN (in Cantonese): The committee now deals with the new clauses.

CLERK (in Cantonese): New clauses 6A and 7A.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Chairman, I move that the new clauses just read out by the Clerk be added to the Bill.

Proposed additions

New clause 6A (See Annex I)

New clause 7A (See Annex I)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the new clauses read out by the Clerk be added to the Bill.

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

(Members raised their hands)

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

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

PRESIDENT (in Cantonese): All the proceedings on the Sex Discrimination (Amendment) Bill 2020 have been concluded in committee of the whole Council. Council now resumes.

Council then resumed.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I now report to the Council: That the

Sex Discrimination (Amendment) Bill 2020

has been passed by committee of the whole Council with amendments. I move the motion that "This Council adopts the report".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Constitutional and Mainland Affairs be passed.

In accordance with the Rules of Procedure, this motion shall be voted on without amendment or debate.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

Third Reading of Government Bill

PRESIDENT (in Cantonese): Government Bill: Third Reading.

SEX DISCRIMINATION (AMENDMENT) BILL 2020

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I move that the

Sex Discrimination (Amendment) Bill 2020

be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Sex Discrimination (Amendment) Bill 2020 be read the Third time and do pass.

Does any Member wish to speak?

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

CLERK (in Cantonese): Sex Discrimination (Amendment) Bill 2020.

GOVERNMENT MOTIONS

PRESIDENT (in Cantonese): Government motions. The Secretary for Labour and Welfare will move three proposed resolutions:

First motion: proposed resolution under the Employees' Compensation Ordinance;

Second motion: proposed resolution under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance; and

Third motion: proposed resolution under the Occupational Deafness (Compensation) Ordinance.

Members have been informed that as the three motions seek to increase the amounts of a total of 18 compensation items under the relevant ordinances in accordance with the established indicators, this Council will proceed to a joint debate on the motions.

Upon the conclusion of the debate, this Council will put to vote the three motions one by one.

The joint debate now begins. Members who wish to speak please press the "Request to speak" button.

I now call upon the Secretary to speak on the three motions and move his first motion.

PROPOSED RESOLUTION UNDER THE EMPLOYEES' COMPENSATION ORDINANCE

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I move that my first motion, as printed on the Agenda, be passed, in order to increase the amounts of nine compensation items under the Employees' Compensation Ordinance ("ECO"). Later on, I will move the second and third

resolutions as printed on the Agenda, in order to increase the amounts of five compensation items under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance ("PMCO") and the amounts of four compensation items under the Occupational Deafness (Compensation) Ordinance ("ODCO").

(1) Resolution under section 48A of ECO

The purpose of this resolution is to increase the amounts of nine compensation items under ECO. ECO provides for the payment of statutory compensation to injured employees and family members of deceased employees for prescribed occupational diseases, injuries or deaths caused by accidents arising out of and in the course of employment. According to the established mechanism, the levels of compensation under ECO, together with those under PMCO and ODCO are adjusted every two years where appropriate. Adjustments, if required, are generally made with reference to the wage movement or the price movement in the relevant period and having regard to other relevant factors.

According to the information from the Census and Statistics Department, the Nominal Wage Index ("NWI") and the Consumer Price Index ("CPI")(A) recorded a cumulative increase of 7.59% and 6.11% respectively in 2018 and 2019.

We propose to increase the amounts of four compensation items under ECO by 7.59% in line with the aforesaid wage movement as reflected by NWI. The proposed revisions include increasing the minimum amounts of compensation for death from \$440,200 to \$473,610 and for permanent total incapacity from \$499,840 to \$537,780. In addition, we propose that the maximum amount of compensation for employees injured at work who require the attention of another person be increased from \$599,230 to \$644,710. As for the surcharge on late payment of compensation, we propose to increase the minimum amount of surcharge imposed upon expiry of the payment period from \$710 to \$760 and the minimum amount of a further surcharge imposed three months after the expiry of the payment period from \$1,430 to \$1,540.

At the same time, we propose to increase the amounts of three compensation items by 6.11% in line with the aforesaid price movement as reflected by CPI(A). The proposed changes include increasing the maximum amount of funeral expenses from \$87,330 to \$92,670, and increasing the

maximum payments to be made by an employer towards the cost of supplying and fitting a prosthesis or surgical appliance from \$41,750 to \$44,300 and towards the cost of the repair and renewal of a prosthesis or surgical appliance from \$126,490 to \$134,220.

Furthermore, we propose to increase the amount of minimum monthly earnings specified in ECO for the purpose of calculating periodical payments during work injury sick leave from \$4,500 to \$5,310, with reference to the relevant items provided under the Comprehensive Social Security Assistance Scheme as at July 2020.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

Moreover, taking into consideration the employees' compensation protection accorded to employees with higher monthly earnings, we propose a one-off arrangement in adjusting upwards the ceiling of the monthly earnings for the purpose of calculating compensation for death and permanent total incapacity under ECO, by making reference to the wage level of non-fatal (excluding those cases with work injury sick leave not exceeding three days and not resulting in permanent incapacity) and fatal cases settled through Labour Department in 2019, from \$30,530 to \$35,600.

(2) Resolution under section 40 of PMCO

Deputy President, next, I will speak on the proposed increase of the amounts of five compensation items under PMCO. PMCO provides for the payment of compensation to persons or their family members in respect of incapacity or death as a result of pneumoconiosis or mesothelioma.

According to the established mechanism, we propose to increase the amounts of four compensation items under PMCO by 6.11% in accordance with the cumulative price movement reflected by CPI(A) in 2018 and 2019. The proposed revisions include increasing the monthly amount of compensation for pain, suffering and loss of amenities from \$5,330 to \$5,660 and increasing the amount of compensation for bereavement from \$220,000 to \$233,440. As the minimum amount of compensation for death is pegged to the amount of compensation for bereavement, the revision of the amount of compensation for

bereavement will automatically adjust the minimum amount of compensation for death from \$220,000 to \$233,440. We also propose to increase the maximum amount of funeral expenses from \$87,330 to \$92,670.

Furthermore, making reference to the existing minimum allowable monthly wage and food allowance for a foreign domestic helper working in Hong Kong, we propose to adjust upwards the monthly amount of compensation for care and attention under PMCO from \$5,600 to \$5,750.

(3) Resolution under section 39(2) of ODCO

Deputy President, lastly, I will speak on the proposed increase of the amounts of four compensation items under ODCO. ODCO provides for the payment of compensation to persons who suffer from noise-induced deafness by reason of employment in the noisy occupations specified under the Ordinance.

According to the established mechanism, we propose to increase the minimum sum for calculating the amount of compensation for permanent incapacity under ODCO from \$499,840 to \$537,780 by 7.59% in accordance with the cumulative rate of wage movement reflected by NWI in 2018 and 2019.

The maximum sum for calculating the amount of compensation for permanent incapacity under ODCO has been adjusted with reference to the ceiling of the monthly earnings under ECO. On par with the proposed increase in the ceiling of monthly earnings under ECO, we propose that the maximum sum for calculating the amount of compensation for permanent incapacity under ODCO be adjusted upwards correspondingly to \$35,600. Specifically, the proposed revisions include increasing the maximum sum for calculating the amount of compensation for permanent incapacity for employees aged under 40 from \$2,930,880 to \$3,417,600; for employees aged 40 to under 56 from \$2,198,160 to \$2,563,200; and for employees aged 56 or above from \$1,465,440 to \$1,708,800.

Moreover, under ODCO, any person who has at any time been entitled to compensation for permanent incapacity may apply to the Occupational Deafness Compensation Board ("ODCB") for the direct payment or reimbursement of expenses reasonably incurred in the acquisition, fitting, repair or maintenance of hearing assistive devices.

According to the established mechanism, we propose to increase the levels of compensation for two items under ODCO by 6.11% in accordance with the cumulative price movement reflected by CPI(A) in 2018 and 2019. The proposed revisions include adjusting upwards the financing limit for first-time applications for hearing assistive devices from \$19,000 to \$20,160 and raising the aggregate financing limit for hearing assistive devices from \$79,000 to \$83,830.

The Pneumoconiosis Compensation Fund Board and ODCB have endorsed the relevant proposals in relation to PMCO and ODCO respectively. The Labour Department has consulted the Labour Advisory Board on the aforementioned proposals relating to the three Ordinances, and all members present agreed in general to the proposals after deliberation. The Legislative Council Panel on Manpower has also expressed support for the proposals. We propose that the revised levels of compensation should take effect from 15 April 2021.

I hope that Members will support and pass these three resolutions to enable injured employees, sufferers of occupational diseases, and family members of employees or people who die of work injuries or occupational diseases to receive higher levels of compensation as early as possible.

Thank you, Deputy President.

The Secretary for Labour and Welfare moved the following motion:

"RESOLVED that, with effect from 15 April 2021, the Employees' Compensation Ordinance (Cap. 282) be amended as set out in the Schedule.

Schedule

Amendments to Employees' Compensation Ordinance

- 1. Sixth Schedule amended (specified amount of compensation)**
 - (1) Sixth Schedule, entry relating to section 6(1)(a)—
Repeal
"30,530"
Substitute
"35,600".

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- (2) Sixth Schedule, entry relating to section 6(1)(b)—
Repeal
"30,530"
Substitute
"35,600".
- (3) Sixth Schedule, entry relating to section 6(1)(c)—
Repeal
"30,530"
Substitute
"35,600".
- (4) Sixth Schedule, entry relating to section 6(2)—
Repeal
"440,200"
Substitute
"473,610".
- (5) Sixth Schedule, entry relating to section 6(5)—
Repeal
"87,330"
Substitute
"92,670".
- (6) Sixth Schedule, entry relating to section 6C(8)(a)—
Repeal
"710"
Substitute
"760".
- (7) Sixth Schedule, entry relating to section 6C(8)(b)—
Repeal
"1,430"
Substitute
"1,540".
- (8) Sixth Schedule, entry relating to section 6D(3)(a)—
Repeal
"710"
Substitute
"760".
- (9) Sixth Schedule, entry relating to section 6D(3)(b)—
Repeal
"1,430"
Substitute
"1,540".

- (10) Sixth Schedule, entry relating to section 6E(9)(a)—
Repeal
"710"
Substitute
"760".
- (11) Sixth Schedule, entry relating to section 6E(9)(b)—
Repeal
"1,430"
Substitute
"1,540".
- (12) Sixth Schedule, entry relating to section 7(1)(a)—
Repeal
"30,530"
Substitute
"35,600".
- (13) Sixth Schedule, entry relating to section 7(1)(b)—
Repeal
"30,530"
Substitute
"35,600".
- (14) Sixth Schedule, entry relating to section 7(1)(c)—
Repeal
"30,530"
Substitute
"35,600".
- (15) Sixth Schedule, entry relating to section 7(2)—
Repeal
"499,840"
Substitute
"537,780".
- (16) Sixth Schedule, entry relating to section 8(1)(a)—
Repeal
"599,230"
Substitute
"644,710".
- (17) Sixth Schedule, entry relating to section 8(1)(b)—
Repeal
"599,230"
Substitute
"644,710".

- (18) Sixth Schedule, entry relating to section 11(5)—
Repeal
"4,500"
Substitute
"5,310".
- (19) Sixth Schedule, entry relating to section 16A(10)(a)—
Repeal
"710"
Substitute
"760".
- (20) Sixth Schedule, entry relating to section 16A(10)(b)—
Repeal
"1,430"
Substitute
"1,540".
- (21) Sixth Schedule, entry relating to section 36C—
Repeal
"41,750"
Substitute
"44,300".
- (22) Sixth Schedule, entry relating to section 36J—
Repeal
"126,490"
Substitute
"134,220"."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the first motion moved by the Secretary for Labour and Welfare be passed.

Does any Member wish to speak? Mr CHAN Kin-por, please speak.

MR CHAN KIN-POR (in Cantonese): Deputy President, I would like to speak on the proposed resolution moved under the Employees' Compensation Ordinance. The resolution mainly seeks to increase the amounts of a number of compensation items under the Ordinance, which are adjusted according to the

established mechanism once every two years. The amounts of four items will be increased by 7.59% in line with the Nominal Wage Index. The amounts of three items will be increased by 6.11% in line with the Consumer Price Index. The amount of one item will be increased by 18% in line with the level of the Comprehensive Social Security Assistance while the amount of another item will be given a special adjustment, which is a 16.61% increase, outside the mechanism. The proposals were discussed at the Panel on Manpower and members indicated their approval.

As regards the increases in the compensation amounts, the Hong Kong Federation of Insurers ("HKFI") already remarked that due to the requirements of the competition law, it would be unable to advise on the impact on insurance premiums and claims as it did in the past. Therefore, the exact amount of increase in insurance premiums can only be known afterwards. Yet, one point must be emphasized and that is employees' compensation insurance policies ("EC policies") have amassed losses. If there are more increases in the future which are not in line with the mechanism, insurance premiums and claims will definitely be put under pressure.

In fact, given the competition law, HKFI will not make an estimation of the percentage of premium increase, as it previously did, before the Government presents the legislation to the Legislative Council for scrutiny. In other words, since the enactment of the competition law, the amount of insurance premiums to be borne by employers is not clear and will only be known after the announcement. For this reason, I hope the Government will pay attention to the fact that if adjustments are not made in accordance with the mechanism in the future, it should be careful and should not do it too often, otherwise employers' commitment may be affected.

Why am I so concerned about the increase in premiums of EC policies? Because they have amassed huge losses in recent years. According to the consolidated information recently provided by the Research Office of the Legislative Council Secretariat, the accumulated losses in EC policies between 2011 and 2019 amounted to almost \$3.2 billion, averaging \$355 million in losses annually. Even though the Insurance Authority pointed out that the losses in 2020 were significantly narrowed, it was of no help to the overall situation. Hence, the Government has to properly deal with the loopholes in EC policies.

As a matter of fact, EC policy frauds have been extremely rampant in Hong Kong, and it is also one of the reasons for the heavy losses in EC policies. I have commissioned the Research Office of the Legislative Council Secretariat to conduct a study on foreign countries' work to combat EC policy frauds. Initially, I am aware of some effective methods in foreign countries which are worthy of reference for Hong Kong. Once the research report of the Legislative Council is published, I will discuss it with the Government, in the hope that the Government can combat EC policy frauds and bring down insurance premiums, so as to alleviate employers' burden. Thank you, Deputy President.

MR VINCENT CHENG (in Cantonese): Deputy President, I speak in response to the three resolutions proposed by the Secretary for Labour and Welfare today. The resolutions cover altogether 18 compensation items under the Employees' Compensation Ordinance, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance and the Occupational Deafness (Compensation) Ordinance, which will be adjusted in accordance with price movement to increase the amounts of compensation items for employees who died at work, suffered permanent total incapacity, injured at work, etc. These resolutions seek to adjust the amounts of the relevant compensation items once every two years and have the support of the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB").

Industrial accidents are common in Hong Kong. There are also cases of employees being injured or contracting occupational diseases at work. Hong Kong has in place a set of legislation to protect employees so that they can claim compensation from their employers. Legislation on employees' compensation applies to all full-time or part-time employees employed under contracts of employment or contracts of apprenticeship. That is the basic labour protection. In January this year, there was a litigation involving an employer who made a claim for the compensation having paid to the employee. In 2015, an assistant manager of a convenience store inhaled toxic gas in the toilet during working hours and became unconscious. Subsequently, the victim said her cranial nerves were damaged. In January this year, the owner of the convenience store, namely the employer concerned, sought compensation from the operator of the shopping mall, alleging that the toxic gas was related to the management of the shopping mall. Regardless of the final court ruling and who would be held responsible for the rare incident of toxic gas, the employer had already compensated the employee long ago.

I gave this example to illustrate the importance of ordinances relating to employees' compensation. I have been engaging in community work for many years and have come across many relevant cases. In fact, as far as employees are concerned, even if it is just a small accident, common examples of which are slips and falls or being crushed by falling goods in a Hong Kong style-café, their livelihood will indeed be greatly affected. Therefore, ordinances relating to employees' compensation are really crucial.

Earlier, there has been a suggestion that work-related COVID-19 should be listed as occupational diseases—this topic has often aroused discussions among people these days—so that employees who contracted the disease at work can be afforded better protection. However, the Labour and Welfare Bureau ("LWB") kept saying a study has to be conducted but how exactly is the progress of the study? It is unknown to all of us. I hope the Secretary will give a response when the opportunity arises.

Deputy President, this time the Secretary for Labour and Welfare has proposed three resolutions to appropriately increase the amounts of a number of employees' compensation items, which gained the support of the Labour Advisory Board after consultation. DAB also supports these three resolutions. As regards the amounts of which compensation items are to be increased, the Secretary has enumerated just now and I will not explain them one by one but will give a few examples only. Under the Employees' Compensation Ordinance, the minimum amount of compensation for permanent total incapacity will be increased from approximately \$499,000 to \$537,000; the maximum amount of compensation for employees injured at work who require the attention of another person will be increased from approximately \$599,000 to \$644,000. Under the Occupational Deafness (Compensation) Ordinance, the maximum amount of compensation for permanent incapacity for employees aged under 40 will be increased from approximately \$2,930,000 to \$3,410,000. Under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance, the amounts of several compensation items will also be increased by approximately 6% to 7%. We are delighted to see that employees will be afforded better protection.

Deputy President, I note that after the passage of the three resolutions today, the new rates of compensation shall come into effect on 14 May this year. DAB supports these three resolutions, in the hope that employees injured at work, sufferers of occupational diseases and employees who died of work-related injuries and occupational diseases and their families can all be afforded greater protection.

Deputy President, but I would like to say something off-topic. The latest unemployment rate has risen to 7.2%. Coupled with the prevalent outsourcing trend in the labour market, many types of work have become fragmented, commonly known as casualization, and the number of self-employed persons has increased significantly. Indeed, now there is no employment relationship between many employees and their employers, and those employees cannot even be counted as part-time workers. I have heard that even the employer of a food packaging workshop asked the employees to form a company on their own and have the work processes contracted out to them, or look for casual workers through outsourcing, with wages calculated and paid on a daily basis. Frankly speaking, that is utterly undesirable. Under such circumstances, if employees are injured at work—Honourable colleagues can imagine—it will be extremely difficult for them to claim compensation. Therefore, I hope that LWB can examine the continuous contract requirement, i.e. the so-called "4-18 requirement", and the fragmentation of the labour market.

I so submit and support all three resolutions which have been moved just now or to be moved later by the Secretary for Labour and Welfare. Thank you, Deputy President.

MR LUK CHUNG-HUNG (in Cantonese): Deputy President, on behalf of the Hong Kong Federation of Trade Unions, I support the three proposed resolutions under the Employees' Compensation Ordinance, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance and the Occupational Deafness (Compensation) Ordinance. These three proposed resolutions are routine, and a review will be conducted in accordance with the mechanism every two years. So we will definitely give our support. However, when something is done in accordance with the mechanism, does it necessarily mean that it is perfect? In fact, there is no best way to protect labour rights and interests, only better. Therefore, while the Secretary is here, Deputy President, please allow me to spend a little time to take the trouble to put up the requests on the wishing tree for wage earners again.

First of all, as a matter of fact, no fundamental review has been conducted on these several compensation mechanisms over the years. Although the Government says that the amount of compensation is adjusted according to inflation, or in some cases, it is handled in a better way by making the adjustment on the basis of the increase in the median wage, can such an amount fully reflect

the losses suffered by the employee during the process or be sufficient to cater for his future needs and those of his family? This is obviously insufficient. There is still room for improvement. For this reason, here I urge the Government to conduct a more comprehensive large-scale review of these compensation mechanisms in one go. I also hope that some strain injuries the inclusion of which has been advocated by the labour sector in the past, and which are still not included as occupational diseases, can be covered.

A more important point is about death from overexertion. The Government seems to have conducted a study in the past, but it later fizzled out. Gradually, more and more places around the world have set up a compensation mechanism in respect of cases of death from overexertion. As we all know, in Hong Kong, work pressure is heavy and working hours are long. Occasionally, there are cases in which an employee suddenly died at work, and it was found that prior to his death, he had worked continuously for 10 to 20 hours or even overnight. The working hours had been excessively long for several days in a row. Was it death from overexertion? Foreign countries have given scientific definitions of death from overexertion, with a view to making compensation in this regard. That a worker died at work is indeed sorrowful. It is not a particularly good thing for someone to dedicate his life to his job, especially if he died making profits for his employer.

Another point of greater concern is that, be it false or genuine self-employment, fragmentation of work is now very serious in various forms of self-employment. For example, it is currently most common in food delivery. I have dealt with many delivery groups—I am not going to name the groups here to avoid doing promotion for them—those workers may deliver food on foot, by bicycle or by motorcycle. If they have any accident, the companies will not compensate them as employees. Some companies may offer a small subsidy but do not treat them as employees. However, they wear company uniforms, and when orders come, they will have to take them. If they often refrain from taking orders, the company will not give them any job afterwards. Is it because they have so-called a choice that they are not employees? There are really many loopholes in this regard. That is why I often say that this is false self-employment with no protection for employees at all. How can false self-employment be eradicated? We certainly hope that legislation can be introduced to further improve the Employment Ordinance. In particular, the definition of employment relationship may have to be written more clearly to reduce the loopholes.

On the other hand, loopholes may actually exist in any legislation. Hence, it may be necessary to set up a central occupational insurance compensation fund for "underwriting" purpose. If a person is genuinely self-employed or falsely self-employed, traditional protection will be of no help. The establishment of a central occupational insurance compensation fund can serve the purpose of "underwriting" such that all workers contributing efforts to their work, irrespective of whether they are employed or self-employed, can be protected. This is the direction towards which the Labour and Welfare Bureau should work together with us.

Moreover, there is the issue concerning the consultation and reform on "4-1-18", which is about continuous employment. I remember that a discussion was held in the Labour Advisory Board a few years ago, but subsequently, it fizzled out. Perhaps the Government considered that no consensus could be reached between employers and employees. I think this is most terrible. The Government has a leading role to play, but when employers and employees fail to reach a consensus, it just sits back with folded arms. As it is said, "A government official who shirks his responsibilities will live a shameful life." I hope the Government will review the definition of continuous employment in respect of "4-1-18" as soon as possible. This is slightly off topic and is actually not directly related to false self-employment.

Lastly, I would like to raise a question. In my view, one thing which is commendable about these several compensation ordinances is that all of them have set a benchmark or criteria for adjustment. However, something in Hong Kong will basically be adjusted every two years without any criteria. Deputy President, do you know what I am talking about? It is the minimum wage rate, which has just been frozen. In this connection, I think there should be a criteria or bottom line for a lot of things, and there can be further discussion based on the bottom line. There is no reason to come to a halt, which is tantamount to "shrinkage". In the world, there are inflation and price indices, as well as average wage growth. For example, in 2019-2020, the minimum wage rate increased by 4.3%, but this year it is frozen, which is tantamount to "shrinkage".

Hence, we support the proposed resolutions for these several ordinances. Although this is a conventional approach, we opine that under the conventional approach, we can still find much room for improvement in the protection of labour rights and interests in Hong Kong. I expect Secretary Dr LAW

Chi-kwong to work with the labour sector in a more proactive and enterprising manner, especially when members of the public have great expectations of us in the legislature under the present new situation. Moreover, the Central Authorities have repeatedly instructed us to resolve the deep-rooted conflicts in Hong Kong, to take care of the people's livelihood and the disadvantaged on all fronts, to improve labour rights and interests, and so on. I hope that Secretary Dr LAW Chi-kwong can go the extra mile and make greater contributions in this regard.

Thank you, Deputy President. I so submit.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak? Mr Holden CHOW, please.

MR HOLDEN CHOW (in Cantonese): Deputy President, I speak in support of the arrangements for increasing the relevant standard amounts of compensation under the Employees' Compensation Ordinance and the other two ordinances this time around.

Deputy President, I mainly wish to express a viewpoint on the Employees' Compensation Ordinance. Just now, I heard Mr Vincent CHENG also highlight that there has been a particular increase in deliberate casual employment in recent years, and I just want to make a suggestion. If employers want to make use of false self-employment or casual employment to evade labour protection, or even—as we have noticed in some cases—intend to enter into a contract with workers stating that there is no employment relationship between the two parties in order to get rid of their responsibility for providing workers with due protection, they will often end up losing more than they gain.

I think there is an approach that the Labour and Welfare Bureau may consider. First, it can step up publicity to explain to employers that nowadays the nature of many work relationships is not determined merely by a contract specifying whether the relationship between the two parties is one of employment. In fact, many cases have shown that the courts will consider whether an employment relationship exists by looking at a range of factors,

including who provides the work tools, how the work is planned and arranged, and whether work guidance and supervision are provided. In this regard, there are already abundant court cases that list out all the factors. I reckon that the Labour and Welfare Bureau and employers can ... As all of you may know, food delivery companies are flourishing these days. Since these companies always want to evade labour protection by way of casual employment, the Government had better step up publicity to make it clear that even though they intend to take on workers on a self-employment basis only, when they end up in litigation, the courts will actually fully consider all the factors instead of letting employers bluff their way out of it so easily. If employers understand this, they may not think of taking on casual workers on a self-employment basis all the time to avoid their responsibility for providing labour protection; on the contrary, they had better establish a proper employment relationship with the workers and take out employees' compensation insurance policies which also afford greater protection to employers.

Therefore, based on what I have seen in the past, I wish to take this opportunity to make a suggestion to the Secretary for Labour and Welfare. I so submit.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If not, I now call upon the public officer to reply. Then, the debate will come to a close.

Secretary for Labour and Welfare, please reply.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I would like to extend my gratitude to the four Members for delivering their speeches just now and for supporting these resolutions. As for the points of view raised by some other Members that are not directly related to these resolutions, I can only give a brief reply here.

Some Members have referred to the problems with occupational diseases, particularly death from overexertion. As Members all know, we have already explained to the Establishment Subcommittee ("ESC") that the Labour and Welfare Bureau and the Labour Department are conducting a study with reference to past cases. I believe that the study will be generally completed within a short period of time, and we will then give an account to ESC.

On the issues of fragmentation and false self-employment, we all know that false self-employment is self-employment in a bogus sense rather than bona fide in nature. As for what Mr Holden CHOW has said just now, there are indeed many cases in point. As we all know, there was a case involving Uber in the United Kingdom recently. As we all know, Uber lost the case. Although Uber appeared to be operating on a self-employment basis, it lost the case in consideration of its terms and conditions, such as those concerning refusal of service, and was required to fulfil its responsibility as an employer. As such, there are indeed many cases in this regard.

That said, Members must understand that while we can do our publicity work, every coin has two sides. To a certain extent, some employers are very familiar with labour legislation and in terms of arrangements, they do make the workers concerned work as self-employed persons. Although they appear to be employees, they are actually self-employed persons under all the terms and conditions of the arrangements and according to past cases and the law. For this reason, if self-employed persons want to receive protection at work, the best existing way is to take out personal accident insurance policies, which are available on the market to help self-employed persons.

As for COVID-19, we have been monitoring the international development and cases made known to Hong Kong. If any legislative amendments need to be introduced, we will put forward our viewpoints and outcome of analysis in a timely manner.

Statutory minimum wage, which Members have mentioned, is indeed not related to the resolutions, but I am happy to hear Members proposing a more reasonable adjustment than what was proposed in our previous discussions. However, as Members all know, when statutory minimum wage was being discussed by the Minimum Wage Commission, the attitude of employee representatives is obviously different from what Members have just expressed. I

hope that when this issue is discussed again in the future, all sides can be pragmatic, so that we will be able to reach some consensus on adjusting statutory minimum wage.

Deputy President, I urge Members to support and pass the three resolutions to increase the amounts of 18 compensation items under the Employees' Compensation Ordinance, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance and the Occupational Deafness (Compensation) Ordinance, so as to enhance the protection for injured employees, sufferers of occupational diseases, and family members of employees or persons who die of work injuries or occupational diseases as early as possible.

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): This Council now first votes on the first motion moved by the Secretary for Labour and Welfare.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the first motion moved by the Secretary for Labour and Welfare be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

DEPUTY PRESIDENT (in Cantonese): Secretary for Labour and Welfare, you may move your second motion.

PROPOSED RESOLUTION UNDER THE PNEUMOCONIOSIS AND MESOTHELIOMA (COMPENSATION) ORDINANCE

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I move that my second motion, as printed on the Agenda, be passed.

The Secretary for Labour and Welfare moved the following motion:

"RESOLVED that, with effect from 15 April 2021, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) be amended as set out in the Schedule.

Schedule**Amendments to Pneumoconiosis and Mesothelioma
(Compensation) Ordinance****1. First Schedule amended (amounts of compensation)**

(1) First Schedule, Part IIA—

Repeal

"\$5,330"

Substitute

"\$5,660".

(2) First Schedule, Part IV—

Repeal

"\$5,600"

Substitute

"\$5,750".

(3) First Schedule, Part V—

Repeal

"\$220,000"

Substitute

"\$233,440".

(4) First Schedule, Part VI—

Repeal

"\$87,330"

Substitute

"\$92,670".

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the second motion moved by the Secretary for Labour and Welfare be passed.

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

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

DEPUTY PRESIDENT (in Cantonese): Secretary for Labour and Welfare, you may move your third motion.

PROPOSED RESOLUTION UNDER THE OCCUPATIONAL DEAFNESS (COMPENSATION) ORDINANCE

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I move that my third motion, as printed on the Agenda, be passed.

The Secretary for Labour and Welfare moved the following motion:

"RESOLVED that, with effect from 15 April 2021, the Occupational Deafness (Compensation) Ordinance (Cap. 469) be amended as set out in the Schedule.

Schedule**Amendments to Occupational Deafness (Compensation) Ordinance****1. Schedule 5 amended (amount of compensation)**

(1) Schedule 5, section 1(a)(ii)—

Repeal

"\$499,840"

Substitute

"\$537,780".

(2) Schedule 5, section 1(b)—

Repeal

"\$2,930,880"

Substitute

"\$3,417,600".

(3) Schedule 5, section 1(b)—

Repeal

"\$2,198,160"

Substitute

"\$2,563,200".

(4) Schedule 5, section 1(b)—

Repeal

"\$1,465,440"

Substitute

"\$1,708,800".

2. Schedule 7 amended (limits of direct payment of expenses and reimbursement of expenses)

(1) Schedule 7, section 1—

Repeal

"\$19,000"

Substitute

"\$20,160".

(2) Schedule 7, section 2—

Repeal

"\$79,000"

Substitute

"\$83,830".

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the third motion moved by the Secretary for Labour and Welfare be passed.

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

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

DEPUTY PRESIDENT (in Cantonese): Proposed resolution under the Public Finance Ordinance.

Members who wish to speak please press the "Request to speak" button.

I now call upon the Secretary for Financial Services and the Treasury to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PUBLIC FINANCE ORDINANCE

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I move that the motion, as printed on the Agenda, be passed.

DEPUTY PRESIDENT (in Cantonese): Secretary, please put on the microphone.

(After the Secretary for Financial Services and the Treasury adjusted the position of his microphone, the volume was still low)

DEPUTY PRESIDENT (in Cantonese): Would technicians please turn on the Secretary's microphone.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I move that the motion, as printed on the Agenda, be passed.

The purpose of this motion is to seek funds on account to enable the Government to carry on its services between the start of the financial year on 1 April 2021 and the time when the Appropriation Ordinance 2021 ("the Ordinance") comes into operation. This is an essential procedure. The specific arrangements also follow those of recent years.

According to the Budget timetable this year, the Legislative Council will resume the Second Reading debate of the Appropriation Bill 2021 ("the Bill") at its meeting on 28 April this year. As such, the Ordinance would not come into operation before that date. To ensure that the Government will not need to halt public services, including services closely related to people's livelihood such as education, social welfare, healthcare and security due to the lack of funds when the new financial year starts on 1 April this year, we need to propose this motion.

The funds on account sought under each subhead in accordance with the fourth paragraph of the resolution have been determined with reference to the relevant provisions in the 2021-2022 Estimates of Expenditure. The initial amount of funds on account under each head which has incorporated requirements at subhead level is provided in the form of a footnote to this speech. In gist, the proposed funds on account should be able to cope with around two months of the Government's operational requirements. The aggregate amount of funds on account is \$207,478,532,000 before the Ordinance comes into operation. This represents around 33% of the total appropriation of \$625,380,371,000 under the Bill.

Subject to the above aggregate amount not being exceeded, the resolution enables the Financial Secretary to vary the funds on account in respect of any subhead, but these variations must not exceed the provision for that subhead in the 2021-2022 Estimates of Expenditure. To enhance transparency and in line with the established practice, we will report to the Finance Committee of this Council if the Financial Secretary has exercised this authority to meet necessary requirements.

The Government has to make payments for a large number of expenditure items every day. Taking the first week between 1 April and 7 April of the 2021-2022 financial year as an example, numerous major government expenditure items to be settled during the week include:

- (a) subvention payments of around \$6.7 billion to the Hospital Authority;
- (b) payments for the Comprehensive Social Security Assistance and Social Security Allowance totalling around \$1.4 billion to about 120 000 families and 140 000 individuals respectively;
- (c) grants of around \$1.7 billion to University Grants Committee-funded universities;
- (d) subvention payments of around \$800 million to the Vocational Training Council;
- (e) subsidies of around \$650 million to about 760 kindergartens; and
- (f) pension gratuities of around \$700 million to retired civil servants.

There are also other expenses such as salaries of contract staff as well as accounts payable to suppliers.

It takes at least two to three working days for government departments and banks to process a large number of payments made by autopay. It also takes some days to complete the statutory procedures after passage of the Vote on Account resolution including the gazettal process and procedures for issuance of the Vote on Account warrant, so that the Government can make payments starting from 1 April as usual.

In order to ensure that Government has the necessary resources to continue those services provided to the public, I urge Members to support the motion today. In fact, failure to secure the passage of the Vote on Account resolution in a timely manner would pose a real and serious impact to the continued operation of the Government including the public sector, the subvented sector, the business sector and ultimately the entire community which counts on the services and funding support from the Government.

The vote on account will be subsumed under the Ordinance upon its enactment and commencement.

Deputy President, I beg to move.

Footnote

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates 2021-2022</i>	<i>Initial amount of funds on account</i>
	<i>\$'000</i>	<i>\$'000</i>
21 Chief Executive's Office.....	124,663	24,933
22 Agriculture, Fisheries and Conservation Department	2,093,017	700,044
25 Architectural Services Department	2,608,848	523,560
24 Audit Commission.....	196,158	39,232
23 Auxiliary Medical Service	114,108	25,176
82 Buildings Department	1,879,178	375,836
26 Census and Statistics Department	1,254,862	251,373
27 Civil Aid Service	142,672	36,859
28 Civil Aviation Department.....	1,307,509	267,830
33 Civil Engineering and Development Department	2,998,108	620,281
30 Correctional Services Department	4,702,741	1,107,907
31 Customs and Excise Department	5,398,913	1,228,975
37 Department of Health	23,495,554	10,068,846
92 Department of Justice.....	2,506,334	529,848
39 Drainage Services Department.....	3,208,450	692,224
42 Electrical and Mechanical Services Department	1,591,370	1,041,714
44 Environmental Protection Department.....	8,135,418	3,183,944
45 Fire Services Department.....	7,906,871	2,208,532

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates 2021-2022</i>	<i>Initial amount of funds on account</i>
49 Food and Environmental Hygiene Department.....	9,857,897	2,170,227
46 General Expenses of the Civil Service	4,754,428	950,886
166 Government Flying Service	654,444	311,412
48 Government Laboratory.....	573,035	159,567
59 Government Logistics Department.....	601,430	195,394
51 Government Property Agency	2,684,525	609,654
143 Government Secretariat: Civil Service Bureau	822,450	164,490
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch).....	10,063,174	7,820,933
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Creative Industries Branch).....	757,485	567,206
144 Government Secretariat: Constitutional and Mainland Affairs Bureau	830,914	167,452
138 Government Secretariat: Development Bureau (Planning and Lands Branch).....	1,785,473	1,476,455
159 Government Secretariat: Development Bureau (Works Branch).....	862,533	287,301
156 Government Secretariat: Education Bureau ...	76,087,870	16,795,794
137 Government Secretariat: Environment Bureau	1,871,573	1,801,195
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch).....	2,289,972	2,085,464
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch).....	41,312,393	41,061,839
139 Government Secretariat: Food and Health Bureau (Food Branch)	200,624	40,125
140 Government Secretariat: Food and Health Bureau (Health Branch).....	84,923,077	19,334,657

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates 2021-2022</i>	<i>Initial amount of funds on account</i>
53 Government Secretariat: Home Affairs Bureau	2,573,004	835,672
135 Government Secretariat: Innovation and Technology Bureau	838,403	477,073
155 Government Secretariat: Innovation and Technology Commission.....	867,523	310,064
141 Government Secretariat: Labour and Welfare Bureau	1,008,144	312,478
47 Government Secretariat: Office of the Government Chief Information Officer	1,313,765	456,071
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	7,704,171	6,832,598
96 Government Secretariat: Overseas Economic and Trade Offices	594,468	118,894
151 Government Secretariat: Security Bureau.....	1,213,370	694,978
158 Government Secretariat: Transport and Housing Bureau (Transport Branch).....	540,860	241,489
60 Highways Department.....	4,290,631	880,462
63 Home Affairs Department.....	3,368,257	800,952
168 Hong Kong Observatory	406,706	98,655
122 Hong Kong Police Force	25,063,236	5,694,055
62 Housing Department	5,028,678	4,606,752
70 Immigration Department	6,700,547	1,368,370
72 Independent Commission Against Corruption	1,243,289	257,810
121 Independent Police Complaints Council.....	100,529	20,106
74 Information Services Department	670,654	134,531
76 Inland Revenue Department.....	1,822,297	364,460
78 Intellectual Property Department	217,122	43,425
79 Invest Hong Kong	184,569	36,914
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	45,175	9,035
80 Judiciary	2,325,679	488,129
90 Labour Department	2,728,631	550,652
91 Lands Department	3,254,803	689,964

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates 2021-2022</i>	<i>Initial amount of funds on account</i>
94 Legal Aid Department.....	1,673,728	334,746
112 Legislative Council Commission.....	1,013,671	249,205
95 Leisure and Cultural Services Department.....	11,099,852	2,656,022
100 Marine Department.....	1,867,177	505,901
106 Miscellaneous Services.....	8,117,446	1,351,903
180 Office for Film, Newspaper and Article Administration.....	53,908	10,782
114 Office of The Ombudsman.....	128,035	25,607
116 Official Receiver's Office.....	232,586	46,566
120 Pensions.....	47,312,570	9,478,554
118 Planning Department.....	841,814	178,155
136 Public Service Commission Secretariat.....	31,775	6,355
160 Radio Television Hong Kong.....	995,162	243,550
162 Rating and Valuation Department.....	636,664	127,333
163 Registration and Electoral Office.....	2,492,456	498,492
169 Secretariat, Commissioner on Interception of Communications and Surveillance.....	27,414	5,483
170 Social Welfare Department.....	104,270,635	31,309,320
181 Trade and Industry Department.....	1,512,345	1,159,269
186 Transport Department.....	12,943,547	4,105,679
188 Treasury.....	545,882	109,177
190 University Grants Committee.....	23,041,528	5,690,607
194 Water Supplies Department.....	9,236,600	1,954,092
173 Working Family and Student Financial Assistance Agency.....	7,513,994	2,112,980
	<hr/>	<hr/>
	620,291,371	207,410,532
184 Transfers to Funds.....	5,089,000	68,000
	<hr/>	<hr/>
Total.....	625,380,371	207,478,532
	<hr/> <hr/>	<hr/> <hr/>

Note:

- * The initial amount of funds on account under Head 106 includes \$1 billion under Subhead 789 Additional commitments for contingency.

The Secretary for Financial Services and the Treasury moved the following motion:

"RESOLVED that—

1. Authority is given for a sum not exceeding \$207,478,532,000 to be charged on the general revenue for expenditure on the services of the Government in respect of the financial year commencing on 1 April 2021.
2. Subject to this Resolution, the sum so charged may be expended against the heads of expenditure as shown in the Estimates of Expenditure 2021-22 laid before the Legislative Council on 24 February 2021 or, if the Estimates are changed under the provisions of the Public Finance Ordinance (Cap. 2) as applied by section 7(2) of that Ordinance, as shown in the Estimates as so changed.
3. Expenditure in respect of any head of expenditure must not exceed the aggregate of the amounts authorized by paragraph 4 to be expended in respect of the subheads in that head of expenditure.
4. Expenditure in respect of each subhead in a head of expenditure must not exceed—
 - (a) for an Operating Account Recurrent subhead of expenditure, an amount equivalent to—
 - (i) except if the subhead is listed in Schedule 1 to this Resolution, 20% of the provision shown in the Estimates in respect of that subhead; or
 - (ii) if the subhead is listed in Schedule 1 to this Resolution, the percentage of the provision shown in the Estimates in respect of that subhead that is specified in that Schedule in relation to that subhead; and

(b) for an Operating Account Non-Recurrent subhead of expenditure or a Capital Account subhead of expenditure, an amount equivalent to—

(i) except if the subhead is listed in Schedule 2 to this Resolution, 100% of the provision shown in the Estimates in respect of that subhead; or

(ii) if the subhead is listed in Schedule 2 to this Resolution, the amount that is specified in that Schedule in relation to that subhead,

or such other amount, not exceeding an amount equivalent to 100% of the provision shown in the Estimates in respect of that subhead, as may in any case be approved by the Financial Secretary.

Schedule 1

[para. 4(a)]

Head of Expenditure		Subhead	Percentage of provision shown in Estimates
59	Government Logistics Department	225 Traffic Accident Victims Assistance Scheme—levies	100
90	Labour Department	280 Contribution to the Occupational Safety and Health Council	30
		295 Contribution to the Occupational Deafness Compensation Board	30

Head of Expenditure		Subhead		Percentage of provision shown in Estimates
120	Pensions	026	Employees' compensation, injury, incapacity and death related payments and expenses	40
152	Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	000	Operational expenses	25
155	Government Secretariat: Innovation and Technology Commission	000	Operational expenses	25
170	Social Welfare Department	157	Assistance for patients and their families	100
		176	Criminal and law enforcement injuries compensation	25
		177	Emergency relief	100
		179	Comprehensive social security assistance scheme	30
		180	Social security allowance scheme	30

		Schedule 2		[para. 4(b)]
Head of Expenditure		Subhead		Amount \$
106	Miscellaneous Services	689	Additional commitments	0
		789	Additional commitments	1,000,000,000
184	Transfers to Funds	988	Payment to the Loan Fund	0
		991	Payment to the Civil Service Pension Reserve Fund	0"

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury be passed.

Does any Member wish to speak?

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

DEPUTY PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

MEMBER'S BILL

First Reading and Second Reading of Member's Bill

First Reading of Member's Bill

DEPUTY PRESIDENT (in Cantonese): Member's Bill: First Reading.

WATERWORKS (WATERWORKS REGULATIONS) (AMENDMENT) BILL 2021

CLERK (in Cantonese): Waterworks (Waterworks Regulations) (Amendment) Bill 2021.

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

DEPUTY PRESIDENT (in Cantonese): As the Waterworks (Waterworks Regulations) (Amendment) Bill 2021 presented by Ms Alice MAK relates to government policies, I shall, in accordance with Rule 54(1) of the Rules of Procedure, call for the signification of the written consent of the Chief Executive by a designated public officer before this Council enters upon consideration of the Second Reading of the Bill.

SECRETARY FOR DEVELOPMENT (in Cantonese): Deputy President, I confirm that the Chief Executive has given her written consent for the Waterworks (Waterworks Regulations) (Amendment) Bill 2021 to be presented to the Legislative Council.

Second Reading of Member's Bill

DEPUTY PRESIDENT (in Cantonese): Member's Bill: Second Reading.

WATERWORKS (WATERWORKS REGULATIONS) (AMENDMENT) BILL 2021

DEPUTY PRESIDENT (in Cantonese): Ms Alice MAK, you may now move the Second Reading of the Bill presented by you.

MS ALICE MAK (in Cantonese): Deputy President, I move the Second Reading of the Waterworks (Waterworks Regulations) (Amendment) Bill 2021 ("the Bill").

Deputy President, the Bill seeks to amend the Waterworks Regulations ("WWR") to prohibit a consumer from profiteering from the sale of supply of water provided by the Water Authority from the waterworks. The main content of the Bill is to amend regulation 47 of WWR to stipulate that it would be an offence for any person to sell a supply water to another person at rates exceeding those specified in regulation 46 of or Part 3 of Schedule 1 to WWR. Offenders shall be liable on summary conviction to a fine at level 3, i.e. HK\$10,000.

(THE PRESIDENT resumed the Chair)

The Administration has indicated in the past that according to regulation 47(1) of WWR, no person shall, without the permission in writing of the Water Authority, sell or offer for sale water from the waterworks. That is to say, consumers are prohibited from making profits from selling water from the waterworks. Therefore, the law has already stipulated that it is illegal for landlords to make profits through resale of fresh water. Notwithstanding this, the existing regulation 47(2) of WWR also provides that flat owners can recover the cost of water, which is not confined to the charge of water in the water bill, from the tenants in such premises who use fresh water supplied through the inside service of the flat owners. The fees that the landlords can charge as mentioned here are not subject to any regulation, so the landlords can overcharge water cost

with various excuses such as repairing and maintaining the relevant inside service. Even if the relevant department receives a complaint, it is in fact difficult to conduct investigation and initiate prosecution, because not only does the department have to investigate whether the landlord has made a profit in order to initiate prosecution, but most landlords who overcharge water cost will probably not be cooperative.

Earlier on, a grass-roots group has reflected that some tenants of subdivided units lodged a complaint with the Water Supplies Department ("WSD") about overcharging of water cost. But the case was closed eventually after six months of investigation by the department since the Department of Justice considered that there was insufficient evidence. WSD has also indicated at the fourth meeting of the Task Force for the Study on Tenancy Control of Subdivided Units held on 4 September 2020 that the department's statutory power to handle complaints against overcharging of water cost as well as its ability to investigate and collect evidence are limited, hence it is somewhat difficult for the department to initiate prosecution. In view of this, the Bill seeks to plug the loophole by amending regulation 47(2) of WWR to stipulate that landlords can only recover the cost of water used at the rates specified by the Water Authority. If the relevant amendments are passed, the department will be able to prosecute landlords who charge the tenants more than the rates specified by the Water Authority for fresh water.

President, due to the shortage of housing supply in Hong Kong in recent years, the waiting time for public rental housing is ever-increasing, therefore plunging grass-roots families into the housing predicament. At the same time, subdivision of flats, such as subdivided units, and inadequate housing have also become more prevalent. Yet, such types of dwellings as subdivided units occupied by grass-roots families are not only cramped and command high rents, but are also overcharged in terms of rents and miscellaneous fees such as water cost and electricity tariff. To be specific, landlords of subdivided units will reach an agreement on the miscellaneous fees such as water cost and electricity tariff with the tenants by incorporating them in the lease agreement or in verbal form, and the relevant costs are indeed higher than the original costs charged by the power companies and the Water Authority for supplying electricity and water.

According to the information that I have collected from households living in subdivided units recently, the water cost charged for subdivided units is about \$12 to \$13 per cubic metre at present. But what is the cost charged by WSD?

WSD has originally set a first tier, i.e. the first 12 cu m of fresh water used is free of charge; whereas the second tier, i.e. 13 to 43 cu m, is charged at \$4.16. There exists such a big difference. In addition, the authorities charge a cost of \$9.05 per cubic metre in respect of the fourth tier, i.e. above the level of 62 cu m ... which means a consumer has used more than 62 cu m of water, and the relevant costs are even higher than this tier. That is to say, the Government has currently set several tiers in respect of water cost: Free of charge at the first tier, i.e. 1 to 12 cu m; the second tier, i.e. 13 to 43 cu m, is charged at \$4.16 per cubic metre; whereas the rate charged at the highest tier, i.e. above the level of 62 cu m, merely exceeds \$9 per cubic metre. However, tenants of subdivided units are now overcharged for water cost at \$12 to \$13 per cubic metre.

As a matter of fact, some surveys conducted in the past by concern groups on grass-roots housing have also pointed out that the water cost paid by tenants of subdivided units is 1.2 times higher than the original cost. The median rate of water cost for subdivided units stands at \$15 per cubic metre. This shows that the problem is very common and serious. Since most of the households living in subdivided units are grass-roots families, their bargaining power in housing is already weak, and they have to bear the exorbitant rents, if the landlords also overcharge water cost on them, it will cause greater injustice and exploitation to them. Therefore, some grass-roots groups, including the Hong Kong Federation of Trade Unions ("FTU"), have been concerned about these issues for a long time since a few years ago, and have repeatedly called for the enactment of legislation to prohibit landlords from overcharging water cost and electricity tariff. I also proposed the Bill in 2017 with the hope of eliminating the relevant problem through legislative amendments.

President, the Panel on Development of the Legislative Council was consulted twice on the Bill. The first time was on 18 July 2018. During that meeting, representatives of the Government advised that the authorities had no plan to introduce the legislative amendments proposed in the Bill. They believed that the Bill was related to public expenditure, whereas some members of the Panel also requested the authorities to provide details of the enforcement actions of the department and the convictions made. Yet, the department only mentioned at the meeting and in the supplementary paper that it would conduct inspections and investigations actively, without providing any prosecution figures. The department also advised subsequently that it had not been able to initiate any prosecution against the overcharging of water cost so far.

We have not given up and have continued to seek to amend the relevant ordinance in the Legislative Council. Therefore, the Bill was submitted again to the Panel on Development for consultation on 28 April 2020. At this meeting, members of the Panel generally supported the amendments of the Bill to prohibit consumers from profiteering from the sale of fresh water provided by the Water Authority from the waterworks. Representatives of the Government also stated at the meeting that the authorities were open to the proposed amendments and believed that the amendments would not cause much difficulty operationally.

Since the President of the Legislative Council ruled on 17 November 2020 that the Bill related to government policies, I hence wrote to the Chief Executive on 18 November 2020. I present the Bill after obtaining the written consent of the Chief Executive in January and February 2021. The Chief Executive even stated in her reply that if the Bill is passed, the Development Bureau—we must thank Secretary Michael WONG for his cooperation—will set up a hotline to receive enquiries and complaints from members of the public. This will help solve the technical issues when the department takes law enforcement actions.

At the time when Hong Kong is entering a new era, the SAR Government has also adopted a new mindset to deal with the amendments proposed in the Bill, showing that the Government handles issues relating to people's livelihood in an active and positive way. This is actually commendable. I hope that the SAR Government will continue to build a constructive, interactive and cooperative relationship with the Legislative Council in the future, so that more bills relating to people's livelihood can be introduced to address the deep-seated problems faced by the public.

President, the Bill that I present seeks to amend regulation 47 of WWR to stipulate the cost of fresh water that landlords can charge the tenants, thereby deterring individual landlords from overcharging water cost from a legal perspective. It aims to ease the burden on grass-roots families, especially the burden of living of families residing in subdivided units. It can also solve the problem of injustice in that tenants of subdivided units are charged with higher water cost despite the fact that all people are using fresh water supplied by the Government.

In fact, when proposing the relevant amendments in 2017, we FTU have also put forward at the same time several proposals to resolve the housing problems faced by the grass roots. The first one among them is the

three-pronged approach of introducing rent subsidies, tenancy control and a vacant property tax, so as to provide subsidies and housing protection for grass-roots families, and to maintain market circulation. Entering 2021, we finally see this package of proposals bearing fruit, since the Government will launch the Cash Allowance Trial Scheme in the middle of the year, and the Chief Executive has also undertaken to introduce a bill in relation to tenancy control of subdivided units within this legislative session. There remains the vacant property tax, let us see whether it stands any chance of being followed up after its withdrawal. We hope the Government can do a good job in implementing the three-pronged strategy to help grass-roots families to resolve their housing problems.

As regards the overcharging of water cost and electricity tariff of subdivided units, aside from the Bill under discussion today which I proposed in 2017, actually Mr LUK Chung-hung also proposed the Electricity (Amendment) Bill 2017 back then. It sought to prohibit any person from selling to another person electricity obtained from the electricity supplier at a price exceeding the amount fixed by such supplier. Nevertheless, Mr LUK Chung-hung was not as lucky as I was, for he did not have Secretary Michael WONG as his counterpart. At that time, the Environment Bureau ("ENB") responded that it disagreed with the amendments since they would have a substantive and lasting effect on the operations of the Government, which would also lead to a permanent and material increase in government expenditure. However, a few years later, when there is hope that the resale of water at a high price can be eliminated, ENB still has done nothing in the past few years. It even fails to take forward the installation of separate electricity meters for each subdivided unit. Therefore, I hope by taking the opportunity that the Government and other departments are willing to take a step forward for households living in subdivided units, the relevant departments can identify some ways to tackle the problem of reselling electricity at a high price, i.e. the overcharging of electricity tariff by landlords, or that stop hindering Members from introducing Member's bills which are constructive and conducive to improving people's livelihood.

President, I hope that fellow Members will support the Bill and pass the relevant amendments in a short time, so as to provide protection as soon as possible for the grass-roots people living in inadequate housing such as subdivided units, lest they will continue to be exploited by some unscrupulous landlords. In addition, we must also provide a better legal basis for the departments to take vigorous prosecution actions. This time around, the

successful introduction of the Bill for First Reading and Second Reading in the Legislative Council is actually backed by the support of many people, and I wish to express my gratitude to them as well. While we can have a normal time in the legislature during which we can dispose of our business in a normal manner, I hope that every fellow Member will have the opportunity to propose such constructive bills which seek to address livelihood issues.

With these remarks, President, I introduce the Bill. Thank you.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Waterworks (Waterworks Regulations) (Amendment) Bill 2021 be read the Second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Bill is referred to the House Committee.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): Honourable Members, it has been a long time that this Council can conduct a meeting in such a normal manner. Today, this Council has conducted the Chief Executive's Question Time in a "short question, short answer" format, completed the First Reading and Second Reading of five bills, resumed the Second Reading debate and completed the Third Reading of three bills, dealt with four resolutions proposed by the Government, as well as having proceeded the First Reading and Second Reading of a Member's bill.

Since it is almost 6:00 pm already, I believe that the meeting time remaining today is insufficient for us to finish the next agenda item, i.e. the debate on the motion to be moved by Mr Paul TSE. After seeking the advice of Mr Paul TSE, we shall deal with his motion tomorrow.

I now suspend the meeting until 9:00 am tomorrow.

Suspended accordingly at 5:50 pm.

Annex I

Sex Discrimination (Amendment) Bill 2020

Committee Stage

Amendments moved by the Secretary for Constitutional and Mainland Affairs

<u>Clause</u>	<u>Amendment Proposed</u>
New	<p>By adding—</p> <p>“6A. Section 23A amended (sexual harassment at workplace)</p> <p>(1) Section 23A, heading—</p> <p>Repeal</p> <p>“Sexual harassment”</p> <p>Substitute</p> <p>“Harassment”.</p> <p>(2) Section 23A(1)—</p> <p>Repeal</p> <p>“sexually”.”.</p>
New	<p>By adding—</p> <p>“7A. Section 39A amended (sexual harassment by clubs)</p> <p>(1) Section 39A, heading—</p> <p>Repeal</p> <p>“Sexual harassment”</p> <p>Substitute</p> <p>“Harassment”.</p> <p>(2) Section 39A—</p> <p>Repeal</p> <p>“sexually”.”.</p>